Canadian High Commission Locally Engaged Staff Pension Scheme (UK)

Member Newsletter – November 2023

The Trustees of the Canadian High Commission Locally Engaged Staff Pension Scheme (UK) (the Scheme) are pleased to issue this annual newsletter to all Scheme members, which provides an update on the Scheme's financial position as well as commentary on the following topical pension issues that may affect you.

- The Trustee Board
- Changes to factors
- Expression of wish forms
- HMRC tax limits and allowances
- Going paperless
- Taking benefits from age 60
- Pension scams & online protection
- Normal Minimum Pension Age
- Financial update
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The Trustee Board

There have been no changes to our Trustee Board since the previous newsletter. The current members of the Trustee Board are:

- Dalriada Trustees Ltd, Employer Nominated and Chair, represented by Adrian Kennett and Greig McGuinness
- Greg Giokas, Employer Nominated
- Randolph Mank, Employer Nominated
- Mario Bot, Employer Nominated
- Michelle Cassidy, Member Nominated
- Isaac Che Suambe, Member Nominated

Going paperless

To save on printing and postage, and to reflect that most of us communicate electronically, our default method of communication has now moved to electronic (rather than by post). The intention to make this move was communicated in previous newsletters and a final notification letter in July 2023.

To help with this move, please ensure you have done the following two things;

- Set up a **BWebstream account** with our administrators Barnett Waddingham, unless you've done this already.
- Visit the **Scheme's new website**; www.highcommissionofcanada-pensions.co.uk.

The default delivery option for all future correspondence, such as benefit statements, announcements and payslips will be via Barnett Waddingham's BWebstream online platform. If you haven't set up a BWebstream account, please contact Barnett Waddingham (details shown on page 6). Once you have an account, you will receive an email to let you know when new statements or information is available to download.

Continue to receive information by post: We understand that some members might want to continue to receive all correspondence by post. If so, please can you let Barnett Waddingham know, quoting your pension reference number on any correspondence. If you have done this already, there's no need to do it again as Barnett Waddingham's records will already reflect your preferences.

Financial Update

An update of the Scheme's financial position to 30 June 2022 is set out below. We are in the process of carrying out the 30 June 2023 triennial valuation and so the position at this date is not yet known. The results of the 2023 valuation will be shared in the next newsletter, however we are pleased to confirm that the our investment strategy was suitably diverse to withstand any material impact from the extremely volatile market background over the past year. We are now looking forward to how our investment strategy should evolve in the changing landscape and will provide further information on the outcome in next year's newsletter.

Monitoring the Scheme's finances

The Scheme provides retirement benefits to members linked to their length of service and salary, as well as benefits to members' dependents, known as Defined Benefits or "DB".

Your contributions, and those from the Treasury Board of Canada and other participating employers (referred to as the "Employers") are invested by the Trustees across a portfolio of assets that are held completely separate from the Employers. Members' benefits are paid out of this portfolio of assets. Members that have paid Additional Voluntary Contributions have those assets individually earmarked.

Every three years the Scheme's Actuary undertakes a detailed assessment to see if the assets built up are sufficient to meet the expected cost of the benefits that members have earned. This requires the Actuary to make a number of assumptions, such as when will members retire, how long will they draw their pension, the level of inflation, and the returns earned on the Scheme's investments, amongst other factors. The Actuary can then advise whether the Scheme has sufficient money already or, if there is a shortfall, recommend more money to be paid in by the Employers.

As well as the triennial check, an annual update is carried out to monitor progress. The detailed assessment, known as an actuarial valuation, was last carried out as at 30 June 2020, and an annual update was carried out as at 30 June 2021 and 30 June 2022. The results of these reviews are shown in the table below.

£Million	Actuarial valuation 30 June 2020	Update 30 June 2021	Update 30 June 2022
Scheme assets	144.6	150.8	123.3
Expected cost of benefits	138.7	133.7	104.4
Surplus	**5.9**	**17.1**	**18.9**
Funding level	104%	113%	118%

The Scheme remained in surplus during 2021 and 2022, and continues to be in a healthy financial position. The results of the 30 June 2023 valuation will be shared with you during 2024 when that valuation is complete.

Contributions being paid in

The actuarial valuation in 2020 showed the Scheme was in sound financial health, with a surplus of £5.9M at the valuation date. The surplus has increased steadily since then, which is covered in the developments section below.

Active members contribute 6% of Pensionable Salary and the Employers agreed to increase their contributions from 37.6% to 53% of Pensionable Salaries to cover the cost of building up new benefits and meeting the Scheme's running expenses.

If there had not been a surplus, we would have asked the Employers to pay slightly higher contributions. However, as there was a surplus, we have allowed the Employers to pay a slightly lower rate. We believe this is appropriate because the Employers have paid significant contributions in the past which have helped put the Scheme in such a strong financial position.

We continue to monitor the position carefully with their advisers and the contributions will be reviewed as part of the 30 June 2023 actuarial valuation.

Other information

We must also tell you if there have been payments to the Employers out of Scheme funds, or the Pensions Regulator has directed us to take certain action to better serve members' interests. We are pleased to say that neither of these events have happened.

Changes to factors

To calculate benefits under some of the options available to you we use "factors", which are set following advice from the Scheme Actuary. The most common factors relate to early or late retirement from the Scheme, or when pension is exchanged for a cash lump sum.

We review factors periodically to make sure they remain broadly neutral, i.e. neither the Scheme nor members make a gain or loss when options are exercised. When a review is carried out, we take into account the Scheme's rules, our approach to funding, economic conditions and pensions legislation.

A review was recently carried out and the Scheme's factors have been updated. The pension modeller on the BWebstream online platform has been updated with the new factors. Factors can change from time to time following factor reviews and so you should not rely on the illustrative figures when making decisions about your future benefits, especially if you are a few years away from taking your pension from the Scheme.

Drawing benefits from age 60

Current and past employees who have built up benefits in the Scheme can start to draw a pension from age 60 without reduction for early payment. If you are approaching age 60, or you are over age 60 and would like an illustration of the benefits you could receive then you can obtain an online illustration via **BWebstream**, Barnett Waddingham's member platform or you can contact Barnett Waddingham directly – details shown at the end of this newsletter.

Transferring benefits into the Scheme

Current employees that are members of the Scheme (active members) may transfer-in benefits from certain previous retirement benefit arrangements. Transfers-in will be used to secure additional service credits within the Scheme and are subject to certain restrictions, including:

- The option to transfer-in benefits is only available to active members
- Transfers-in are limited to a maximum of £25,000 in total for each member
- Transfers-in must be at least £1,000 (in order to secure a minimum level of service credit)
- The Trustees have overriding discretion on whether to accept a transfer-in

If you are considering transferring benefits into the Scheme, please contact Barnett Waddingham – contact details shown at the end of this newsletter.

Expression of Wish forms

One of our roles is to decide who to pay lump sum benefits to in the event of your death. These are valuable benefits paid free of inheritance tax, but only if paid by the Scheme at the Trustees' discretion.

It is important to complete an Expression of Wish – so we know who to consider if paying benefits in the event of your death. If you cannot remember if you have completed a form, or if your circumstances have recently changed, such as getting married, divorced, or having children, then please review your wishes. The easiest way to update your wishes is via your Bwebstream account with Barnett Waddingham. Further information is provided below.

Pension scams – don't let a scammer enjoy your retirement

Pension scheme members in the UK continue to be targeted by pension scammers, frequently promising to unlock significant amounts of cash for you or offering 'opportunities' that promise high investment returns, often in overseas companies. Tempting though these offers may sound, the sad reality is that most individuals who accept them end up losing almost everything and it's devastating.

Pension scams can be hard to spot. Scammers can be articulate and financially knowledgeable, with credible-looking websites, testimonials and materials that can be hard to distinguish from the real thing. Please remain vigilant if contacted about transferring your pension benefits. There is a ban on cold calling individuals about their pension savings – but scammers often find loopholes or simply break the law. More information on scams is available from the FCA's website www.fca.org.uk/scamsmart/how-avoid-pension-scams but a summary of their guidance is:

- Reject unexpected offers to review or cash-in your benefits
- Check who you are dealing with
- Don't be rushed or pressured
- Get impartial information and/or advice

Keeping safe online

You will be aware in the media of high-profile cyber and data exfiltration attacks during the past year. Pension schemes are also a potential target for cyber criminals due to the data they hold. We take data security seriously and work with Barnett Waddingham in particular to ensure there are controls in place in the day-to-day administration of the Scheme.

While every effort is made to keep your data safe, below are some steps you can take to help protect yourself:

- ✓ **Look out for phishing emails or fraudulent activity** on your pension and other online accounts
- ✓ **Reset passwords** on your online accounts
- ✓ **Use strong, unique passwords** for each online account you have

Environmental, Social and Governance factors for investing

From 1 October 2019, it became a requirement for Trustees to include Environmental, Social and Governance (ESG) considerations and stewardship approaches into their investment decision making for the Scheme.

ESG considerations encompass a more sustainable approach to investment, explicitly acknowledging the importance to the investor of creating or enhancing value for all stakeholders – employees, customers, suppliers and wider society including the environment. Therefore environmental, social and governance factors become a specific group of risks or opportunities to weigh up when selecting investments. This differs from ethical investing which is based upon a set of moral or ethical principles with which investments must align.

With the assistance of our advisers, we have considered how ESG and ethical factors should be taken into account within their investment strategy and updated the Scheme's Statement of Investment Principles (SIP). From 1 October 2021, both the Scheme's SIP and an Implementation Statement setting out how the policies in the SIP have been followed, must be made available on a publicly accessible website. This can be accessed on the Scheme website: www.highcommissionofcanada-pensions.co.uk.

HMRC's Lifetime Allowance and Annual Allowance

You can accumulate as much retirement benefits as you want, through this Scheme or other retirement arrangements, but there are some limits to the tax-relief on pension savings called the Lifetime Allowance and Annual Allowance.

Following the announcement of the 2023 Spring Budget there were some changes made to these, including:

- Lifetime Allowance tax charges were removed from April 2023 and the Lifetime Allowance is expected to be removed from pensions legislation altogether from April 2024.
- Annual Allowance was increased from £40,000 to £60,000 from April 2023.
- Money Purchase Annual Allowance was increased from £4,000 to £10,000 from April 2023.

More information can be found online on the gov.uk website by searching "Lifetime Allowance".

HMRC limits can be complex but neither the Trustees nor the Scheme's administrators are able to comment on individual tax matters. A financial adviser can help you work out what your tax position is and advise you accordingly.

Normal Minimum Pension Age

Currently, the earliest age you can draw your benefits is 55. This is known as the Normal Minimum Pension Age (NMPA). The UK Government has put in place measures to increase the NMPA to age 57 in 2028 to coincide with the rise of the UK State Pension Age to 67. Therefore from 6 April 2028 you will not be able to access your pension savings, including your benefits from this Scheme before age 57 unless retiring due to ill-health (subject to clarification of certain protections).

Pension increases

As a reminder, a change was made to the cost of living measure used by the Scheme for increasing deferred pensions and pensions in payment from 1 July 2022. All members were issued a letter alongside the previous newsletter setting out how this change will apply to them, so please refer to that letter for details. You can also find the relevant letter for your circumstances on the Scheme website (see link above).

GMP equalisation

As a reminder, the Trustees completed a project to ensure that Scheme benefits are equalised between men and women for the effect of differences in Guaranteed Minimum Pensions (GMPs) in May 2022. Any retired members that were affected were informed of the increase to their benefits in June 2022. Benefits coming into payment for members that have not yet retired will be adjusted to make sure that what is being put into payment is correct.

Questions or need to find out more?

Online access – BWebstream – your membership platform

Using a secure online account with the Scheme's administrators, you can:

- View your benefit statements
- Check your membership records
- Receive paperless communications
- Use interactive tools to illustrate the benefits payable on retirement
- Update information, like your Expression of Wish Form or current address
- Email the Scheme's administrators with any questions about your benefits

Access to the online platform is via this website: **www.bwebstream.com**

50% of the membership already have an account. If you would like to set up an account please ask Barnett Waddingham to send you a registration key.

Additional information

The Trustees prepare various documents relating to their funding and investment decisions. Further details are available on request from Barnett Waddingham.

The Money and Pensions Service has been set up by the Government to provide free and impartial guidance to the public. Its purpose is to provide guidance to help you better understand your options around your retirement savings. You can access this guidance through their website at maps.org.uk or by phone on 01159 659570.

Contact us

If you need any further information please contact the Scheme administrators at:

Barnett Waddingham, 3 Devon Way, Birmingham, B31 2TS

Tel: 0333 11 11 222 e-mail: CHC@barnett-waddingham.co.uk

If you are a current employee and have questions about your pension benefits, you can also contact the HR team at the High Commission of Canada, using the following details:

Tel: 0207 004 6079 e-mail: sarah.murphy@international.gc.ca

By law, the Trustees and the Scheme's administrators cannot give you advice about your pension arrangements. If you are thinking about making any changes, you should obtain independent financial advice first.