

Pensions Newsletter 2018

For Active and Deferred Members of the Defined Benefit (DB)
and Defined Contribution (DC) Sections of the Lloyd's Register
Superannuation Fund Association (LRSFA)

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Chairman's welcome

Welcome to your annual pensions newsletter. We have lots to update you on, so I'm delighted to introduce you to this year's edition and hope you enjoy reading it.

Firstly, I want to remind DC Section members that Standard Life was appointed as your new DC provider with effect from 1 September 2018. This is a positive change, as you will have access to a more intuitive and user-friendly retirement benefits platform and a much-improved service.

Standard Life's offering is aligned with the Trustee's commitment to ensure you, our members, have the right information and tools to plan for retirement. The online platform provides a central place for you to manage your DC pension. It also contains useful information, questionnaires and tools to help you set and achieve your retirement goals and even manage your immediate finances.

In addition, if you have DB benefits in the LRSFA, I want to make you aware that the administrator, PS Administration Limited (PSAL) has changed its name to XPS Pensions Group. If you have benefits in both the DB and DC sections, please contact the relevant administrator for any queries relating to those benefits (see opposite for more details).

On pages 8 to 14 you will find the Scheme financials and summary funding statement.

With the improved funding position, the Trustee with the agreement of the Company, is gradually switching the Scheme's investments to reduce risk and provide more stable investment returns in the future. The Trustee also closely monitors the investments in the DC section ensuring their suitability.

The Trustee's focus is to continue to navigate the Scheme through the uncertainties of Brexit. Specifically, the Trustee, with support from its investment advisers, will closely monitor the Scheme's investments to make sure it is not exposed to unnecessary risk.

Finally, I hope you find this newsletter is a good way of helping you stay connected with your LRSFA pension. As a Trustee Board, we're always striving to improve the communications you receive, so if you have any feedback, please do get in touch using the contact details on the back page.

**Nicholas Godden
(Trustee Board Chairman)**



Administrator changes

Standard Life has replaced Aviva as the new provider of the DC Section.

In last year's newsletter, we told you about how the Trustee was carrying out a review of the pension provider for the DC Section. We did this to ensure the DC Section is being run as effectively as possible and in the best interest of members.

Earlier this year, the Trustee came to a decision and selected Standard Life to replace Aviva as the new provider of the LRSFA Defined Contribution (DC) fund, believing that they will provide a better level of service for members and a more efficient investment platform.

The change came into effect on 1 September 2018 and all DC funds were transferred to the care of Standard Life in November 2018. Your investments have been 'mapped' to

similar or equivalent funds with Standard Life. If you would like to amend your new investment choices, you can change these at any time through the online member dashboard. For active members this can be accessed through Lifelens (Standard Life's secure online platform – find out more on page 5).

You can find more details about the switch to Standard Life online at **standardlifepensions.com/LRSFA**

The administrator of the DB Section, PS Administration Limited (PSAL), has changed its name to XPS Pensions Group. The rebrand has no impact on your benefits or the service you receive.

Who should I contact...

About my DC benefits?

If you have a query about your benefits in the DC Section, please contact Standard Life using the details on the back page.

About my DB benefits?

If you have a query about your benefits in the DB Section, please contact XPS Pensions Group using the contact details on the back page.



Scheme news

Catch up on all the latest news about the Scheme.

Active DC members only

Could you be contributing more?

Retirement might seem far away but it's important to start thinking about how much you're saving now so that you have a better chance of achieving the retirement you want.

It's hard to know how much you'll need when it comes to retirement and whether or not you're saving enough. It might be that you're not quite on track and need to think about increasing your contributions, or it could be that you are on track but you can afford to give your savings a boost.

If retirement isn't too far away, you may have already started thinking about the options you have when the time comes to stop work.

ASPIRE to retire is a professional retirement service which all Scheme members have access to in the lead up to retirement. It can guide you through the retirement process, ensuring you are fully aware of your options and help you to make the best decisions for your circumstances.

You also have access to the online retirement portal, which includes sections covering health, lifestyle and finance. The portal is designed to enable you to effectively plan for your retirement from up to 10 years before your specified retirement date.

You can find more information about the service, as well as how to access the online retirement portal, in the ASPIRE to retire flyer in the document store on the website lrpensionport.co.uk/document-store



\\ The dashboard allows you to see how your chosen investments have performed \\

Lifelens

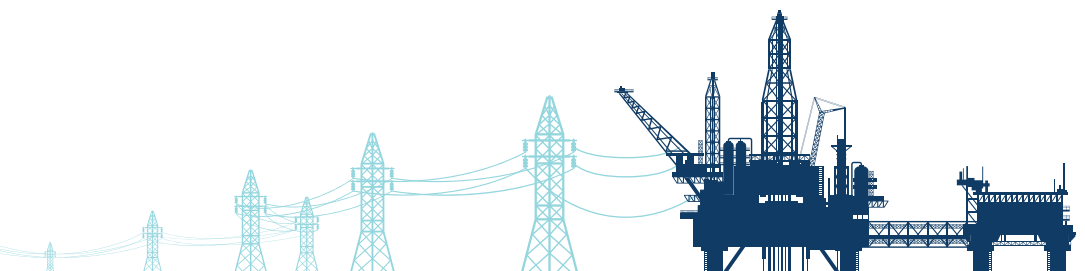
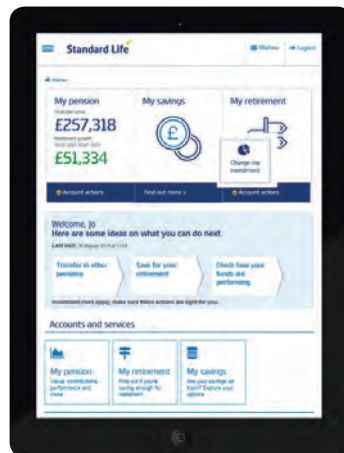
Lifelens is Standard Life's secure online platform through which active members can view and manage their DC Fund. You can find out how much your DC Fund is worth, change your investment choices, and amend your contribution rate if you're an active member.

Active members can access Lifelens directly from their Lloyd's Register work PC, without needing to enter their Standard Life login details.

Member online dashboard

The Standard Life dashboard, which is available to both active and deferred DC members, is also available through the App Store for iOS or Google Play for Android. Search for The Standard Life UK App. Deferred members will need to log in using a username and password, and you will need your plan number from your closing and opening statement to register.

The dashboard allows you to see how your chosen investments have performed and any charges associated with your investment funds. The 'Contributions' tab shows active members a breakdown of personal and employer contributions. For deferred members, this tab shows an estimate of your benefits.



Pension news

Stay up to date with the latest news from the world of pensions.

Brexit update

With Brexit on the horizon, there are inevitably lots of questions surrounding its potential impact on pensions and their financial stability.

The Trustee is aware of the impact Brexit might have on the Scheme and is currently meeting with specialist advisers to make sure that any decisions made with regards to the Scheme and Brexit are what's best for the Scheme and its members.

General Data Protection Regulation (GDPR)

The General Data Protection Regulation (GDPR) is the new EU-wide data regulation which became European law in May 2018. It ensures all companies with access to the European market adhere to a number of strict regulations regarding data and data breaches. This comes with the purpose of giving individuals more control over their own personal information.

GDPR replaces the Data Protection Act of 1998 and has introduced more strict controls on data. The Trustee has always maintained a strictly professional approach to data confidentially and will continue to abide by data protection laws and regulations.

Pension scams

Pension scams are a real threat, so it's important that you stay alert.

To keep all your hard-earned savings safe, remember these five simple points:

1. Don't be pressured into making quick decisions concerning your pension.
2. Never give out personal details over the phone, by text or by email if you're not 100% certain of who you're speaking to.
3. If you get an unexpected call or email regarding your pension, ignore it. If you think it could be from a genuine contact, make sure to check this first on the FCA Register.
4. Make sure you seek impartial advice before making any financial decisions or accepting any offers. The Pensions Advisory Service can help with this.
5. Reject all unexpected offers regarding your pension – especially if they seem too good to be true.

Useful websites

FCA Register – register.fca.org.uk

Pensions Advisory Service –

www.pensionsadvisoryservice.org.uk

Annual Allowance (AA) changes

The standard AA remains at £40,000 for the 2018/19 tax year. However, lower AA limits may apply to high earners or to those who have already accessed DC pension savings.

You can find out more by visiting www.gov.uk/tax-on-your-private-pension

Lifetime Allowance (LTA) changes

The LTA for the 2018/19 tax year has increased from £1 million to £1.03 million.

More information about the LTA is available on www.gov.uk/tax-on-your-private-pension/lifetime-allowance

Money Purchase Annual Allowance (MPAA) update

The AA for the amount you can pay into a pension scheme is £40,000. However, if you've started to access money from a DC pension scheme (also known as a money purchase scheme), the amount of money you receive tax relief on when you pay into a pension scheme reduces to £4,000 for the 2018/19 tax year. This is called the Money Purchase Annual Allowance (MPAA).

Find out more about the MPAA and how it could be triggered at www.moneyadvice.service.org.uk/en/articles/money-purchase-annual-allowance

State Pension

Due to the overall increase in life expectancy, the Government has decided to increase the State Pension Age (SPA). Changes will be implemented over the next two years, with potential further changes in the future.

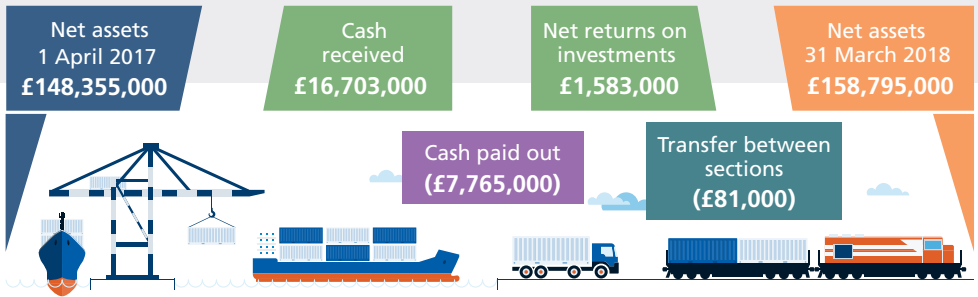
Below is a breakdown of the Government's planned changes.



* The increase to 68 has been brought forward. Now, people born between 6 April 1970 and 5 April 1978 will reach their SPA at 68. You can find out what your SPA might be at www.gov.uk/state-pension-age

DC financials

The figures below show how the assets held in the DC Section have grown over the past year and their overall value as at 31 March 2018.



£000s

Net assets of the DC Section as at 1 April 2017:	148,355
Cash received	
Contributions	16,301
Transfers in	310
Other income	92
Total	16,703
Cash paid out	
Benefits paid or payable	(2,435)
Administration expenses	(232)
Leavers	(5,098)
Total	(7,765)
Returns on investments	
Investment income	0
Change in market value of investments	2,310
Investment management expenses	(727)
Net returns on investments	1,583
Net increase in the fund over the year	10,521
Transfer between sections	(81)
Net assets of the DC Section as at 31 March 2018:	158,795

Brackets indicate minus numbers.

DC investment performance

The table below shows the value of assets held within the DC investment funds by members as at 31 March 2018.

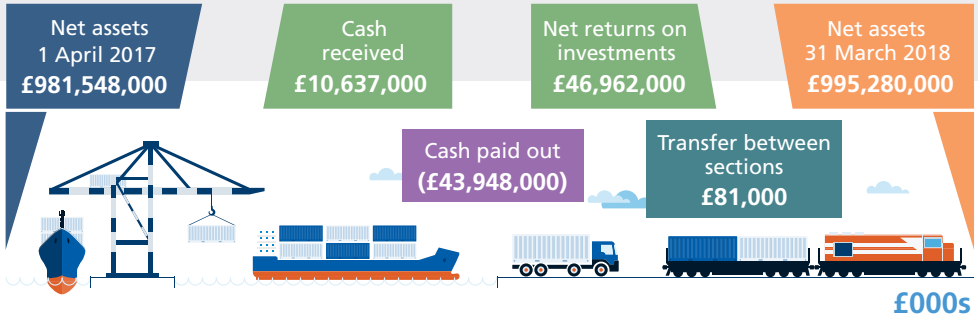
Fund Name	Current Value £	Allocation %	Performance 1 Year %	Performance 3 Year %
Adventurous Fund	114,432,967	72.46	1.3	5.2
Fixed Income	14,714,530	9.32	0.3	5.9
Standard Life Global Absolute Return Strategies	12,564,487	7.96	0	- 1.5
Blackrock Market Advantage	2,775,100	1.76	3.5	3.2
Blackrock Cash	2,592,299	1.64	0.2	0.2
Blackrock (50:50) Global Equity Index	2,209,555	1.40	2.3	7.9
Blackrock Over 5 Year Index Linked Gilt	2,069,871	1.31	- 0.1	7.3
Global Equity - Active	1,880,336	1.19	- 0.8	4.7
Emerging Markets Equity - Active	756,349	0.48	1.4	8.7
Blackrock UK Equity Index	711,038	0.45	1.8	5.7
Sustainable Investments	684,098	0.43	2.8	7.8
Property	637,752	0.40	2.3	5.8
Blackrock 30:70 Currency Hedged Global Equity Index	612,453	0.39	7.1	7.1
Moderate	592,006	0.37	1.5	5.2
Pre-Retirement Fund	224,889	0.14	- 0.3	5.4
BlackRock Over 15 Year Corporate Bond Index	188,374	0.12	1.3	4.9
BlackRock Over 15 Year Gilt Index (Aquila C) IE	164,461	0.10	1.7	5.8
Lloyds Register Diversified Growth	114,927	0.07	3.7	2.4
Totals	157,925,492	99.99*		

*Figures may not total 100% due to rounding.

The default investment strategy ('Lifestyle') has been set up to seek better protection for member savings against a wider range of risks as they approach retirement, no matter how and when members plan to take their savings. The switching period now starts from 20 years out from selected retirement age. The new default is called Flexible Retirement Strategy. More information can be found at www.lrpensionport.co.uk

DB financials

The figures below show how the assets held in the DB Section have grown over the past year and their overall value as at 31 March 2018.



Net assets of the DB Section as at 1 April 2017:	981,548
Cash received	
Contributions	10,637
Transfers in	0
Other income	0
Total	10,637
Cash paid out	
Benefits paid or payable	(33,764)
Administration expenses	(1,725)
Leavers	(8,024)
Other payments	(435)
Total	(43,948)
Returns on investments	
Investment income	17,186
Change in market value of investments	30,300
Investment management expenses	(524)
Net returns on investments	46,962
Net increase in the fund over the year	13,651
Transfer between sections	81
Net assets of the DB Section as at 31 March 2018:	995,280

Brackets indicate minus numbers.

DB investment performance

As at 31 March 2018, the balance of the assets of the Defined Benefit Section at market value was:

Asset Class	% of portfolio
Bonds and Equities	24.47
Pooled Investment Vehicles	73.82
Cash on Deposit	0.49
AVC Investments	1.22
Total	100.00

The investments with a value of 5% or over of the net assets as a 31 March 2018 were:

Investments	Market Value (£000)	% of Net Assets*
Schroders	247,353	25.22
L&G World Equity	184,994	18.86
Babson	101,787	10.38
Pimco	90,413	9.22
Apollo	84,982	8.66
Alcentra	78,399	7.99
Standard Life	72,426	7.38
Partners	70,864	7.22
M&G Alpha	49,047	5.00

* These are the holdings over 5%. There is a very small amount of cash which is held to account for the missing percentage.

The assets of the LRSFA's DB Section investments performed well during the year, with the return remaining ahead of inflation. All managers met or exceeded their benchmark, with the funds credit managers adding value materially above their benchmarks.

Here we show the aggregate performance of the Fund against the benchmark over 1, 3 and 5 years. These are annualised rates of return.

Aggregate performance over	1 year %	3 years %	5 years %
Fund	4.6	7.4	8.8
Benchmark	3.5	4.5	6.1

Membership figures

See how the DB and DC membership has changed over the past 12 months.

Total membership figures as at 31 March 2018

Following the closure of the DB Section to future accrual on 30 September 2010, employees now build up benefits in an alternative pension arrangement known as the DC Section. The graphic below shows the combined membership figures of both the DB and DC Sections of the LRSFA.

Members in service*



Deferred members**



Pensioners



Dependants



In addition, allowances were paid to 13 children (the same as for 2017).

*'Members in service' includes 296 (328 in 2017) members who have protected past service rights under the fund following the closure of the DB Section in 2010.

**'Deferred members' includes 2,113 (2,170 in 2017) members who have protected past service rights under the fund following the closure of the DB Section in 2010.

Summary funding statement

Results of the last valuation and the most recent funding update.

A full actuarial valuation was carried out at 31 March 2016. A summary of the results, including the most recent funding update, is shown below.

What is an actuarial valuation?

An actuarial valuation is a detailed financial health check of the DB Section. It compares the DB Section's assets with its liabilities to determine whether the DB Section is appropriately funded. If the liabilities are

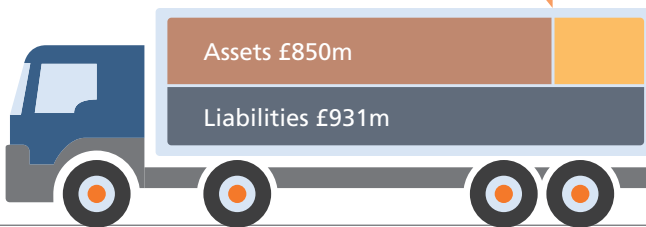
more than the assets, the DB Section has a deficit, and if the assets outweigh the liabilities, the DB Section has a surplus.

Why is it important?

The actuarial valuation ensures that the DB Section is performing as it should be. If there is a deficit in the DB Section's funding level, the Trustee and the Company will agree a Recovery Plan, which often involves increasing the Company's contributions. A Recovery Plan was put in place after the 2016 valuation and this will be updated if the deficit remains.

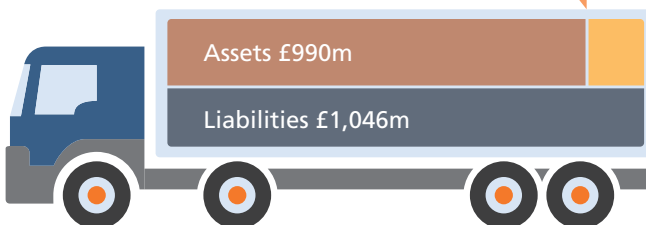
31 March 2016

Funding level 91%



31 March 2018

Funding level 95%



Summary funding statement (continued)

JARGON BUSTER

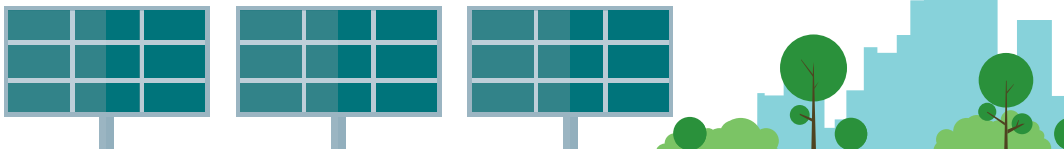
- Assets:** The total money held in the DB Section, built up from Company and member contributions and investment returns.
- Liabilities:** The estimated cost of providing benefits earned to date by members.
- Deficit:** When there are not enough assets to cover the liabilities of the DB Section.

Wind-up position

The Trustee is required by law to let you know what would happen if the Scheme were to 'wind up' - it does not mean there is any intention of winding up the LRSFA. The last valuation as at 31 March 2016 concluded that the estimated amount needed to ensure that all members' benefits could have been paid in full if the LRSFA had wound up was £1,270 million, compared with the combined DB and DC assets of £850 million. If Lloyd's Register became insolvent and was unable to cover the shortfall, part of the benefits due to members would be paid by the Pension Protection Fund (PPF) as compensation. However, it is possible for the compensation to be less than the value of the benefits that would have been paid by the LRSFA.

Financial protection

To obtain this protection for members, the LRSFA pays an annual levy to the Pension Protection Fund (PPF). The PPF levy is payable by all DB pension schemes in the UK whose members would be eligible for compensation if the scheme wound up. More information about the PPF can be found at www.pensionprotectionfund.org.uk



Have you visited the LR Pension Port?

Review your
contributions
and investments

Find information
about the LRSFA

Explore
modellers and
documents

Access the
Standard Life
dashboard



Go to www.lrpensionport.co.uk to stay up to
date with information about your pension



**Find out more information
about the LRSFA:**

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