

Pensions Newsletter 2023

The Midcounties Co-operative Pension Scheme



your
coop

Note from the Chair

Dear Scheme Members,

I'm delighted to be writing to you again after a year which, while not without its challenges, has seen a reduction in some of the uncertainties we faced last year, and some real progress for your scheme.

The last year has been a tough one for the global and UK economies, with rising inflation driven by de-globalisation, exacerbated by rising geopolitical tensions. Sadly we have also witnessed the continuing war following Russia's illegal invasion of Ukraine, and inflation has been further driven by disrupted global supply chain which are still settling down as the Covid-19 pandemic recedes.

As I mentioned last year, our investment strategy has for some time included investing in instruments (known as Liability Driven Investments or LDI) which match as closely as possible the behaviour of our expected liabilities, as calculated using the Pensions Regulator's rules. These rules require us to apply a discount rate which is calculated by reference to long-term interest rates on government bonds. This has meant that while rates were low, both our LDI investments, and our liabilities, rose to high levels. As interest rates have risen to heights not seen for many years, we have seen both the value of the LDI investments and of our liabilities fall sharply. Crucially, this, together with continuing contributions from the Society (and, sadly, a slight fall in projected life expectancy), has also meant that the gap between the two, i.e. our scheme deficit, is now much smaller than it was and, barring unforeseen changes, we expect that deficit to disappear in the next few years.

Following the triennial valuation, we entered discussions with the Society as Scheme Sponsor regarding the Society's future contributions to the Scheme. These negotiations were very constructive, with the Society also remaining keen to close the deficit, and we are pleased to be able to tell you that the special contributions of £7 million per year that Midcounties Co-op has been making will continue during the current valuation period. We all understand that the Society faces a difficult trading environment and many uncertainties so we can be pleased at this very positive approach from them.

You will no doubt have heard about the problems many pension schemes experienced as a result



of the sharp rise in market interest rates following the budget announcements during the brief Truss/Kwarteng administration last year. Many schemes had to sell down their LDI investments, (which typically use leverage or borrowing to increase the amount of liability-matching, in order to provide collateral as the values of these investments fell.) Some experienced significant losses because they were forced to make sales at a disadvantageous time. This problem was particularly acute for schemes that had not appointed a fiduciary manager as they had to seek authority for large transactions very quickly. It is pleasing to report that our fiduciary manager, Willis Towers Watson, was able to manage this difficult situation in a timely way, and that any impact on our scheme has been small. Nevertheless, the fact that a government would take apparently reckless steps, creating difficulties on this scale for pension schemes and the financial system as a whole, has made everyone in the pensions industry aware that there are additional risks we need to manage, and sadly all risk management comes with a cost.

You may have heard of the new Pensions Dashboard which the Pensions Regulator is introducing. This will require all pensions providers to make data available about peoples' different pension arrangements through a single portal. We have been working with our service provider Isio (formerly Premier) to ensure that we meet the requirements of this scheme, which I'm sure will be a useful tool for our members when considering your retirement planning.

There have been no changes to the Trustee board since the last newsletter. I would like to place on record my thanks to my Trustee colleagues and to Helen Flint-Hill, our Secretary and Head of Pensions, for all their hard work in the last year.

We hope you find this newsletter informative and interesting. As always, we welcome any feedback and suggestions you may have on future content.

Vivian Woodell
Chair of Trustees

Meet the Trustees

There are seven Trustees, three appointed from the Society Board and three elected by members and pensioners of the pension scheme. An independent Trustee was appointed by the Society on 1 November 2020, Alison Bostock of Zedra Governance Ltd.

The Trustees are:

| Appointed | Elected |
|------------------------|----------------|
| Vivian Woodell (Chair) | Stephen Ridler |
| Fiona Ravenscroft | Dennis Young |
| Irene Kirkman | James English |
| Alison Bostock | |

The Trustees meet at least quarterly to review the investment performance of the fund, get a funding update, see if the administrator is meeting its service standards, and a number of other matters involved in managing the scheme.

The Trustees aren't experts in pensions or investment so they have appointed professional advisers who can help deal with numerous other matters and ensure that the scheme is properly managed.

The current advisers to the trustees are:

| Advisors | What they do |
|--|--|
| The scheme actuary – Mercer | Check on the financial health of the scheme |
| Investment consultants - Willis Towers Watson | Ensure that the Scheme's assets are properly invested and advise the trustees on investments |
| The auditors – RSM | Check that the year end accounts are correct |
| The administrators – Premier Pensions | Calculate benefits and maintain records |
| The legal advisers – Eversheds | Provide legal advice on pension issues |
| Independent financial advisers – Workplace Solutions | Advised members on their options at retirement |
| Employer Covenant Advisor – RSM | Advise the Trustees on the strength of the Society Covenant |

Although we have appointed various firms to do things on our behalf and give advice it remains the case that the Trustees retain overall responsibility for the pension scheme.

Facts & Figures

Every year the Trustees have to produce a set of audited accounts as at 31 December. Below are some of the key highlights from the latest accounts.

How much money is in the pension scheme?

The value of the fund goes up and down depending on the return on investments but as at 31 December 2022 the fund was worth

£167.5m



How much does the scheme pay out in pensions and other expenses?

The scheme pays about

£7m each year in pensions

and another **£1m a year in other benefits and expenses.**

How many people are in the scheme?

The scheme closed in June 2014 so there are no longer any active members but there is a new category of employed deferred members, there are also pensioners who are receiving their benefits from the scheme and deferred members – former colleagues who left the Society but haven't started to receive their pension yet.

The Society currently contributes £7m per year to the Scheme to ensure there are sufficient funds to pay future pensions.

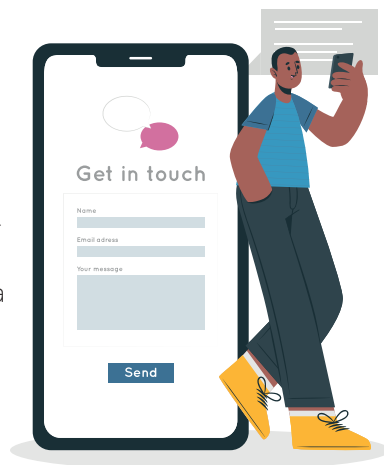
| Category | Number |
|------------------|--------------|
| Deferred members | 2,137 |
| Pensioners | 1,211 |
| Total Members | 3,348 |

Get in touch

Scheme Administration

If you would like further information about the Scheme or have a query about your benefits, please contact the Scheme Administrators Premier Pensions, who administer the scheme including notifying them of any change of address. There is a dedicated Help Line for Midcounties Members on **0800 122 3200** and a dedicated email address at midcounties.coop@premiercompanies.co.uk

Please note that Premier is rebranding to Isio from 1 October 2023.



Tax Queries

If you have any questions about your tax code for your pension you should contact the tax office.

PAYE, HMRC BX9 1AS. Telephone number 0300 200 3300.
Tax reference 475/ZB18672

Scheme Secretary

If you have any comments for the Trustees, please contact **Helen Flint-Hill Secretary** to the Trustees who is based at the Society's Head Office in Warwick. Helen can be contacted on **01926 516009** or email Helen.Flint-Hill@midcounties.coop

Looking after your loved ones

Please help the Trustees by ensuring that you have an up to date Expression of Wish held on your pension file. The Trustees decide how to award any benefits on your death, but will be guided by your Expression of Wish Form.

There are many life events that may prompt you to review your current nomination including:

- A marriage or civil partnership
- The birth or adoption of a child
- Separation, dissolution or a divorce
- The death of a nominee

Please contact Premier or Helen Flint-Hill for a new form.



Pension Scams Don't get stung

DON'T LET A SCAMMER ENJOY YOUR RETIREMENT

Pension scammers will do whatever it takes to get their hands on your savings and enjoy your retirement.

If you are contacted out of the blue by someone claiming to be able to help you access your pension before the age of 55, it will be a scam so hang up immediately. Such scams are becoming increasingly more sophisticated, so it is essential that you check before succumbing to any sales pitch, as you risk losing a life time of pension savings.

**Please check on the following website
www.pension-scams.com
or phone 0800 138 7777**

Your Co-op at a glance

In 2022 we attracted

86,000
new members

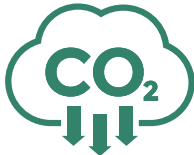
14,000 under 30



Last year we donated

£143k

to 315 community groups



Since 2019 we have reduced our direct Greenhouse Gas emissions across our operations by **21%**.

% of total trade with members was ahead of last year at

27%

8
new
food stores
opened



We source energy from

424
community
generators



Winner
of Energy
Project of
the Year
at the EDIE
Sustainable
Leaders Awards

Childcare has had its
most successful
year ever



Travel sales have
increased
threefold





The Midcounties Co-operative Limited
Co-operative House, Warwick Technology Park
Warwick, CV34 6DA

www.midcounties.coop

We are happy to provide publications in alternative formats.