HR Wallingford Group

News and FAQs

General Data Protection Regulations (GDPR)

As you may be aware, the EU General Data Protection Regulation (GDPR) took effect from 25 May 2018. GDPR regulates the use of personal data – how it is collected, processed, stored and transferred. It is designed to bring EU Data Protection Regulations up to date with new technologies and to harmonise Data Protection Law across EU Member States.

You should have received a privacy notice recently from the Trustees which tells you how we use your data in the Scheme. If you have not received a copy of this notice, you can obtain a copy from KPMG (details on the front page).

The Trustees of the Scheme are committed to continually working with our advisors to make sure that your data is kept secure and that we comply with GDPR.

Pension increase

Pensions in payment are increased annually on 1 April each year and the increase is linked to the increase in the Consumer Prices Index ('CPI').

This year, members' pensions were increased on 1 April 2018 by 3%.

There were no discretionary increases granted during the year.

Pension liberation fraud

The number of cases of pension fraud has been on the increase in the UK. Typically, these scams involve using 'pension loans' or cash incentives to entice savers below the age of 55 into transferring benefits out of their pension scheme.

You should be wary of being approached out of the blue over the phone or via text message and you should never give out financial or personal information to a cold caller. If you do receive pension incentives, then you should speak to an independent adviser (see the website below) who can provide you with unbiased advice.

Every transfer value quotation will also be sent out with the Pensions Regulator's guide on the warning signs to look out for when transferring benefits to an alternative arrangement.

Q. Does the Scheme hold an Internal Dispute Resolution Procedure?

Trustees of all Occupational Pension Schemes are required to establish and operate a procedure attempting to resolve any complaint or dispute which may arise in relation to the Scheme. If you wish to see a copy of the Scheme's Internal Dispute Resolution Procedure, please contact KPMG (details on the front page).

Q. Where can I get further information on my benefits?

For further information on your retirement benefits, you can consult the Scheme booklet, which describes the benefits available to members of the Scheme and outlines some of the rules that govern the Scheme. It is intended as a guide to help you gain a greater understanding of your retirement benefits. The latest version of the Scheme booklet was finalised in 2015. If you wish to obtain a copy of the booklet, please contact KPMG (details on the front page).

Q. Where can I obtain information/advice regarding pensions?

The public services website, Directgov, has useful information on pensions and retirement planning:
www.direct.gov.uk/en/Pensionsandretirementplanning

The Money Advice Service is a free, independent service set up by the Government to give people clear, unbiased money advice. They produce clear information and guidance on how to find out more details in reference to your pensions questions:

www.moneyadviceservice.org.uk

If you need to contact an independent financial advisor you can look in the Yellow Pages or try:
www.unbiased.co.uk

You can check your State Pension entitlement at:
www.gov.uk/check-state-pension

HR Wallingford Group

2018 Newsletter

Hydraulics Research Pension Scheme

In my role as the Chairman of the Trustees, I am pleased to send you this copy of the 2018 Newsletter for the Hydraulics Research Pension Scheme (which we call below the 'Scheme' for short).

We hope you find this newsletter both interesting and informative, but we are keen to hear your views on future topics you would like us to cover.

Paul Samuels, Chair of Trustees

The current Trustee board

There are currently three Trustees:

Two Trustees are Member Nominated:
Paul Samuels (Chairman) and Michael Keevil

One Trustee is appointed by HR Wallingford:
HR Trustees Ltd. (represented by Claire Teagle).

Kim Taylor left the Company at the end of 2017 and subsequently stepped down from her position as a Trustee. We would like to thank her for the significant contribution she made to the Trustee Board over many years.

The Company has yet to appoint a replacement Trustee.

Contact us

You should inform us of any changes in your personal details, such as your name, address or marital status together with any changes in your nominated dependants to receive benefits payable upon your death.

For general scheme information, complaints, queries, quotations on your Scheme benefits and change of personal details, please contact KPMG, the Scheme administrator, at the following address:

Sara Broadbent
Pensions Administrator
KPMG Pensions
Arlington Business Park
Theale, Reading, RG7 4SD
Tel: 0118 964 2467
E: ukfmhrps@kpmg.co.uk

Highlights in this issue

- Summary Funding Statement – including results of the latest funding update
- Investment strategy
- Pensions news and FAQs.

Summary funding statement

The Scheme is a defined benefit scheme. This means that it pays a pension equal to a specified monthly amount when you retire, based on your length of service and salary. The Scheme is closed to future benefit accrual, and so no further benefits are being built up by members. Contributions that have been paid to the Scheme are invested in one common fund for all members, which is used to provide retirement benefits when they fall due.

The Trustees regularly monitor the funding position of the Scheme to ensure that there are sufficient funds to meet all pension obligations for the lifetime of its members. Each year, we send you this Summary Funding Statement to provide you with updated information about the level of funding for the Scheme, as required by the Pensions Act 2004.

Actuarial valuation as at 31 March 2016

A full valuation of the Scheme is carried out every three years. As disclosed in last year's newsletter, the most recent full valuation (with an effective date of 31 March 2016) was completed in March 2017 by Ray Pygott, the Scheme Actuary. The results of the valuation showed that the Scheme was around 85% funded with a deficit of £14.7 million (shown in the table opposite).

In order to remove this deficit, the Trustees and Company agreed a 'Recovery Plan' to ensure the Scheme can meet its primary objective of being able to pay out all the future benefits when they are due.

The Trustees secured an increase in contributions payable by the Company to the Scheme to help eliminate the larger deficit. The schedule of payments is shown in the table below. It was expected that under this Recovery Plan, the funding deficit would be removed by 31 July 2028.

The Scheme's next triennial actuarial valuation is due at 31 March 2019 and must be completed by 30 June 2020.

Schedule of Company contributions

£500,000 per annum in 2017 and 2018
£725,000 per annum between 2019 and 2024
£785,000 in 2025
£800,000 per annum between 2026 and 2028

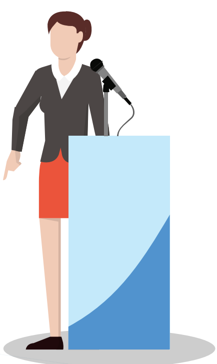
Recent Actuarial update

Approximate actuarial updates are carried out in each year where a full funding valuation has not been carried out. The latest actuarial update was carried out as at 31 March 2018, and revealed a funding deficit of £17.4 million.

The deficit decreased slightly during the year as a result of positive investment performance and contributions by the Company.

The Trustees continue to regularly monitor the funding position and the Company's ability to make the contributions it has committed to pay and take any actions they deem appropriate after taking professional advice.

Results	2016 Valuation	2017 Update	2018 Update
Assets	£81.6m	£92.2m	£92.9m
Liabilities	£96.3m	£110.3m	£110.4m
Funding deficit	£14.7m	£18.1m	£17.4m
Funding Level	**85%**	**84%**	**84%**



Definitions

Assets	The value of the pooled funds held to provide pension benefits to Scheme members.
Liabilities	The estimated total amount required today to provide members of the Scheme with their agreed benefits when they fall due.
Deficit	The amount by which the value of the liabilities exceeds the assets.
Funding level	The percentage of liabilities covered by the assets of the Scheme

The Actuarial Valuation Report and the Actuarial Updates are available on request. Please contact KPMG (details on the front page) for more information.

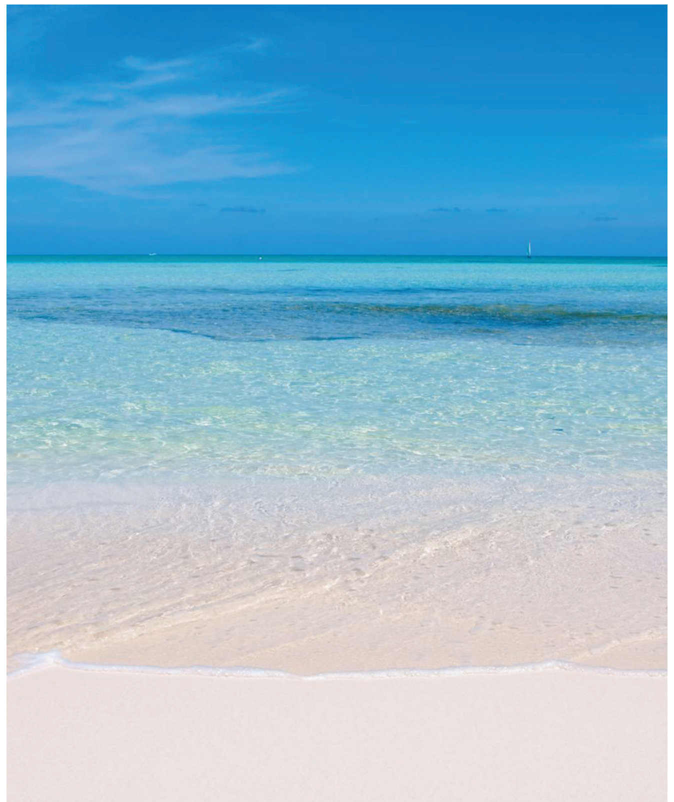
Wind-up (solvency) estimate

The valuation results assumed that the Scheme continues to operate in its current state for foreseeable future.

If the Trustees and the Company decide to wind up the Scheme, the Company would need to contribute to the Scheme so that all members' benefits can be secured in full with an insurance company. This is known as paying 'full solvency benefits'. As at the 31 March 2016 funding valuation, this amount was estimated to be £75.1 million.

Should the Scheme wind up without enough money to secure all the benefits with an insurance company, the Pension Protection Fund (PPF) might be able to take over the Scheme's obligations and pay compensation to members. Further information and guidance is available on the PPF's website (*www.pensionprotectionfund.co.uk*), or you can write to the PPF at: Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Neither the Trustees nor the Company have any plans to wind up the Scheme but we are required by law to let you know the Scheme's financial position if this event were to happen.

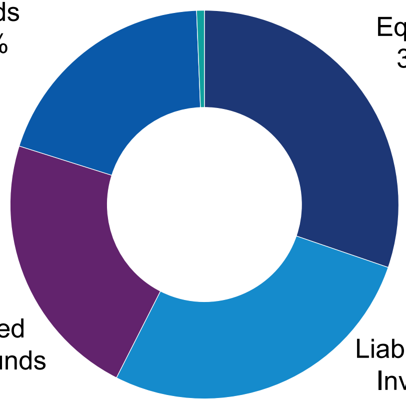


Investment strategy

As at 31 March 2018, the Scheme's assets were broadly allocated as shown in the pie chart. The total value of the assets was £92.9 million.

This asset value is taken from the audited Trustee Report and Accounts as at 31 March 2018, which was recently signed off by the Trustees. A copy is available on request from KPMG (details on the front page).

Asset Allocation as at 31 March 2018



The Trustees invest the assets of the Scheme with the aim that all members' benefits built up can be paid when they fall due.

The Scheme's investment strategy is reviewed regularly by the Trustees in conjunction with qualified investment advisors. The Scheme's investment policy is set out in the Statement of Investment Principles, a copy of which is available on request from KPMG.

The Trustees have recently reviewed the performance of the diversified growth funds and have decided to move this investment to another manager which better meets the Trustees' requirements.

No payments have been made from the Scheme to the Company over the last year.