

## Scottish Enterprise Pension & Life Assurance Scheme

# Know your pension

### What's inside?

In the know	page <b>2</b>
Know the latest news	page <b>3</b>
Know the finances	page <b>4</b>
Know your Summary Funding Statement	page <b>5</b>
Know about investments	page <b>7</b>
Know the jargon	page <b>7</b>
Want to know more?	page <b>8</b>

## 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 (Chair)

Derek Ballantyne

Clair Alexander

Derek Shaw

Leah Pape

Aileen Hotchkiss

### Member nominated

Linda Ellison

Catherine Mary Corr

Ross McKie

Anne Featherstone

## Go digital and reduce our carbon footprint

Remember to use our pension website, [www.sepensions.co.uk](http://www.sepensions.co.uk), to review and model your current benefits, view your pension payslip, request quotations and find pension scheme information.

# In the know

Dear Member,

This is my third newsletter to you as chair of trustees. Yet again the year has been dominated by the current global pandemic now in its second year, with associated restrictions and challenges. As I write this in 2021 the scheme has maintained its position at or around full funding, despite, like all schemes, the dip in March 2020 when stock markets reacted to the pandemic.

Over the last year the trustees have gone about their business in a unique environment, frequently convening thanks to internet-enabled communication replacing physical meetings. Despite the lack of physical contact there have been several productivity improvements. In particular, we increased our active global investments in line with our new ESG+ strategy – focused on Environmental, Social and Governance issues and opportunities in areas such as infrastructure.

We have worked hard to improve our communication with you, our members. We have already held webinars for active members to engage directly with myself, the trustees and our scheme secretary. We have been delighted by the response to these sessions and the increased use of the pension website. The response to the webinars has been very positive and we plan to address our communication with deferred and pensioner members this year.

The member nominated trustee elections were held towards the end of 2020. We were delighted to receive 16 nominations for the 4 positions, making us the envy of any defined benefit scheme. There have also been changes in company nominated members due to promotions and trustee retirement. The new members 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 members.

One of the innovations we initiated in 2021 was to hold 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 worked well together to complete a successful triennial valuation for the pension scheme in March 2021. As a result, we plan to remain fully funded while at the same time keeping company and personal contributions stable and affordable.

I completed my first term of office as chair this year and was delighted to accept the company's offer of a second term. 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

## Proposed pension changes for new joiners

As a current member of the scheme we wanted to let you know of a proposed change to the benefits provided by the scheme for **new joiners** from 1 February 2022.

### Why are we proposing a change?

SE and the trustees of the scheme have a long-term vision of having a sustainable, relevant and secure scheme for current and future generations.

Over recent years, the risks, costs and uncertainty associated with providing defined benefit pensions have been steadily increasing, with many organisations struggling to afford to pay for these benefits and costs becoming unsustainable.

The long-term sustainability of the scheme is also of great importance to SE, their employees, recognised trade unions and the trustees.

This means SE has a responsibility to manage the risk of future increases in pension costs which would affect the long-term sustainability of the scheme. SE also have a responsibility to demonstrate efficient running of the scheme to the Scottish Government, in line with their other public sector schemes.

### The change we are proposing

Increasing life expectancy in recent years is good news; but having to pay pensions for longer increases costs. This is one of the reasons why the Government has been gradually increasing the State Pension Age ("SPA") from 65 to 68.

Similarly, SE are proposing to change the Normal Retirement Age for **new joiners** to the scheme from the current age of 65 and align it with SPA at date of retirement. If the proposal goes ahead, this would be effective from 1 February 2022.

Taking this action now reduces the risk of more significant scheme changes being needed in the near future and will help to reduce costs and improve the long-term sustainability of the scheme.

A consultation process is being run for employees who are not currently in the scheme as this change could affect the benefits they earn if they join the scheme after 1 February 2022. This consultation period started on 22 October 2021 and ends on 21 December 2021.

### Will the proposed change affect my benefits?

The proposed change is in relation to new joiners to the scheme from 1 February 2022 only and so will not affect the benefits that you are currently building up (if you are an active member of the scheme) or have previously built up (if you are a deferred or pensioner member of the scheme).

If you are an active or deferred member of the scheme, the proposed change will not impact your benefits, regardless of when you choose to retire and start taking your benefits.

You can find our scheme guide on our pension website, [www.sepensions.co.uk](http://www.sepensions.co.uk), if you want to check what your scheme covers.



# 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 2020** **£791,369,045**

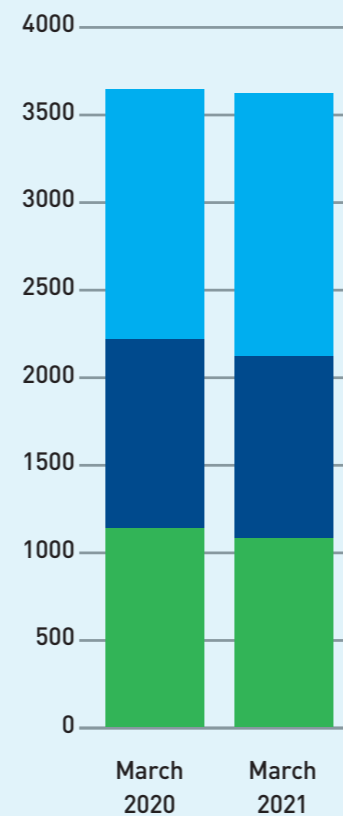
Payments received	
Company contributions	£12,073,698
Member contributions	£323,685
Other income	£161,200
<b>Total received</b>	<b>£12,558,583</b>

Payments out of the scheme	
Benefits paid or payable	(£20,165,896)
Payments to leavers	(£4,651,838)
Life Assurance premiums	(£241,324)
Admin expenses	(£1,147,305)
<b>Total paid</b>	<b>(£26,206,363)</b>

Return on investments	
Investment income	£7,629,016
Change in market value of investments	£107,503,130
Investment management expenses	(£1,404,589)
<b>Net returns on investments</b>	<b>£113,727,557</b>

**Value at 31 March 2021** **£891,448,822**

## Members in the scheme



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

# Know your summary funding statement

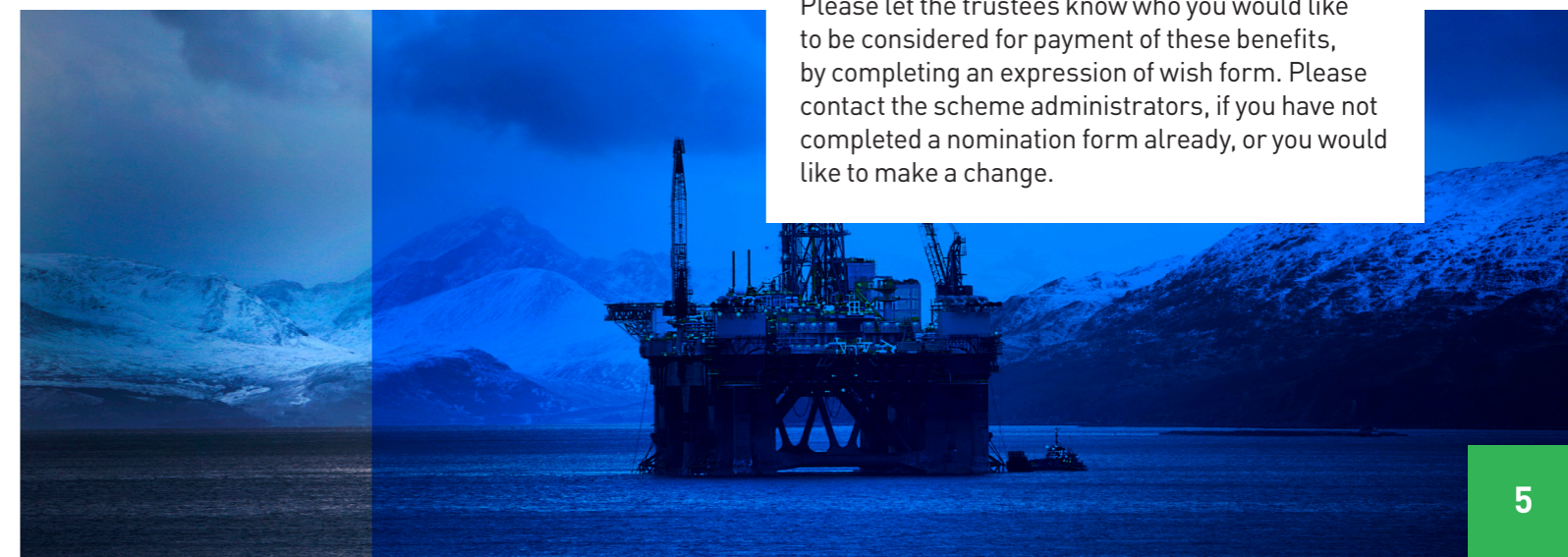
The trustees must make sure the scheme has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the scheme is undertaken, with annual checks in between. Here is a summary of the position at the last full valuation, which was at 31 March 2020, and how this compares with the last annual update as at 31 March 2021.

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 <b>£791.4m</b>	Value as at 31 March 2020 <b>£785.7m</b>	Value as at 31 March 2020 <b>£5.7m</b>
<b>Value as at 31 March 2021 £891.4m</b>	<b>Value as at 31 March 2021 £894.1m</b>	<b>Value as at 31 March 2021 (£2.7m)</b>

Funding level	As at 31 March 2020	As at 31 March 2021
The assets as a percentage of the liabilities	101%	<b>100%</b>

### 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 completing an expression of wish form. Please contact the scheme administrators, if you have not completed a nomination form already, or you would like to make a change.



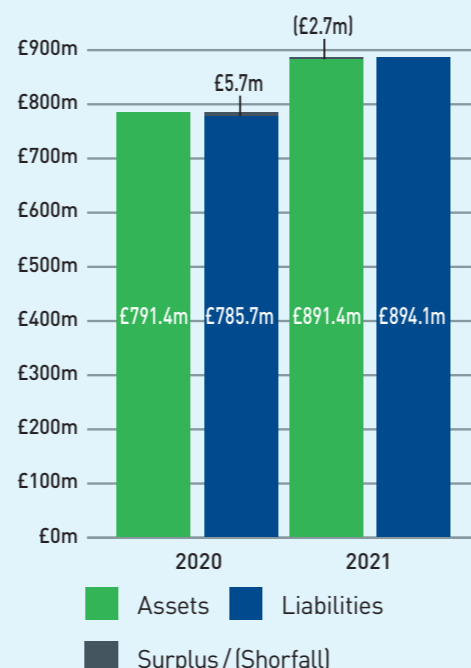
## Know your summary funding statement *(continued)*

The scheme's funding level depends on whether its liabilities (the money it expects to pay out now, and in the future) are less than its assets. These assets build up over time through Company contributions, investment income and capital appreciation. If the assets are worth less than the liabilities, then the scheme has a 'shortfall', but if the assets are worth more than the liabilities, then the scheme has a 'surplus'. As you can see, as at 31 March 2021, the scheme had a small shortfall.

Between 31 March 2020 and 31 March 2021, strong investment returns increased the value of the assets. However, this was more than offset by an increase in the value of the liabilities, mostly due to external factors, i.e. the Government's reform of RPI.

These valuations are only a snapshot in time, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. Since 31 March 2021 the scheme's funding level has recovered – at 30 September 2021 the scheme had a funding level of around 101% and a surplus of £7m.

### The scheme's financial position



## 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, as 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. You can find out more about the PPF on its website: [www.ppf.co.uk](http://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.

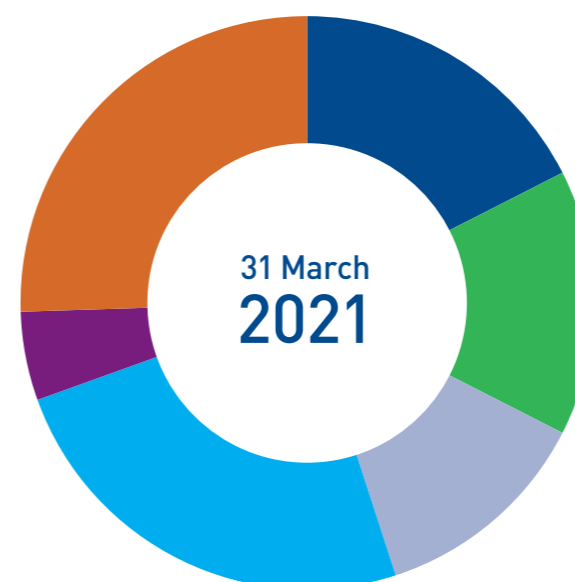
## The legal bit

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 change the way that benefits build up, the way valuations are calculated or the way the funding shortfall is met.

## 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 **17.5%**
- Diversified growth funds **15.0%**
- Property **12.5%**
- Liability driven investments **24.5%**
- Private equity **5.0%**
- Other income and credit **25.5%**

The trustees have considered Environmental, Social and Governance criteria when setting the investment strategy.

More information about our investment strategy is published in our Statement of Investment Principles. Copies of all the scheme's documents are available upon request from the scheme administrator.

## 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).

### Diversified Growth Funds

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

### Equities

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

### 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.

### Private Equity

Shares in companies that are not publicly traded on a stock exchange.

### Property

Investments in commercial property.

# 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](http://www.gov.uk) for Government information and public services, including workplace pensions and State benefits.

[Moneyhelper.org.uk](http://Moneyhelper.org.uk) is the new 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: [www.sepensions.co.uk/scen/privacy-policy-and-cookies/](http://www.sepensions.co.uk/scen/privacy-policy-and-cookies/).

## Are you on the move?

Please remember to let the scheme administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

## Scheme information

You'll find detailed information about the scheme on our website, [www.sepensions.co.uk](http://www.sepensions.co.uk), for example:

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

Or you can contact the scheme administrator directly to ask for copies if you prefer.

The scheme administrator is:

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

@ [scenadmin@hymans.co.uk](mailto: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](http://www.gov.uk/find-lost-pension)

You can also write to them at:

✉ Pension Tracing Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

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.