

Reflections

DESPITE “UNPRECEDENTED” YEAR, SCHEME REMAINS ON TRACK TO ACHIEVE ITS TARGETS

THERE ARE MANY words that have been used to describe 2020. “Unprecedented” is one that I hear a lot. When I wrote my equivalent letter to you last year, I could not have anticipated the year in store. My first concern is that I hope this letter finds you well. On behalf of all members of the Trustee Board and the Pensions Department, our thoughts are with all of you who have suffered or lost loved ones in the year. However, I also understand that the effects of the pandemic stretch much more widely, and many of you may be affected due to isolation, changes to routines, or financial constraints. There is support available and I encourage you to seek help if needed - please see the details in the Help and Support Section below.

CHAIRMAN KEITH GREENFIELD



COVID-19

“Social distancing” is another term that was not in my vocabulary this time last year. As a Trustee Board this has had its impact on us, in that we, like so many, have had to adapt our normal way of operating. We have held virtual meetings and training, and while it has been a learning curve for us all, the importance of keeping abreast of the needs of the Scheme and members through this time, meant that it was essential that we adjusted to these changes. The role of a Trustee is an important one, and I can assure you that the Board undertakes its responsibilities with commitment and diligence. I appreciate all the efforts of my fellow Board members over the past year.

The Trustee is supported by a wide range of advisers. Our covenant advisers (Lincoln Pensions) have been proactive in appraising the company throughout the period. The Trustee is reassured by the willingness of the company to engage openly in such discussions. Our actuarial, legal and investment advisers have attended all Trustee meetings in the year (albeit remotely) and we thank them for their ongoing guidance.

I must also extend the thanks of the Board to the Pensions team who continue to work to support all our members. Their service levels have remained strong throughout the period. Please do let the team know of any changes to addresses or bank accounts as early as possible. I would also encourage you to submit a Nomination Form in relation to your death benefits if you have not done so recently. This ensures the Trustee knows your latest wishes.

I would also like to reiterate the message issued by the Pensions Regulator that it is important that you do not rush decisions that will affect your pension, particularly in times of uncertainty. There is free, impartial advice available from Government sponsored organisations (see the Help and Support Section) which can help you to understand the implications of decisions such as those relating to contributions, accessing your pension (from age 55 onwards or due to ill-health), and transfers. If you are a deferred member considering transferring out of the Scheme, please take time to understand whether this is right for you and your circumstances. Do not feel pressured into making a decision and please be alert to the risk of scams, including those which mean your fund is subject to high charges.

INVESTMENTS

The de-risking strategy for the Scheme, which has been developed over many years, meant that while not immune to market movements through this year, much of the potential impact was mitigated. While the Trustee monitored the situation, it was reassuring to see the effects of this strategy and we were not forced to make any hasty investment decisions. There were two changes in the investment portfolio during the year which were in line with the longer-term strategy. The credit mandates were consolidated into a single portfolio managed by AXA and the level of interest rate hedging was increased from 90% to 95%. Both improve the hedging characteristics of the portfolio which in turn further reduces exposure to investment risk.

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MEMBERSHIP NUMBERS

31 December 2018	31 December 2019
Active Members	
707	589
Deferred	
2618	2473
Pensioners/Dependants	
9813	9583
13138	12645
TOTAL	

HELP AND SUPPORT

The Covid-19 pandemic has had wide-ranging implications, affecting many different people in many different ways beyond the immediate health implications.

You may have competing demands in respect of your finances and may want to better understand how your pension(s) fit into your wider financial considerations. You may be re-evaluating your future and considering a change of working pattern, or perhaps leaving work behind you entirely. You may be dealing with the implications of relationship breakdowns and need to know how your pension may be affected in any share of assets.

The pension team can provide details of your PSS pension however there are other resources available to help you understand your wider finances and pensions. Two of these are the Money Advice Service and the Pension Advisory Service.

The Money Advice Service;

www.moneyadvice.org.uk 0800 138 7777

Provides advice and guides to help improve your finances including tools and calculators to help you plan.

Via its pension calculator, you can input your current income and receive an indication of what others in the same salary band would expect in retirement. By completing the calculator, you can see whether you are on track to meet expectations. This also provides an indication of your state pension age and includes the state pension in projections.

Remember you can also find out what your state pension is likely to be using the government's website;

www.gov.uk/check-state-pension

The Money Advice Service also provides information for

considerations after you have retired. There is a section on “Help in Later Life” which covers issues including long-term care, equity release, or even considerations for retiring abroad.

The Money Advice Service has a dedicated Coronavirus support section which covers debt information, details of the wide-ranging entitlements and support available, practical information in case of bereavement, as well as pension implications.

The Pensions Advisory Service;

www.pensionsadvisoryservice.org.uk 0800 011 3797

Provides free and impartial guidance on workplace and personal pensions. This is a useful tool to get information about aspects of pensions in straight-forward language. There is a “When things change” section which may address some of the challenges you may be facing.

Don't forget;

If you are retired and in need of support, please also remember **The Pilkington Family Trust**. It is an independent Charity which continues to support retired Pilkington employees in need of assistance or advice. They offer a range of services all focussed on supporting people to remain independent in their own home. It is available to retirees with a minimum of 10 years' service who can demonstrate a need for assistance. For further information please refer to their website; www.pilkingtonfamilytrust.com, phone; 01744 742 516, or email enquiries@pilkingtonfamilytrust.com



The Pilkington Family Trust

WHEN CAN I ACCESS MY PENSION?

The normal retirement age for the Scheme is generally 65. The administration team will contact you in the months before your 65th birthday to detail your options.

If you want to access your pension before this date, then you will need to contact the Scheme to request details.

AGE 55 ONWARDS

Generally, the minimum age at which you can retire is 55. This is defined in the Scheme Rules and is in line with the legal minimum retirement age. There are only limited situations when you can access your pension before this age, for example in case of ill-health. There are certain elements that cannot be taken from age 55; details would be provided on application should this apply to you.

If you choose to take your pension early (still after age 55) your annual pension is reduced to reflect the fact that you are receiving your pension for longer.

When you first take your pension, you may be able to choose to exchange a portion of pension for a cash lump sum. Details of the maximum amount available are provided on application for your pension. If applicable, you can elect to take any amount up to the maximum cash lump sum, or none at all. The amount of your annual pension is adjusted to reflect the amount exchanged for up-front cash.

You do not need to have stopped working to begin taking your pension. However, please remember your pension is taxable, and you may need to consider the implications of receiving your pension alongside other forms of income.

Be wary of any scheme which suggests they can help you to access your pension before age 55. It is one tactic used in pension scams.

POTENTIAL CHANGES: The government announced in 2014, and reiterated earlier this year, its intention to increase the legal minimum pension age from age 55 to age 57, most probably in 2028 when the state pension age reaches 67. Whether you are affected is likely to be dictated by your date of birth, but the proposals have not yet been set by legislation so are subject to change.

ILL-HEALTH

If you are no longer able to work due to permanent ill-health, you may be entitled to access your pension earlier than age 55. There is an application process to follow and the Trustee will need to receive medical evidence that you are no longer able to work to decide whether you meet the criteria in the Scheme Rules and in legislation. Please contact us, if you need further information.



OVERSEAS PENSIONS

Non-UK Pensioners

Existence Checking;

We are obliged to carry out existence checking exercises for all our pensioners. UK-resident pensioners are routinely checked against a central register of deaths however we do not have an equivalent register for our non-UK resident pensioners.

Therefore, we shall shortly be writing to all our overseas pensioners. We are trialling a new process where we will contact you annually to provide a certification, but we will not require independent verification of that certification on every occasion. To ensure the success of the new process, which should be less onerous for you, our members, we ask that you return the information to us as soon as possible. Details will accompany the letter that is issued.

Brexit and Banking;

The impact of Brexit on your ongoing banking arrangements if you are living in the EU but maintaining a UK bank account may depend on the country you are living in and the bank you use. Banks have been encouraged to communicate with affected customers but, if you have any concerns, we recommend you contact your provider. If you need the Scheme to pay your pension into a new account, please advise the administration team as early as possible to minimise the chance of delay in receiving your pension.

Confirmation of Pension

Please remember that if you need confirmation of your pension amount for claiming benefits, or as proof of income, we can provide a letter on request. Please email or write to us using the contact us details.

Annual Benefit Statements

Active and Deferred Members

We are changing the timing of annual benefit statements to align with tax years. Therefore rather than receiving a statement in February as in recent years, you will receive it summer 2021.



THE TRUSTEE BOARD

The Pilkington Superannuation Scheme is operated and managed on behalf of the membership by a Corporate Trustee – PILKINGTON BROTHERS SUPERANNUATION TRUSTEE LIMITED. This company is represented by its Board of Directors which comprises up to 12 Directors. There are currently 12 Directors with no vacancies.

As at 1 October 2020 the Directors of the Trustee were:-

Mr. K. Greenfield (Chairman)
Mr. M. Arnold Greengate (E/ee)
Mr. S.J. Beesley* (E/ee P)
Mr. B. Bonney* (E/ee P)
Mr. D. Corf* (E/ee P)
Mr. S.M. Gange*
Mr. D.P. Gilchrist, Automotive, Lathom (E/ee)
Mr. R.P. Hemingway*
Mr. J. McKenna*
Mr. K. McKenna Greengate (E/ee)
Mrs R. Tranter – BESTrustees
Mr. P.D. Wilkinson

Secretary: Mrs J. Miller
Pilkington Brothers Superannuation Trustee Limited,
Group Pensions Department,
NSG European Technical Centre, Hall Lane, Lathom,
Nr. Ormskirk, Lancashire L40 5UF
Tel. (01744) 28882 Fax. (01744) 737336

Note: 'E/ee' denotes the Director is directly elected for a fixed term by the PSS members (where the abbreviation is 'E/ee P' by the pensioners)

** denotes the Director is in receipt of a PSS pension.*

ADVISERS

The Board of the Trustee has appointed the following advisers to support its work in administering and managing the PSS:-

Scheme Actuary:	Jane Curtis (FIA) of Aon Solutions UK Limited
Investment Consultant:	Willis Towers Watson Limited
Auditor:	PricewaterhouseCoopers LLP
Lawyer:	Hogan Lovells International LLP
Banker:	National Westminster Bank plc
Financial Adviser:	Lincoln Pensions Limited
Investment Managers:	State Street Global Advisors Limited CBRE Global Collective Investors UK Limited Legal & General Assurance (Pensions Management) Limited Insight Investment Management (Global) Limited Nephila Capital Limited Alpha Real Capital LLP AXA Investment Managers UK Limited Aviva Investors Jersey Unit Trusts Management Limited Pension Insurance Corporation plc
Custodian:	JP Morgan Chase Bank
Medical Adviser:	Dr. D.B. Shackleton
Administration:	Group Pensions Department Pilkington Group Limited

VALUE @ 31.12.18 1,816,467

Contributions from employer
*included are £1,487 under salary sacrifice

*Normal 4,896
Additional 702

Contributions from employee

Normal 81
AVC 1

Investment Income 44,693

Changes in Market Value of Investments 171,346

CASH FLOWS

ALL VALUES EXPRESSED IN £000's

LESS

Pensions Paid 69,757

Lump sum at retirement 7,412

Death benefits 665

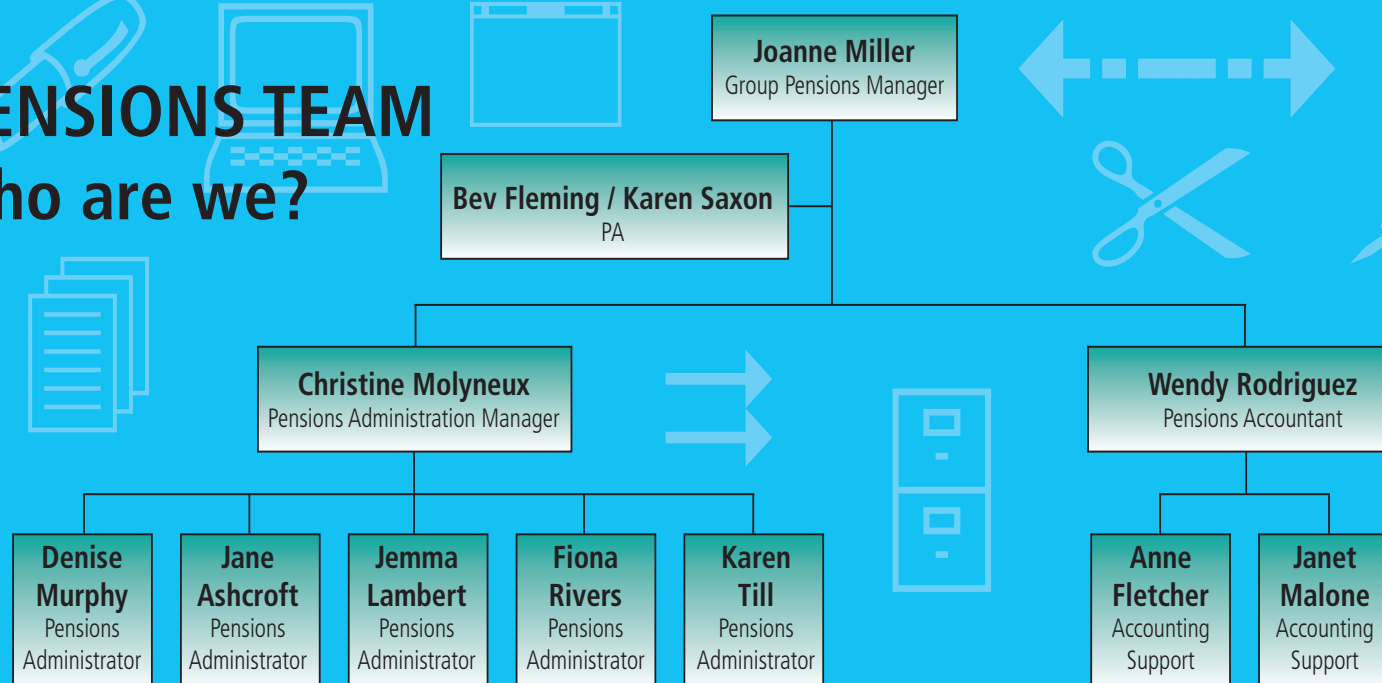
Transfers Out 25,849

Investment Management Expense 1,071

VALUE @ 31.12.19 1,933,432

Increase of £116,965

THE PENSIONS TEAM Who are we?



If you have **any** questions about your pension, please contact us. We can give you information about the Scheme, your benefits and your options. However, please remember that none of us are authorised or allowed to give financial advice. Therefore, please don't ask for our opinions on what you should do, or what we would do in your circumstances. We're not allowed to answer these types of questions.

HOW TO GET IN TOUCH?

We continue to adapt to changing levels of restrictions. However, you are still able to reach us whether we are working in the office or remotely.

The best way to contact us at the present time is to use the central email address;
pensions.administration@nsg.com

This links to the administration team and one of us will be able to respond to you. You will receive an automated email response which confirms that we have received your email and that we'll deal with it in turn. This email address can also be used for any other PSS queries, and we'll make sure it's directed to the appropriate person.

We can now answer your calls wherever we are working. Occasionally we sound like we're in a cave, but we're working on improving that too.

Tel: 01744 692003, 692967, 692962

Contact numbers are also available on the Scheme website www.superpilk.com which also has information about the Scheme and important forms to complete such as Declaration Forms and Change of Bank Details Forms.

There may be disruption to postal services during periods of lockdown. We apologise for any delays, but these may be outside our control. If you have any concerns about sending post to us, please contact us first via email or phone and we can advise whether there are alternative options available.

Please ensure you address any mail to the Group Pensions Department.

The full postal address is;

Pilkington Group Pensions Department
NSG European Technical Centre
Hall Lane
Lathom
Nr Ormskirk
Lancashire
L40 5UF

We hope you have a peaceful Christmas and a happy and healthy 2021

The Pensions Team



Q&A

The Covid-19 pandemic has caused a huge amount of disruption to family life, working environments, and economies all over the world. It has filled headlines and created much uncertainty. So with so much else to worry about at the moment, should you be worried about your PSS pension? Here are the answers to some of the questions you may have...

"Will my pension continue to be paid?"

The Scheme holds a cash reserve to meet the payroll requirements and any other cash payments required during the month. Payroll can be processed remotely, in other words, the team is not required to be in the office to carry out the payroll activities. Therefore, as has already been demonstrated, you should continue to receive your pension whatever restrictions are in place.

"What if the Company can no longer support the Scheme?"

In this unlikely event, the Pension Protection Fund (PPF) exists to protect members of defined benefit schemes in case of Company insolvency and where a Scheme is unable to provide benefits at least equal to the level of PPF compensation.

If you are over the Scheme's normal pension age, you would typically receive the same amount in compensation as you receive from the Scheme at the time of insolvency. You would also receive 100% compensation if you have an ill-health pension or have a pension following the death of a member. Payments from the PPF relating to pensionable service after 6 April 1997 will increase with inflation up to a maximum of 2.5% per year. Payments relating to service before that date won't increase.

If you have not reached normal pension age at the date of insolvency (whether or not you are already in receipt of pension from the Scheme), compensation is limited to a maximum of 90% of your scheme pension value, payable from normal pension age, and has been subject to a compensation cap (see further below). Early retirement may still be accessible, but the benefit will also be age-reduced.

The High Court has recently ruled that the compensation cap, which generally only affected high earners under normal pension age, was unlawful on grounds of age-discrimination. The DWP is appealing against this decision.

Therefore, subject to the DWP's appeal, there is a backup arrangement that would ensure you get at least 90% of your entitlement, even in a worst-case scenario of Company insolvency. Furthermore, if the Scheme assets would provide for benefits in excess of the PPF compensation levels, the Scheme would look to an alternative arrangement, for example an insurance company, to provide these. The Trustee does not expect this scenario. This information is provided to advise you of the additional protections you are afforded via the PPF as a member of a defined benefit pension scheme.

"Will movements in the stock market affect my pension now or in the future?"

The PSS is a defined benefit scheme. This means that your pension is based on a calculation set out in the rules which factors in your service, contribution rate, and Pensionable Salary. The pension you ultimately receive is not affected by the performance of the stock market nor by extension, the value of the overall fund. Your individual pension will not change due to changes in the stock market.

However, the overall value of the fund from which your pension is paid can vary depending on market performance. But it is the Company, rather than you as an individual, that bears the investment risk associated with the PSS. If the Scheme cannot afford to fund the pension you are entitled to, the Company may be required to make additional contributions.

If you have money purchase AVCs or defined contribution benefits in other pension schemes, the value of these, and therefore the benefits you can receive from them, will vary as a result of market performance depending on how you have invested your funds. However please consider that pensions are long-term investments, and it is important to make any decisions with that in mind.

"What if the worst happens – Will my family be provided for when I die?"

Under the PSS you are entitled to a pension from the date of your retirement until the date of your death. You therefore have the certainty of this income for the whole of your lifetime. In most cases, if you have a legal spouse or civil partner he/she will be entitled to a pension, usually around 50% of your ordinary pension, from the month after your death until the date of their death. The administrators will ask to see your death certificate and the birth and marriage certificates for your spouse/civil partner.

If you are an Active or Pensioner member and have children under 18 at the date of your death, they will, in most cases, be entitled to a Dependent Child's pension under the Rules of the Scheme. This pension will be payable until the child no longer meets the definition of a Dependent Child; this would usually be when they reach 18, although a discretionary pension may be payable until age 23 if the child remains in full-time education. This pension would end before the child is 18 if they get married or enter full-time employment.

If you have a partner but are unmarried or have an adult child with a physical or mental impairment, a pension may be payable at the discretion of the Trustee if the person meets the definition of a Dependant for tax purposes. It would be helpful if you have nominated any such dependants you would like to be considered using a Declaration form. Evidence of dependency will be required following your death. Any spouse's pension entitlement would normally be reduced where a Named Dependant pension is also awarded; please be aware that there are legal restrictions on when a spouse's pension can be reduced and it may not be possible for the Trustee to award a Named Dependant's pension if a corresponding reduction cannot be made to any pension payable to your surviving spouse or civil partner.

The PSS guarantees 5 years of pension from the date that you first take your pension. This means that if you die within

5 years of starting your pension, any outstanding payments from the date of death to the end of the guarantee period will be paid as a lump sum death benefit. For example, if you started your pension on 1 January 2019 and died on 31 December 2020, a lump sum death benefit equivalent to three years of pension would be payable.

Should you die while an Active member of the Scheme, the Scheme will pay a death in service benefit of 3.5 times actual salary. For this purpose, it is actual salary rather than capped salary which is used. In addition, your spouse or civil partner will usually be entitled to a spouse's pension of approximately 50% of what you would have been entitled to had you remained in service until normal retirement age. This would be payable from the date of your death.

If you are no longer an active member, but have not yet started taking your pension, your spouse or civil partner would usually be entitled to a spouse's pension of approximately 50% of the value of your accrued pension at the date of your death. This would not be reduced for age-related factors even if you were not 65 at the date of your death. There will be a lump sum payable equivalent to a refund of PSS member contributions.

The Trustee must exercise its discretion in deciding to whom to pay lump sum death benefits; however please do not be alarmed by this. The Trustee must act reasonably in exercising its discretion. By completing a Declaration form, you can indicate to whom you would prefer any lump sum to be awarded, although this form is not binding on the Trustee. You can nominate one or more people. Please be aware that this discretionary lump sum on death does not form part of your estate and an individual receiving the benefit, receives it as an individual. The individual therefore does not need to distribute the benefit in accordance with your will, even if they are also your executor. The administrators will ask for an information request form to be completed after your death and will usually also ask for sight of your will, to help identify people entitled to be considered for any death benefit.

Chairman's letter

Continued from front page...

FUNDING

As you would have seen from the Summary Funding Statement and the details included within this newsletter for the status as at 31 December 2019, the Scheme started 2020 in a good funding position; the Scheme had a surplus of £128m on a "Technical Provisions" basis. But what does this mean? On a positive note, a surplus on a Technical Provisions basis means that the Scheme is no longer reliant on the Company to make deficit repair contributions, although the Scheme is still reliant on the Company for ongoing support. I must make clear that a surplus on a Technical Provisions basis does not mean that the Scheme has funds beyond its requirements. While the Technical Provisions basis strives for a prudent level of funding, any assessment of scheme funding is based on a complex calculation

involving a multitude of assumptions, some of which may not be borne out in future. This goes to the ability of the Scheme to provide non-statutory increases. The affordability of non-statutory increases is assessed annually, however as I have indicated in previous newsletters, it is unlikely that the Scheme will be able to afford to increase its obligations via a non-statutory increase, until it has reached a position where the existing guaranteed obligations are considered secure. You will remember that to this end the Trustee has a secondary funding target, to continue to strengthen the funding position and to further reduce the reliance on the Company, as well as a final funding target where the guaranteed liabilities of the Scheme could be considered secure. The Trustee has a clear plan to reach these targets. Although the overall funding level

was affected to a degree by the impacts of the Covid-19 pandemic in March, the funding level has rebounded, and I can reassure you that the Scheme remains on track to achieve its targets.

LOOKING FORWARD

The Scheme is subject to its next formal valuation as at 31 December 2020. I am confident that the valuation will reflect an ongoing improvement since the last valuation three years ago. We remain on track to meet our secondary funding target between 2021 and 2026.

So the start of 2021 will be a busy one for the Trustee and I expect the next time I write to you will be to confirm the outcome of the valuation. Until then, I hope you all stay safe and on behalf of the Trustee and pensions team, I send you my very best wishes for a happy and healthy New Year.