

Members Annual Report 2016 – 2017



Welcome to the Members Annual Report from Workers Pension Trust (the Scheme)

This report contains information about the Scheme and also provides a reminder of the key benefits and the investment options available to members.

Contents

Key Features of the Scheme	3
Benefits of Workers Pension Trust	3
Looking after the Scheme	4
Scheme Advisers	4
Master Trust Assurance Accreditation	4
Contributions	5
Additional Contributions	5
Tax Relief	5
Death Benefits	5
Investment of Contributions	6
Scheme Investments	7
Market Commentary 2017	8
Changes to Pensions Legislation 2017	9
Scheme Documents	10
Scheme Contact Details	10
Further Information	11

Key Features of the Scheme

- ✓ The Scheme provides retirement benefits to members.
- ✓ The Scheme is a 'money purchase' (also known as 'defined contribution') arrangement.
- ✓ All pension contributions made are invested in your Member's Account within the Scheme.
- ✓ Your Member's Account will be used to provide you with a pension and/or a lump sum at retirement.

Benefits of Workers Pension Trust

- ✓ It's a simple way to save for your retirement.
- ✓ You receive tax relief on your contributions.
- ✓ You can choose where to invest contributions.
- ✓ 25% of your fund can be paid as a tax free lump sum.
- ✓ If you change employer, you can take your pension with you.

Looking after the Scheme

Workers Pension Trust Limited, a corporate trustee, was established in 2012 and is responsible for the proper running of all aspects of the Scheme on behalf of members.

The Scheme is set up under a Trust to ensure that the assets are protected.

Information regarding the duties and responsibilities of pension scheme trustees can be found on the Pensions Regulator website at www.thepensionsregulator.gov.uk

Scheme Advisers

The Trustee has appointed the following professional advisers to help them run the Scheme:

Auditors	PricewaterhouseCoopers LLP
Bankers	The Royal Bank of Scotland Plc
Legal Adviser	Arthur Cox
Third Party Administrator	JLT Benefit Solutions Ltd
Investment Consultants	JLT Employee Benefits (a trading name of JLT Benefit Solutions Limited)
Investment Managers	JLT Investment Management (Mobius Life) Legal & General Investment Management Ltd (L&G)
Custodians	Mobius Life Limited delegates all custodian functions relating to the operations of the fund to third party administrators. The custodians of the L&G Managed Funds are HSBC Global Investor Services and Citibank.

Master Trust Assurance Accreditation

In February 2017 Workers Pension Trust qualified for the Master Trust Assurance quality standard and is the first scheme in Northern Ireland to receive this recognition.

The assurance is based on the new framework developed by the Institute of Chartered Accountants England and Wales (ICAEW), in partnership with the Pensions Regulator. Trustees are required to report against 27 control objectives relating to governance and administration which are audited on an annual basis.

The Workers Pension Trust audit for the year ending 31 October 2017 was completed with no exceptions noted.

Workers Pension Trust continues to meet the requirements to remain on the Regulator's published lists of schemes which have obtained Master Trust Assurance.

Contributions

The amount you may contribute to your Member's Account is determined by arrangement with your employer.

The minimum contributions required by auto-enrolment legislation are shown in the table below.

Minimum contributions are currently a total of 2% with at least 1% employer contribution.

The minimum contributions are being increased gradually over time. Pension contributions are based on a percentage of earnings.

Date of Introduction	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

Additional Contributions

Paying additional contributions allows members to make better provision for their retirement by purchasing extra pension. Active members may contribute more than the minimum employee

percentages detailed above by completing the Contribution Change Form available from the Member Resources section of the website at www.workerspensiontrust.co.uk

Tax Relief

When paying into a pension scheme, members may receive tax relief on contributions they make. This means that money that would have gone to the government as tax goes into an individual's pension instead.

Under the net pay arrangement used by the Scheme, pension contributions are deducted from pay before tax is calculated.

If your earnings are below the starting rate for income tax (£11,500 2017/18) you do not benefit from the tax relief that a taxpayer would receive. However, this does not affect the amount that is paid into your pension and you will continue to benefit from the money that your employer pays in.

Death Benefits

As a member of the Scheme, benefits may also be provided for your family and/or dependants when you die:

- ✓ If you die as an Active or Deferred Member of the Scheme your Member's Account may be used to provide a lump sum death benefit.
- ✓ If you die as a Pensioner, your death benefits will depend on the type of pension (annuity) you purchased when you retired.

- ✓ If your employer is participating in the Scheme's Death in Service cover, a lump sum may be payable to your dependants/beneficiaries subject to Scheme rules and insurer terms and conditions, at the discretion of the Trustee. In addition to this, your Member's Account may also be used to provide a lump sum death benefit.

All death benefits paid must be within limits set by Her Majesty's Revenue & Customs (HMRC).

Investment of Contributions

When you joined the Scheme you were asked to choose which investment fund(s) you would like your contributions to be invested in.

You can choose to invest your contributions in any one fund or a combination of the 5 funds available. The investment funds available are:

Lifestyle Strategy Funds	WPT Growth Fund	To provide investment growth through diversified exposure to the UK and overseas equity markets.	Freestyle Funds
	WPT Volatility Reduction Fund	A gilts and bonds fund which aims to provide long-term investment growth with lower short-term volatility.	
	WPT Capital Protection Fund	To provide stability and protect, in capital value terms, that part of the fund that is likely to be taken as tax-free cash.	
	WPT Annuity Protection Fund	To build up exposure to assets that are more closely matched to the investment related influences on annuity prices.	
	WPT Diversified Fund	The WPT Diversified Fund aims to provide a long term investment return similar to equities, with lower short term volatility, through active management.	

If you did not make a specific choice to invest in any of the 5 funds, then the contributions made into your Member's Account will be invested using the default Lifestyle Strategy.

The default Lifestyle Strategy means that your contributions are invested in a combination of the WPT Growth Fund, WPT Capital Protection Fund and WPT Volatility Reduction Fund from joining the scheme until your retirement.

The Lifestyle Strategy is designed to meet the changing investment needs of a typical pension investor as they progress through life towards retirement age. More details on the default lifestyle strategy can be found in the Scheme Booklet available in the Member Resources section of the website at www.workerspensiontrust.co.uk.

If you wish to change your investment fund(s) in the future, please download the Investment Option form available in the Member Resources section of the website at www.workerspensiontrust.co.uk.

The pension that will be available to you when you retire will depend on the amount that has been paid into your Member's Account, the investment growth achieved, and annuity rates (the rate used to convert your fund into a pension at retirement).

It is important to remember, however, that pension investments are intended to be long term and may, at times, experience periods of volatility. The Benefit Statement that you receive each year will clearly show if the value of your investments has reduced or increased.

Scheme Investments

The investments of the Scheme are managed by the Trustee in conjunction with the Scheme's investment managers.

Members are able to allocate contributions to a range of funds (see page 6 for further details).

The table below provides the current value of the Scheme's investment funds. It is important to remember that pension investments are intended to be long-term, and may at times experience periods of volatility. The Benefit Statement that you receive each year will clearly show if the value of your investments have reduced or increased.

Managed Investment Funds	Value at 31 October 2017	% Breakdown
WPT Growth Fund	£24,314,154	80.4
WPT Volatility Reduction Fund	£1,822,067	6.0
WPT Capital Protection Fund	£3,970,070	13.2
WPT Annuity Protection Fund	£62,810	0.2
WPT Diversified Fund	£54,020	0.2
Total	£30,223,121	100

We moved into an environment of increasing uncertainty over the third quarter of 2017 as markets continued to hit highs and investors continued their search for ever more elusive capital returns. Global investment conditions remain stable - with the outlook for global growth from the International Monetary Fund (IMF) unchanged at 3% in 2017. This, combined with a stabilisation in global energy prices appears to have subdued official measures of inflation and allowed for economic activity to progress. The clear political risk that markets have been facing over the last few years appears to be waning.

Some of the key issues from 2017 are detailed below:

- The fixed income market saw Europe outperform the US over the last quarter, while the higher quality investment grade bonds outperformed the more risky high yield bonds. Company balance sheets remain in relatively good shape and default levels are not a market concern currently. Developed market government bonds generally rallied across the board as did emerging market bonds.
- The US economy - Tax regime changes (alongside rising debt and issues surrounding Obamacare) have moderated US investment growth; however the US does remain a high quality equity investment market and appealing for investors to hold. It is currently trading at high multiples to earnings but they are marginally attractive in terms of earnings yield.
- In the UK - inflation climbed, mainly due to rising petrol and diesel prices earlier in the year, along with a pickup in food prices. Rising prices at factory gates, assisted by a weak Sterling, also added to the inflationary pressure. Although these factors appear to be stabilising, inflation still remains meaningfully higher than the Bank of England (BoE) base rate.
- The Eurozone - The European economy continued its growth momentum into the third quarter of 2017 with strong returns from core European countries in spite of a degree of weakness in the Euro. Europe delivered the strongest performance of any of the developed equity markets. Political risk is likely to return when Italy announces its election in 2018. However, the solid economic data coupled with rising energy prices means European equities are attractively priced at the moment.
- Japan - The global rebound in trade has been a key factor in providing strength in the region. However, they delivered a positive investment return to Sterling investors towards the end of 2017 in the face of a series of headwinds, not least their obstreperous regional problem child – North Korea practicing firing warheads onto Japanese sovereign territory. The Bank of Japan has reiterated its commitment to achieve their inflation target of 2% along with its intentions to maintain lower interest rates.
- In Asia, Emerging Markets equities outperformed developed markets comfortably. The strong Emerging Market equity returns were also supported by a benign US Dollar and improved capital inflows. The asset class is supported by global growth improvements, especially for key sectors such as Asian technology.

As we look forward, a degree of caution is warranted, with the global economic outlook having become more mixed. Elements of caution are required as markets navigate elevated risk asset valuations and any remaining investor enthusiasm, slowing global growth and slowing inflation momentum, combined with monetary tightening or liquidity withdrawal from major central banks.

It should be noted that the Trustee continuously reviews the way that the Scheme assets are invested to seek greatest returns at reasonable risk.

Changes to Pensions Legislation 2016-2017

Pension Schemes Act 2017

The Pension Schemes Act 2017 introduced in April 2017 gives the Pensions Regulator new powers to authorise and de-authorise Master Trusts according to strict criteria.

The authorisation process covers a wide range of areas including financial stability, fitness and propriety requirements, scheme funder, contingency strategy, systems and processes and the ongoing supervision of the Master Trust.

Master Trusts are required to apply for authorisation between 1 October 2018 and 31 March 2019. The Regulator will publish and maintain a list of authorised schemes and will supervise these schemes on an ongoing basis.

Whilst the legislation applies to England, Wales and Scotland it is expected that it will be introduced in Northern Ireland.

The Trustees welcome the introduction of the legislation given the success of auto-enrolment and subsequent expansion of the Master Trust market.

Scheme Documents

Copies of the following documents are available from the Member Resources section of the Scheme's website:

Scheme Booklet

The Scheme Booklet provides details of the Scheme and the benefits that it provides.

Expression of Wish Form

The Trustee will decide who should receive benefits in the event of your death. However, you should complete the Expression of Wish Form as this will let the Trustee know who you would like the benefits to be paid to. It is important that you keep your Expression of Wish Form up to date to let the Trustee know if your circumstances have changed.

Change of Details Form

It is important that you keep the Trustee informed of any changes to your personal details. Please use the Change of Details Form to let the Trustee know if your details change.

Contribution Change Form

Additional Contributions allow you to make better provision for your retirement by purchasing extra pension. Members may contribute more than the minimum employee percentages required by auto-enrolment. If you are interested in paying Additional Contributions please complete the Contribution Change Form and pass it to your employer.

Copies of the following documents are available on request from the Scheme:

Trust Deed and Rules

The Trust Deed and Rules contain all the provisions which govern the terms of the Scheme.

Annual Report and Accounts

Shows the Scheme's finances.

Statement of Investment Principles

The Trustee maintains a Statement of Investment Principles which explains how the Trustee invests the money paid into the Scheme.

Scheme Contact Details

If you have any queries about the Scheme please contact:

Workers Pension Trust

143 Malone Road
Belfast
BT9 6SX

Telephone No: 028 9087 7142

E-mail: info@workerspensiontrust.co.uk

Further information about Workers Pension Trust is available at

www.workerspensiontrust.co.uk

Further Information

Where can I get advice?

Your Participating Employer may be able to help you with issues of fact and some elements of the administration of the Scheme, but cannot provide financial advice. If you need financial advice, it is recommended that you contact a Financial Adviser.

The Scheme has arranged for you to be able to access Independent Financial Advice if you wish through JLT Pension Decision, telephone 0345 074 4062 or email pensions@jltgroup.com with the subject heading **Pension Support Query**.

Alternatively, you may wish to use your own financial adviser, or find an independent financial adviser at www.unbiased.co.uk or telephone 0800 023 6868.

Dispute Resolution

The Trustee aims to administer and manage the Scheme to high standards, but there may be times when you are unhappy about something concerning your benefits or membership of the Scheme in general.

Most queries and problems stem from a misunderstanding of information and can normally be quickly and informally resolved without the need to use any formal procedures. As a first point of call you should refer any query or problem to the Scheme Administrator.

If you have not been able to resolve any complaint about the Scheme informally, there is a two-stage formal procedure that you may use. Full details may be obtained from the Trustee by contacting the Scheme Administrator at the address on Page 10.

Stage 1: You should put your case in writing to the Scheme Administrator who will fully consider your complaint and who will normally give you a decision within two months.

Stage 2: If you are not satisfied with the decision, you can appeal to the Trustee to consider your complaint within six months of the initial decision. You will normally receive a decision from them within two months.

Special application forms are available to make a complaint or appeal. If you wish, you may use a representative to act on your behalf.

The internal dispute resolution procedures apply to matters concerning the Scheme that affect Members and others who may have an interest in the Scheme. They do not apply to disputes between Employees and Employers or to disputes where court proceedings have started or that are being investigated by the Pensions Ombudsman.

The Pensions Advisory Service

Members and beneficiaries of occupational pension schemes who have concerns about their scheme, and are not satisfied by the information or explanation given by the administrators or the Trustee, can consult with The Pensions Advisory Service (TPAS). A local TPAS adviser can usually be contacted through a Citizens Advice Bureau. Alternatively TPAS can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Helpline: 0300 123 1047

www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes.

The address is:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

www.pensions-ombudsman.org.uk

The Pensions Regulator

The statutory regulator for occupational pension schemes is The Pensions Regulator which aims to protect the benefits built up by members and improve standards of scheme administration. It is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. It can be contacted at:

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 7060

www.thepensionsregulator.gov.uk

Pension Wise

Pension Wise is a free and impartial government service that helps you to understand your pension options. You can book an appointment to get guidance face-to-face or over the phone to talk about your pension options and what you can do next.

- ✓ **Book face to face guidance**
Telephone: 0800 138 3944
- ✓ **Book a phone appointment**
Telephone: 0800 138 3944
- ✓ **The Pensions Advisory Service (TPAS)**
Telephone guidance.
Telephone 0300 123 1047
www.pensionsadvisoryservice.org.uk
- ✓ **Pension Wise**
Online service.
www.pensionwise.gov.uk

Pension Scams

Members are warned that if they take a cash lump sum from their pension to invest somewhere else scammers may operate in this market. An information leaflet on how to identify scams can be found at <http://www.thepensionsregulator.gov.uk/docs/pension-scams-booklet-members.pdf>

Pension Tracing Service

If you believe that you have an entitlement to pension benefits under a previous pension arrangement, and you have lost contact with that arrangement, you may contact the Pension Tracing Service whose staff will assist in finding the relevant scheme. The Pension Tracing Service is free and can be contacted at:

Pension Tracing Service

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Tel: 0800 731 0193

www.gov.uk/find-pension-contact-details

Workers Pension Trust
143 Malone Road
Belfast BT9 6SX

Telephone 028 9087 7142

Email info@workerspensiontrust.co.uk

Web www.workerspensiontrust.co.uk

