



# TRUSTEE REPORT 2019



AXA UK Group Pensions newsletter

For active members of the Defined Contribution (DC) Section in the UK & Ireland

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## Taking care of your investments



We're committed to operating in the best interests of our members.

The Trustee, along with our investment adviser, Hymans Robertson, has responsibility for deciding what investment choices you have. These are regularly reviewed to ensure you have access to the best possible investment growth opportunities and to keep your choices competitive.

With a focus on providing ethical funding options such as Environmental, Social and Governance (ESG) funds, as well as a focus on enabling more reliable investment growth, the Trustee anticipates making some changes to the investment portfolio currently available to you. We'll provide more information soon.

### Need some jargon busting?

We've tried to ensure this Report is as simple as possible, but if there are any terms inside that you don't understand, refer to the FAQ section of the AXA pensions website where you will find an article called 'jargon buster':

[pensions.axa-employeebenefits.co.uk/en/frequently-asked-questions/jargon-buster](https://pensions.axa-employeebenefits.co.uk/en/frequently-asked-questions/jargon-buster)

## Scheme grows by £45 million over year

The Trustee produces a full set of financial accounts each year, which show how much money has been paid into and out of the Scheme. These accounts have been audited by KPMG LLP, who has verified that they show a true and fair view of the Scheme's financial transactions. The headlines are shown opposite.

In the period up to 31 March 2019, the uncertainty surrounding Brexit continued to dominate UK politics and, as a result, saw a slow-down in levels of business investments. Despite this, the UK's economic growth continued in line with expectations and the Scheme was able to generate a net return on assets of £11.3 million. The decrease in UK inflation also meant workers' pay started to finally benefit against living costs.

If you would like to see a copy of the full Report & Accounts, you can request one from the AXA UK Pensions Team using the contact details on page 4.

### Summary

Value of DC Section on 1 April 2018	£658 million
+ Money in less money out	+ £33.2 million
+ Net return on investments	+ £11.3 million
= Value of DC Section on 31 March 2019	£702.5 million

## £63.6 million

### Total money in

Contributions	£58.9 million
Transfers in	£4.7 million

## £30.4 million

### Total money out

Retirement and death benefits	£5.7 million
Transfer out payments	£24.7 million

### Strength in numbers

The DC section of the Scheme continues to grow, with almost 26,000 members as at 31 March 2019.



	2018	2019
Active	10,309	10,410
Deferred	14,446	15,465
<b>Total</b>	<b>24,755</b>	<b>25,875</b>

Visit [pensions.axa-employeebenefits.co.uk](https://pensions.axa-employeebenefits.co.uk) to see how our other pension resources can help you get the most from your retirement savings.

# A word from the Chairman



It's a pleasure to present the latest update from the Trustee of the AXA UK Group Pension Scheme to the members of the DC Section.

Last year, the Trustee focused on reviewing the overall member experience – launching a number of new initiatives designed to help you prepare for your retirement. Our new-look benefit statements and targeted communications throughout the year are there to support you on every step of your journey – from your first pension contribution, right through to making your retirement choices.

And as part of our commitment to our members, we're looking at making some changes to our investment options over the coming months – with a focus on providing a range of ethical options and more reliable investment growth. Look out for more information on this later in the year.

We're pleased to announce the appointment of two new Trustee Directors – Anna Colombatti and Marcus Taylor. We welcome them to the Trustee Board and look forward to the valuable knowledge and input they will bring to their roles.

We'd also like to say thank you and goodbye to Anna O'Donoghue and Nirali Patel, who have resigned from their posts as Member Nominated Trustee Directors (MNDs). We'd like to thank them for their commitment and dedication to the Board and wish them both well for the future.

I hope you find this newsletter informative and useful. If you have any feedback or topical suggestions, please get in touch using the details on the back page.

Wishing you a happy and healthy 2020!

**Stephen Yandle** | Chairman of the Trustee

## Online pension access just got easier!

The TargetPlan service has recently been enhanced – making it easier than ever to manage your AXA pension online.

With all the tools you need to monitor your savings, plus a fresh, intuitive new look, the new TargetPlan is accessible anytime, anywhere and on any device.

Access your online account at [aegon.co.uk/targetplan](https://aegon.co.uk/targetplan) to get real-time information on your AXA pension savings, monitor your investment performance, update your details, access your personal inbox, and more.

If you have any queries or need help activating your account, contact the Scheme Administrator, Aegon, at [axapensionsadmin@aegon.co.uk](mailto:axapensionsadmin@aegon.co.uk) or call **0345 603 4048**.



## We're teaming up with Nudge

We're committed to ensuring you receive information about your pension when it's most relevant to you. We will soon be joining forces with 'Nudge' – leaders in personal finance who are there to help you on your way to a healthier financial future.

At launch, this service will only be available for UK members.

## Did you complete an 'Expression of Wish' form?

An 'Expression of Wish' form sets out who you'd like to receive any pension benefits payable in the event of your death – so it's really important you keep this updated.

To nominate a beneficiary, or make changes to your existing nomination, download and provide us with an 'Expression of Wish' form, available at [pensions.axa-employeebenefits.co.uk/library/forms-and-guides](https://pensions.axa-employeebenefits.co.uk/library/forms-and-guides)

# Scheme noticeboard

## Steer clear of scammers



When it comes to your pension, it can be tempting to maximise your savings by investing – but thousands of people in the UK have lost their life savings by investing in a scam.

Scams can appear very convincing. That's why The Pensions Regulator (available to give advice and guidance on **0800 917 4487**) and the Financial Conduct Authority (FCA) have set up the ScamSmart campaign, which is designed to help you identify scams before you transfer any money.

Known scams are documented on the ScamSmart website at [fca.org.uk/scamsmart](https://fca.org.uk/scamsmart). But for extra help with keeping your savings safe, here are some key pension-points to remember.

- You won't be contacted out of the blue by someone legitimate. Unsolicited calls are illegal.
- Your pension is only available after the age of 55 – not before.
- The FCA Register provides a list of all FCA-authorized advisors and services. Call them on **0800 111 6768** to check the details of anyone you're considering investing with.
- Aegon, the Scheme's administrator, can assist if you've signed something you're unsure about. Contact them immediately using the contact details on the back page.
- And for independent, regulated financial advice on your pension, visit [moneyadvice.service.org.uk](https://moneyadvice.service.org.uk) and search "financial adviser" for an approved list of providers.

## Think you've been scammed?

If you think you've been the victim of a pension scam, call Action Fraud immediately on **0300 123 2040** to report it.

## High Court ruling on women's State Pension Age

Almost 3.8 million women born in the 1950s have been affected following the Department of Work and Pensions (DWP) decision to increase the State Pension Age from 60 to 65.

Women impacted by the change set up the 'Backto60' campaign, arguing that raising the pension age unlawfully discriminated against them on the grounds of age, sex, and age and sex combined. Additionally, they were further affected due to the speed of implementation. The plan was to phase this change in between 2010 and 2020, but the coalition government of 2010 accelerated the timetable. As a result, women in this demographic felt they were given very little time to prepare for the effects of any possible changes.

The High Court has now ruled that these women will not be compensated. The High Court judgment found that there had been no age discrimination by the DWP, and was further justified by the aim to keep the State Pension affordable, while striking a balance between State Pension Age and the size of the State Pension – as well as the planned equalisation of the State Pension Age for men and women. The fact that people are living longer was also an important influencing factor, with a focus on intergenerational fairness between pensioners and younger taxpayers.

The qualifying pension age for both men and women will be raised to 66 by October 2020.

## An update on Brexit

Due to the majority government result of 2019's General Election, we've taken into consideration the potential finalisation of Brexit by the Conservative party in early 2020.

Throughout the negotiations, the Trustee has monitored the possible effects of Brexit on judgements and estimations when preparing the financial statements, and as a result, has put robust risk management policies in place. The operational impacts of Brexit are expected to be minimal, and risks will continue to be carefully managed as this process is finalised.





## Money and Pensions Service

Launched in April 2019, the Pension Advisory Service, the Money Advice Service and Pension Wise have joined forces to create the brand new Money and Pensions Service ([moneyandpensionservice.org.uk](http://moneyandpensionservice.org.uk)).

Sponsored by the Department for Work and Pensions (DWP), the Money and Pensions Service's united vision is "everyone making the most of their money and pensions" – bringing together their expertise and services in one central place, with a joint commitment to ensuring that people across the UK have easy access to the latest pensions tools, tips and guidance they need to make good financial decisions.

The Money and Pensions Service will offer:

- Pensions guidance relating to workplace and personal pensions
- Money guidance – helpful tips on day-to-day money management skills
- Debt advice – offering free guidance on getting debt-free

Services provided by each of the three organisations won't be interrupted by the change – but with continuing efforts to improve access to information and guidance, there will be a focus on streamlining and simplifying the customer journey for the future.

## We want to hear your views

Our members' opinions matter to us. We'd love to hear what you think about our current communications, what we could do better, and how you'd like us to keep in touch with you going forwards.

To have your say, email [pensions.uk@axa.co.uk](mailto:pensions.uk@axa.co.uk) using the subject header 'Feedback'.



## Do you know how much your retirement will cost?

New Retirement Living Standards, designed to help people understand the cost of the retirement lifestyle they want, were launched in October by the Pensions and Lifetime Savings Association (PLSA).

Based on the well-respected Minimum Income Standard, Loughborough University conducted independent research alongside the UK public to create the new Retirement Living Standards. These describe three different standards of living with associated costs for each – all based on what the public considers realistic when it comes to costing household bills, food and drink, transport, holidays and leisure, clothing and personal and helping others.

“ As an estimate, a single person will need about £10k a year to achieve the minimum living standard, £20k a year for moderate, and £30k a year for comfortable. For couples, it's £15k-£30k-£45k. ”

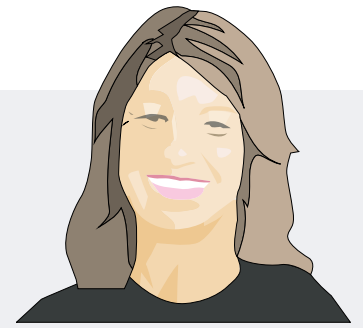
And with research showing that 51% of people focus on current needs above providing for the future, the Standards aim to help give savers more confidence about saving for the future.

By paying into the AXA Pension Scheme, you can get set for retirement with tax-efficient savings and our Company contributions. Even paying 1% more into your pension pot might not cost you as much as you think, thanks to tax and NI relief. Find out by using our Contribution Calculator at [pensions.axa-employeebenefits.co.uk/contributions](http://pensions.axa-employeebenefits.co.uk/contributions).

To increase your pension contributions, simply log into My Benefits and choose the option 'Pension Top Up': [axa.orbitbenefits.com/idm-ui/login](http://axa.orbitbenefits.com/idm-ui/login)



## Dear Rebecca...



**Rebecca Shevill**, Head of Pensions Administration and Trustee Services, answers your pension questions.

### I'd like to save more for my retirement. What are the advantages of paying extra into my pension?

Topping up your pension by just 1% can make a real difference to your financial freedom in the future – the good news is thanks to tax and NI savings, it might not cost you as much as you think. All pension contributions are paid into your Personal Account and are invested to help it grow over the years. This means that saving an additional small amount each month now could have a greater impact to your lifestyle at retirement than you realise.

### Fantastic! I'm going to increase my contributions. Are there any limits to the amount I can pay in each year?

You can pay as much or as little as you like into your pension as long as you don't exceed the Annual or Lifetime Allowance limit, which applies to all of your pensions. For 2019/20, the Annual Allowance is £40,000 with a Lifetime Allowance of £1,055,000.

### How do I increase my contributions?

To increase your pension contributions, simply log into My Benefits and choose 'Pension Top Up'. If you do not have access to My Benefits, please contact your local HR team who will action this for you. Increasing your contributions is a great step towards saving boldly for your tomorrow!

### How can I access information about my pension?

TargetPlan, our secure online pension tool, gives you access to real-time information on your AXA pension savings. You'll be able to monitor your account value and investment performance, update your details, access your personal inbox, and much more. Visit [aegon.co.uk/targetplan](http://aegon.co.uk/targetplan) to register or log on now.

### Great, and when can I retire?

You can choose to retire anything between 55 and 75, although the Scheme's Normal Pension Age is 65. If you retire early, your Pension Account is likely to be smaller and will need to last you longer, so it's critical you plan ahead to ensure you can keep track of your money and make sure it lasts.

The myTarget modeller on TargetPlan ([aegon.co.uk/targetplan](http://aegon.co.uk/targetplan)) can help you to see how changing your Target Retirement Age (as well as how much you pay into your Pension Account and your investments) could impact how much you may get when you retire.

### I want to make sure my loved ones will be taken care of. What happens to these pension savings if I die?

A cash lump sum will be paid to your spouse, civil partner, co-habiting partner, other dependant or legal representative. This will be paid at the Trustees' discretion but they'll take your wishes into consideration, so it's critical you keep your nominated beneficiaries' information up to date. Download a Nomination Form from [pensions.axa-employeebenefits.co.uk/library/forms-and-guides](http://pensions.axa-employeebenefits.co.uk/library/forms-and-guides)

## Planning for tomorrow starts today

Due to the success of our Pension Roadshows in 2018, AXA will be hitting the road once again to bring expert pensions guidance direct to you.

You'll benefit from talks from pensions specialists, as well as the opportunity to ask questions and speak to experts.

Stay tuned for the dates, locations and times of each presentation, coming soon to an office near you.



# AXA UK Group Pension Scheme Summary Funding Statement

This is your latest Summary Funding Statement, which includes a recap of the results of the full actuarial valuation carried out as at 31 March 2018, and an update of the funding position one year on as at 31 March 2019.

Your pension savings are completely separate from the DB Section. However, the law says we have to send you this statement just in case you ever qualify for an incapacity pension from the Scheme, which would be paid out from the DB Section.

## Recap of the results of the 31 March 2018 actuarial valuation

As a reminder, the actuarial valuation has two main purposes. It looks at:

- whether there is enough money in the Scheme to pay benefits that members have earned to date (the 'funding position'); and
- how much money is needed to pay for benefits which come into payment in the future.

The latest formal actuarial valuation showed that as at 31 March 2018, the assets of the Scheme (which included the value of the asset backed structure supporting the Scheme) could be expected to cover around 90% of the liabilities. This represented a shortfall of assets of around £631 million.

This was a slight increase in the shortfall compared to the last valuation as at 31 March 2015. However, the main reason for the increase was that the Trustee and AXA have agreed to a stronger funding target as at 31 March 2018 than was adopted for the 2015 valuation.

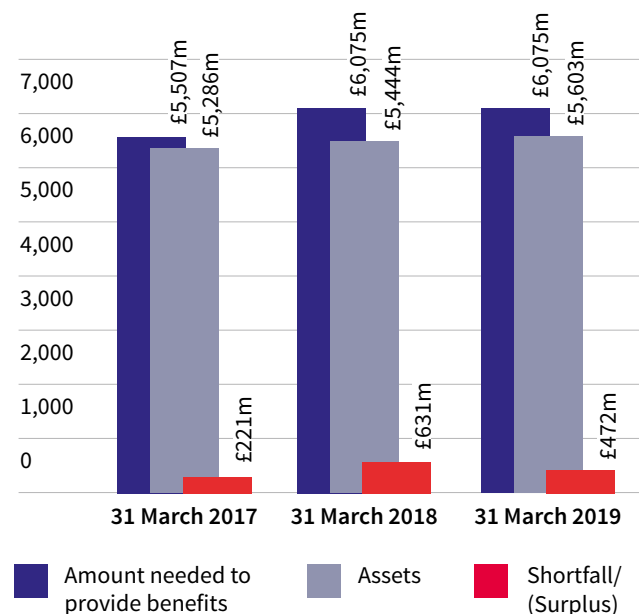
As communicated previously, the Trustee and AXA have agreed a recovery plan to eliminate the shortfall in the Scheme assets. Under this recovery plan, from 2022 onwards, AXA will pay an additional £81m into the Scheme each year which will be adjusted up or down depending on how the funding position progresses. Contributions of around £20m per year in respect of the asset-backed structure supporting the Scheme will continue throughout.

In the normal course of events, these contribution rates will next be reviewed as part of the 31 March 2021 full actuarial valuation.

In addition to the above deficit payments, AXA agreed as part of the 2018 valuation to extend the funding guarantees from AXA UK plc and AXA SA to the Scheme. These guarantees provide additional security to support the recovery plan if the Scheme's sponsoring employers are not able to make the contributions due, subject to certain limits.

## Change in funding position to 31 March 2019

An update was carried out to assess the funding position as at 31 March 2019. The chart below shows the results of the 2019 funding update, compared to the results at the previous triennial valuation as at 31 March 2018. All of the asset figures include the value of the asset-backed structure that supports the Scheme.



The main factors contributing to the decrease in shortfall compared to the 2018 valuation were an increase to the long-term return expected from the Scheme's assets meaning less money is required now to pay future benefits, deficit reduction contributions paid by AXA over the year and a fall in assumed life expectancies.

The funding agreement reached as part of the 2018 valuation included a projection of the expected funding position over the next 10 years which the Scheme would then be measured against from 2021 to determine the contributions payable by AXA. The expected position at 31 March 2019 was that the Scheme would have a deficit of £586 million. The actual 31 March 2019 results show that the Scheme is in a better than expected position as the deficit is lower than expected at £472 million.

The next formal valuation of the Scheme's finances will be carried out as at 31 March 2021 and we expect to communicate the results of that valuation to you in 2022.

Finally, there have been no payments of surplus made to AXA over the last 12 months.

## What if the Scheme were to close?

Whilst the Scheme is a long-term venture, legislation requires that the Trustee also look at the position if the Scheme were to be wound up (although there is no current expectation that this will happen). If the Scheme were to be wound up, the Scheme's assets would be used to buy annuity policies with an insurer. In this scenario, you might not get the full amount of pension you have built up, even if the Scheme is fully-funded according to the 'ongoing' valuation. **However, whilst the Scheme remains ongoing, and even though there is a shortfall, pensions will continue to be paid in full.**

If no new contributions were paid in (other than those reasonably expected from the asset-backed structure supporting the Scheme), the additional amount needed to ensure that all members' benefits would be paid in full was around £2.2 billion as at 31 March 2019. You should note that if the Scheme were to be wound up, the Company would be required to pay the shortfall. It may be, however, that the Company would not be able to pay this amount.

We must emphasise that there is no intention to wind up the Scheme, but if the Scheme did wind up and the Company became insolvent and was unable to meet the shortfall, the Pension Protection Fund (PPF) would take over the Scheme and pay compensation to members. Further information is available on the PPF's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk) or from The Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.



## The Pensions Regulator

The Pensions Regulator has powers under the Pensions Act 2004 to intervene in the funding of a pension scheme. The Scheme has not been modified by the Regulator, is not subject to any directions from the Regulator and it is not bound by a schedule of contributions imposed by the Regulator.

## Who's who?

The Scheme is run by a corporate Trustee, AXA UK Pension Trustees Limited (AXAPTL). During 2019 there were nine Directors:

### Company appointed:

Andrew Bradshaw, Ross Trustees Services Ltd  
Dianne Chua  
Stephen Yandle (Chair of the Trustee)

### Member nominated:

Anna O'Donoghue (resigned February 2019)  
Anna Colombatti (appointed April 2019)  
Marcus Taylor (appointed April 2019)  
Ken Smith  
Nirali Patel (resigned February 2019)

### Independent:

David Felder, The Law Debenture Pension Trust Corporation plc

## AXA UK Pensions Team

The AXA UK Pensions Team is here to provide information and help members with their pension queries.

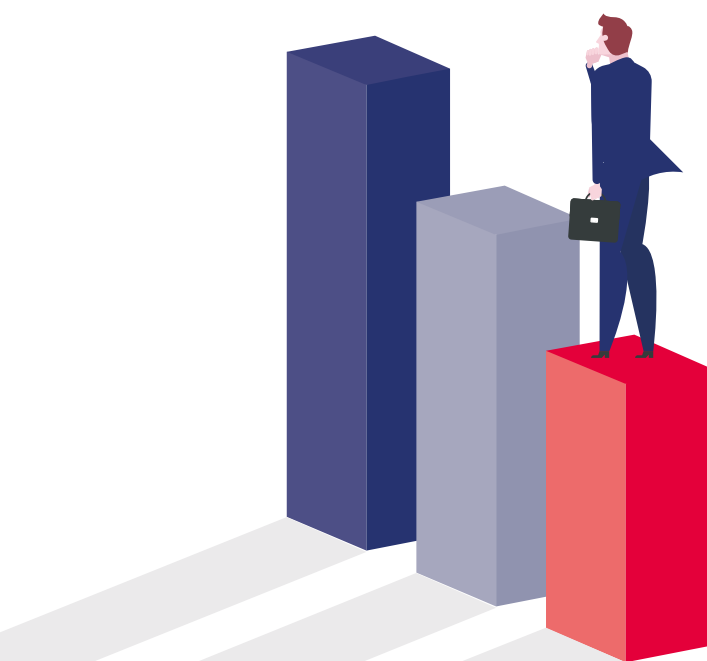
Rebecca Shevill,  
Head of Pensions Administration & Trustee Services  
John Manuel,  
APMI Pensions Manager  
Alex McMaster,  
Pension Administrator

## Keeping in touch

If you have a question about your benefits in the Scheme, please contact Aegon.

Aegon, PO Box 17486, Edinburgh, EH12 1NU  
[axapensionsadmin@aegon.co.uk](mailto:axapensionsadmin@aegon.co.uk)  
0345 603 4048

If you have any concerns that cannot be dealt with by Aegon, or if you wish to give us your comments or suggestions on this Report, please contact the AXA UK Pension Team at [pensions.uk@axa.co.uk](mailto:pensions.uk@axa.co.uk).



The benefits provided by the Scheme are governed by the Scheme's Trust Deed and Rules (copies of which are available on request). Nothing in this Report confers any right to benefits; save as provided by the Trust Deed and Rules and in the event of any inconsistency between this Report and the Trust Deed and Rules, the Trust Deed and Rules will prevail. This Report does not constitute legal advice or financial advice and should not be relied upon as such. The description of legislation in this Report is intended as a basic guide only, not a comprehensive or exhaustive guide to the legislation.