

The 2023 annual newsletter of the L&Q Housing Trust Staff Benefits Plan

# Saving for retirement

L&Q

The Trustees would encourage you to register and log into the online member portal regularly to review your pension and investment choices.

You can access it here:  
[www.lqpensionplan.co.uk](http://www.lqpensionplan.co.uk)



You can contact our pension advisers, Hymans Robertson, at [LQpensions@Hymans.co.uk](mailto:LQpensions@Hymans.co.uk) or 0121 210 4334.

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L&Q

Quality homes  
*and better li*





## The Trustees

The Trustees are responsible for running the Plan in accordance with the Trust Deed and Rules, the legal documents that govern it. As part of their responsibilities, the Trustees invest the Plan's assets and oversee the payment of benefits to members and other beneficiaries. **The current Trustees are:**

Trustees	
Joanne Fairbairn (Chair)	Independent Trustee, Zedra Governance Limited
Richard Butcher	Independent Trustee, Zedra Governance Limited
Tom Nicholls	Employer-appointed Trustee
Amy Gilham	Employer-appointed Trustee
Jasmin Bryan	Member-nominated Trustee
Paul Hornsby	Member-nominated Trustee



## Pensions News

### Spring Budget

There are limits on the amount of tax-free pension savings you can make in any tax year. A reminder is provided below.

This may be of interest if:

- You are paying significant Additional Voluntary Contributions (AVCs)
- You are a high earner subject to the Tapered Annual Allowance
- You have flexibly accessed money from a DC pension pot.

If your pension savings in any tax year exceed the Annual Allowance then a tax charge may apply.

The Annual Allowance was previously £40,000, but as announced in the Spring Budget, it increased to £60,000 from 6 April 2023. The existing three-year carry forward rules will still apply.

**This means that if you don't use up your full annual allowance in a single tax year, you can carry forward the unused amount into any of the next three tax years.**

The Trustees always welcome members' views. If there is any aspect of the Plan you'd like to comment on, or discuss further, please get in touch at: [pensionsLQ@lqgroup.org.uk](mailto:pensionsLQ@lqgroup.org.uk)



## Pensions News (continued)

Pension savings to be tested against the Annual Allowance include:

- Your contributions to your Defined Contribution pension account
- L&Q's contributions to your Defined Contribution pension account
- Any contributions you make to other pension arrangements (excluding the State Pension)
- Any increase in a Defined Benefit pension which is linked to your salary.

The Annual Allowance may be lower than £60,000 for some people. This might apply if you are subject to a Tapered Annual Allowance or a Money Purchase Annual Allowance. The Tapered Annual Allowance is an allowance that impacts some higher earners. From 6 April 2023, the Tapered Annual Allowance may affect you if your total taxable income is over £260,000. Taxable income for these purposes includes salary,

dividends, rental income and savings interest plus employer pension contributions. For every £2 of income above £260,000, the Annual Allowance is reduced by £1. The minimum Tapered Annual Allowance is £10,000.

If you have taken money from a Defined Contribution pension pot, your future pension savings may be limited by the Money Purchase Annual Allowance, which is £10,000 for the 2023/24 tax year.

Any tax charge arising from pension savings above the Annual Allowance limits must be declared on your self-assessment tax return.

If you think you might be close to the limit, you may wish to seek independent financial advice. You can find an independent financial adviser local to you at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

The Lifetime Allowance was a limit on the total amount of pension savings you could build up across all your pension pots, before you paid a tax charge when taking pension benefits from these savings. From 6 April 2023, the Lifetime Allowance has been abolished.

### Pension contributions and MoneyHelper

The Trustees are mindful that the cost of living is increasing and putting pressure on many people's monthly budgets. Pension saving is, however, for the long term. Continuing with regular pension savings allows you to receive accumulated interest over the long term.

The Trustees would like to remind you that you can also pay AVCs into your pension account. You receive tax relief on pension contributions – in effect, this means that for most people contributions are deducted from salary before any taxation is applied. As such, contributions have a higher monetary value when invested into a pension than if they were to be paid out of post-tax income.

If you would like to pay AVCs, you can get in touch at [pensionsLQ@lqgroup.org.uk](mailto:pensionsLQ@lqgroup.org.uk) or download a form from the Plan website.



Please note that neither the Trustees or L&Q can offer you any financial advice. If you don't have a financial adviser, you can find one in your area via [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

MoneyHelper is a government-backed service which brings together the Money Advice Service, the Pensions Advisory Service and Pension Wise. The service is free and provides information, video guides and online tools to help you manage your money by making choices clearer and cutting out the jargon. It also has a team of specialists you can talk to.

Visit [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) or ring **0800 138 7777**. If you are looking for help with any aspect of your personal finances, including your pension, you may find MoneyHelper a useful resource.

## Pension scams



It is more important than ever to be vigilant against financial scams, as fraudsters have been taking advantage of the worry about personal finances caused by the cost of living crisis to take advantage of members.

A tactic commonly used by pension scammers is calls that try to entice individuals to have transfer values paid from their existing pension plans or arrangements. This could involve 'promises' to release money before age 55 or to pay greater sums than are allowed. If you decide to choose a new pension provider, the Trustees urge you to be careful and make sure that the provider is legitimate before you transfer. You should never be pressured into making a decision.

The Trustees ask you to be suspicious of all unexpected telephone calls, emails and text messages. You should not download software or an app unless you know it is safe. When visiting a website, always look for the padlock next to the URL to show a safe connection.

The Financial Conduct Authority (FCA) has a register of authorised financial advisers on its website [www.register.fca.org.uk](http://www.register.fca.org.uk). You can also access it by calling **0800 111 6768**.

The Pensions Regulator, the UK regulator of workplace pension schemes, is also keen to raise awareness of pension scams. Its guidance can be found at [www.thepensionsregulator.gov.uk/en/pension-scams](http://www.thepensionsregulator.gov.uk/en/pension-scams)

## Transfer out regulations

The Trustees and Plan administrator must now follow additional regulations when it comes to processing any transfer out request. If a member wishes to transfer benefits to another registered pension arrangement, additional checks will be undertaken to assess whether the request meets certain conditions, to further prevent pension scams. If you are thinking of transferring your pension out of the Plan, the Trustees recommend you seek independent financial advice.

## State pension increase and changes to State pension age

The State pension rose in April 2023 by **10.1%**.

The State pension age for both men and women is **66**, and it will gradually increase to **67 by 2028**.

The government also plans to increase the minimum pension age from **55 to 57 by 2028**, in line with the rise in State pension age.



## Plan News (continued)

### PSLA Pension Standards

The Pensions and Lifetime Savings Association (PLSA) has announced updated retirement income targets. The targets are designed to indicate the level of income you might need in retirement to achieve a minimum, moderate and comfortable standard of living.

The three standards of living that you can target are:

Minimum	Moderate	Comfortable
Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries

The PLSA expect you would need the following annual income (after tax) in retirement to achieve one of the three standards:

	Single	Couple
<b>Minimum</b> Covers all your needs, with some left over for fun	£12,800 London £14,300	£19,900 London £22,400
<b>Moderate</b> More financial security and flexibility	£23,300 London £28,300	£34,000 London £41,400
<b>Comfortable</b> More financial freedom and some luxuries	£37,300 London £40,900	£54,500 London £56,500

The Trustees would encourage you to consider these targets to determine the standard of living you would like to achieve during retirement, and whether your current pension projection (which can be found in your annual benefit statement) will be enough to meet this target. More information can be found: [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

### Annual Pension Statements (DC Members only)

The Trustees are required each year to issue you with a pension statement which shows you how much you have contributed, the current value of your pension account along with the amount you could expect to receive in retirement. The Trustees normally issue these statements during September. Unfortunately this year the statements will be delayed. This is because L&Q have been in negotiation with the trade unions in relation to the annual pay award, so updated values couldn't be calculated. The pay award has now been finalised and the Trustees are working with the administrators of the Plan to provide updated statements as soon as possible. In the meantime, you can still view your contributions paid to date, and your current fund value on the L&Q Pension Plan Portal: [portal.lqpensionplan.co.uk](http://portal.lqpensionplan.co.uk)







# Plan Facts and Figures

## Defined Benefit (DB)

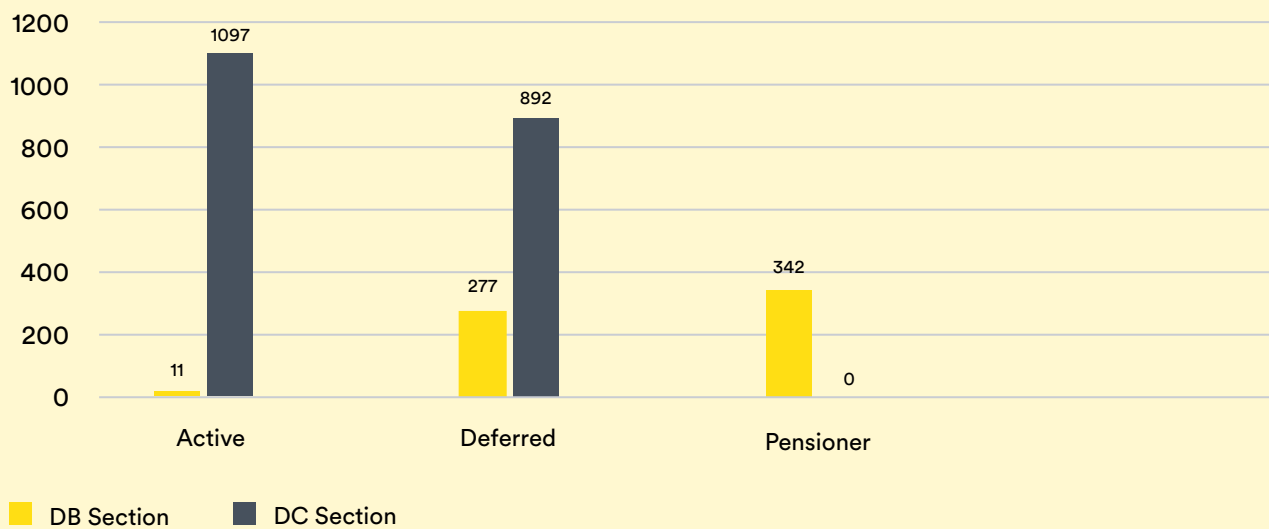
A pension scheme where the pension paid is based on a set of calculations, using a member's pensionable salary and pensionable service. This is sometimes known as a final salary scheme.

## Defined Contribution (DC)

The amount in your pension pot at retirement is based on how much has been paid in and how well your investments have performed.

## Membership Figures

As at 31 March 2023 there were **2,619** members of the Plan, based on the Plan's unaudited accounts.



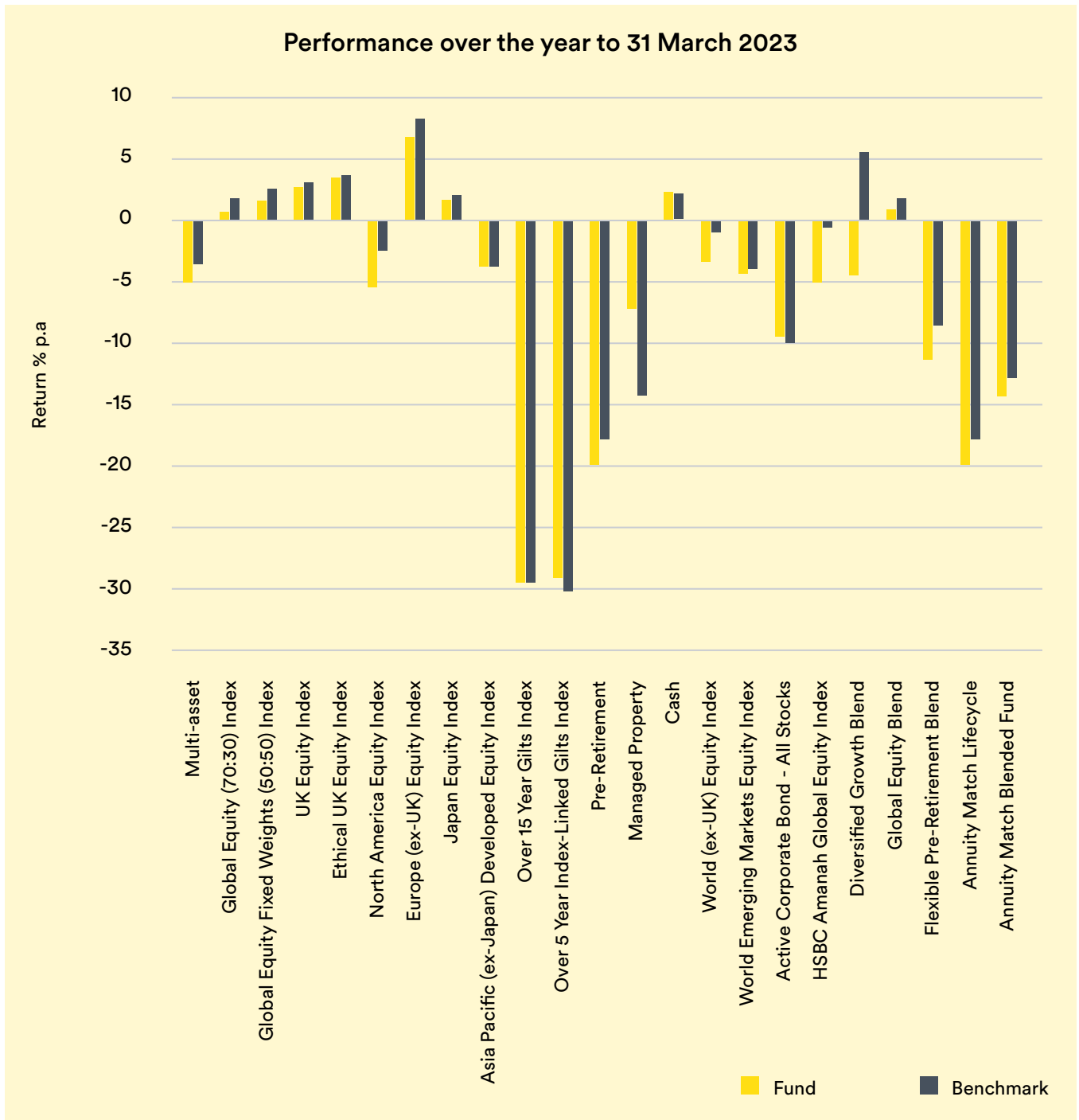
At 31 March 2023 the net assets of the Plan were **£194.9m**, based on the Plan's unaudited accounts.



# Investment Performance

## DC Investment Performance

Members of the DC Section can choose to invest their retirement savings in a range of funds. The charts below show how these funds have performed, gross of fees, over one year and three years to 31 March 2023.

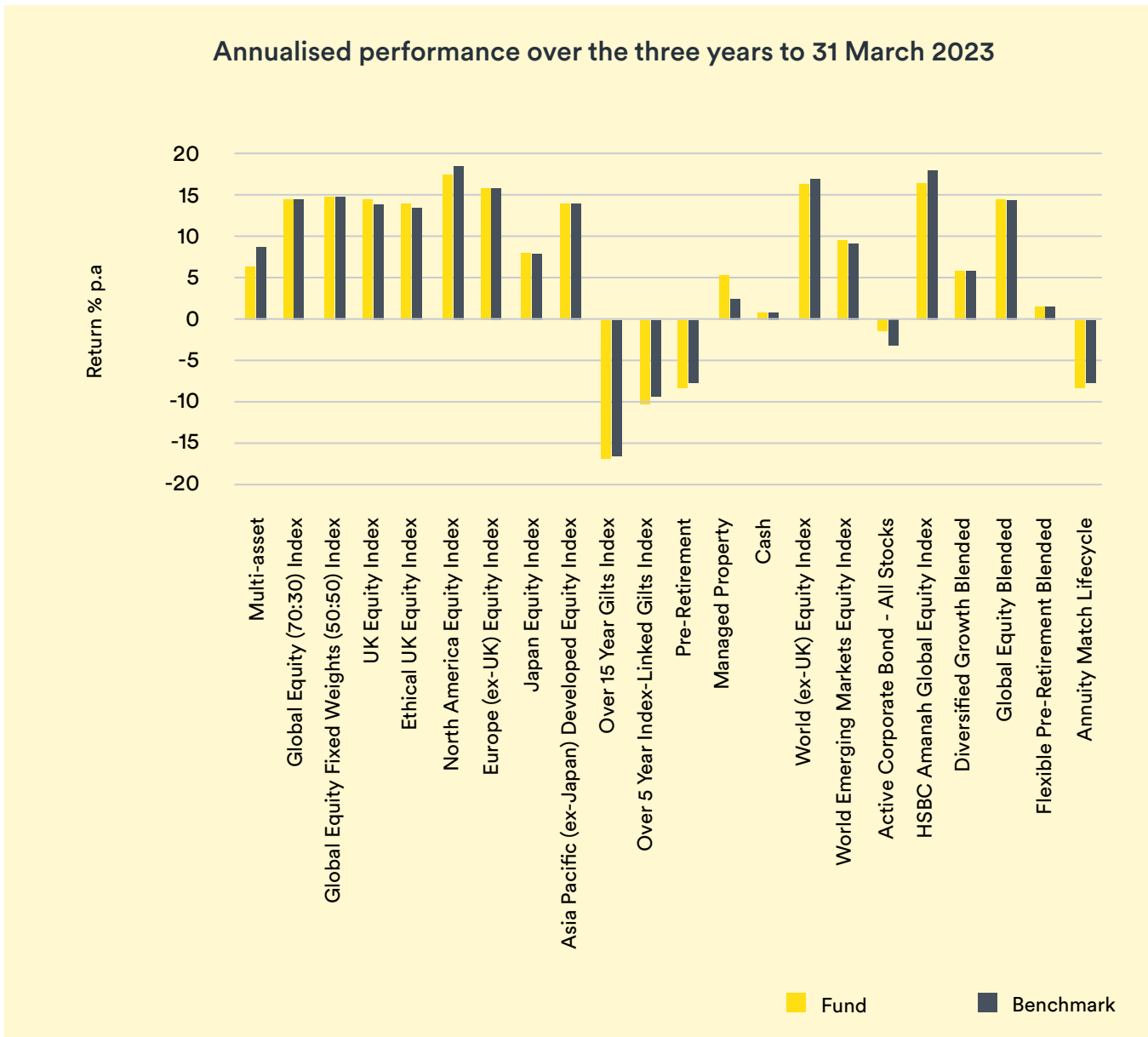


\* Note: Fund performance is shown gross of fees for all managers, based on the Plan's unaudited accounts.



# Investment Performance (continued)

## DC Investment Performance



\* Note: Fund performance is shown gross of fees for all managers, based on the Plan’s unaudited accounts. The Trustees recommend that you regularly review your fund choices to ensure they remain appropriate for your circumstances.

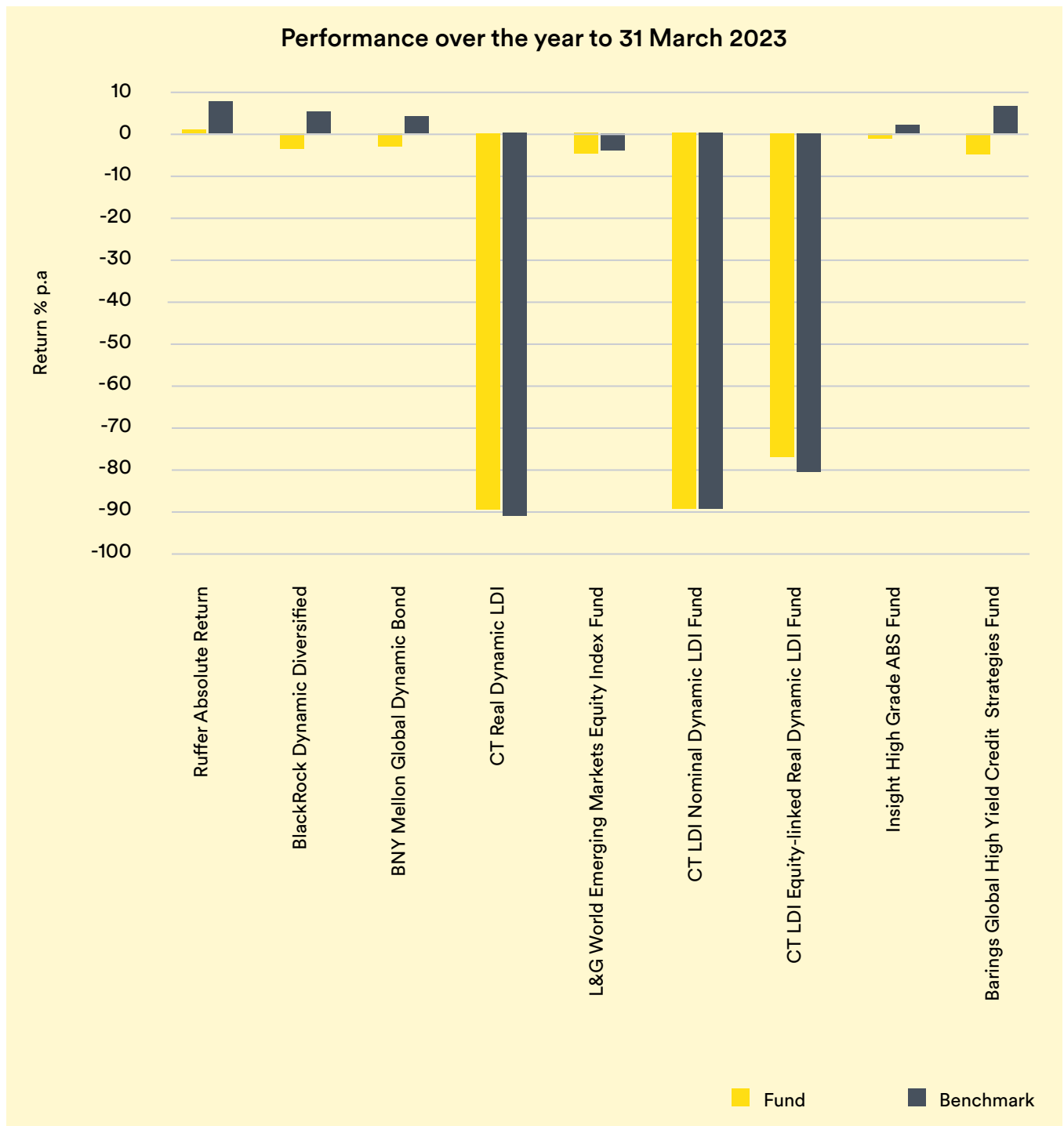
For most members, pensions are a long-term investment. In the short term, the default investment strategy is designed to reduce exposure to market volatility as you near retirement. However, investment markets remain volatile and the Trustees will continue to closely monitor the investment options on offer and keep members updated.

## DB Investment Performance

The Trustees are responsible for regularly reviewing the performance of these funds and whether the strategy remains appropriate for meeting the Plan's liabilities over the long term.

The DB Section's total assets fell from £150.9m as at 31 March 2022 to £104.2m as at 31 March 2023. The charts below show the returns achieved by the DB investment funds against the benchmark returns over one year and three years to 31 March 2023.

## DB Investment Performance



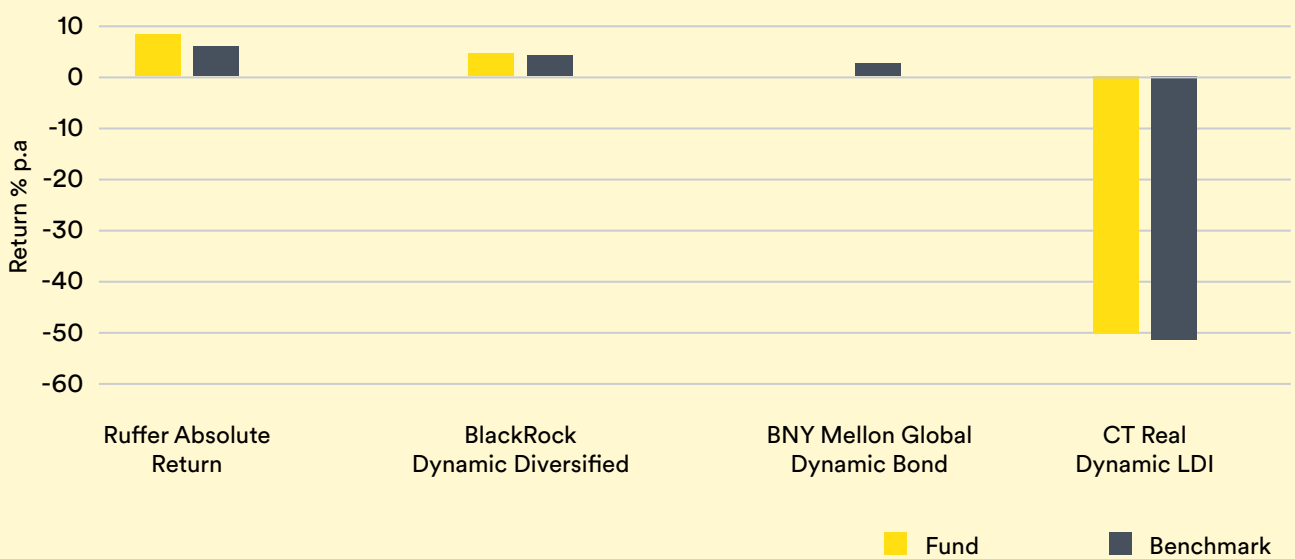
\* Note: Fund performance is shown net of fees for all managers, based on the Plan's unaudited accounts.



## Investment Performance (continued)



Annualised performance over the three years to 31 March 2023



\* Note: Fund performance is shown net of fees for all managers, based on the Plan's unaudited accounts. Some funds have not been in place for three years and therefore are not shown on the chart above.



# Funding update for the DB Section

Please note the following information is only relevant to members with benefits in the DB Section of the Plan.

## 2022 summary funding statement

A full triennial valuation of the DB section of the Plan was carried out as at 1 April 2022, with the results being finalised in April 2023. The results are summarised below, along with the position as at 1 April 2021.

	1 April 2021	1 April 2022
Total value of the Plan's member benefits	£146.4m	£149.2m
Total value of the Plan assets	£147.7m	£150.9m
Surplus/(Shortfall)	£1.3m	£1.7m
Funding level (assets/value of member benefits)	101%	101%

The funding position as at 1 April 2022 remained broadly the same as the last update as at 1 April 2021. Over the period since 1 April 2021, the value of the Plan's member benefits increased due to changes in the assumptions adopted for the 1 April 2022 valuation, although this was partly offset by changes in market conditions. The value of the Plan's assets also increased as a result of contributions paid into the Plan and positive asset returns.

The 1 April 2022 actuarial valuation showed that the Plan had no funding deficit relative to the Plan's statutory funding objective. Therefore L&Q is not required to pay regular deficit reduction contributions.

The Trustees are required by law to let you know the estimated amount of assets that would have been required for all members' benefits to have been completely secured with an insurance company if the Plan were to be wound up.

As at 1 April 2022 this was £194.4m, resulting in a shortfall of £43.5m. Please note that the inclusion of this information does not imply that the Employer or the Trustees are thinking of winding up the Plan and the Employer remains fully committed to ensuring the financial security of member's benefits.

The Trustees are required to inform you what would happen if the Plan started to wind up.

If the Plan winds up, you might not get the full amount of pension you have built up even if the Plan is fully funded under our funding plan. However, while the Plan remains ongoing, benefits will continue to be paid in full.

If the Plan were to start to wind up, the Employer is required to pay enough into the Plan to enable the members' benefits to be completely secured with an insurance company (full solvency). It may be, however, that the Employer would not be able to pay this amount. If the Employer becomes insolvent, the Pension Protection Fund may take over the Plan and pay compensation to members. The compensation may not be at the same level as the benefits that are provided by the Plan.


Further information and guidance are available on the Pension Protection Fund's website at [www.ppf.co.uk](http://www.ppf.co.uk) Or you can write to the Pension Protection Fund at:  
Pension Protection Fund  
PO Box 254  
WYMONDHAM  
NR18 8DN

The Trustees are required to notify you if there have been any payments to the Employer out of the Plan since the previous summary funding statement. We confirm that there have not been any such payments.

## Contact details

For questions relating to the Plan, your benefits or about logging on to the Plan website, please contact the administrator, Hymans Robertson:

 0121 210 4334

 London & Quadrant Housing Trust Staff Benefits Plan  
Hymans Robertson  
Seventh Floor  
45 Church Street  
Birmingham  
B3 2RT

 [LQpensions@hymans.co.uk](mailto:LQpensions@hymans.co.uk) quoting your name,  
the Plan name and your National Insurance number.

The L&Q logo is displayed in white text on a yellow rectangular background.

### For more information

L&Q Group  
T: 0300 456 9998  
[www.lqgroup.org.uk](http://www.lqgroup.org.uk)