



HR Wallingford Group

# 2022 Newsletter

## Hydraulics Research Pension Scheme

I am pleased to send you this copy of the 2022 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



### The current Trustee board

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).**



### Contact us

You should inform us of any changes in your personal details, such as your name, address, marital status or any changes in your nominated dependents to receive benefits payable upon your death (which can be done through an Expression of Wish form, found on the HR Wallingford website noted below).

For quotations of your Scheme benefits, changes of personal details, general scheme information and queries, please contact Isio, the Scheme administrator, using the following contact details:

**Isio c/o SPS  
PO Box 721  
Salford  
M5 0QT**

**Tel: 0118 338 4451  
E: [hrps@isio.com](mailto:hrps@isio.com)**

### Further information on your 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 visit the HR Wallingford website (<https://www.hrwallingford.com/pensions>) or contact Isio.

A copy of this newsletter, as well as previous newsletters can also be found on the HR Wallingford website.

### Highlights in this issue

Summary Funding Statement

Investment strategy

New regulations for transfers to prevent 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 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 estimated that under this Recovery Plan, the funding deficit was expected to be removed by 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

The Scheme's next triennial valuation is due at 31 March 2022 and must be completed by 30 June 2023.

## 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 2021 which showed a deficit of £7.0m. The deficit has improved primarily due to better-than-expected asset returns and payment of deficit recovery contributions.

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	2021 Update
Assets	£94.5m	£90.4m	£105.8m
Liabilities	£105.3m	£104.6m	£112.8m
Funding deficit	£10.8m	£14.2m	£7.0m
<b>Funding Level</b>	<b>90%</b>	<b>86%</b>	<b>94%</b>

There has been no intervention from the Pensions Regulator to use its powers to modify the Scheme or to impose a direction or schedule of contributions.

## Definitions

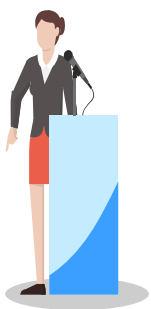
**Assets** The value of the pooled funds held to provide pension benefits to Scheme members.

**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 the foreseeable future.

If the Trustees and the Company (HR Wallingford Group) 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](http://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 31 December 2021, the Scheme's assets were broadly allocated as shown in the pie chart. The total value of the assets was £117.0 million.

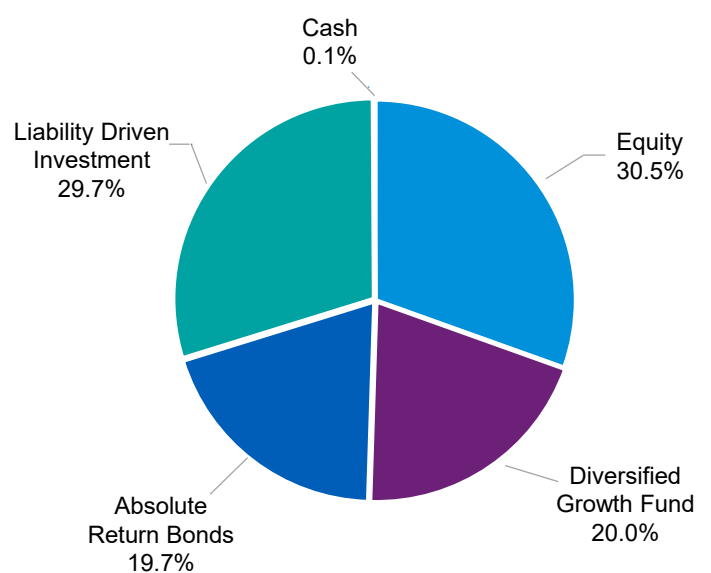
In November 2021, funds were moved between the asset classes to bring the asset allocation closer to the benchmark investment strategy set by the Trustees. The Trustees invest the assets of the Scheme with the aim that all members' benefits built up can be paid when they fall due.

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>).

The Trustees now take into account Environmental, Social and Governance (ESG) factors when setting the investment strategy, such as climate change, community relations and responsible investment. Further information on the Scheme's ESG policies can be found in the Implementation Report, available on the website above.

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

Asset Allocation as at 31 December 2021



Source: Scheme Investment managers, Isio



# News and FAQs

## New regulations for transfers to prevent pension scams

New regulations came into force from 30 November 2021 to help trustees and administrators identify high risk transfers and help stop potential scams. This includes more detailed checks on transfer requests, on both the arrangement nominated to receive the transfer payment and the advice taken by members requesting the transfer. In certain circumstances, members will be referred to MoneyHelper to obtain mandatory guidance before the transfer can be processed (see below for further details on this service).

**Please note that these additional checks may increase data requirements and times to process transfers.**

If you are considering transferring out of the Scheme, please be mindful of potential scams and take appropriate steps to make sure you are transferring into an approved arrangement, including taking financial advice. Some useful website are listed in the box below.

Scamming activity is increasing, with scammers using a variety of methods to get their hands on people's savings. Often they will convince members to transfer the pension 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.

## 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 Trustees have put in place a plan of action regarding the equalisation of benefits for the HRPS and work to achieve this is currently ongoing.

## 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 in the Scheme were increased on 1 April 2021 by 0.5%. Please note that if you built up benefits before April 1997, some of your pension may not receive the full CPI increases; instead these increases will be incorporated into your State pension benefits.

There were no discretionary increases granted during the year.

## Pensions Scheme Act 2021

The Pensions Scheme Act 2021 introduced new requirements for trustees and sponsors, including a framework for a tougher funding regime, greater responsibility on companies to notify trustees and the Regulator in advance of any corporate activity that may affect the security of pension benefits and reporting on climate change risks.

The Act has also introduced greater powers to the Pensions Regulator, including widening criminal offences and penalties for companies and individuals that wilfully act in a way that adversely affects a pension scheme.



### 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 obtain information/advice regarding pensions?

MoneyHelper 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: <https://www.moneyhelper.org.uk/en>

If you need to contact a financial advisor you can look in the Yellow Pages or try: [www.unbiased.co.uk](http://www.unbiased.co.uk)

You can check your State Pension entitlement at: [www.gov.uk/check-state-pension](http://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](http://www.fca.org.uk/scamsmart)