

Members Annual Report 2018 – 2019



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.

Important Information for the Northern Ireland Construction Industry

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

- ✓ 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.
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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's 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	Mercer
Investment Consultants	Mercer
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

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

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

In August 2019, Workers Pension Trust became the first Northern Ireland based pension provider to be

awarded Master Trust Authorisation by The Pensions Regulator.

Authorisation creates safeguards by ensuring Master Trusts are run by fit and proper people and have the right systems, processes, plans and finances in place.

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 8% with at least 3% 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

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 (£11,850 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

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

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.

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 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 December 2019	% Breakdown
WPT Growth Fund	£166,943,945	77.1
WPT Volatility Reduction Fund	£7,821,727	3.6
WPT-E Volatility Reduction Fund	£7,521,945	3.5
WPT Capital Protection Fund	£32,112,512	14.9
WPT Annuity Protection Fund	£204,226	0.1
WPT Diversified Fund	£310,718	0.1
WPT Index-Linked Gilts Fund	£1,516,330	0.7
Total	£216,431,403	100

It was a rather volatile year for investment markets with an equity sell-off towards the end of 2018 followed by a strong recovery during the first half of 2019, before markets weakened again in August 2019 only to rebound somewhat thereafter. Bond markets and defensive equities including listed real assets had a strong year outperforming broad market, emerging market and small cap equities.

During the fourth quarter of 2018, equity markets sold off by 11% in sterling terms (13% in US Dollar terms), driven by the softening outlook for global growth, combined with trade uncertainty and investor concerns over monetary tightening by the Federal Reserve. Following the Federal Reserve softening their tone, investors re-evaluated their initial reaction and a strong rebound in equity markets ensued in the first quarter of 2019 in both US Dollar and sterling terms. Volatility returned in the second quarter of 2019 but global equity markets ended the quarter on a positive note in both US Dollar and sterling terms. The third quarter saw another sell-off during August 2019 amid global slowdown fears even if not as severe as in late 2018 but global equity markets recovered in the end and finished the third quarter pretty much flat in US Dollar terms but positive in sterling terms.

Bond markets had an excellent year in both USD and sterling terms amid central banks going from hiking to dovish and initiated a cutting cycle in the third quarter of 2019. In addition, defensive fixed income benefited from safe haven amid heightened equity volatility. According to research by Deutsche Bank, a record amount of \$15tn of global debt (25% of total and 40% of government) now has negative yields. In January 2020, the UK will consult on whether and how to reform the calculation of the RPI inflation measure on which basis most index-linked gilts are re-valued. This could have a material and possibly negative impact on index-linked gilt holders.

UK Property had positive returns over the year to 31 August 2019 but these were low compared to returns on other asset classes as uncertainty over Brexit and a struggling high street sector led to a softening in prices for commercial property over the year, with returns primarily driven by income.

The US largely continued its economic expansion over the year, boosted by a tightening labour market, rising wages, and consumer confidence amid the business-friendly stance of the Trump administration. Recent economic data has been more mixed, however. Trade tensions have started to take a toll on business confidence and capital expenditure. Manufacturing is weak. Services have softened and even the strong labour market is showing signs of levelling out. Japan, the UK and continental Europe saw more measured growth even though economic data from continental Europe over the year has been hinting at a continued slowdown.

In the UK, uncertainty over Brexit continued to dominate the investor outlook. The UK economy decelerated over 2018, rebounded in the first quarter of 2019 but growth went negative in the second quarter and is expected to stagnate at best in the third (quarter on quarter). Emerging markets had a challenging fourth quarter of 2018 as they experienced uncertainty over trade frictions, rising US interest rates, deleveraging in China as well as a strengthening US dollar. Headwinds began to soften in 2019, with improvement on a few fronts, including softer US monetary outlook leading to less upwards pressure on the US Dollar. Uncertainty over trade returned in the second quarter of 2019, obscuring these developments.

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

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

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

If you have any queries about the Scheme please contact:

Workers Pension Trust

143 Malone Road
Belfast
BT9 6SX

Telephone No: 028 9087 7142

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

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 an Independent Financial Adviser.

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 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

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

The Money & Pensions Service

The Money & Pensions Service (also known as the Single Financial Guidance Body) was created under the Financial Guidance and Claims Act 2018 and brings together three providers of financial guidance:

- ✓ Pension Wise
- ✓ The Pensions Advisory Service
- ✓ The Money Advice Service

Its five core functions are Pension Guidance, Debit Advice, Money Guidance, Consumer Protection and Strategy.

The Money & Pensions Service can be contacted at:

Money & Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD

Tel: 01159 659570

www.moneyandpensionsservice.org.uk/contact-us/

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

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.

Money & Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD

Tel: 0800 011 3797

www.pensionsadvisoryservice.org.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

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

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

