

The 2024 annual newsletter of the L&Q Housing Trust Staff Benefits Plan

Saving for retirement

L&Q



You can contact our pension advisers, Hymans Robertson, at LQpensions@Hymans.co.uk or 0121 210 4334.

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Our trustees

Our 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. **Our current trustees are:**

Trustees	
Joanne Fairbairn (Chair)	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

Pension contributions

The trustees recognise that the ongoing cost of living crisis is likely to be of concern for many members. For some, your defined benefit pension has some protection against inflation as it increases each year by a certain amount. This goes some way to protect the value of your pension.

Please know that the trustees continue to carefully monitor the impact of market volatility on the plan, and will work with our advisers to consider any steps that need to be taken to protect it.

The trustees would like to remind you that you can also pay additional voluntary contributions (AVCs) into your pension account. You receive tax relief on pension contributions - this means that for most people contributions are deducted from salary before any taxation is applied.

If you would like to pay AVCs, you can get in touch at pensionsLQ@lqgroup.org.uk or download a form from the plan website. We recommend that you seek independent financial advice if you are considering paying AVCs into your pension account.

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



Pensions news (continued)

Pension savings and tax limits

There are limits on the amount of tax-free pension savings you can make in any tax year. This may be of interest if:

- you are paying significant AVCs
- you are a high earner subject to the tapered annual allowance
- you have flexibly accessed money from a defined contribution pension pot.

If your pension savings in any tax year exceed the annual allowance, a tax charge may apply. The annual allowance increased to £60,000 from 6 April 2023. 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.



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 tapered annual allowance is an allowance that impacts some higher earners. The tapered annual allowance may affect you if your total taxable income is over £260,000 for the 2024/25 tax year. 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 2024/25 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. 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.

Getting financial advice

Your pension is a valuable asset, and your choices will affect the standard of living throughout your retirement. Many people underestimate how long they will live, and underestimate how much income they need in retirement. If you are unsure as to what action to take, we strongly recommend that you seek independent financial advice. Please note that independent financial advisers charge a fee for their services, which you will have to pay. Neither the trustees nor L&Q are able to provide financial advice on your retirement or transfer options. If you are thinking of leaving the plan for any reason, we recommend that you seek financial advice first. A directory of independent financial advisers in your area can be found at 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 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

Fraudsters have been taking advantage of the additional worry about personal finances caused by current events to take advantage of scheme members. It is wise to be alert to the dangers of pensions scams. A tactic commonly used by pension "scammers" is calls that try to entice individuals to have transfer values paid from their existing pension schemes or arrangements. This could involve "promises" to release money before age 55 or to pay greater sums than are allowed. If you do decide to choose a new pension provider, you are urged to be careful and make sure that they are legitimate before you transfer. You should never be pressured into making a decision.

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 websites, 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 register.fca.org.uk. You can also access it by calling **0800 111 6768** or you can learn how to protect yourself from pension scams by visiting the FCA's ScamSmart website, www.fca.org.uk/scamsmart.

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.



Pensions news (continued)

PSLA Pension Standards

In February 2024, the Pensions and Lifetime Savings Association (PLSA) 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 figures show there has been a significant upward shift in the amount of money people need in retirement. The increases have been driven by the cost of living crisis (in particular food and energy prices) but also by changes in the UK public's expectations for retirement.

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
Minimum Covers all your needs, with some left over for fun	£14,400 London £15,700	£22,400 London £24,500
Moderate More financial security and flexibility	£31,300 London £32,800	£43,100 London £44,900
Comfortable More financial freedom and some luxuries	£43,100 London £45,000	£59,000 London £61,200

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. If it is not, you may wish to consider contributing more into the plan. More information can be found at <https://www.retirementlivingstandards.org.uk>





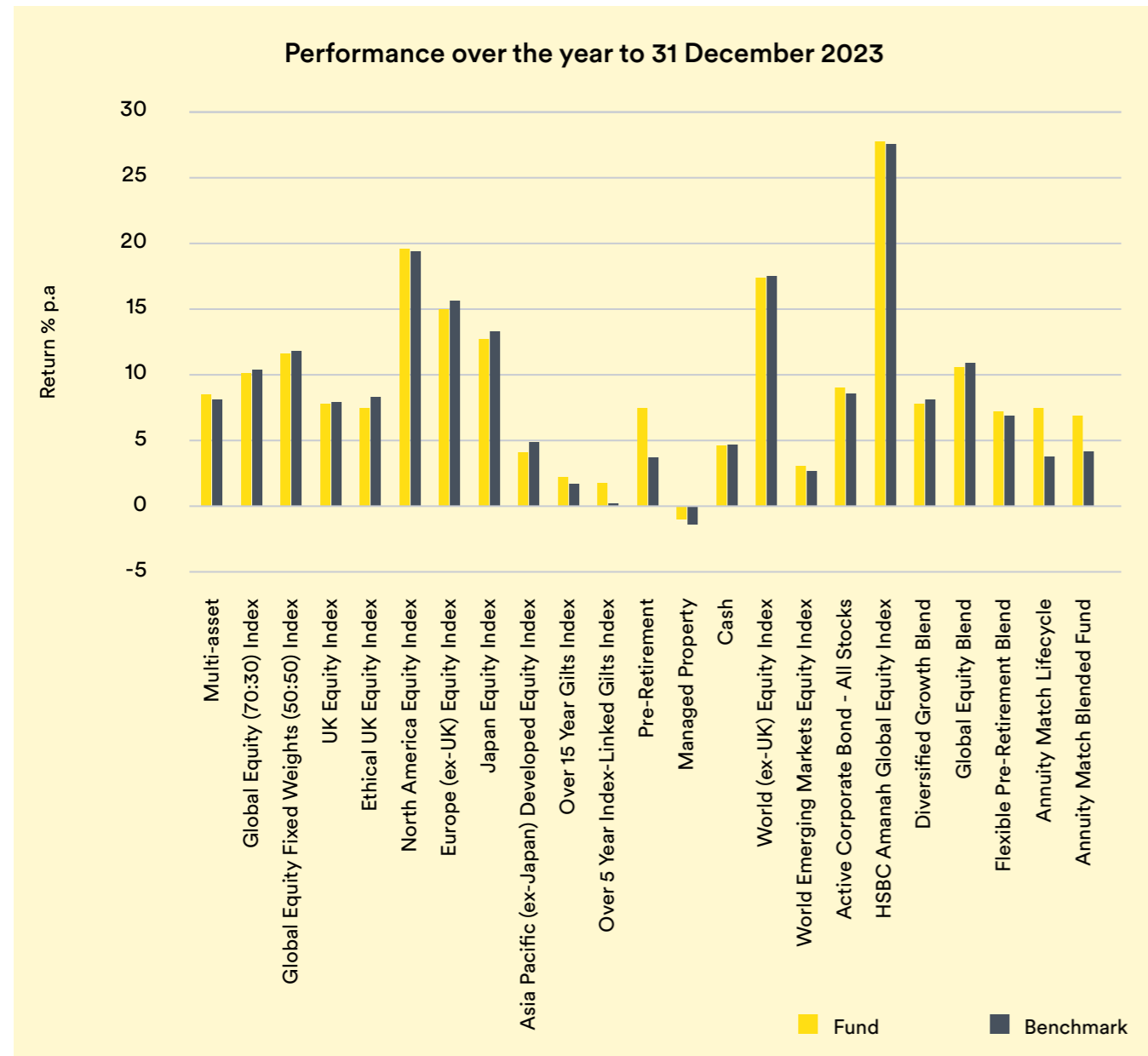
Investment performance

Defined Contribution (DC)

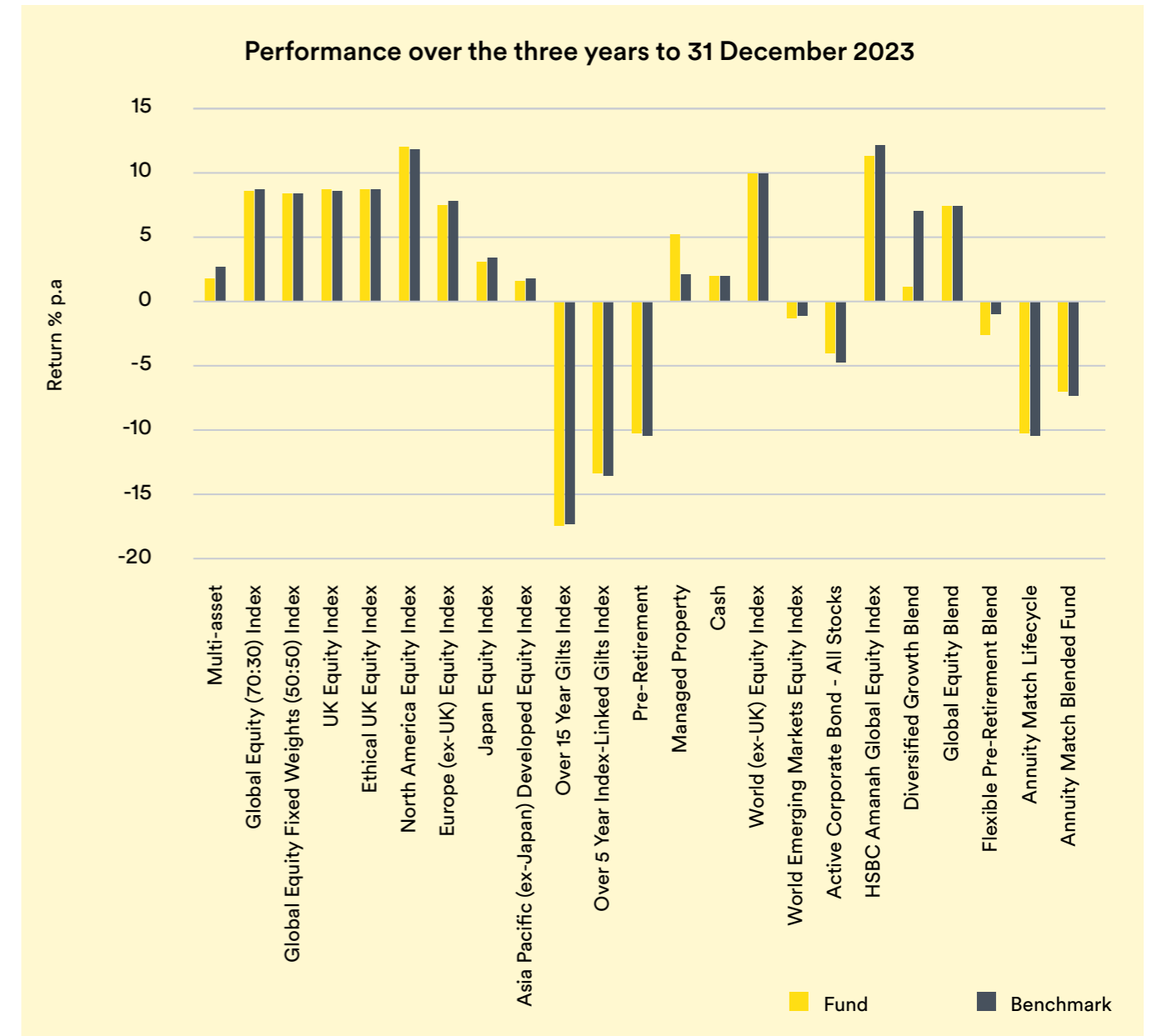
The amount in your pension pot at retirement is based on how much has been paid in and how well your investments have performed.

DC Investment Performance

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



* **Note:** Fund performance is shown net of fees for all managers, based on information provided by Investment Managers



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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.



Investment performance (continued)

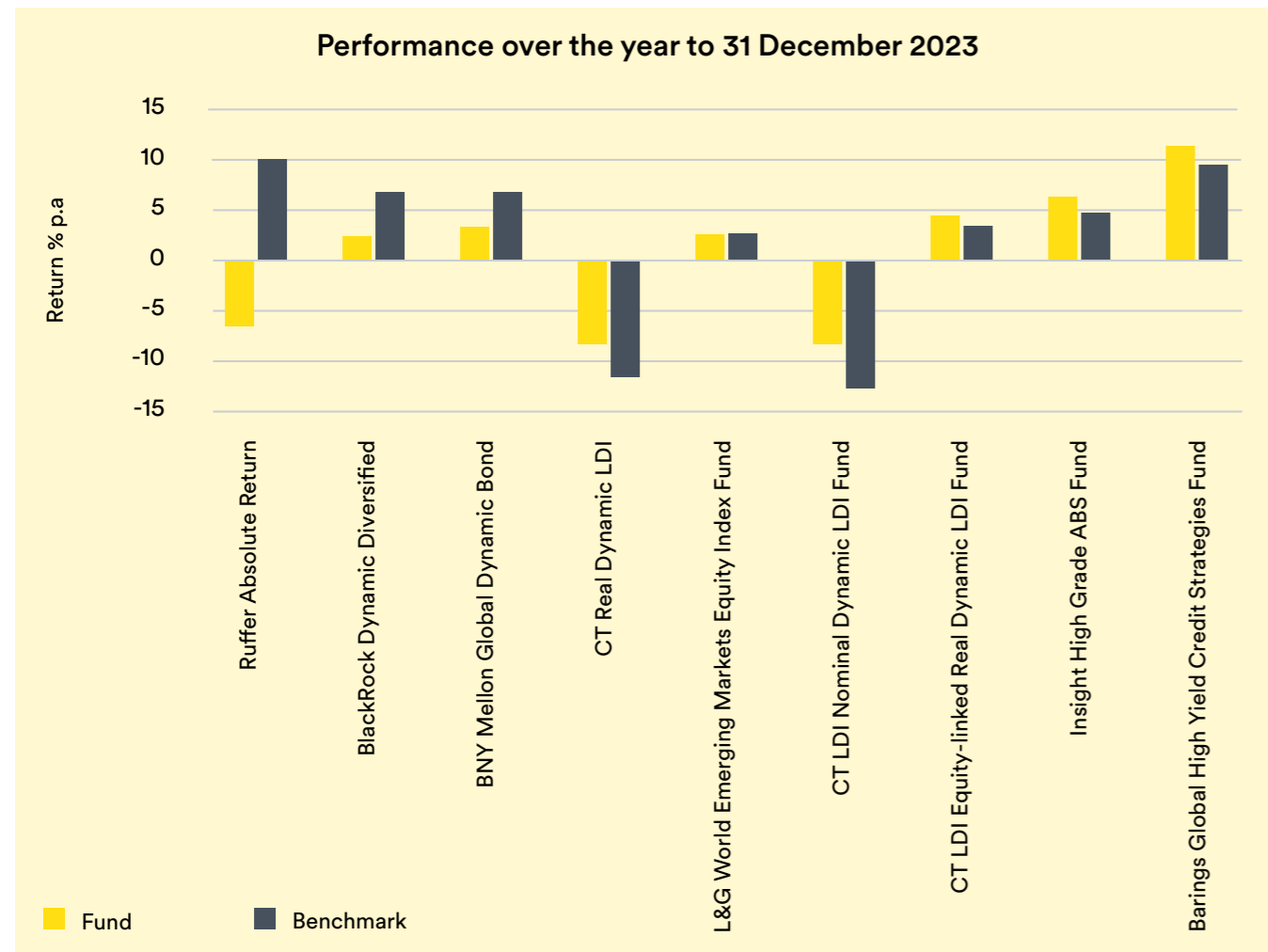
Defined Benefit (DB)

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.

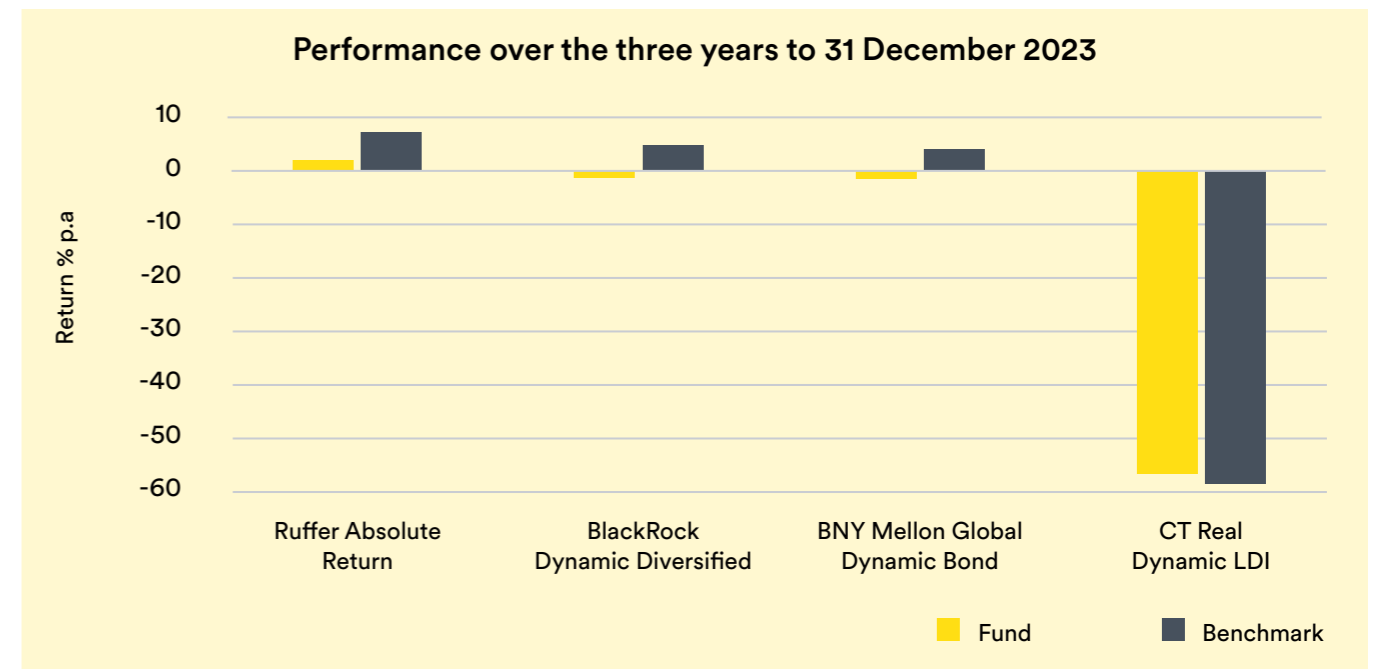
DB Investment Performance

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 charts below show the returns achieved by the DB investment funds against the benchmark returns over one year and three years to 31 December 2023.



* **Note:** Fund performance is shown net of fees, provided by Mobius and Investment Managers. Some funds have not been in place for one year and therefore are not shown on the chart above.



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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.

2023 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 2023.

	1 April 2022	1 April 2023
Total value of the Plan's member benefits	£149.2m	£109.9
Total value of the Plan assets	£150.9m	£104.3
Surplus/(Shortfall)	£1.7m	(£5.6)
Funding level (assets/value of member benefits)	101%	95%

The funding position as at 1 April 2023 has fallen since the last update as at 1 April 2022. Over the period since 1 April 2022, the value of the plan's member benefits decreased primarily due to an increase in yields on government bonds. The value of the plan's assets also decreased due to lower than expected 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 members' 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 is available on the Pension Protection Fund's website at 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 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