



The High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Member Newsletter – December 2024

The Trustees of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme (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	Paperless communications	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



Paperless communications

To save on printing and postage, and to reflect that most of us communicate electronically, we encourage access to member communications via electronic means (rather than by post).

Barnett Waddingham's **Pension self-service** platform within their Clarity from BW secure site provides access to all essential information for members. This platform allows you to manage your pension and receive electronic communications. Once you have an account, you will receive an email to let you know when new statements or information are available to download. If you haven't set up an account or want to know more about Pension self-service, please contact Barnett Waddingham – details shown at the end of this newsletter.

Copies of general correspondence, as well as other useful documents, are also available on the Scheme's website: www.highcommissionofcanada-pensions.co.uk.

If you are currently receiving information by post but would like to switch to electronic communication (or vice versa), you can do this at any time by letting Barnett Waddingham know, quoting your pension reference number.



Financial Update

An update of the Scheme's financial position to 30 June 2024 is set out below. Since the previous newsletter, we have completed the 30 June 2023 triennial valuation and the subsequent 30 June 2024 annual update. The next triennial valuation will be carried out as at 30 June 2026.

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 2023, and an annual update was carried out as at 30 June 2024. The results of these reviews are shown in the table below.

£Million	Actuarial valuation 30 June 2023	Annual update 30 June 2024
Scheme assets	100.9	109.1
Expected cost of benefits	86.8	86.8
Surplus	14.1	22.3
Funding level	116%	126%

Changes since the previous update

The financial update in the November 2023 newsletter included an update as at 30 June 2022, which showed assets of £123.3M and expected cost of benefits of £104.4M – a surplus of £18.9M. The value of the Scheme's assets and the expected cost of benefits have both reduced since that update, but a healthy surplus has been maintained.

The actuarial valuation in 2023 showed the Scheme was in sound financial health, with a surplus of £14.1M at the valuation date. The surplus has increased since then, partially due to an additional contribution of around £3.2M paid by the Employers in April 2024.

The Scheme continues to be in a healthy financial position.



Contributions being paid in

Active members contribute 6% of Pensionable Salary. From 1 July 2024, the Employers contribute 29.6% of Pensionable Salaries to cover the balance of the cost of building up new benefits and meeting the Scheme's running expenses.

The employer has demonstrated strong support for the Scheme which, as a result, continues to be in a strong financial position.

We continue to monitor the position carefully with our advisers and the contributions will be reviewed as part of the 30 June 2026 actuarial valuation.

The solvency position

The Actuary's valuation as at 30 June 2023 included a test of whether the Scheme could afford to secure all of its benefits with an insurance company, for example if the Scheme were to wind up. However, there is no intention of winding-up the Scheme in the foreseeable future.

The solvency position is a much harsher test than the ongoing Scheme funding position, as it reflects that insurance companies have to invest in very secure, low growth assets. Margins are also needed to cover insurance companies' administration charges and profits. This means that even if a Scheme is fully funded on its long-term plan, the solvency funding level may be less than 100%. Most ongoing schemes have substantial shortfalls under this solvency test.

As at 30 June 2023, the Actuary estimated that there would have been enough money to secure up to 97% of members' benefits earned up to that date with an insurance company, representing a shortfall of around £3.2M based on insurance company terms.

The Pension Protection Fund (PPF)

If the Employers were unable to support the Scheme (for example if they became insolvent – which is very unlikely) and there was insufficient money in the Scheme, then the PPF may take over the Scheme and pay compensation to members. The PPF does not provide full protection, so members would still see a reduction to their retirement benefits if compensation became payable. The PPF's website www.ppf.co.uk provides further information.

As at 30 June 2023, the Actuary estimated that Scheme had had sufficient assets to cover 132% of its liabilities on the PPF valuation basis and therefore would have been unlikely to require support from the PPF.

Investment strategy

The current investment strategy includes holding an allocation of assets to match changes in the expected cost of benefits and a diversified portfolio of assets to provide investment returns. The Trustees are considering the next evolution of the investment strategy in line with the long-term needs of the Scheme.

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.



Member Booklet

We are working with the Employers to produce a refreshed version of the member booklet that sets out the benefits provided to members by the Scheme and other useful information. This will be completed in early 2025 and will be made available on the Scheme's website (link above).



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 the Pension self-service 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 – 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. We encourage you to update your Expression of Wish online via the Pension self-service platform – details shown at the end of this newsletter.



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 can be devastating.

Money and Pension Service figures from the last financial year (April 2023 – March 2024) showed that 833 people reported a total loss of over £13.6m due to financial scams.

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 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. These are updated from time to time and the latest versions are hosted on the Scheme's website (link above).



HMRC tax limits and allowances

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.

A key change took effect from 6 April 2024, when the Lifetime Allowance was removed from legislation and replaced with two new limits:

- The Lump Sum Allowance is £268,275 from April 2024.
- The Lump Sum and Death Benefit Allowance is £1,073,100 from April 2024.

The other limits have not changed:

- Annual Allowance for most savers remained at £60,000 from April 2024
- Money Purchase Annual Allowance remained at £10,000 from April 2024.

More information can be found online on the [gov.uk](https://www.gov.uk) website by searching "Tax on Pension".

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).



Questions or need to find out more?

Online access – Pension self-service – your membership platform

Through your Clarity from BW account, you'll have access to **Pension self-service**, giving you secure access to managing your pension online wherever and whenever suits you.

In **Pension self-service** you'll be able to:

- Access all of your personal information.
- See an overview of your key pension benefits on the homepage.
- Ask questions about your details or pension.
- Request quotes or estimates of your pension benefits from the scheme.
- Access online copies of important documents and securely receive electronic personal statements.
- Securely upload all your forms and documents online.
- Access monthly payslips and P60s when you start drawing your pension.

Log into your account or register at: <https://account.claritybw.co.uk>

Note that Clarity from BW has replaced the previous website, BWebstream, but there is no need to re-register and your login details will be the same as before.

60% 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: HCC@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.