

# YOUR 2020 DC SECTION MEMBER REPORT

Associated  
British Foods | Pension  
Scheme

Welcome to your 2020 Member Report for the DC Section of the Scheme. Within the report, you'll find brief summaries on investments, membership and updates / changes in the pension world that may impact you.

## IN THE NEWS

### How are my pension benefits affected by Covid-19?

As has been widely reported in the press recently, there have been significant movements in the stock market over the past few months as a result of the global Covid-19 outbreak. The impact that this may have on your pension will depend on the type of pension you have, and how close you are to retirement.

We have produced a news article on our website which explains how your pension benefits may be affected by Covid-19. You can view this at [www.abfpensions.com/703/2206/investment-update-coronavirus](https://www.abfpensions.com/703/2206/investment-update-coronavirus). You can also check your current fund value by logging in to your secure online account at [www.abfpensions.com/dc/login](https://www.abfpensions.com/dc/login).

The Trustee encourages you to think carefully and consider getting investment advice before changing your investment options in the current market (to avoid crystallising any losses). Free impartial guidance is available from the Money and Pensions Service, you can find more details on their website [www.moneyandpensionsservice.org.uk](https://www.moneyandpensionsservice.org.uk).

### Contacting us during the Covid-19 outbreak

In response to the Government guidelines for workplaces, the Scheme's administrators have a reduced team working in the office with the rest of the team working from home. The Scheme has a comprehensive business continuity plan in place to ensure all member services continue (including during any further lockdown measures). The team will endeavour to respond as quickly as possible but there may be a longer turnaround time compared with the usual service.

It is likely in this disruptive and uncertain time that there may be interruption and delays to postal services in particular though. If you need to send us completed forms or documents we have a secure file transfer web site which can be used on request instead of posting them to us, please contact us by email or phone for further details.

### Member Nominated Trustee Vacancies

The Scheme's Trustee Board should have three Trustees who are nominated by the membership, known as Member Nominated Trustees (MNTs). There are currently three MNT vacancies due to one member retiring and the other two members approaching the end of the term. We are therefore seeking nominations for MNT Directors from the membership. Active members are able to apply.

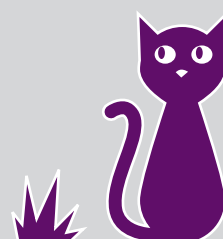
Information on the role of the Trustee Director and the process for submitting your nomination is available at [www.abfpensions.com/1230/member-nominated-trustee-vacancy](https://www.abfpensions.com/1230/member-nominated-trustee-vacancy). The deadline for nominations is 8 January 2021.

### Are you fully covered for Death in Service and Ill Health benefits?

You can check if you are covered by looking at your most recent benefit statement or by calling the team on 0800 090 2267. If you're not covered, you can find out what you need to do on Page 3 of this report.

### Don't let a scammer enjoy your retirement!

Unfortunately, pension scams are continuing to become more of a problem with fraudsters targeting pension scheme members with promises of accessing benefits early, guaranteed high rewards and new investment opportunities. You can find out more about how to avoid being scammed on our website at [www.abfpensions.com](https://www.abfpensions.com) under the Information tab.



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## The Annual Allowance

The Annual Allowance (AA) is the limit on the total amount of contributions that can be paid to DC schemes and the total amount of benefits that you can build up in DB schemes each year for tax relief purposes. From April 2016, you need to calculate your own personal AA, please refer to our website at [www.abfpensions.com/dc/taxation](http://www.abfpensions.com/dc/taxation) for more details on how to do this. HMRC have also made a calculator available to assist you with calculating your personal AA, you can find this at [www.tax.service.gov.uk/paac](http://www.tax.service.gov.uk/paac). If you exceed the AA, you may be liable for a tax charge.



In addition to the standard AA, if you take more than 25% cash from a DC arrangement then you will be subject to the Money Purchase Annual Allowance of £4,000 for future contributions to a DC arrangement. Your personal AA may also be reduced depending on your earnings (known as the Tapered Annual Allowance). If you do exceed your personal AA and incur a tax charge, it is possible for this to be paid from your pension fund using a facility called Scheme Pays. If you would like further details on this, please contact us on 0800 090 2267.

## The Lifetime Allowance (LTA)

The Lifetime Allowance increased to £1.0731 million on 6 April 2020. If your total pension savings exceeded £1 million on 5 April 2016, you can apply for Individual Protection 2016.

If you are interested in applying for protection, further information can be found on the HMRC website at [www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance).

## Tax charges for transfers to Overseas Pension Schemes

If you are considering transferring to an overseas arrangement, it's important that you understand that additional tax charges may apply. You can find more information on the tax charges at [www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers](http://www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers).

## Making sure we can keep in touch with you

The Scheme provides all communications to members electronically with documents such as joiner packs and annual benefit statements available via your secure online account with an email then sent to let you know that a new document is available.

We want to ensure that we can continue to communicate with you by email so that you receive notifications promptly, however when a member leaves we often don't hold a personal email address for them which means we can no longer communicate with them by email.

**Once you are logged in to your online account, you can provide up to two email addresses so we strongly recommend that you provide both a work and personal email address if you have both.**

You can change your registered email address at any time, by logging in to your secure online account. You will need to verify your email address during the process so you'll need to make sure that you have access to your email account when you do this.

If you are an active member who has their work email address recorded as their registered email address, you can change this at any time through your online account (for example, if you wish to change this to your personal email so that you receive emails from us regardless of whether or not you are actually at work).

## The Pensions Website

You can find lots of useful information on the Scheme, your retirement benefits and options on our website [www.abfpensions.com](http://www.abfpensions.com), including a secure area which you can use to view your personal information and documents.

If you need any help accessing your secure online account then please call us on **0800 090 2267**.



## Chairman's Statement and the Statement of Investment Principles

The DC Chairman's Statement and the Statement of Investment Principles (SIP) set out the Trustee's policies in relation to the default investment fund offered by the Scheme, their objectives in providing the full range of funds available and the charges that apply. You can read or download the SIP on our website at [www.abfpensions.com/973/statement-of-investment-principles](http://www.abfpensions.com/973/statement-of-investment-principles) and the DC Chairman's Statement at [www.abfpensions.com/dc/chairsstatement](http://www.abfpensions.com/dc/chairsstatement).



## Data Protection

In May 2018, new data protection legislation (the General Data Protection Regulation) came into force introducing significant changes to how the Trustees process personal data fairly and securely. Information about how the Trustees process your personal data, and your rights in respect of your personal data (including the right to object in certain circumstances), is provided in the privacy notice available online at [www.abfpensions.com/dataprotection](http://www.abfpensions.com/dataprotection) (and is also available in printed form, please contact us if you would like to request this).

## How to ensure that you are covered for the Death in Service and Ill Health Retirement benefits (applies to active contributing members only)

If you joined the DC Section after October 2012, then you need to provide information about pre-existing medical conditions before you are covered for Death in Service and Ill Health benefits. You can check your most recent benefit statement or call the team on 0800 090 2267 to see if you are covered.

If you are not covered, you just need to check if you have ever been diagnosed with any of the following conditions:

- Multiple Sclerosis
- Motor Neurone Disease
- Any disorder of the kidneys
- Stress, Anxiety or Psychiatric illness
- Diabetes
- Any disorder of the heart, including murmur, stroke, chest pain, palpitations
- Any blood circulatory problem including haemorrhage or clots
- Any form of cancer, including leukaemia, tumour or growth, including moles that a healthcare practitioner has advised may be cancerous
- HIV

If you do not have any of the medical conditions listed – please send an email to our dedicated mailbox [lifecoverconfirmation@abfoods.com](mailto:lifecoverconfirmation@abfoods.com), confirming the following:

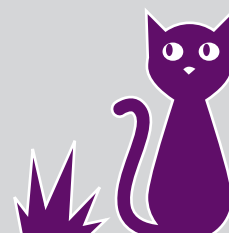
- Your surname
- Your member number (as detailed on all correspondence, including your benefit statement)
- The statement - "I do not have any of the medical conditions listed"

Upon receipt of your email, your record will be updated and you will receive a letter confirming your coverage for Death in Service and Ill Health Retirement benefits. It is important to note that a false declaration could lead to non-payment of benefits at a later date.

**If you have one or more of the medical conditions listed – please call our Group Pensions team on 0800 090 2267 (Monday to Friday, from 9am to 5pm) who will be able to take your details over the phone.**

All calls to this number are recorded and the information taken will be used solely to assess the provision of benefits for Death in Service and Ill Health Retirement.

Once the details have been assessed, you will receive a letter confirming cover and any temporary exclusions.



# THE FINANCIALS

## Membership

On 5 April 2020, there were:

**20,914**  
Active members

**22,000**  
Deferred members



## Income and expenditure

This table shows the breakdown of income and expenditure for the year to 5 April 2020:

Members' contributions	£26,669,000
Members' Additional Voluntary Contributions (AVCs)	£2,179,000
Employers' contributions	£31,685,000
Members' individual transfers in	£2,553,000
Net returns on investments	-£69,899,000*

### Total income

**-£6,813,000\***

Retirement and death benefits	£7,174,000
Refunds to leavers	£12,000
Payroll refunds for Eligible Jobholder Opt Outs	£95,000
Members' individual transfers out	£14,923,000
Taxation where Lifetime or Annual Allowances exceeded	£171,000

### Total expenditure

**£22,375,000**

\* The negative returns over the year were due to the investment assets falling in value during February and March 2020 in response to the global Covid-19 pandemic. In the period April to September 2020 the investment assets recovered substantially in value and produced positive returns.

## Focus on Contributions

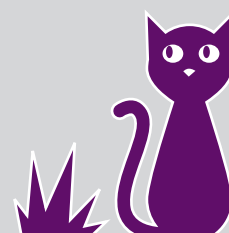
The great thing about saving with the ABF Scheme is that when you pay money in, so does the Company – meaning you get even more out of what you put in.

1 in 5 active DC Members have chosen to pay more than the minimum level of contributions. This means that both they and the Company are contributing more into their pension accounts each year!

The added benefit of paying more is that you receive tax relief on any contribution you make\* – so paying more doesn't really cost as much as you think. For example, for someone paying 20% tax, a £50 contribution would only cost them £40.

\* Contributions that exceed your personal Annual Allowance will not attract any tax relief.

If you are already paying the maximum percentage rate of contributions, you can pay more through Additional Voluntary Contributions (AVCs). They're truly flexible, and you can stop, start or vary your payments whenever you like. You do however need to be aware the Employer does not match any AVCs and that there are limits on tax efficient savings – information regarding the Annual Allowance (and the Lifetime Allowance) can be found on the website at [www.abfpensions.com/dc/taxation](http://www.abfpensions.com/dc/taxation).



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## Investing

### The Target Date Funds

AllianceBernstein, who are the Investment Manager for the Target Date Funds, have confirmed to the Trustees the following performance information for the period from 30 September 2012 (the Funds' inception date) to 31 March 2020 (the month end nearest to 5 April 2020).

Target Date Fund investments do rise and fall in value in the short term, which is particularly common for long term investments like the Target Date Funds.

The performance for each Target Date Fund reflects the blend of investments that are appropriate given the length of time a member has before their retirement. Younger Members are invested in higher risk investments which have the potential to earn higher returns, but are likely to have higher volatility. Members who are closer to retirement are invested in a blend of investments that should deliver a more steady return with less volatility to the value of the fund.

#### Members getting close to retirement

Target Date Fund	Return %
2008 - 2010	3.75
2011 - 2013	4.04
2014 - 2016	4.66
2017 - 2019	5.75
2020 - 2022	6.56
2023 - 2025	6.95
2026 - 2028	7.28

#### Members in the mid-life phase

Target Date Fund	Return %
2029 - 2031	7.62
2032 - 2034	7.78
2035 - 2037	7.85
2038 - 2040	7.75
2041 - 2043	7.48
2044 - 2046	7.47
2047 - 2049	7.47

#### Younger members

Target Date Fund	Return %
2050 - 2052	7.46
2053 - 2055	7.46
2056 - 2058	7.45
2059 - 2061	7.45
2062 - 2064	7.54
2065 - 2067	5.97
2068 - 2070	5.96*

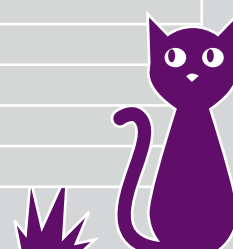
\* The return shown for the 2068-2070 Target Date Fund is for a part year.

You can find fund fact sheets which include information on the performance of all the funds available on our website [www.abfpensions.com/dc/investments](http://www.abfpensions.com/dc/investments).

It is important to review your chosen investments on a regular basis to ensure that your investment decision is still right for you.

## LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited
Company Appointed Trustee Directors	James West (Independent Chairman), John Bason, Paul Lister, Giles Haig, Ciara Ruane (from 10 October 2019)
Member Nominated Trustee Directors	Paul Longley, Sarah Giffen
Secretary to Trustee and Group Pensions Director	Colin Hately
Investment Platform Provider	Mobius Life
Target Date Fund Investment Provider	AllianceBernstein
Actuary	James Bourne, Mercer Ltd
Administrator	ABF Group Pensions Department
Auditor	Ernst and Young LLP
Banker	Bank of Scotland
Investment and Benefit Consultants	KPMG LLP
Solicitor	Travers Smith



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