

Spring 2023

# PENSIONNEWS

A Pension Plan Report to Members on behalf of the Avon Rubber Retirement and Death Benefits Plan

**YOUR PENSION.  
YOUR FUTURE.**

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## Message from the Chair of the Trustee



Miles Ingrey-Counter  
Chair of the Trustee

**WELCOME TO THE ANNUAL AVON RUBBER RETIREMENT & DEATH BENEFITS PLAN NEWSLETTER. WE AIM TO USE THIS ANNUAL COMMUNICATION TO SHARE NEWS AFFECTING THE PLAN GENERALLY OR SPECIFICALLY FOR DEFINED BENEFIT ('DB') OR DEFINED CONTRIBUTION ('DC') SECTION MEMBERS AND TO REMIND YOU OF THE RESOURCES AVAILABLE TO YOU IF YOU HAVE ANY QUESTIONS OR CONCERNS.**

We have continued to see a lot of uncertainty with geo-political tension impacting the global economy. This has increased volatility in investment markets pushing inflation higher than it has been for decades and putting pressure on many peoples' finances. As we did throughout the COVID-19 pandemic, we are monitoring how these external pressures might impact the Plan and will make any changes we feel are necessary to protect it and the best interests of you, the members. In the DB section of this newsletter, we explain the steps we have taken to protect the Plan's investments. If you are a DC member you will see through your annual statement how your investments may have been affected by global economic conditions and will be able to find further detail on your funds on the Standard Life portal. There is also some further information on this in the DC section of this newsletter.

Inside we also include a summary of the most recent accounts so you can see how the Plan has changed over the period ending 31 March 2022.

In wider pensions news, we provide an update on Pensions Dashboards, the plan to provide everyone with online access to all their UK pensions in one place. We also highlight two areas of increasing focus for the trustees of pension schemes generally: climate change and diversity, equity and inclusion.

If you have any comments about this newsletter or the Plan in general, please contact the administration teams or the Trustees directly using the contact details at the end of this newsletter.

Please do also refer to our website at [www.avon-protection-plc.com/pensions](http://www.avon-protection-plc.com/pensions). This is where you will find a copy of this and previous newsletters together with other useful information about the Plan, including key contact details for both DB and DC sections.

## CHANGES

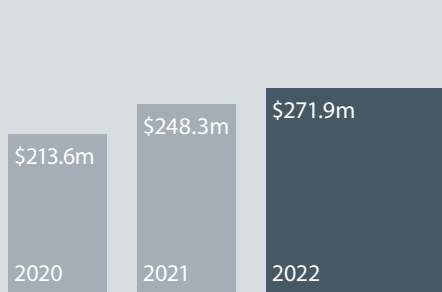
We thought it was worth making you aware of a couple of changes that have happened within Avon Protection:

**Name change:** We communicated this in last year's newsletter but as a reminder, the Plan's sponsoring employer has changed its name from Avon Rubber p.l.c. to Avon Protection plc. This is purely a name change, there are no changes to the Company's support to the Plan and any Company share certificates remain valid.

**Leadership:** You may have heard that Paul McDonald stepped down as Chief Executive Officer towards the end of 2022. The new Chief Executive Officer Jos Sclater has now joined the business. Rich Cashin also joined last year as Chief Financial Officer.

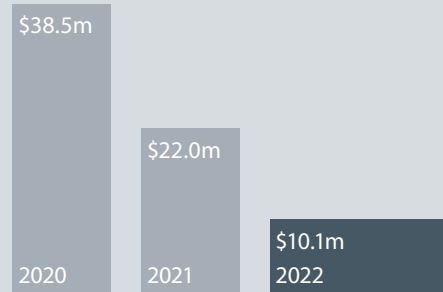


# AVON PROTECTION PLC 2022 FINANCIAL HIGHLIGHTS



## Revenue

\$271.9<sub>m</sub>



## Adjusted operating profit

\$10.1<sub>m</sub>

Further details can be found in the 2022 Annual Report.



## KEY FACTS AND FIGURES

Figures below are audited year end figures extracted from the accounts. A full copy of the accounts can be found on our website at: [www.avon-protection-plc.com](http://www.avon-protection-plc.com)

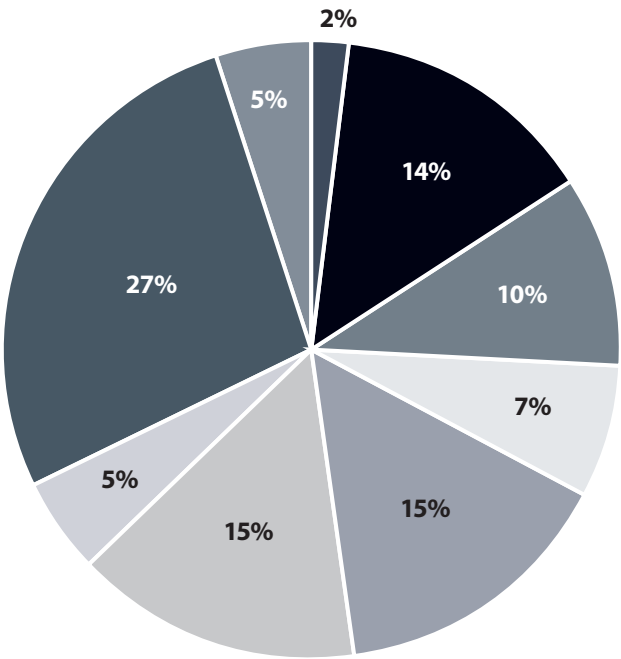
Defined Contribution section members		
Total number of members:	31 March 2021	31 March 2022
Brought forward from last year	282	312
New entrants	63	55
Exits	-33	-46
<b>Active members</b>	<b>312</b>	<b>321</b>
Deferred Defined Contribution members with preserved pensions	172	199

Summary of movements in the value of the Plan		
	31 March 2021 £(000)	31 March 2022 £(000)
<b>Value of the plan at the start of the Period</b>	316,850	351,316
Contributions	22,474	4,985
Pensioner payments and other outflows	-17,126	-17,349
Changes in market value of investments	29,118	15,899
<b>Value of the Plan at the end of the period</b>	<b>351,316</b>	<b>354,851</b>

Defined Benefit section members		
	31 March 2021	31 March 2022
Ex-members with preserved final salary pensions	1,183	1,108
Pensioners	1,991	1,993
<b>Total</b>	<b>3,174</b>	<b>3,101</b>

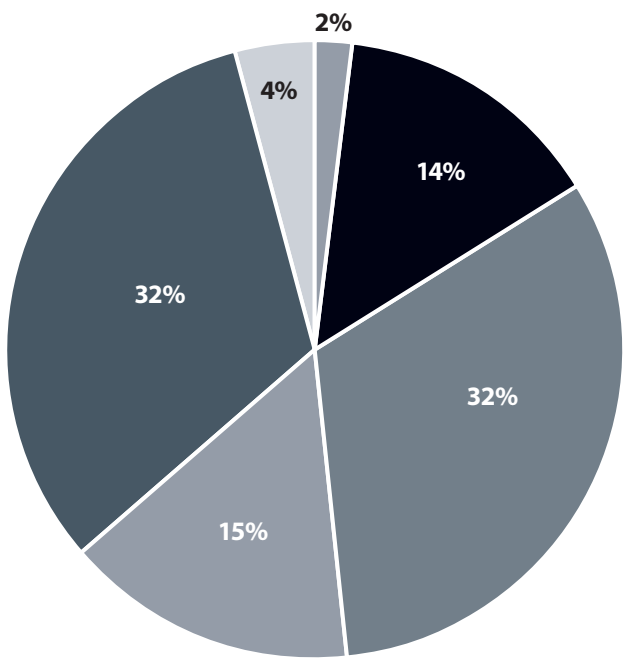
Funds by Scheme		
	31 March 2021 £(000)	31 March 2022 £(000)
DB Pooled Funds	336,832	337,865
AVC	900	918
<b>DB Total</b>	<b>337,732</b>	<b>338,783</b>
<b>DC Total</b>	<b>13,584</b>	<b>16,068</b>
	<b>351,316</b>	<b>354,851</b>

Percentage of DB assets by investment manager as at 31 March 2022



2%	Insight Broad Opportunities Fund
14%	Ruffer Absolute Return Fund
10%	CQS Multi-Asset Credit Fund
7%	Europa Real Estate Debt
15%	JP Morgan Infrastructure Equity Fund
15%	Ares Secured Finance Fund
5%	Insight Maturing Buy and Maintain Fund
27%	BlackRock LDI
5%	Cash

Percentage of DB assets by asset class as at 31 March 2022



2%	Diversified growth
14%	Absolute Return funds
32%	Multi-asset
15%	Secured income
32%	Bonds
4%	Cash

## PENSIONS DASHBOARDS: UPDATE

The aim of Pensions Dashboards is for everyone to have quick and easy online access to information on all their UK pension savings in one place. Pensions Dashboards will be online platforms providing one place for individuals to access this information primarily for the benefit of those that have not yet retired and need to know where all their benefits are.

As you may expect, this is a significant project - recent developments include completion of the digital build phase and the first volunteer providers preparing to connect to the system to begin testing using data.

The release to the onboarding phase is on track, beginning with the very largest schemes first, from spring/summer 2023.

To prepare for the release of Pensions Dashboards, between now and the staging date for the Plan, we'll be working with our advisers and administrators to make sure we have the right processes in place. This is quite some time away for our Plan so you will hear more from us on this in due course.

To find out more, go to [www.pensionsdashboardsprogramme.org.uk](http://www.pensionsdashboardsprogramme.org.uk)

## CLIMATE CHANGE

Recent years have seen an increasing focus on climate change and its associated risks for pension schemes. Indeed, since 2019, trustees of pension schemes have been required to consider long-term environmental risks and opportunities.

As Trustee of the Plan, we regularly meet with our investment advisers to consider our investment strategy and any updates are published in our Statement of Investment Principles (available at [www.avon-protection-plc.com/pensions](http://www.avon-protection-plc.com/pensions)). More regulation and guidance is coming, with the intention of ensuring pension scheme assets are invested in responsible and sustainable investment opportunities.

Elsewhere, the Pensions Regulator has published best practice investment guidance for trustees, while its climate change strategy sets out how it can help trustees to meet the environmental challenges. We as Trustee Directors are continuing to consider any guidance and how we can best act responsibly in the way we invest in assets.

Further, the Task Force on Climate-Related Financial Disclosures (TCFD) was established to develop best practice guidance for climate reporting. Regulations requiring schemes to report in line with the TCFD's recommendations came into effect for the UK's largest pension schemes from October 2021 and for the next largest group of schemes from October 2022. This doesn't include our Plan yet.

The collective aim is that these guidelines and requirements will empower the markets to channel responsible and sustainable investment opportunities. Pension schemes have a significant part to play in this.



## DIVERSITY, EQUITY AND INCLUSION

Alongside the attention that climate change and the environment is rightly receiving from pension schemes, diversity, equity and inclusion is also becoming increasingly important to trustees.

As Trustee of the Scheme, we are committed to ensuring the information we provide is accessible to all, and to getting a diverse mix of people on our board to make effective decisions.

This includes ensuring that:

- all members are able to access the information they need in an accessible way. For example we have recently updated our website to make this easier to use, and
- the Trustee Board of Directors has as a diverse mix of personalities, skills, experience and characteristics in order to make balanced decisions which factor in diverse points of view.

In line with the Pension Regulator's proposed new single code of practice we, along with many other trustee boards, will be considering our skills, strengths and any gaps over the coming months. We will keep you updated.



## PENSION SCHEME ACT 2021: NEW TRUSTEE POWERS

In the ongoing battle against pension fraud and following the provisions of the Pension Scheme Act 2021, we now have the power to put a transfer request on hold or block a transfer if certain 'flags' suggest fraudulent activity – by an unscrupulous financial adviser, for example.

If you are thinking about transferring your benefits out of the Plan, there will be more information about pension fraud and financial advice in your transfer pack.

To find out more, go to [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk) and choose Document library > Scheme management detailed guidance > Administration > Dealing with transfer requests. These regulations are due to be reviewed in 2023 and we will provide an update as and when appropriate as to any changes and what this means for members.

You can read more about the Pension Scheme Act 2021 online at:

[www.thepensionsregulator.gov.uk/en/pension-schemes-act-2021](http://www.thepensionsregulator.gov.uk/en/pension-schemes-act-2021)

## MINIMUM RETIREMENT AGE INCREASE

Your pension benefits – from the Scheme, from the State and from any other pension savings you have – will probably start at different ages. You therefore need to have an idea of when you plan to retire so you can assess what you could receive – and when.

The earliest age most individuals can start receiving their pension benefits will go up from age 55 currently to age 57 in 2028. The aim of this change is to keep the minimum retirement age around 10 years below the State Pension age, which is gradually increasing and will reach 67 by 2028.

Some members in some schemes will retain a right to retire at age 55, if the scheme rules have been constructed in a particular way. We have taken legal advice on whether this applies to any members in the Plan and confirm that members of the DC section who were active on 4 November 2021 do retain the right to retire at age 55 so are not affected by the change described above.

Please contact the Administrator if you need any further information about receiving your pension (see contact details on page 15).



## HIGH COURT REJECTS RPI REFORM APPEAL

The trustees of schemes of three of the UK's largest employers recently lost their challenge against the Government and UK Statistics Authority's plans to align the Retail Prices Index (RPI) with the Consumer Prices Index including owner occupiers' housing costs (CPIH) from 2030.

The CPIH measure of inflation is different to the RPI in the way it is calculated.

The trustees of the BT, Ford and Marks & Spencer pension schemes argued that the change would result in lower pension payments over time and lower transfer values. They also claimed that it would reduce the value of pension schemes' assets that are linked to the RPI, potentially increasing the financial pressure on sponsoring employers.

The decision means that, from 2030, schemes like our DB section with RPI-based pension increases for some benefits may see a lower level of increase. We will update you closer to the time.



# DC SECTION FOCUS

Benefits in the Defined Contribution (DC) Section of the Plan are determined by a combination of contributions paid by members and the Company, and investment returns earned on those contributions. The Company pays an amount specified in the Plan Rules that depends on each member's chosen contribution rate. The Company currently matches contributions at either 5% or 7.5% of salary.

This is a valuable benefit provided by the Company and we want members to be in a position to get the best possible outcomes from this. We have partnered with Standard Life to provide a range of funds you can choose to invest in, and Standard Life offer a great online portal to access all the information you might need in relation to your personal benefits and the options available to you.

## PICTURE YOUR RETIREMENT

Actively contributing members should regularly review their contribution levels. Increasing contributions is a simple way to make sure you have more money in retirement. Pension contributions are tax efficient - as the money you pay in, or contribute, is taken from your salary before income tax is deducted, reducing the overall amount of tax you will pay on your salary.

The Retirement Living Standards (RLS) are benchmarks for the income you might need in order to afford different lifestyles (minimum, moderate and comfortable). Full details can be found at [retirementlivingstandards.org.uk](http://retirementlivingstandards.org.uk) but as a general rule, they suggest the following:

### MINIMUM

SINGLE: £12,800  
COUPLE: £19,900



Covers all your needs, with some left over for fun.

### MODERATE

SINGLE: £23,300  
COUPLE: £34,000



More financial security and flexibility

### COMFORTABLE

SINGLE: £37,300  
COUPLE: £54,500



More financial freedom and some luxuries

You can get an estimate of your retirement income using the 'Plan Your Retirement' section on the Standard Life Portal. There is also a retirement income tool which you can use to explore different options to give an illustration of the impact they can have on your retirement income. Sometimes small changes can have a big impact.

## WHERE CAN YOU FIND MORE INFORMATION ON THE PENSION SCHEME?

For further information regarding joining the pension plan, receiving tax benefits from the Government and also receiving additional contributions from the Company you can visit the Standard Life Avon portal at <https://www.standardlifepensions.com/avonprotection>.

Current members of the Plan can manage their pension online at:  
[www.standardlife.co.uk/1/site/employeezone/login](https://www.standardlife.co.uk/1/site/employeezone/login)

**You can also access and manage your pension using the Standard Life App**

**Current members of the DC Section of the Plan can view an annual statement of their funds on the Standard Life Avon portal**

**The Standard Life App for mobile and tablet**

**24/7 access to your pension and savings**

- Quick and secure login with fingerprint or PIN. We also support Face ID on iPhone X
- Top up your Pension and ISA
- View your Mailbox and send secure messages
- See how your funds are performing

Download on the **App Store** GET IT ON **Google Play**

As a reminder, if you have funds invested in the DC Section, we contacted you in 2022 to notify you that the default fund- the Standard Life Passive Plus IV Lifestyle Strategy was being closed by Standard Life and a new default fund had been selected. If you had assets invested in this fund, they were moved to the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy from 10 October 2022, together with any future contributions.

## FINANCIAL MARKETS AND YOUR RETIREMENT SAVINGS

DC savings are invested in financial markets in assets such as equities (stocks and shares) and bonds (loans to companies and governments). These assets are expected to grow in value over the long-term meaning that your DC savings should grow in value by the time you retire. However, assets can go up and down in value and you may be aware that financial markets have been particularly unstable over 2022. This instability has meant your retirement savings may have gone down in value recently.



## HOW DOES THIS AFFECT YOU?

The specific impact of recent market conditions will depend on how you have chosen to invest your retirement savings and how far away you are from your target retirement date. However, the recent falls in financial markets have been widespread with the impact being felt by most members in the Plan and, indeed, most members of DC pension schemes across the UK.

We understand that seeing the value of your retirement savings fall can be worrying, particularly for members close to retirement. If you are concerned, we would encourage you to access the help and support that is available to you and to consider obtaining appropriate guidance and advice before drawing your retirement savings and/or changing how you are invested. Given market conditions, it is particularly important that you think carefully and are fully informed before making significant decisions about your retirement savings.

## GETTING HELP AND SUPPORT

Information about your retirement savings and help and support is available via the member website here: <https://workplace.standardlifepensions.com/avonprotection>

We are unable to provide you with financial advice but you can find information about independent financial advisers by going to: [www.fca.org.uk/consumers/finding-adviser](http://www.fca.org.uk/consumers/finding-adviser). Please remember that a financial adviser may charge you for providing advice but they will discuss any costs before you use their services.

With the support of our professional advisers, the Trustees remain committed to closely monitoring the Plan's investments, identifying and managing risks as far as possible and always acting in your best interests.



# DB SECTION FOCUS

## ACTUARIAL VALUATION

The Trustee Board is responsible for ensuring that sufficient contributions are paid into the Plan to cover benefits payable in accordance with the Rules and to build up funds to pay for future benefits.

Since the closure of the Defined Benefit section of the Plan in 2009, benefits in the Defined Benefit section are paid for by a combination of contributions paid by the company and investment income earned.

The amount of contributions to be paid is agreed between the company and the Trustee and recorded in a Schedule of Contributions. The Trustee Directors are advised by the Scheme Actuary who helps them agree appropriate assumptions with the company for calculating contributions. Once the assumptions are agreed the Scheme Actuary assesses the amount of money in the Plan relative to the benefits that must be paid out, both now and in the future. This assessment is known as an actuarial valuation of the Plan and is normally carried out every three years.

We are currently carrying out a valuation with an effective date of 31 March 2022 and have received some initial results from the Scheme Actuary which we are now discussing with the Company with a view to revising the regular contributions paid into the Plan. The actuarial valuation needs to be completed, and a new schedule of contributions in place, by 30 June 2023 so we should be able to communicate the outcome of this review later this year.

## INVESTMENT STRATEGY

The Plan invests in a range of assets, some known as growth assets which seek higher investment returns, and some known as matching assets which better reflect the liabilities the Plan needs to pay. The Plan's matching assets are in a vehicle known as Liability Driven Investment (LDI).

2022 has been another volatile year for investment – the Plan's growth assets fell during the year (with a couple of notable exceptions) as increased inflation

expectations and geopolitical uncertainty caused investors to move away from these riskier asset classes. There were large rises in gilt yields in September and October 2022, as you may have heard about in the media at the time, which caused the LDI funds to fall too.

LDI is designed to track a proportion of the Plan's liabilities so whilst the value of the Plan's LDI funds fell, the Plan's liabilities fell too, and by more than the assets did which means the funding deficit in the Plan will now be lower.

Rising gilt yields meant that the LDI fund manager needed to request further capital from the Trustee – this was funded by disinvestment from the Plan's growth assets. As a result of all these movements, the Plan's investments are currently slightly out of line with the Trustee's chosen strategy and the Trustees are now reviewing the strategy, alongside the work they are undertaking on the actuarial valuation. We expect to be able to share the outcome of the actuarial valuation and investment strategy review later in the year.

## GMP EQUALISATION

We told you in previous newsletters about a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions ("GMPs"). This is a very complex issue and along with many other pension schemes, we are working through the actions needed to address this. Once we know more, we will contact all affected members with details but we expect this to be a long process so please don't worry if you don't hear from us for a while.

## SEX EQUALISATION WITHIN THE PLAN

We told you in previous newsletters about a project we were undertaking to ensure members' benefits within the Plan are correct following advice from the Plan's lawyers. This project does not affect all members, only those who were active contributing members of the DB Section of the Plan between 17 May 1990 and 7 December 1992. If you meet this criterion and hold a deferred pension with the

Plan (i.e. you have not yet retired) you will have received communication from our administrators, Mercer, confirming the correct pension figures for you. If you are a retired member of the Plan, most members will now have received communication from our administrators but for the few remaining members, the delay will not impact the outcome for you. If we find that an increase is due to your pension we will pay arrears for the period since you retired.

We also wanted to reassure you that no members will be worse off as a result of the equalisation project. You may receive an increase in your pension if you meet the criteria above and did not take all your pension benefits at age 60 but the majority of members will be unaffected.

## STATE PENSION

The DB Section of the Plan was 'contracted-out' of the additional State Pension. This means you will have paid lower National Insurance (NI) contributions into the state system while contributing to, and building up benefits in, the Avon Plan. The lower NI contributions will be taken into account when calculating your State pension when you reach the appropriate retirement age so you may not be automatically offered the full amount of the current state pension (currently £185.16 per week). You will of course have your Avon benefits on top of your State benefits and you may have the option to increase the State pension by making an additional contribution.

Further information on contracting-out and how this impacts your State benefits can be found by going to Gov.UK and searching the new State Pension transition and contracting-out fact sheet.

We would encourage you to obtain a State pension forecast from the Government website:

[www.gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

## MEET THE TRUSTEE DIRECTORS



**Miles Ingrey-Counter**  
(Chair)



**Eric Fielding**  
(Member Nominated)



**David Little**  
(Member Nominated)



**Rob Wills**  
(Company Nominated)



**Zoe Holland**  
(Company Nominated)



**Mike Harral**  
(Company Nominated)

## THE PLAN'S ADVISORS

Auditor



Defined Contribution Provider



Banking



Defined Benefit Administrator & Investment Consultant



Scheme Actuary - Susan Hoare FIA



Legal Advisor





## FURTHER INFORMATION

### Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Helper directory at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

For more general information on pensions and saving for retirement, the following websites are useful resources:

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

Money Helper provides general advice on all money matters including pensions and finding an independent financial adviser.

[www.gov.uk](http://www.gov.uk)

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

The FCA provide information on pension scams, how to avoid them and what to do if you suspect a scam.

[www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](http://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise)

The Pension Wise section of Money Helper explains the flexible DC retirement options.

If you have a concern about your benefits, contact the Early Resolution Team:

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk/making-complaint](http://www.pensions-ombudsman.org.uk/making-complaint)

### REMINDER TO KEEP US UP TO DATE

Please let us know if you change your name or address, not only to keep your records up-to-date and so we can continue to contact you about the Plan and your benefits, but also to make sure personal or sensitive information going to your old address doesn't put you at risk of identity fraud. So when you move, please let us know your new address as soon as you can.

### COMPLETE YOUR EXPRESSION OF WISH FORM

Please ensure you complete an Expression of Wish form if you have not done so already, or if your personal circumstances have changed recently. This helps us understand your family circumstances and your wishes in the event of your death.

These forms can be obtained from the administrators for the relevant section of the Plan and on our website.

## CONTACT POINTS

### DEFINED BENEFIT PLAN ADMINISTRATORS



Mercer Consulting Limited,  
PO Box 505, Chichester, PO19 9AF  
Member Helpline: 0800 046 6183

### DEFINED CONTRIBUTION PLAN ADMINISTRATORS



Standard Life, Dundas House,  
20 Brandon St, Edinburgh, EH3 5PP  
Member Helpline: 0800 634 7479

### TRUSTEE REPORT & ACCOUNTS

The Trustee Directors publish a formal Report and Accounts each year that covers some of the items outlined in this newsletter. Please ask Mercer if you would like a copy or a copy of the Funding Review by the Scheme Actuary. You should write to Mercer if you would like to see the Plan's Trust Deed and Rules or if you want a further copy of the current Members' Booklet. All of these documents are available on the Plan's website at: [www.avon-protection-plc.com/pensions](http://www.avon-protection-plc.com/pensions)

### INTERNAL DISPUTE RESOLUTION

If you do have any problems with the Plan it is hoped that these can be resolved by the Administrators. If necessary, however, the Trustee Directors have a formal process for dealing with member disputes. Further details of this are available from Mercer or via our website. You may also be able to obtain assistance from the following external bodies:

#### The Pensions Ombudsman

The Pensions Ombudsman has the power to investigate and decide upon complaints and disputes involving occupational pension schemes. The Ombudsman will normally expect to act only when a matter has been through the Plan's Internal Dispute Resolution Procedure and referred to TPAS and not satisfactorily concluded. The web address is: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

#### The Pension Tracing Service

The Pension Tracing Service enables ex-members of schemes with pension entitlements, and members' dependents, who have lost touch with earlier employers. The web address is: [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

If you need to contact the Registrar, the telephone number is **0345 6002 537** or you can write to:  
The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU





**AVON**  
PROTECTION

[www.avon-protection-plc.com](http://www.avon-protection-plc.com)

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