

# Members Annual Report 2017 – 2018



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

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

## Important Information for the Northern Ireland Construction Industry

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On 30 July 2018, participating employers and members of the Enhance Construction Pension Scheme transferred to Workers Pension Trust on the same terms and conditions applicable to them under the Enhance Scheme.

With effect from 30 July 2018, pension benefits are held under a new section of Workers Pension Trust, known as 'WPT-E'.

Specific sections of this report apply to WPT-E members only. These sections are clearly labelled 'Information for WPT-E Members'.

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## Key Features of the Scheme

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- ✓ 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

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- ✓ 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

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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's website at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## Scheme Advisers

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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	Legal & General Investment Management Ltd (L&G)
Custodians	The custodians of the L&G Managed Funds are HSBC Global Investor Services and Citibank.

## Master Trust Assurance Accreditation

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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 2018 was completed with no exceptions noted.

## Master Trust Authorisation

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New regulations came into force on 1 October 2018 to raise standards in Master Trust pension schemes.

Workers Pension Trust intends to submit an application for Master Trust authorisation in 2019 to demonstrate that the Scheme meets new standards designed to increase safeguards for members.

## 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 5% with at least 2% 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%

### Information for WPT-E members

#### What are the contribution levels?

As determined by the Joint Council for the Building and Civil Engineering NI, both you and your employer will make minimum contributions to your pension.

Contributions are based on normal pay (not including overtime, bonuses, commission etc), and are deducted from the first pound of gross pay before tax.

The current minimum contributions are shown below.

#### Employer\* Contribution – 4%

\*Employers will contribute the higher of the percentage rate or £10.24 per week

#### Employee Contribution – 5%

#### Total Contribution - 9%

The Joint Council decided that, from 5 December 2016, employers no longer have to pay contributions if the employee does not wish to contribute.

Contributions are kept under review by the Joint Council for the Building & Civil Engineering Industry and are subject to change.

Your employer covers the cost of providing a lump sum Death Benefit should you die whilst an Active Member.

## 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](http://www.workerspensiontrust.co.uk)

## Tax Relief

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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 (£11,850 2018/19) 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

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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 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.	

### Information for WPT-E members

Members of WPT-E can choose an additional Freestyle Option Fund:

WPT Index-Linked Gilts Fund	A passively managed index-linked gilts fund	Freestyle Fund
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If you did not make a specific choice to invest in any of the 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](http://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](http://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 7 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 2018	% Breakdown
WPT Growth Fund	£98,070,289	75.3
WPT Volatility Reduction Fund	£3,666,381	2.9
WPT-E Volatility Reduction Fund	£6,606,225	5.0
WPT Capital Protection Fund	£20,178,556	15.5
WPT Annuity Protection Fund	£125,820	0.1
WPT Diversified Fund	£195,127	0.2
WPT Index-Linked Gilts Fund	£1,416,601	1.0
Total	£130,258,999	100



## Market Commentary 2018

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We have seen a divergence of returns as market stocks had a difficult year and a particularly disappointing end to 2018. Global economic growth continues at a robust rate; corporate balance sheets remain fairly healthy and earnings growth remains supportive of valuations, however, Quarter 4 saw a clawback on returns.

Some of the key issues from 2018 are detailed below:

- The fixed income market - With anxieties rising around emerging markets, liquidity concerns and trade tensions during 2018, some developed government bonds benefited from a slight degree of risk aversion. The US yield curve continued to flatten – which is where the borrowing costs over differing time periods get closer – over the period. In Europe, as is often the case, it was a tale of mixed fortunes.
- The US - As the market had anticipated, the Federal Reserve raised interest rates for the third time during 2018. This was the 8th rate hike in the current economic cycle. The market, being forward looking, has already updated its forecasts for further interest rates hikes in the future.
- The UK - From a data perspective, the UK economy continues to show its resilience despite the political noise. Unemployment levels remain at multi-decade lows whilst quarterly economic growth has picked up throughout the year after a slow, weather affected start. Business surveys, whilst highlighting a somewhat cautious tone over Brexit, continue to show that both manufacturing and service led industries are still in expansionary territory. Furthermore, with the devaluation of sterling since the UK voted to leave the EU, the market for mergers and acquisition has been fairly buoyant with buyers looking to take advantage of the somewhat depressed

valuations. However, the fog above the UK market continues to thicken as Brexit negotiations fail to yield any clarity on the UK leaving the European Union.

- The Eurozone – A turbulent year has seen heightened volatility. The continued difficult backdrop Europe faces, with the reduction and eventual end of their quantitative easing programme, together with the forthcoming departure of the UK from the European Union, has seen market fluctuations.
- Japan – There has been an exceptional run in Japanese equities. There are a number of factors that have supported these strong returns: dollar-yen remaining in a narrow trading range and a continuation of the ultra-loose monetary policy deployed by the Bank of Japan both ensured a fair tailwind for Japanese stocks.
- Asia & emerging markets - It has been a precarious period for emerging markets. Unsurprisingly, trade wars were once again a major root cause of investors' anxiety with focus surrounding the longer term impact of trade tariffs on the wider Chinese economy. Moreover, with President Trump's trade tariffs already outlining levies on half of Chinese imports, uncertainty over the remaining imports still continues to unsettle markets.

Although we expect further volatility in the near term, our tactical asset allocation is likely to remain an overweight tilt towards equity markets, albeit somewhat scaled back in the UK due to heightened political uncertainty. Naturally, the political landscape remains perilous and has the potential to derail returns over the short term.

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

## Enhance Construction Pension Scheme transfer to Workers Pension Trust

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Workers Pension Trust and Enhance Construction Pension Scheme were under common administration and governance with related Trustee boards. Based on legal advice, the Trustees decided to restructure and refine the number of pension schemes.

On 3 September 2018, the benefits of active and preserved members in Enhance were transferred to Workers Pension Trust. There has been no change to the existing rights and arrangements for members, member contributions or administration charges as a result of the transfer.

## Scheme Documents

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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.

### Privacy Policy

The Scheme holds basic personal data which is necessary to provide you with your workplace pension. Details of the personal data held and how it is managed is set out in our Privacy Policy.

## Scheme Contact Details

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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](mailto:info@workerspensiontrust.co.uk)

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.

Further information about Workers Pension Trust is available at  
[www.workerspensiontrust.co.uk](http://www.workerspensiontrust.co.uk)

## Further Information

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### 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](mailto: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](http://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 11.

**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.

### Pensions Ombudsman

If you are not satisfied with the outcome of the internal dispute resolution procedure, you may wish to contact the Pensions Ombudsman. The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in connection with occupational pension schemes. It is normally expected that the member will have tried to resolve any problem through the Scheme's formal dispute procedure before it is referred to the Ombudsman. The Pensions Ombudsman can be contacted at:

#### The Pensions Ombudsman

10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Tel: 0800 917 4487

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### The Pensions Advisory Service

The Pensions Advisory Service is available at any time to give free, independent information and guidance on pension matters and resolve problems an individual may have with their pension.

#### The Pensions Advisory Service

11 Belgrave Road  
London  
SW1V 1RB

Tel: 0800 011 3797

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

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## 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](http://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.

You should be aged 50 or over and have a defined contribution pension (Workers Pension Trust is a defined contribution pension).

- ✓ **Book face to face guidance**  
Telephone: 0800 138 3944
- ✓ **Book a phone appointment**  
Telephone: 0800 138 3944
- ✓ **Pension Wise**  
Online service.  
[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

## Money Advice Service

The Money Advice Service can provide retirement advice, information on types of pension and retirement income, and information on automatic enrolment. It can be contacted at:

The Money Advice Service  
Holborn Centre  
120 Holborn  
London  
EC1N 2TD

Tel: 0800 138 7777

[www.moneyadvice.service.org.uk/en/categories/pensions-and-retirement](http://www.moneyadvice.service.org.uk/en/categories/pensions-and-retirement)

## 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](http://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](mailto:info@workerspensiontrust.co.uk)

Web [www.workerspensiontrust.co.uk](http://www.workerspensiontrust.co.uk)

