

News and FAQs

Brexit and overseas bank accounts



We are aware that due to Brexit, some members living overseas may have been forced by their banking provider to move their UK banks accounts to overseas accounts. This can result in payment and landing charges when paying pensions. Please let us know (using the contact details on the next page) if this has impacted you.

Pension scams



The Covid-19 pandemic has given scammers new ways to try and get their hands on people's savings by exploiting people's fears of the impact of Covid-19 on financial markets and personal finances.

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 do not 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 arrangement including taking independent financial advice. Some useful website are listed in the box below.

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 outlined in the previous Newsletter.

The Trustee is 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.

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 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

The Financial Conduct Authority and the Pensions Regulator have released lots of helpful material as part of their ScamSmart campaign:

www.fca.org.uk/scamsmart

2021 Newsletter

Hydraulics Research Pension Scheme

Following the retirement from Board of Paul Samuels (see below), I am delighted to take on the role of Chair after being a Trustee for the Scheme for 5 years. As well as the other changes to the Trustee Board set out below, HR Trustees Ltd has been replaced by PSGS Trust Corporation Ltd which is owned by the same Company. PSGS will still be represented by myself. I would like to add my own personal thanks to Paul for all his hard work and support.

I am pleased to send you this copy of the 2021 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 the future topics you would like us to cover.

Claire Teagle, Chair of Trustees

What are the Trustees doing about Covid-19?

As we all know, the Covid-19 pandemic has had unprecedented impacts on nearly every aspect of our lives and the pension scheme is no exception. The Trustees have been keeping a closer eye than normal on the Scheme during these uncertain times. A lot of focus from the Trustees and its advisers has gone into making sure your benefits continue to be secure and paid on time and we will continue to closely monitor the evolving situation with our advisers.



The current Trustee board

Paul Samuels has stepped down from the board after serving as a Trustee for 36 years and over a decade as Chair. We would like to thank him for his significant contribution and dedication of the Scheme over these years (almost since its inception). We aim to continue his good work and wish him a very happy retirement.

There are currently three Trustees:

Two Trustees are Member Nominated:

Michael Keevil and Bob Godfrey

One Trustee is appointed by HR Wallingford:

PSGS Trust Corporation Ltd. (represented by Claire Teagle).

The Member Nominated Trustee selection process was completed in late 2020, with Michael Keevil being re-elected. We also welcome Bob Godfrey as a new Member Nominated Trustee. Bob served as a Trustee of the Scheme in the past and is keen to get back involved.



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 dependents 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 c/o SPS
PO Box 721
Salford
M5 0QT

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

Highlights in this issue

Summary Funding Statement

Investment strategy

Pension scams



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.

Schedule of Company contributions

£725,000 per annum between 2020 and 2024

£785,000 in 2025

£800,000 per annum between 2026 and 2027

In order to provide the Company with some flexibility during Covid-19 crisis, the Trustees agreed to an adjustment to the schedule of payments so that the £725,000 due in April 2020 has instead been paid in four

quarterly instalments up to January 2021. The funding deficit is still expected to be removed by 12 April 2027 under this revised Schedule of Contributions.

Recent Actuarial update

Approximate actuarial updates are carried out in each year where a full funding valuation has not been carried out.

During the year an actuarial update was carried out as at 31 March 2020. As shown in the table below, this update showed that the deficit had increased over the 12 months after the Valuation, primarily due to lower than expected asset returns caused by volatility in financial markets during the early part of the Covid-19 pandemic. Since 31 March 2020, markets have recovered to a degree which has served to improve the position from this time.

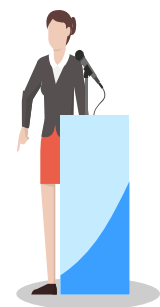
The Trustees continue to regularly monitor the funding position and the Company's ability to make the contributions it has committed to pay and take any actions they deem appropriate after taking professional advice.

Results	2019 Valuation	2020 Update
Assets	£94.5m	£90.4m
Liabilities	£105.3m	£104.6m
Funding deficit	£10.8m	£14.2m
Funding Level	90%	86%

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.



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.ppf.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 2020, the Scheme's assets were broadly allocated as shown in the pie chart. The total value of the assets was £104.3 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 the HR Wallingford website (<https://www.hrwallingford.com/pensions>).

As mentioned in the last newsletter, the Trustees now take into account Environmental, Social and Governance factors when setting the investment strategy, such as climate change, community relations and responsible investment.

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

Asset Allocation as at 30 September 2020

