



Scottish Enterprise Pension & Life Assurance Scheme

Know your pension

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Know your trustees

The assets of the scheme are held in trust for the benefits of members and are managed by the trustees of Scottish Enterprise Pension & Life Assurance scheme.

Employer nominated

Alistair Gray
Derek Ballantyne
Clair Alexander
Leah Pape
Derek Shaw
Aileen Hotchkiss

Member nominated

Linda Ellison
Catherine Mary Corr
Ross McKie
Anne Featherstone

In the know

Dear Member,

This is my fifth newsletter to you as chair of trustees. 2022 saw us all emerge from the worst of COVID. Equity and bond markets continued to be under pressure and suffered a further significant downturn in the first quarter. The government's mini-budget in October 2022 damaged the funding position of many pension schemes. Our scheme was no exception and the level of our assets fell sharply as a result, although this was matched to a large extent by a fall in our liabilities.

The scheme actuary is currently working on the "actuarial valuation" (a financial review of the scheme that must be carried out every three years). This is a lengthy process and so final results are not available yet. However, projecting forward from the 2020 valuation results, the estimated funding position was around 88% at 31 March 2023. This is lower than the equivalent position in 2022, but it should not be a cause for concern. It is normal for the funding position to fluctuate over time, particularly during the current climate where market conditions can change daily. Your pension scheme is based on defined benefits and the funding position depends on a number of factors, in addition to market movements. As long as Scottish Enterprise continues to support the scheme, your benefits will be paid in full when they become due.

Scottish Enterprise is fully committed to supporting the scheme and there is every reason to believe this support will continue.

The trustees recently introduced biannual 'route-map' meetings with Scottish Enterprise. **We have a shared objective to ensure the scheme is relevant, secure and sustainable for current and future generations.** We work together to secure your benefits while, at the same time, keeping company and personal contributions stable and affordable.

Over the last two years there have been changes to the trustee board. The new trustees have embraced their responsibilities with great enthusiasm and the board is now more diverse and balanced not only from a gender perspective but in the expertise of the trustees. We recognise this is an area for continuous improvement and we are currently working on an equality, diversity and inclusion policy for the scheme. Over the last year the trustees have also managed a partial return to physically meeting together.

We have worked hard to improve our communication with you, our members. We have held webinars for active members to engage directly with myself, fellow trustees and Hymans Robertson, our scheme secretary. We have been delighted by the response to these sessions and the increased use of the pension website.

It is a rare privilege to lead the board of what is a unique and beneficial scheme. I hope you find this newsletter interesting and useful. Our trustees are always pleased to hear from members and keep them up to date with the progress we are making to protect your benefits and the future of the scheme.

Best,



Alistair Gray, Chair of trustees

Know the latest news

Pay your pension some attention

Ever wanted to find out about your pension with the scheme? Or maybe you've wanted to change your details and needed all your pension information in one place. You can do all these things on your dedicated pension website at www.sepensions.co.uk. Here, you can:

- find information about the scheme and the benefits it provides;
- view and update your personal information and nominated beneficiaries;
- view your current pension in payment and access your pension payslips and P60s (if you've already retired);
- model your own personal benefits at retirement or submit requests for illustrations at retirement (if you haven't yet retired); and
- find information about the trustees who are responsible for running the scheme.

Please have a look now and again to ensure you're up-to-date. By going digital you'll also be making a small step to help reduce the scheme's carbon footprint.

How do I get access to the pension website?

If you've already registered, you can simply go to www.sepensions.co.uk and click "Login" on the front page. You'll then need to use the username and password you've previously set up to gain access. If you can't remember your password, you can reset this on the pension website too.

If you haven't already registered, you'll need to do this first. Simply go to www.sepensions.co.uk and click 'Register' on the front page. You'll need your National Insurance number, date of birth and postcode to hand.

Government launches a Midlife MOT

The Government has launched a new online resource to help people check the status of their work, health and money which it has named a Midlife MOT.

It's aimed at people between the ages of 45 and 65, and as it's an online tool, you'll need access to the internet to use it. It's easy to use and clearly signposted – so why not give it a go?

Information about pensions is in the Money section. You can plan for your future by working out your ideal retirement income, checking your State Pension age, and even get a State Pension forecast.

Midlife MOT is hosted on the Government's website at www.gov.uk. To find it, type 'Midlife MOT' in the search bar.

Know the finances

We receive regular payments from the company which we invest and use to pay benefits. Here is a summary of the money we received and the payments we made over the last scheme year

Value at 31 March 2022 **£907,585,503**

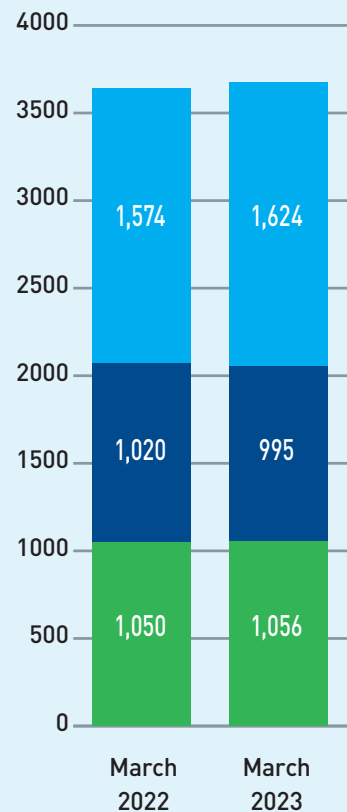
→ Payments received	
Company contributions	£13,361,884
Member contributions	£316,407
Other income	£1,110
Total received	£13,679,401

← Payments out of the scheme	
Benefits paid or payable	(£22,198,289)
Payments to leavers	(£615,503)
Life Assurance premiums	(£238,351)
Admin expenses	(£1,071,048)
Total paid	(£24,123,191)

+ Return on investments	
Investment income	£10,144,634
Change in market value of investments	(£335,343,764)
Investment management expenses	(£1,061,603)
Net returns on investments	(£326,260,733)

Value at 31 March 2023 **£570,880,980**

Members in the scheme



- Members currently paying into the scheme
- Members who have left but not retired
- Pensioners

Know your summary funding statement

The trustees must make sure the scheme has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the scheme is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the trustees. Here is a summary of the funding position at the last full valuation, which was at 31 March 2020, and how this compares with the latest annual updates as at 31 March 2022 and 31 March 2023.

Assets	Liabilities	Surplus/ (Shortfall)
The value of the scheme's investments	The estimated costs of providing members' benefits	The difference between the assets and the liabilities
Value as at 31 March 2020 £791.4m	Value as at 31 March 2020 £785.7m	Value as at 31 March 2020 £5.7m
Value as at 31 March 2022 £907.6m	Value as at 31 March 2022 £928.2m	Value as at 31 March 2022 (£20.6m)
Value as at 31 March 2023 £570.9m	Value as at 31 March 2023 £650.8m	Value as at 31 March 2023 (£79.9m)

**These figures are estimates only and are subject to change once the full triennial valuation has been finalised.*

Funding level	As at 31 March 2020	As at 31 March 2022	As at 31 March 2023
The assets as a percentage of the liabilities	101%	98%	88%

Did you know?

There may be benefits payable on your death. Please let the trustees know who you would like to be considered for payment of these benefits by updating your nominated beneficiaries within your online account on the scheme website (further details on how to access this are highlighted on page 3). If you cannot access the scheme website, please contact the scheme administrators.

Know your summary funding statement *(continued)*

The scheme's financial position

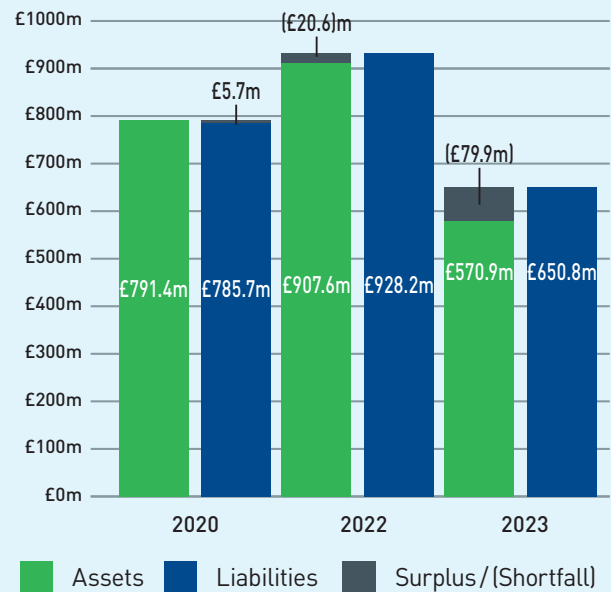
The scheme actuary is currently working on the actuarial valuation, due in early 2024. By projecting forward from the 2020 valuation results, the scheme actuary estimates the funding position of the scheme at 31 March 2023 to be around 88%.

The value of the scheme's assets declined during the last year. This was largely due to the Chancellor's 'mini-budget' statement on 23 September 2022 that led to significant turbulence in investment markets. This had an impact on pension funds across the UK, including the scheme. Although the scheme's liabilities also reduced due to rising interest rates.

This drop in funding level should not be a cause for members' concern. Your pension is a defined benefit pension which means it does not depend directly on market movements. The trustees remain focused on their long-term objectives to:

1. pay all pensions on time, and in full, and
2. be a sustainable, relevant and secure scheme for current and future generations.

The trustees are currently working with their advisers and SE to conduct an in-depth strategy review as part of the actuarial valuation, which will ensure the scheme continues to be sustainable, relevant and secure into the future. It will also allow for changes in the external financial landscape that have improved the sustainability of the scheme since the end of March 2023. Indeed, the current funding position of the scheme is estimated to be around 92%.



Protecting your benefits

The trustees aim to have enough money in the scheme to pay pensions and other benefits to members. So long as the company continues to support the scheme, your benefits will be paid in full when they become due.

Scottish Enterprise is fully committed to supporting the scheme so that members' benefits are paid in full and we have no reason to believe that this support will not continue. We are required by legislation to provide details of the funding position if the scheme ceased to exist, was wound up and trustees had to secure members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. For example, at the last valuation date it would have cost £1,016m to secure members' benefits if the scheme had wound up as at 31 March 2020, compared to the assets of £791m at the same date. If there is not enough money in the scheme to buy out all the benefits with an insurance policy, the company would have to make up the shortfall.

For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. The PPF is not intended to replicate each member's pension, but to ensure that members receive most of their pension. There is an overall cap on pensions, which may apply, and any increases to pensions once in the PPF are less generous than the increases that the Scheme would have provided. You can find out more about the PPF on its website: www.ppf.co.uk.

Please note that the inclusion of this information does not imply that the company or the trustees are thinking of winding-up the scheme. It is simply required to form part of our report.

The legal bit

Legally, we have to confirm that the company has not taken any surplus payments out of the scheme in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the scheme, or to impose a direction, or a schedule of contributions.

Know the investments

Our investment strategy

The scheme's investment strategy is set by the trustees after taking appropriate independent advice. The scheme's assets were allocated to the following investment types.



- Equities **16.5%**
- Diversified growth funds **11.0%**
- Property **10%**
- Liability driven investments **31%**
- Other income and credit **31.5%**

The trustees have considered environmental, social and governance criteria when setting the investment strategy.

More information about our investment strategy is published in our Annual Report and Accounts and our Statement of Investment Principles, which are both available on the scheme website, sepensions.co.uk.

Know the jargon

Bonds

A form of loan to a company or government – the borrower pays interest and pays back the loan when it matures (bonds issued by the UK Government are called gilts).

Equities

Shares in a company which are bought and sold on a stock exchange.

Diversified growth funds

A mix of investments including equities, property, bonds and cash that balance growth with security.

Property

Investments in commercial property.

Liability driven investments

Aim to match the sensitivity of the scheme liabilities to movements in interest rates and inflation.

Other income and credit

Investments in a broader range of alternative credit and income-generating assets.

Want to know more?

Where can I get more information?

These websites are a useful source of information about pensions and general financial matters.

www.gov.uk for Government information and public services, including workplace pensions and State benefits.

Moneyhelper.org.uk is the one stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.

You can also ring MoneyHelper free on 0800 011 3797, Monday to Friday 9am to 5pm.

Your data

If you would like to find out more about how we use your personal data please see the scheme's privacy notice on our website at: <https://www.sepensions.co.uk/scheme-documents/privacy-notice/>

Are you on the move?

Please remember to update your address within your online account if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

Scheme information

More information about the scheme is available in our Annual Report and Accounts which is available on the scheme website, sepensions.co.uk.

Copies of any other documents can be obtained from the scheme administrator, including:

- the trust deed and rules
- actuarial valuations
- the schedule of contributions
- the statement of investment principles

The scheme administrator is:

✉ Scottish Enterprise Pension & Life Assurance Scheme Administration
Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

📧 scenadmin@hymans.co.uk

☎ 0141 566 7655

Tracking down lost pensions

It's worthwhile taking time out now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

☎ 0800 731 0193

📞 0800 731 0176 (Textphone)

🖱 www.gov.uk/find-lost-pension

When you call, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.