



Scottish Enterprise Pension & Life Assurance Scheme

Know your pension

What's inside?

In the know page **2**

Know the latest news page **3**

Know the finances page **4**

Know your Summary
Funding Statement page **5**

Know about investments page **7**

Know the jargon page **7**

Want to know more? page **8**

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
Linda Ellison,
Clair Alexander
Derek Shaw
Aileen Hotchkiss

Member nominated

Catherine Mary Corr
Ross McKie
Leah Pape
Anne Featherstone

In the know

Dear Member,

This is my fourth newsletter to you as chair of trustees. Yet again the past year has been dominated by the global pandemic now in its third year, with associated restrictions, challenges and uncertainties. In addition, you may have seen many articles in the media about the fall in UK government bond prices following the “mini-budget” announcement on 23 September. Despite the uncertainty you may hear from the media, you should not be unduly concerned about your pension – remember that your pension is a defined benefit pension which means it does not depend directly on market movements. As I write this in early October 2022, the scheme remains well funded and retains ample liquidity to meet pension payments.

Over the last year the trustees have continued to go 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. Interestingly, these funds have also come under pressure in the last 6 months.

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. We have also created a ‘transfer value factsheet’ which is saved on the website, to help answer your questions and to provide other useful information in relation to transfer values.

There have also been changes in employer nominated trustees due to promotions and trustee retirement. We said goodbye to Jan Robertson and ‘hello’ to Anne Featherstone and Aileen Hotchkiss. 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.

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.** As a result, we plan to remain at or near fully funded while at the same time keeping company and personal contributions stable and affordable.

It is a rare privilege to lead the board on 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

Pension security in times of financial and political uncertainty

We’re living in times of financial and political uncertainty – rising inflation, soaring energy bills and the war in Ukraine. This is understandably causing some concern for members of pension schemes. However, do not worry.

If you are a deferred or pensioner member of the scheme, your pension increases in line with the increase in the Consumer Prices Index, which the UK government uses to measure inflation. Similarly, if you are an active member of the scheme, your pension increases as your salary increases and as you accrue more service in the scheme.

The market volatility and impact on the funding position shouldn’t be a cause for concern. As your pension is a defined benefit pension, it doesn’t depend directly on market movements. So long as SE continues to support the scheme, your benefits will be paid in full when they become due.

Register to the scheme’s new website

We’re excited to let you know that the scheme has a new website. It uses the same web address as before, www.sepensions.co.uk, so you won’t need to update your favourites if you’ve saved a link. It’s more user friendly and you’ll also be able to update your personal information, such as your communications preferences and personal details, in real-time. It does everything that the old pension website did, so can still:

- use it on any of your devices, anywhere, on any platform;
- view and print your pension payslips and P60s (pensioner members);
- model your benefits at retirement (active and deferred members); and
- access your documents online.

Future features we’re working on include ‘track my case’ (a tool to track any requests you’ve submitted to the administration team), tools which will allow you to generate real time retirement quotes and make your retirement choices online.

You’ll need to register for the new site – the process is straightforward and secure, allowing you immediate access to your personal record. All you need is your surname, date of birth, national insurance number, mobile telephone number and email address. Easy to follow instructions on how to register are at www.sepensions.co.uk under ‘Find out about your pension online’.

Increase to Normal Minimum Pension Age (NMPA)

The NMPA is the earliest age that you can usually access your pension benefits. This is currently age 55. However, the government has recently announced that this will increase to age 57 from 6 April 2028.

There are circumstances where you can access your benefits earlier than the NMPA (for example, due to ill health) – this won’t change. Our scheme will provide some protection for those who joined the scheme before 4 November 2021 (when this legislation was introduced to parliament). Anyone leaving SE through redundancy will have a protected minimum pension age of 55 (some people have a historic protected minimum pension age of 50 which will continue). For all other retirements, and for anyone who joined the scheme from 4 November 2021, the NMPA will be 57 from 6 April 2028.

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 2021 **£891,448,822**

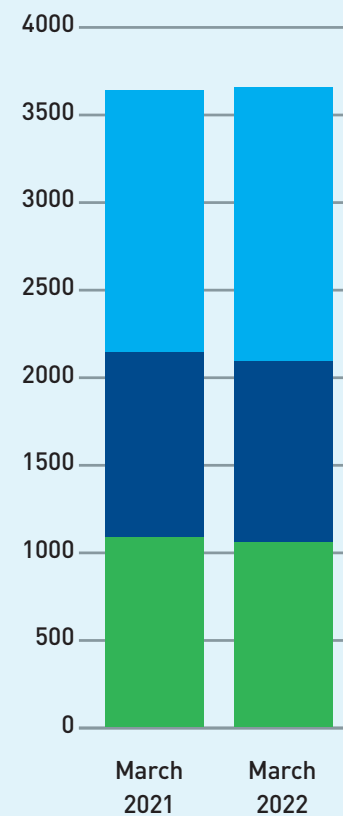
Payments received	
Company contributions	£12,775,565
Member contributions	£304,933
Other income	£148,543
Total received	£13,229,041

Payments out of the scheme	
Benefits paid or payable	(£22,998,653)
Payments to leavers	(£1,241,238)
Life Assurance premiums	(£239,199)
Admin expenses	(£1,128,157)
Total paid	(£25,607,247)

Return on investments	
Investment income	£8,620,691
Change in market value of investments	£21,804,132
Investment management expenses	(£1,909,936)
Net returns on investments	£28,514,887

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

Members in the scheme



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

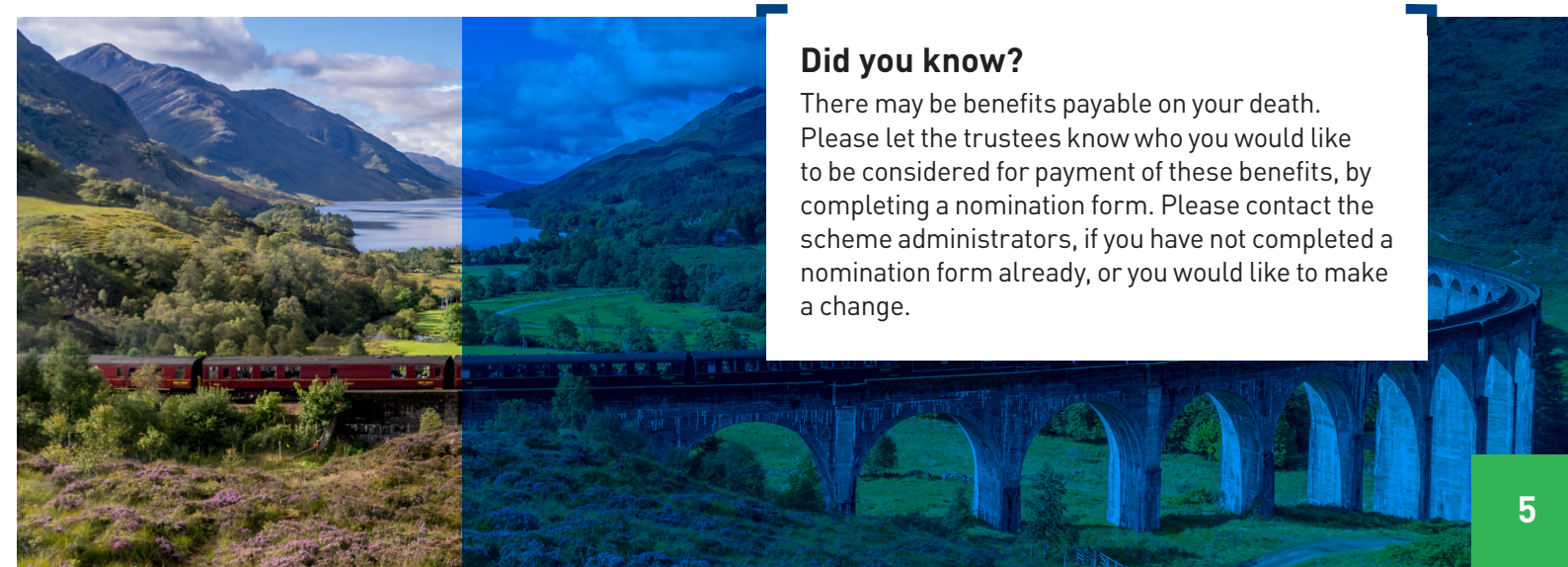
Know your summary funding statement

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 2021 and 31 March 2022.

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 2021 £891.4m	Value as at 31 March 2021 £894.1m	Value as at 31 March 2021 (£2.7m)
Value as at 31 March 2022 £907.6m	Value as at 31 March 2022 £928.2m	Value as at 31 March 2022 (£20.6m)

Funding level	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022
The assets as a percentage of the liabilities	101%	100%	98%

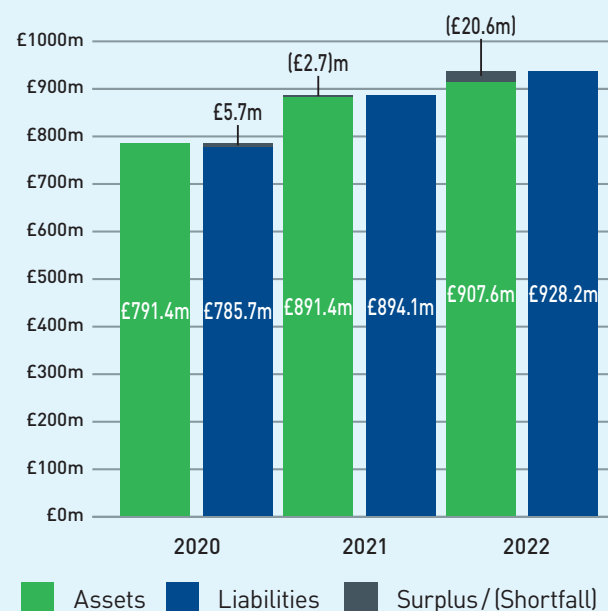
Did you know?
There may be benefits payable on your death. Please let the trustees know who you would like to be considered for payment of these benefits, by completing a nomination form. Please contact the scheme administrators, if you have not completed a nomination form already, or you would like to make a change.



The scheme's financial position

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 2022, the scheme had a small shortfall. This is largely due to changes in market conditions, in particular rising inflation and uncertainty caused by the war in Ukraine. 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.



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.

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 **21.0%**
- Diversified growth funds **11.0%**
- Property **11.5%**
- Liability driven investments **26.4%**
- Other income and credit **30.1%**

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).

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 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: <https://www.sepensions.co.uk/scen/privacy-policy-and-cookies/>

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

If you would like any more detailed information about the scheme, you can ask the scheme administrator for a copy of various documents 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.