

A woman with short dark hair, wearing a bright green ribbed sweater and large green earrings, is smiling and looking off to the side. Her hand is resting on her chest. In the background, another person is partially visible, and the setting appears to be an office or meeting room with large windows.

**Capita Pension  
& Life Assurance Scheme**

**Newsletter and  
Summary Funding  
Statement 2022**

# Introduction from the Chair



On behalf of the Trustee, welcome to this year's newsletter for the Capita Pension & Life Assurance Scheme (the Scheme).

Our role as Trustee remains the same – to monitor the Scheme's development and to make any changes we feel are necessary to protect the Scheme and all members' best interests.

You will be aware of the current crisis following the recent mini-budget. The Chancellor's announcement on 23 September 2022 confirmed several tax cuts which appeared to be funded primarily through government borrowing.

This caused concern about the level of government debt and led to investors demanding a much higher return for investing in government bonds, causing their value to drop sharply. The Bank of England then stepped in and announced that it would buy up to £65 billion of government bonds to help stabilise bond prices and restore calm to investment markets.

The Trustee and its advisers acted swiftly to minimise the impact on the Scheme's funding position and we are working with the investment managers to ensure that the Scheme has robust processes in place to deal with any further market volatility. Please be reassured that at no point was the Scheme in danger of insolvency or at risk of being unable to pay benefits.

*In this year's newsletter...*

We are excited to inform you that we are currently undertaking a full rebrand exercise and we are really keen to hear your views. This follows last year's newsletter announcement that we are going digital and modernising the Scheme. Find out more on page 3.

Our switch to digital will mean that you have quick and easy access to all your Scheme information and that we can use less paper to keep in touch with you. Page 4 will tell you more about how you can help us make the change and the benefits involved for you and for the Scheme. Take a look at our website [www.cpl-as-pension.co.uk](http://www.cpl-as-pension.co.uk) to find out about taking your benefits, Scheme documents, FAQs and news.

This newsletter also gives you the latest information on the funding position of the Scheme and the steps the Trustee and Company are taking to reduce the deficit. You can find more information on page 8.

On behalf of the Trustee, I hope that you find this newsletter useful and informative.

**Andy Wadley**

Independent Chair of the Trustee, AAA Trustee Limited

# We are renaming your Scheme

We are in the process of bringing you a fresh new look and feel for the Scheme which will be completed in early 2023.

We plan to deliver a modern, independent scheme that is accessible and simple to understand, and want the Scheme brand to reflect this. It will be renamed Horizon Pension Scheme.

Making sure you, as our members, find Scheme communications easily recognisable and useful is key to the Trustee, so we want you to have your say on how it looks.

We have set up a very quick survey where you can vote for your favourite brand and logo option. You will find it at [www.smartsurvey.co.uk/s/CPLASbrand](http://www.smartsurvey.co.uk/s/CPLASbrand)

Your feedback should take no longer than a couple of minutes to complete.

**Below are the options you will be asked to vote on:**



**HORIZON**  
PENSION SCHEME



**HORIZON**  
PENSION SCHEME

# Scheme news

## New Member Online Portal

Our new Member Online Portal places all the information you need at your fingertips. With enhanced security and an improved user experience, it is an easily accessible way to find, view and manage your pension savings. You can use the portal to update your details, get in touch with us, and find out about your pension.

We will be continually developing the portal to ensure it retains its place at the forefront of digital pension services.

The website address for the portal hasn't changed, and if you've already signed up, there's no need to re-register. Why not log in and see the changes for yourself? [www.hartlinkonline.co.uk/cplas](http://www.hartlinkonline.co.uk/cplas)

## Going digital

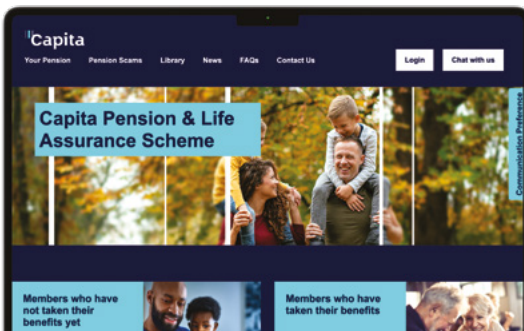
The Trustee is moving Scheme communications online and we want you to join us. It is quicker, easier, and better for the planet. You can access key information online whenever you need to and can take actions yourself.

We have a new Scheme website – [www.cplas-pension.co.uk](http://www.cplas-pension.co.uk) – containing useful information and documents about the Scheme and the new Member Online Portal where you can see your personal pension details.

As part of our move online, we will issue three notifications to either register an email address with us or opt out and continue to receive hard copy communications. After the three notifications, we will automatically issue communications digitally. This newsletter is the first notification.

The easiest way for you to provide us with an email address and help us to make the switch to digital is by registering for the portal at [www.hartlinkonline.co.uk/cplas](http://www.hartlinkonline.co.uk/cplas). Once you are registered, you will automatically start to receive digital communications. If you have already registered for the portal, please ensure we have your correct email address and that your personal details are up to date.\*

We know going digital is not for everyone, so if you wish to continue receiving hard copies, please go to the 'Contact us' page at [www.cplas-pension.co.uk](http://www.cplas-pension.co.uk) or write to us at CP&LAS, Capita Pension Solutions, PO Box 555, Stead House, Darlington, DL1 9YT.



\*We take steps to protect the personal information that you submit. For more detailed information on how we use personal information, who we share it with, and your data protection rights, please see our privacy notice at [www.cplas-pension.co.uk/privacy-policy](http://www.cplas-pension.co.uk/privacy-policy)

## Checklist of actions for members

We want to make the Scheme accessible for all our members and ensure the information we give you helps you to fully benefit from your Scheme pension. Completing the following list of actions will give you, and us, the best chance of doing that:



Register for the secure Member Online Portal. You can access information about the value of your pension, update details, contact the administration team and look up important documents.



Tell us your personal email address. Details of how you can do this are on page 12.



Let us know about any changes to your personal details so we have the correct information for you.



Complete your Expression of Wish form via the Member Online Portal. This is the simplest way to let the Trustee know who you would like them to consider paying any cash sum to on your death.



Complete the survey regarding the Scheme rebrand.

## Meet the administration team

Our administration team work extremely hard to ensure that member queries are answered thoroughly and accurately, that your records are kept up to date, and that you are issued with relevant correspondence. Our team members are highly skilled in defined benefit scheme administration and between them have over 128 years' experience in the pensions industry.

## Answering your pension questions

You can use our online virtual assistant to help you find out general information about pensions. Please click on the 'Chat with us' button, which is in the top right-hand corner of the website home page [www.cplas-pension.co.uk](http://www.cplas-pension.co.uk) and can be accessed at any time.

For help with specific questions about your own benefits within the Scheme we have a dedicated call centre to handle any queries you may have regarding your benefits. Contact details can be found in the 'Contact us' section at the end of the newsletter.

# Summary Funding Statement

## How is the funding level calculated?

When looking at the Scheme's funding level, the cost of providing the pension benefits promised is compared to the value of the investments held in the Scheme. The Trustee commissions an in-depth analysis of the Scheme's finances at least every three years. This analysis is called an 'actuarial valuation'.

Following each valuation, the Actuary advises the Trustee what contributions should be paid into the Scheme. The Trustee and Capita then agree a level of contribution and a record of this decision is made in the Schedule of Contributions. An updated analysis of the Scheme's funding position is performed by the actuary in between actuarial valuations called an 'actuarial report'.

In order to calculate the cost of providing benefits, the Actuary has to make a number of assumptions about, for example, future investment returns, salary increases and life expectancy. These assumptions are set by the Trustee with Capita's agreement.

## How are the Scheme's assets invested?

During the year, the Trustee appointed Russell Investments as its fiduciary manager ('the Fiduciary Manager'). The Fiduciary Manager is responsible for implementing the investment objectives agreed with the Trustee and for managing the portfolio on a day-to-day basis.

The Fiduciary Manager agrees the investment objectives with the Trustee and has discretion to invest in a broad range of asset classes based on the investment guidelines included in the Investment Management Agreement. The asset classes within the Scheme's investment arrangements include: equities, fixed income, real assets, hedge funds and other asset classes (including private debt and property).

The Trustee also uses liability driven investments ('LDI') within the investment portfolio. This involves investing in assets that are expected to mirror how the Scheme's liabilities shift in value following changes in long-term interest rates or inflation expectations.

 **104%**

funded on a technical provisions basis and has met the primary objective

## Actuarial report as at 31 March 2022

Patrick Bloomfield (the Scheme Actuary) of Hymans Robertson LLP and his team have assessed the Scheme's funding position as at 31 March 2022.

This Summary Funding Statement is based on the results of the actuarial valuation as at 31 March 2020 and the updated position as at 31 March 2022, and the results are as follows:

	31 March 2020	31 March 2021	31 March 2022
Assets	£1,446.5m	£1,518.1m	£1,614.4m
Liabilities (value of benefits promised)	£1,628.7m	£1,571.5m	£1,552.3m
Surplus / (Deficit)	(£182.2m)	(£53.4m)	£62.1m
Funding level	89%	97%	104%

## Funding objective

The Trustee has a primary funding objective to ensure that the assets held in the Scheme cover 100% of the liabilities, known as technical provisions, or the expected cost of providing members' past service benefits held in the Scheme. Following the payment of £70m into the Scheme over the year to 31 March 2022 the Scheme is now 104% funded on a technical provisions basis and has met the primary objective.

There is a secondary, long-term funding objective of having sufficient assets by the end of 2026 to be able to invest in a portfolio of low-risk assets that will generate income to pay members' benefits as they fall due. This low-risk portfolio is expected to consistently deliver a return in excess of 0.5% per year over the prevailing yield on government bonds, taking into account interest rate and inflation risks. This is in line with TPR expectations and the Schedule of Contributions.



## About the Summary Funding Statement and current market conditions

A valuation is a snapshot in time and is dependent on the value of the Scheme's assets and liabilities on that day. These values will vary over time.

As such, the funding position may improve or deteriorate in a relatively short period of time due to changes in market conditions and is part of a wider trend in pension schemes. However, the investments in the Scheme are long-term, and short-term volatility is to be expected. The Trustee regularly monitors funding and investment matters, as well as the financial strength of Capita. With the continuing support from Capita, there is little cause for members to be concerned.

## Improvement of funding position

The analysis shows the main factors affecting the funding position since the last full valuation at 31 March 2020 have been:

The Employer has made contributions to the Scheme of £140m (net of the cost of accruing benefits and Scheme running costs).

The Scheme's liabilities have reduced due to rises in government bond yields.

There have been greater investment returns than expected, which have increased the value of the Scheme's assets.

## 2022 funding position summary

As part of moving to the new arrangements with the Fiduciary Manager, a number of changes were implemented within the portfolio during the period, including:

- Replacing the exposure with a broader range of diversified investments.
- Restructuring some of the fixed income exposures in the portfolio.

Towards the end of the period, volatility increased in financial markets following global inflation being above expectations and Russia then invading Ukraine in February. The steps taken to reduce risk in the portfolio prior to these developments helped reduce the impact on the Scheme's investment portfolio during this period.

The Trustee continues to explore options to further reduce risk within the Scheme's investment arrangements, and will implement a de-risking framework and refine the Scheme's LDI portfolio.



## What does this mean for me and my pension?

It is important to remember that while the Scheme is supported by Capita (and there are rules which prevent Capita from withdrawing this support unless it becomes insolvent), benefits will continue to be paid in full to all members of the Scheme – even if there is a shortfall.

It is expected that the Scheme's funding position will go up and down over time. The change in the funding level is partly because of the Scheme's investment policy, which involves some investment in company shares (i.e. equities) and other growth assets whose value is volatile and varies from day to day. In addition, expected returns on bonds and expectations of future inflation are used to estimate liabilities and these also vary from day to day depending on economic market conditions.

## Have there been any payments to Capita?

Regulations require the Trustee to confirm to you that there have not been any payments to Capita in the past 12 months. The Trustee is happy to confirm this.

## Has The Pensions Regulator had to intervene in the Scheme?

Regulations require the Trustee to tell you whether The Pensions Regulator has used its powers to modify, direct, or impose a Schedule of Contributions on the Scheme. The Trustee is happy to confirm that the Regulator has not had to intervene in the running of the Scheme in this way.



## What would happen if the Scheme started to wind up?

If the Scheme was to be wound up Capita would be required to pay enough money into the Scheme to enable members' benefits built up to that point to be secured with an insurance company.

The estimated additional amount needed to ensure that all members' accrued benefits could be paid in full if the Scheme had been wound up at 31 March 2020 (full solvency) was £899.2m. This cost is high because the benefits would have to be secured with an insurance company if the Scheme were to wind-up, and therefore includes additional margins for profit and expenses that such an organisation would be likely to charge. By winding up, we mean Capita ceasing to support the Scheme and pay contributions into it.

This shortfall would have to be paid by Capita if this were to happen.

If, in the unlikely event that Capita was unable to pay the full amount and became insolvent, the Pension Protection Fund (PPF), which has been set up by the Government to assist schemes in such circumstances, might be able to take over the Scheme and pay compensation to members. If the Scheme was to wind up and go into the PPF, the compensation you would receive from the PPF may be less than the full benefit you may have earned in the Scheme.

Further information and guidance is available on the PPF website at **[www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)** or you can write to the Pension Protection Fund at: Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

**Please note it is a requirement that we provide you with this information. It does not imply that Capita is considering winding up the Scheme.**



# Pension news

## Pension scams and the new transfer rules

In previous newsletters, the Trustee highlighted the importance of looking out for anything suspicious if you are contacted about your pension. Unsolicited contact has become more prevalent during the recent pandemic, and there has been an increase in pension scams across the pensions industry. There have also been more instances where individuals have their personal credentials stolen by scammers, so you should always be careful when and how you share your personal information.

The key warning signs to be aware of and to look out for in relation to pension scams are set out on the dedicated CPLAS scams webpage at [www.cplas-pension.co.uk/pension-scams](http://www.cplas-pension.co.uk/pension-scams) and you are encouraged to review these before transferring your pension to another scheme.

From 30 November 2021, new regulations came into force for transfer requests, which are designed to protect savers against pension scams and to provide trustees with increased powers to block transfers taking place in certain circumstances. You are encouraged to remain vigilant, be extremely wary of unsolicited communications, and ensure you take advice from a regulated independent financial adviser before transferring your pension from the Scheme.

## Stronger nudge

Please note that, from 1 June 2022, pension providers must give members a “stronger nudge” towards Pension Wise guidance when they decide to access any Defined Contribution or cash balance pensions. This means that if you have Additional Voluntary Contributions (AVCs) in the Scheme and you decide that you want to access them, the Trustee will give you this “stronger nudge” and will offer to book a pensions guidance appointment for you. If you transfer your Defined Benefits (i.e. your main benefits) from the Scheme to another pension provider, you may find that they will do the same when you look to access those benefits too.

## Changes to the Early Retirement Age

You can currently retire at any age between 55 and 75. Reductions or uplifts will apply to your pension if you go earlier or later than your Normal Retirement Age.

The minimum age at which you can claim early retirement will be changing in 2028, from 55 to 57. The State Pension Age will rise to 67 in 2028, so the change to the Early Retirement Age will maintain a ten-year gap between the two.

# Where to get financial information and guidance

**MoneyHelper** offers a single place to find out about your money and pension choices. All the information and guidance MoneyHelper provides is free to use, impartial and backed by government. This includes links to further trusted support, if needed.

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## Contact us

If you have any questions regarding this newsletter, your pension entitlement or about the Scheme in general, please visit the website at [www.cplas-pension.co.uk](http://www.cplas-pension.co.uk) or contact the administration team at Capita:

Capita Pension & Life Assurance Scheme  
PO Box 555  
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Darlington  
DL1 9YT

**Telephone:** +44 (0)345 122 0887

**Email:** [capitafs@capita.com](mailto:capitafs@capita.com)

## Additional documents available on request:

- The Statement of Investment Principles
- The Actuarial Update
- The Schedule of Contributions
- The Recovery Plan
- The Statement of Funding Principles
- The Annual Report and Accounts
- The Actuarial Valuation
- The Trust Deed and Rules



 **Capita**