

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 2021 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:
<https://lqpensionplan.co.uk>



It's been a busy year for the Plan and since the last newsletter we have:

- 1 Completed a value for money assessment for the DC section of the Plan**
The Trustees concluded the Plan provides good value for members. The Chair's Statement contains lots of detail on investment charges and how the Plan is run. If you're interested in finding out more, this can be viewed on the home page of the online portal.
- 2 Monitored developments of Covid-19 and how this affected the Plan**
The Trustees have continued to keep an eye on your pension savings and ensured that the Plan continued to run smoothly during the coronavirus pandemic. Members' benefits have continued to be paid as usual and benefit quotations have continued to be issued with minimal disruption.
- 3 Undertook an annual review of the investment options for the DC section of the Plan**
The Trustees concluded the Plan's investment options remained suitable for the Plan's members.
- 4 Considered objectives for the DC section of the Plan**
The Trustees undertook a review to consider the objectives of the DC section of the Plan to help shape their priorities over the next Plan year.
- 5 Prepared the first Implementation Statement**
The Trustees have prepared the first Implementation Statement for the Plan, which sets out how the policies and practices outlined in the Statement of Investment Principles have been implemented over the Plan year.
- 6 Appointed a new Trustee; Amy Gilham, Assistant Director of Group Financial Reporting**
We're delighted to welcome Amy on board - you can find out more about the current Trustees in this newsletter.

You'll find further information on these projects and more in the following pages.

L&Q

For more information

L&Q Group
T: 0300 456 9998
www.lqgroup.org.uk

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

In this issue

The Trustees	03
Pensions News	04
Plan Facts and Figures	06
Investment Performance	07
Plan News	10
Funding Update	14



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

Richard Butcher (Chairman)	Independent Trustee, PTL Governance Limited
Tom Nicholls	Employer-appointed Trustee
Amy Gilham	Employer-appointed Trustee
Taryn Paton	Member-nominated Trustee
Paul Hornsby	Member-nominated Trustee

We're delighted to welcome Amy Gilham to the Trustee board and Amy has shared a few thoughts from her first weeks as a Trustee:



Hello everybody,

I'm Amy Gilham currently the Assistant Director of Group Financial Reporting within Finance at L&Q. I joined L&Q nearly 14 years ago, and have worked in various departments until I secured a place on the Finance Graduate scheme to study my chartered accountancy exams, and have been in Finance since 2011 fulfilling a number of roles as my career has progressed. I am responsible for our financial reporting across all companies within the L&Q Group (37 of them currently!) and also the annual external audit and production of the Financial Statements, alongside the governance and assurance aspects and reporting to the Regulator of Social Housing.

I have recently agreed to become a new Trustee following Caroline Pearson's departure from L&Q as I have had some dealings with our Pensions from a financial accounting perspective for some years, and this is a great opportunity for me to continue learning more – especially in the short term with the training requirements from The Pensions Regulator that are required of me to ensure that I fully understand and fulfil my role as a Trustee properly. I'll also be line managing our new Pensions Manager when they join too!

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

Pension scams

During the coronavirus pandemic, the pensions industry saw an increase in scams where fraudsters took advantage of the uncertainty caused by the pandemic. The Trustees would like to remind members to be aware of pension scams. There are several tactics that are used by pension “scammers” – people who sound like they want to help you but who are instead trying to get hold of your pension savings for themselves. These can include calls that try to entice individuals to have transfer values paid from their existing pension schemes or arrangements. This could also 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 and not to be pressured into making a decision. A transfer to a bogus product or provider may not only result in you losing all of your pension savings, but you could also incur a tax charge of over half the amount of the transfer value. A transfer to a bogus arrangement is considered by HM Revenue & Customs to be an “unauthorised payment” which triggers a 55% tax charge. It’s vital to consider this risk if you are looking at transferring your benefits out of the Plan.

Tips for spotting a scam:

- Cold callers or unsolicited emails asking you to provide personal or financial details – The Money and Pensions Service or any other government-backed organisation would never contact you to offer a pensions review.
- Requests to share personal or financial details when receiving an unsolicited call.
- Promises of high returns, a free pensions review, being able to access your pension early etc – you can check if the deal you are being offered is a known scam by visiting the FCA’s Scamsmart website at www.fca.org.uk/scamsmart

- Requests to take immediate action/urgency.
- Suspicious emails (generic salutation, spelling mistakes, email address looks wrong)
- Scammers can pose as financial advisers – you can check if a financial adviser is registered with the FCA and authorised to give advice about pensions at www.fca.org.uk/firms/financial-services-register/

The Pensions Regulator is keen to take stronger enforcement steps to help prevent these scams being widespread. They have also updated the information they make available on the Pensions Regulator’s website at: www.thepensionsregulator.gov.uk/en/pension-scams

State pension increase and changes to State pension age

The State pension rose in April 2021 by 2.5%, after the Office for National Statistics announced that inflation fell to 0.7% in September 2020.

The State pension age for both men and women rose from age 65 to age 66 in April 2021, and will further increase to age 67 by 2028. The Government also plan to increase the minimum pension age, which is currently age 55, to age 57 by 2028 in line with the rise in State pension age.





Plan Facts and Figures

Defined Benefit (DB)

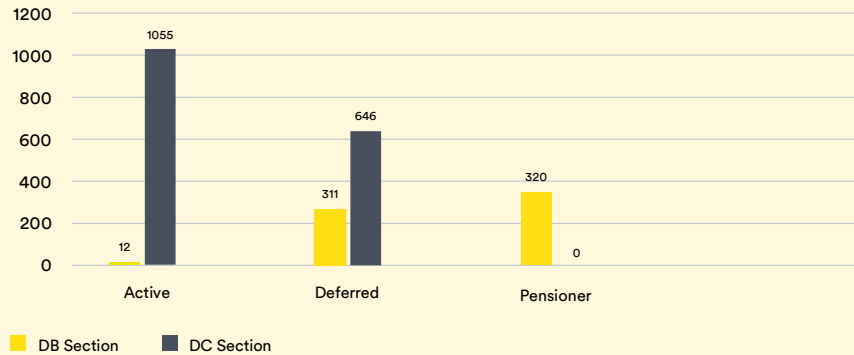
A pension scheme where the pension paid is based on a set of calculations, using a member's pensionable salary and pensionable service. This is sometimes known as a final salary scheme.

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 2021 (the date of the last audited accounts) there were **2,344** members of the Plan:



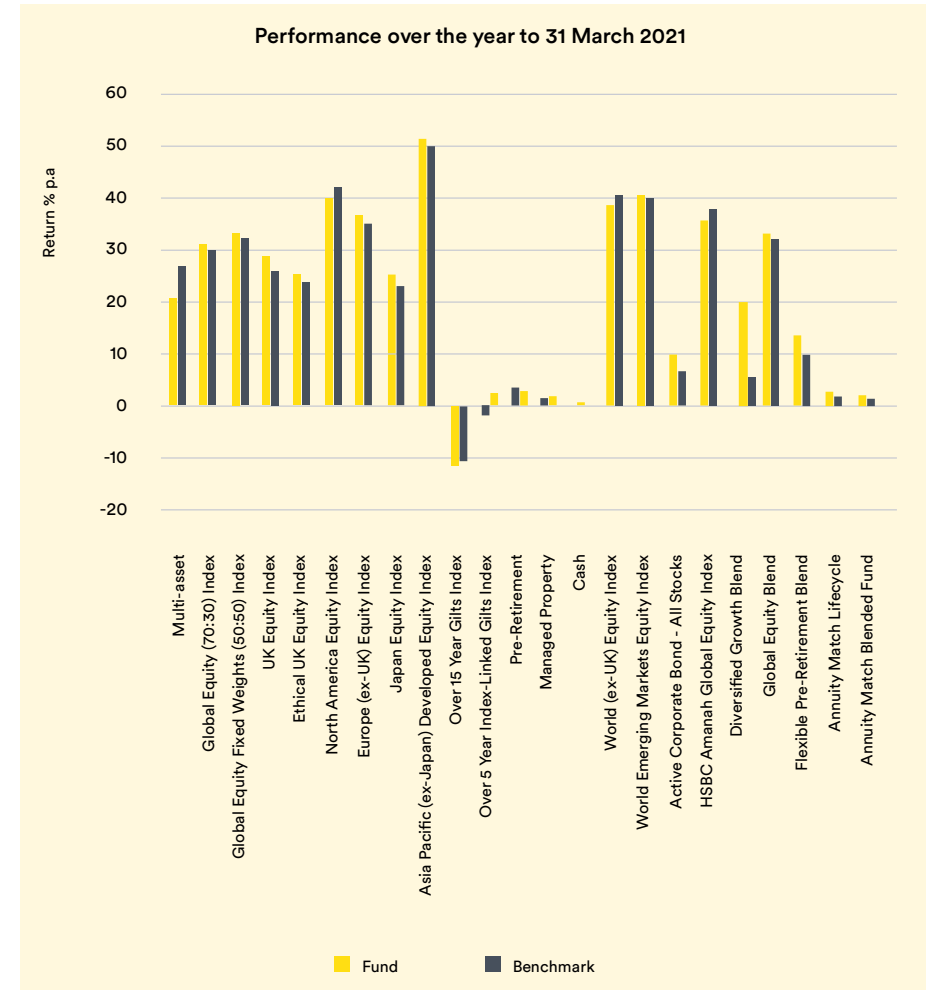
At 31 March 2021 the net assets of the Plan were **£225.2m**. The audited Plan accounts for the year ending 31 March 2021 can be viewed on the online portal or you can request a copy at LQpensions@hymans.co.uk



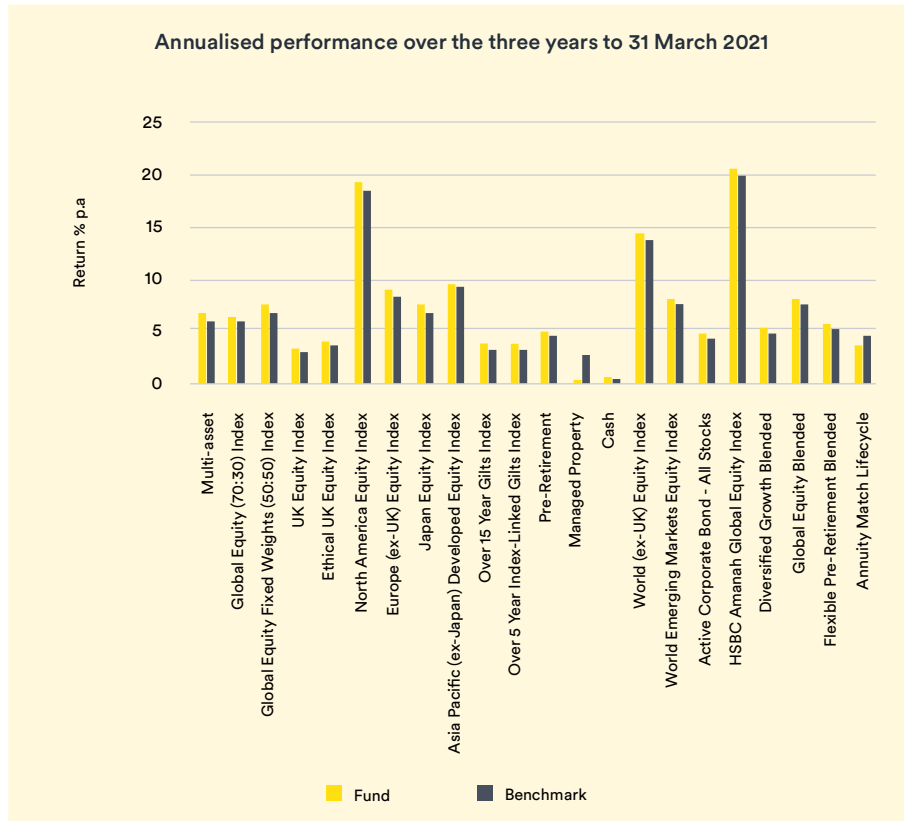
Investment Performance

DC Investment Performance

Members of the DC Section have a range of funds that they can choose to invest their retirement savings in. The chart below displays how these funds have performed, gross of fees, over the one and three year periods to 31 March 2021.



DC Investment Performance



* Fund performance is shown gross of fees for all managers.

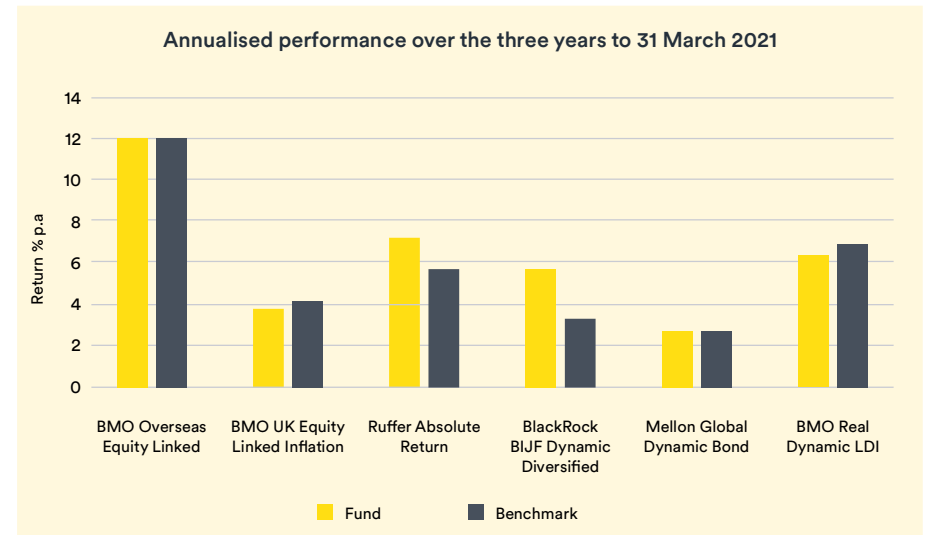
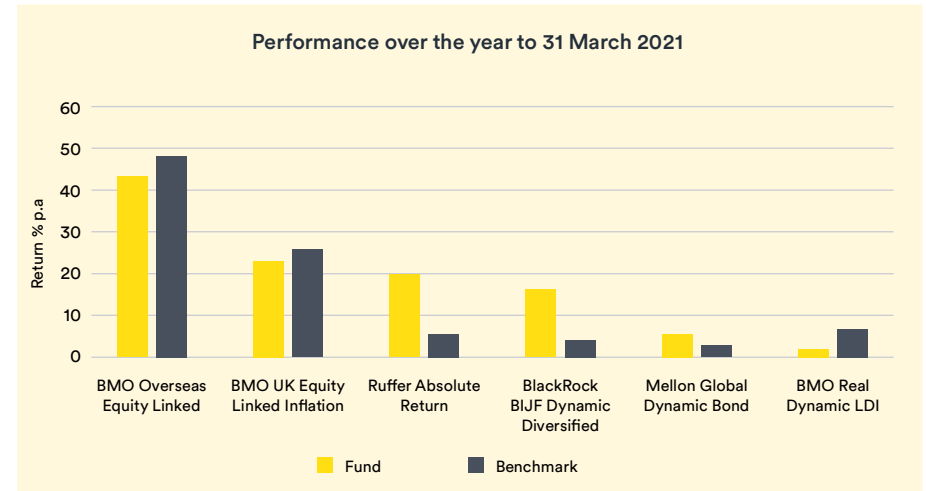
The Trustees recommend you regularly review your fund choices to ensure they remain appropriate for your circumstances.

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 invested assets rose from £128.6m at 31 March 2020, to £147.9m at 31 March 2021. The table below displays the returns achieved by the DB investment funds against the benchmark returns over the one and three year periods to 31 March 2021.

DB Investment Performance



* Fund performance is shown net of fees for all managers.



Plan News

DC Objectives

During the last year, the Trustees undertook a full review of the objectives of the DC section of the Plan. The Trustees have refreshed their objectives with a particular focus on ensuring members have a good understanding of the investments available, their retirement income and that they receive a good service from the Plan. The Trustees have included some additional information in the next section of this letter to help you better understand your income in retirement.

The Trustees have used these objectives to shape their priorities over the next Plan year and will monitor their objectives on a regular basis.

Retirement Living Standards

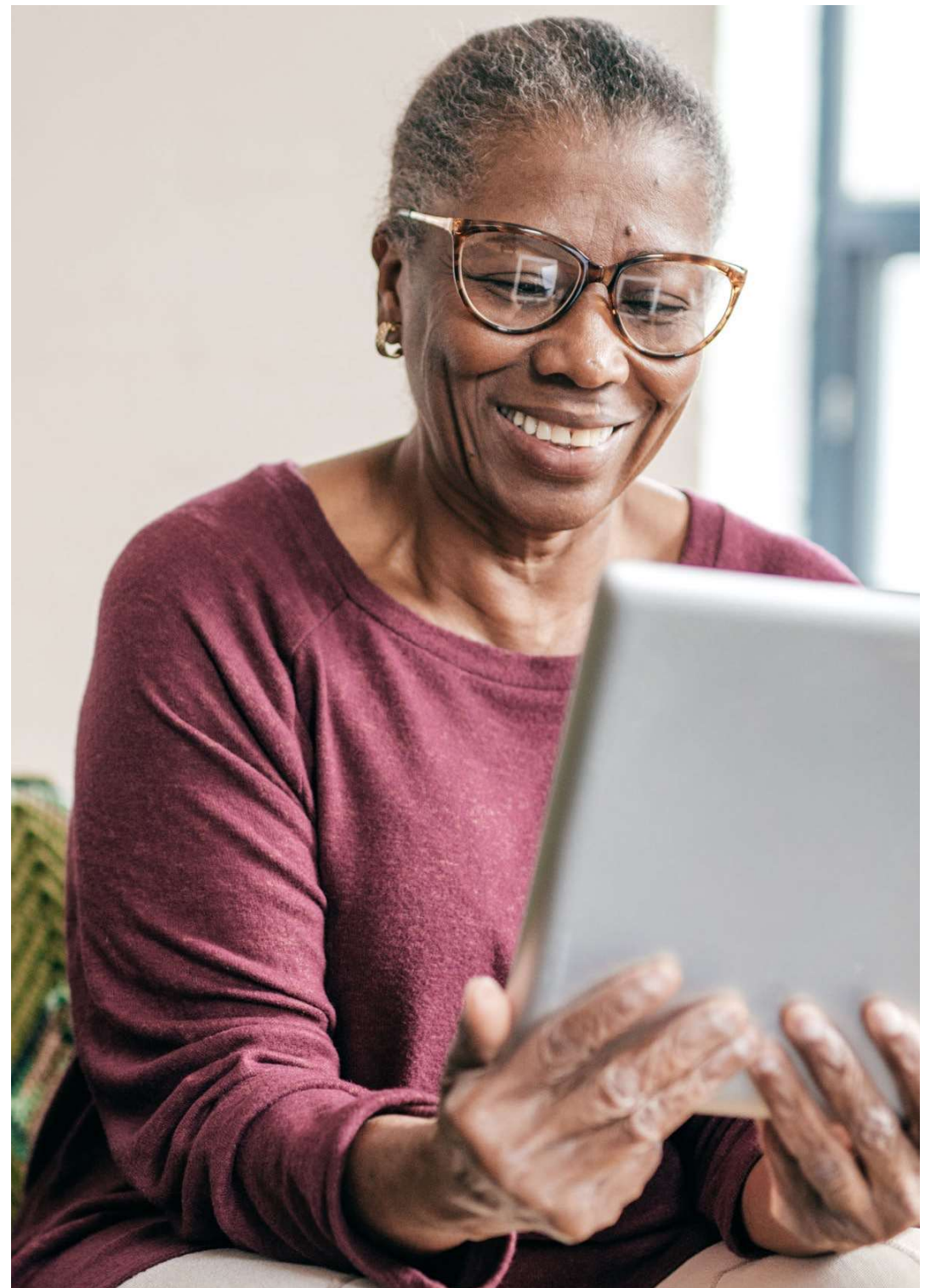
In October 2019, the Pensions and Lifetime Savings Association ("PLSA") announced their retirement living standards which are designed to indicate the level of income you might need in retirement to achieve a minimum, moderate and comfortable standard of living.

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 refreshed their retirement living standards in October 2021 and now expect you would need the following annual income (after tax) in retirement to achieve one of the three standards:

	Single	Couples
Minimum	£10,900	£16,700
Moderate	£20,800	£30,600
Comfortable	£33,600	£49,700





Plan News (continued)

The table below highlights what life in retirement may look like across a range of categories, at each of the different levels:

	Minimum	Moderate	Comfortable
House	DIY maintenance and decorating one room a year	Some help with maintenance and decorating each year	Replace kitchen and bathroom every 10/15 years
Food and Drink	A £41 weekly food shop	A £47 weekly food shop	A £59 weekly food shop
Transport	No car	Three year old car replaced every ten years	Two year old car replaced every five years
Holidays and Leisure	A week and a long weekend in the UK every year	Two weeks in Europe and a long weekend in the UK every year	Three weeks in Europe every year
Clothing and Personal	£410 for clothing and footwear each year	£730 for clothing and footwear each year	£1,200 for clothing and footwear each year
Helping Others	£10 for each birthday present	£30 for each birthday present	£50 for each birthday present

We 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.

The Trustees will be considering the targets over the next year including how best to utilise them in the Plan.

Chair's Statement

Each year the Pensions Regulator requires the Plan to complete a Chair's Statement for the DC Section. This year's statement includes an analysis of the charges incurred for the funds available to members over the Plan year, the actions and training undertaken by Trustees throughout the Plan year and the objectives and actions the Trustees will look to complete during the following Plan year.

The full Chair's Statement can be found on the online portal at <https://lqpensionplan.co.uk/>

Value for Members

Each year, the Trustees of the Plan carry out an assessment of the extent to which the Plan offers "Value for Money". This assessment allows the Trustees to fulfil the Pension Regulator's requirement to consider the extent to which the member-borne charges represent good value for you.

Members do not pay for any material aspects of the DC Section of the Plan, only bearing the cost of transactions, which arise when assets are bought or sold, or transitioned between investment funds. The Trustees consider the transaction costs borne by members are reasonable when compared with similar schemes and that members receive good value from their membership of the Plan overall.

Implementation Statement

The Trustees are required by law to prepare a Statement of Investment Principles (SIP) for the Plan. The purpose of this document is to outline the Plan's default investment arrangement and other investment options alongside the investment objectives and policies adopted by the Trustees. These policies include the risks affecting the Plan and how these risks are managed (including financially material considerations such as Environmental, Social and Governance considerations and climate-related risks).

From 1 October 2020 it is a requirement for the Trustees to report on how they have implemented practices outlined in the Statement of Investment Principles – this is known as the Implementation Statement. The Trustees have prepared their first Statements (for both the DB and DC section of the Plan) outlining how they implemented the policies and practices in the Plan's Statement of Investment Principles on behalf of Plan members during the year ending 31 March 2021. The following areas are covered within the Statement:

- Changes that have been made over the Plan year to the Statement of Investment Principles
- How the Trustees have governed and managed the Plan's investments over the year
- How the Trustees have ensured their platform provider and fund managers are suitable
- How the Trustees have monitored the Plan in terms of Stewardship and Responsible Investment
- The voting experience of investment managers in the funds used by the DB and DC section of the Plan
- The Trustees' plans for the next year.

If you want to find out more, you can find a copy of the Plan's Statement of Investment Principles and Implementation Statements at <https://www.lqpensionplan.co.uk/>

As Trustees, we are really keen to understand your views on Environmental, Social and Governance considerations so that we, where possible, can help reflect these in our actions. If you do have any views or feedback you would like to share, please get in touch using the contact details in this newsletter.

Member website

As a reminder, you are able to access your pension account through pensionsWEB. Registering access for the secure area of the website will enable you to:

- View details of your pension benefits
- Model your projected benefits at retirement
- View details of any nominated beneficiaries
- Log any requests or queries to Hymans Robertson.

The Trustees are delighted that some of you have logged in and are using this site regularly.

If you haven't logged in or checked on your pension recently, the Trustees would encourage you to take advantage of this tool.



You can access it here: <https://portal.lqpensionplan.co.uk>



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.

A full triennial valuation of the DB Section of the Plan was carried out as at 1 April 2019, with results being finalised in March 2020. The results are summarised below.

Position at 1 April 2019

Total value of the Plan's member benefits	£144.3m
Total value of the Plan assets	£133.7m
Shortfall	(£10.6m)
Funding level (assets/value of member benefits)	93%

Whilst the 1 April 2019 triennial valuation was being undertaken, L&Q agreed to continue to pay deficit reduction contributions into the Plan of £130,000 per month over the period until 31 March 2020. On completion of the valuation, L&Q agreed to increase contributions to £205,000 per month from 1 April 2020 to 31 March 2024.

2021 summary funding statement

The Plan's funding position was re-evaluated as at 1 April 2020 and 1 April 2021. The funding position at these dates were as follows:

	1 April 2021	1 April 2020
Total value of the Plan's member benefits	£146.4m	£152.3m
Total value of the Plan assets	£147.7m	£129.0m
Shortfall	£1.3m	(£23.3m)
Funding level (assets/value of member benefits)	101%	85%

Over the two-year period to 1 April 2021, positive returns on the assets and contributions paid into the Plan have increased the value of the Plan's assets. This increase has been partially offset by the outgoing benefit payments and as a result of a fall in government bond yields (which increased the value of members benefits). Overall, this has led to an improvement in the funding position over the two-year period.

The funding position as at 1 April 2021 is an improvement compared to the last update as at 1 April 2020. This improvement can be primarily attributed to a significant increase in assets as a result of contributions paid into the Plan and positive assets returns, and an increase in government bond yields (which decreased the value of members benefits). This has been partially offset by the outgoing benefit payments.

We 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. At 1 April 2019 this was £209.6m, resulting in a shortfall of £75.9m. 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.

We 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 plan. However, whilst the Plan remains ongoing, even though funding may temporarily be below target, 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 but note that the compensation may not necessarily 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.pensionprotectionfund.org.uk

Or you can write to the Pension Protection Fund at:

The Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon
CR0 2NA

We 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.