

News and FAQs

GMP equalisation



A High Court judgment in the Lloyds Banking Group case was announced on 26 October 2018, which may have an impact on your benefits from the Scheme, as outlines in the previous Newsletter.

The Trustees are putting in place a plan of action regarding the equalisation of benefits for the Hydraulics Research Pension Scheme, and will provide further updates as this develops.

Provider Update



You will have recently received a letter notifying you that the Scheme's administrators, KPMG Pensions, has recently been sold by KPMG and established as a new, standalone entity called Isio. There have been no changes to the services they provide to the Scheme. This change has been updated in the Scheme's Privacy Notice. Please contact Isio if you wish to request a copy.

Pension liberation fraud



We advise members to be extra vigilant about scammers during the ongoing Covid-19 pandemic.

Scammers use a variety of methods to get their hands on people's savings. Often they will convince members to transfer the benefits they have built up to a new scheme offering 'incentives' and 'loopholes' which in reality don't exist. Examples include claims that members will be able to access their money before age 55, or to offer guaranteed investment returns. These claims are not true.

We continue to remind members who may be considering transferring out of the Scheme that you are expected to take the appropriate steps to make sure you are transferring into an approved scheme including taking independent financial advice.

Scheme factors



If you have not yet started receiving your pension, you will have been sent a letter earlier this year about the change in various factors for the Scheme. These factors are used to calculate your benefits to allow for any options you choose at retirement (e.g. taking a cash lump sum or retiring early).

The updated factors reflect changes in the relative value of different benefit options within the Scheme, and came into force from 1 July 2019.

Note that these change do not affect members that are already receiving their pension. Please refer to the letter or contact Isio for more details.

Pension Increases



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 2020 by 1.7%.

There were no discretionary increases granted during the year.

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 Isio (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 Isio (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.moneyadvice.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

2020 Newsletter

Hydraulics Research Pension Scheme

In my role as the Chairman of the Trustees, I am pleased to send you this copy of the 2020 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

Covid-19 – update and suspension of transfer value quotations

We would like to reassure members that pensions will continued to be paid whilst we are all affected by the ongoing Covid-19 pandemic. Isio, the Scheme administrators, have implemented their Business Continuity Plan and are prioritising the payment of pensions, retirement quotations and bereavement services. Please note that non-essential services may be delayed. In addition, the Trustees have taken the decision to suspend the provision of transfer value quotations at the current time in accordance with the guidance issued by the Pensions Regulator.



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).

Please note that the current two member-nominated trustee positions will be opened up at the end of 2020 for re-election. The Trustees will write to you next autumn to seek nominations from the membership to become a Trustee.

Paul Samuels plans to step down from the board after 33 years of service, so this will be his last year as a Trustee.



Contact us

During the ongoing Covid-19 pandemic, the Scheme administrators are prioritising certain essential services. Therefore, if your query is not urgent, a response may be delayed.

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 Isio, the Scheme administrator, at the following address:

Isio
2 Forbury Place,
33 Forbury Road,
Reading, RG1 3AD

Tel: 0118 338 4406
E: hrps@isio.com

Highlights in this issue

Summary Funding Statement – including results of the latest triennial valuation

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 2019



A full valuation of the Scheme is carried out every three years. The most recent full valuation (with an effective date of 31 March 2019) was completed in February 2020 by Ray Pygott, the Scheme Actuary. The results of the valuation showed that the Scheme was around 90% funded with a deficit of £10.8 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 have secured a series of contributions due from Company to help eliminate the 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 12 April 2027.

Results	2019 Valuation
Assets	£94.5m
Liabilities	£105.3m
Funding deficit	£10.8m
Funding Level	90%

Approximate actuarial updates are carried out in each year where a full funding valuation has not been carried out. The next actuarial update will be carried out as at 31 March 2020.

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 Isio (details on the front page) for more information.

Schedule of Company contributions



£725,000 per annum between 2020 and 2024
£785,000 in 2025
£800,000 per annum between 2026 and 2027

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.



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 2019 actuarial valuation, this amount was estimated to be £59.4 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 30 September 2019, the Scheme's assets were broadly allocated as shown in the pie chart. The total value of the assets was £105.3 million.

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

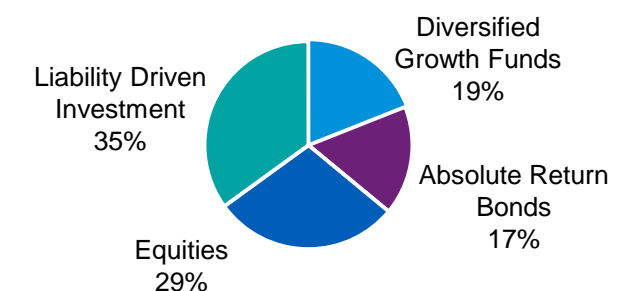
The Scheme's investment strategy is reviewed regularly by the Trustees in conjunction with qualified investment advisors. The Scheme's investment policy is set out in the Statement of Investment Principles (SIP), a copy of which is available on request from Isio.

As notified in the last newsletter, the Trustees have moved the diversified growth funds investment from Standard Life to Blackrock following a change of performance and management of the fund.

There have been no significant changes to the investment strategy since the last newsletter.

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

Asset Allocation as at 30 September 2019



Environmental, Social and Governance requirements



The Trustees are now required to take Environmental, Social and Governance (ESG) factors into account when setting the investment strategy. ESG factors look at the current practices of the firms in which the Scheme invests, and includes, for example, climate change and community relations.

The Trustees have considered the approach to ESG and have documented it in the SIP. They will continue to review the approach taken by the Scheme's investment managers going forwards.