



# TRUSTEE REPORT 2017



AXA UK Group Pensions newsletter

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

Your investment options



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## Scheme grows by £110 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 below.

### A word from the Chairman



It is a pleasure to present the latest update from the Trustee of the AXA UK Group Pension Scheme to the members of the Defined Contribution Section.

In our last issue, we talked about how our focus for 2017 was about improving our existing communications to members.

This year we have refreshed the AXA pension website. Why not visit the new website now? Go to [pensions.axa-employeebenefits.co.uk](http://pensions.axa-employeebenefits.co.uk). Remember that you can also access your pension account online using the Target Plan website, day or night.

You'll see the main headline this year is the growth in the Scheme. This is taken from the Trustee's formal Report and Accounts, showing you the payments into and out of the Scheme over the year.

We featured an article last year that there is now a requirement to report on how the Scheme meets the governance standards set by the Pensions Regulator. The scoring is on a scale of 1 to 5, with 5 being the best rating. We're pleased to say that the Value for Member rating has improved this year from 4.3 to 4.5.

Finally, there have been some changes to the Trustee Board. Ben af Forselles completed his second term of office at the end of October and Yvette Lloyd left AXA in October; both have resigned as Member Nominated Directors (MND). Ken Smith, who recently retired from AXA, was appointed as an MND with effect from 25 October 2017. We also appointed both Anna O'Donoghue and Nirali Patel as MND in January 2018.

I hope you find this new look and feel Trustee Report interesting and useful in helping you to understand how the Trustee is managing your Scheme. If you have any comments or suggestions for what you would like to see covered in future issues, please get in touch with us using the details on the back page.

**Stephen Yandle** | Chairman of the Trustee

#### Summary

Value of DC Section on 1 April 2016	£492 million
+ Money in less money out	£40 million
+ Net return on investments	£70 million
= Value of DC Section on 31 March 2017	£602 million

### £69.5 million

#### Total money in

Company contributions	£58.8 million
Members' contributions	£2.5 million
Transfers in	£7.6 million
Other income	£0.6 million

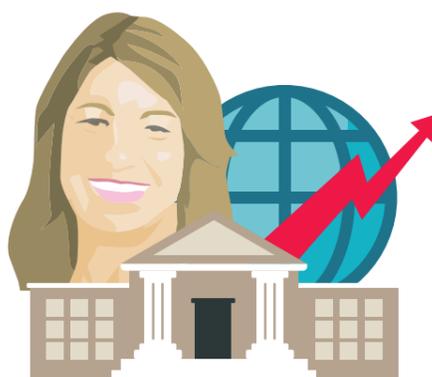
### £29.2 million

#### Total money out

Retirement and death benefits	£3.4 million
Payment to leavers	£25.8 million

During the year, confidence was strong in investment markets due to economic growth in the US and Europe, and strong earnings from companies. As a result, growth markets (such as property and stock markets) continued to perform well. With a modest interest rate rise from the Bank of England and predictions for further small rises next year, defensive assets (e.g. Government bonds) didn't perform so well, but on average over the past three years, have still had strong growth. Overall, this resulted in a period of significant growth for the Scheme.

If you would like to see a copy of the full Report & Accounts, you can request one from **Rebecca Shevill**, Head of Pensions Administration and Trustee Services, using the contact details on the back page.



## Need some jargon busting?

We've tried to ensure this Report is as easy as possible to understand, 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](http://pensions.axa-employeebenefits.co.uk/en/frequently-asked-questions/jargon-buster)



# Investment matters

The Trustee objective is to make available a range of investment options designed to generate income and capital growth, offering an appropriate level of risk and return.

During the year, in line with market movements, most of the investment funds available to you (see below) rose in value, except the UK Corporate Bond and Gilt funds which reduced. However, for anyone considering buying a guaranteed income ('annuity') at retirement, a fall in the price of Government and corporate bond funds means that the cost of purchasing an annuity also falls.

## Invest to grow your DC Account

You have **two** options for investing your DC Account:

### 1. Do it for me

If you don't want to make your own investment choices, your DC Account is invested in the Scheme's default option, which is the Drawdown Lifecycle Strategy.

Alternatively, you can invest in the Annuity Lifecycle Strategy, which is designed for members planning to secure a guaranteed income ('annuity') at retirement. Both options automatically invest in funds which are considered the most appropriate for your age and the amount of time left until your expected retirement date. As you get closer to retirement, your investments are moved from 'higher risk' funds (which have higher potential for growth) into funds with a lower risk of losing value.

### 2. Leave it to me

If you prefer to make your own investment decisions, you can 'go Freechoice' and choose from a select range of investment funds, provided by BlackRock Life Limited.

These are funds which have been specially created for the Scheme and cover a wide variety of markets, investment types and styles. You can select a mix of funds that suits your personal needs. There are 18 funds to choose from:

Fund	Type	Total Expense Ratio % p.a.	12 month performance* %
Emerging Markets	Active	1.03	37.8
Overseas Equity	Passive	0.19	33.3
Global Equity	Active	0.83	29.7
Global Equity	Passive	0.22	20.2
Socially Responsible Investment	Passive	0.48	31.9
Shariah Law	Passive	0.48	29.3
UK Equity	Active	0.95	12.9
UK Equity	Passive	0.19	21.8
Framlington UK Select Opportunities	Active	1.02	9.5
Property	Active	0.97	1.4
Architas Diversified Real Assets	Active	1.29	n/a
Diversified Growth	Active	0.71	6.5
Architas Multi Asset Passive Moderate	Passive	0.63	15.5
Absolute Return Bond	Active	0.71	1.6
UK Corporate Bond	Passive	0.20	9.1
UK Long Index-Linked Gilts	Passive	0.19	21.8
UK Long Gilts	Passive	0.20	12.2
Cash	Active	0.18	0.3

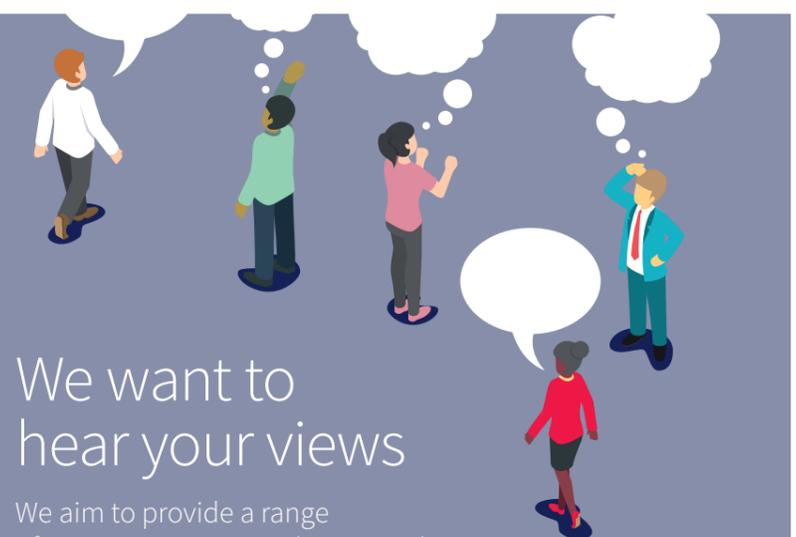
\* To 31 March 2017. Past performance is not an indicator of future performance; investments will go up as well as down.

## Almost 24,000 members and still growing

On 31 March 2017 there were almost 24,000 members in the Defined Contribution Section of the Scheme.



	2016	2017
Active members	11,050	10,334
Deferred members	11,821	13,587
<b>Total</b>	<b>22,871</b>	<b>23,921</b>



## We want to hear your views

We aim to provide a range of investment options that meet the needs of our membership.

We already provide a 'Socially Responsible Investment' option and we recently sent out a survey in relation to Environmental, Social and/or Governance (ESG) type investment options. If you haven't responded already, please tell us your views on ESG options.

To share your views, email [pensions.uk@axa.co.uk](mailto:pensions.uk@axa.co.uk) using the subject header 'ESG investments'.

# Scheme noticeboard

Top news highlights for 2017



## Flexible pension access could mean lower savings allowance

When the Government introduced the new pension flexibilities, they also introduced the Money Purchase Annual Allowance (MPAA).

This is aimed to discourage individuals from seeking to abuse the new rules to avoid tax and National Insurance Contributions by introducing a lower Annual Allowance. The MPAA only applies if you have accessed any of your pension savings flexibly and was previously set at £10,000. On 6 April 2017 the Government reduced this allowance to £4,000. If you want to know more about the MPAA and whether this might affect you, visit the AXA pensions website.



## How will you use your savings?

New legislation introduced in April 2015 gives you more flexibility and choice in how you use your DC pension savings at retirement.

You can now use your DC Account after age 55 in different ways, to suit your lifestyle, taking it in any combination of these three ways:

Cash

Annuity

Drawdown

In April 2017, the Government announced that over £10 billion has been cashed in from pension pots since the 'pensions freedoms' were introduced in April 2015, with people choosing to use their savings in a way that best suits their financial circumstances.

It's important to remember that how you choose to use your DC Account when the time comes is a decision that should be made based on your own individual circumstances. If you are starting to consider accessing your pension savings then you may wish to seek independent financial advice and/or take advantage of the Government funded guidance service, Pension Wise.

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

## Manage your DC Account online with TargetPlan

Why wait for your benefit statement? You can do everything online! As well as being able to track your investments, you can model your future retirement income with myPath. You can even add in any other pensions or savings you may have to create a complete picture of your future. Access TargetPlan via the AXA pensions website to:

- See your current fund value
- See where you are invested and make switches in investments if you want
- See your retirement age, and change it if necessary
- Use the retirement model to come up with a retirement strategy:
  - (a) What income do you think you'll need?
  - (b) See if you can reach that target and
  - (c) Build a plan to get you there (i.e. increase retirement age)



## Introducing the new AXA pensions website

Last year we reported that the website was under review. We are pleased to report that it is now up and running.

### Four reasons to visit the site now.

1. No password necessary!
2. Age-related navigation, directing you to the information that's relevant to you at each step of your retirement savings journey.
3. Videos to help you understand your pension better.
4. Easy access to news, guides and TargetPlan – the place to manage your DC Account online.

Go to [pensions.axa-employeebenefits.co.uk](http://pensions.axa-employeebenefits.co.uk)



## General Data Protection Regulation

On the 25th May 2018, the General Data Protection Regulation (GDPR) comes into effect. This will make significant changes to the existing laws on data protection, giving individuals more rights regarding their personal data and putting more responsibility on organisations which hold and process personal data.

The Trustee of the Scheme is working closely with its internal and third party service providers to ensure that all member data will be held and processed in compliance with the GDPR. The Scheme's privacy notice is enclosed with this newsletter and will also be made available on the Scheme's website at [pensions.axa-employeebenefits.co.uk](http://pensions.axa-employeebenefits.co.uk).

# Don't let the scammers sting!



Thousands of people in the UK have lost their life savings after falling for a pension scam.

With 'pensions freedoms' you can access your savings in new ways, and this means scammers will try to lure you with promises of upfront cash and one-off deals.

Follow the Pension Regulator's five steps on how to protect your pension:

## 1 If you think you've been scammed – act immediately!

If you have already signed something that you are now unsure about, contact your pension provider straight away. They may be able to stop a transfer that has not taken place yet. Then call Action Fraud on 0300 123 2040 to report it.

If you have doubts about what to do, ask The Pensions Advisory Service (TPAS) for help. Call them on 0300 123 1047 or visit the TPAS website for free pensions advice and information.

## 2 Cold called about your pension? Hang up!

Unsolicited phone calls, texts or emails about your pension are nearly always scams. Scammers will often claim that they are from Pension Wise or other Government-backed bodies. These organisations would never phone or text to offer a pension review.

## 3 'Deals' to look out for

Beware of unregulated investments offering 'guaranteed returns'. These include exotic-sounding investments like hotels, vineyards or other overseas ventures, and deals where your money is all in one place – and therefore more at risk. Visit the FCA's ScamSmart website to see if the deal you are being offered is a known scam, or has the hallmarks of a scam. Do not be rushed into making a decision.

Scammers will try to pressure you with 'time-limited offers' or send a courier to your door to wait while you sign documents. Take your time to make all the checks you need – even if this means turning down an 'amazing deal'.

## 4 Using an adviser?

Make sure that they are registered with the FCA. Scammers sometimes pose as financial advisers. Check your adviser is registered on the FCA website and that they are authorised to give advice on pensions. If you deal with someone who is not regulated you may not be covered by the Financial Ombudsman Service or Financial Services Compensation Scheme if things go wrong. And do not be taken in by smart brochures or websites even if they claim to give warnings about scammers. Professional-looking marketing materials are not a guarantee of a company's authenticity.

## 5 Do not let a friend talk you into an investment

Check everything yourself. People have fallen for scams because they had been recommended by a friend. Do your homework, even if you consider yourself or your friend to be financially savvy. False confidence can lead to getting stung and with a pension, it might be years before you discover you have been scammed.



## Who's who?

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

### Company appointed

Andrew Bradshaw, Ross Trustees Services Limited  
Dianne Chua  
Stephen Yandle (Chairman of the Trustee)

### Member nominated

Ben af Forselles (resigned 31 October 2017)  
Yvette Lloyd (resigned 24 October 2017)  
Ken Smith (appointed 25 October 2017)  
Anna O'Donoghue (appointed 18 January 2018)  
Nirali Patel (appointed 18 January 2018)

### Independent

David Felder, The Law Debenture Pension Trust Corporation plc

Good bye...

...and a huge thank you to Ben af Forselles who is retiring from the board after six years. We thank him for his dedication and service.

## Keeping in touch

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

**BlackRock (Aegon), PO Box 705,  
Peterborough PE1 1ZL**

**Helpline:** 0345 603 4048

**Email:** axa-pensionsadmin@aegon.co.uk

If you have any concerns that cannot be dealt with by BlackRock (Aegon), or if you wish to give us your comments or suggestions on this Report, please contact the AXA UK Pension Team:

### Rebecca Shevill

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and Trustee Services  
020 7920 5164  
rebecca.shevill@axa.co.uk

### John Manuel

Pensions Manager  
020 7920 5621  
john.manuel@axa.co.uk

### Edward Mardle

Pensions Consultant  
020 7920 5162  
edward.mardle@axa.co.uk

### AXA pensions website

pensions.axa-employeebenefits.co.uk

## Advisers

The Trustee has appointed the following specialist advisers to help them run the Scheme's DC Section:

### Actuary

Jonathan Howes, FIA Towers Watson Limited

### Independent Auditors

KPMG LLP

### Administrators

BlackRock Life Limited

### Investment Advisers

Hymans Robertson LLP

### Legal Advisers

Travers Smith LLP



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.