

The background image shows a large white ship under construction in a shipyard. The ship is the central focus, with its hull and superstructure visible. A large crane stands to the right, and a tugboat is to the left. The sky is filled with dramatic, colorful clouds from a sunset or sunrise, with the sun low on the horizon. The water in the foreground is dark and reflects the light from the sky. The overall scene is industrial and captures a moment of maritime engineering.

babcockTM

Babcock Retirement Savings Scheme

Keeping you informed
Winter 2023

A welcome from your Chair

Welcome to the latest newsletter from the Babcock Retirement Savings Scheme (the Scheme).

In this issue, you'll find an update on the Scheme's finances, as well as news from the Scheme and the wider world of pensions.

The frequency of pension scams and cyber attacks are on the rise. Scammers use sophisticated tactics to exploit financial vulnerabilities, often using very convincing websites. Their reach even extends beyond pensions – you can read more about how to keep yourself protected from scammers in the News section on **oneday...** The Trustee continues to ensure your data is secure and carries out regular monitoring of its information and cyber security policies and processes in place.

Pensions are a long-term investment and whilst global events can impact the value of your investments, your money is invested with the aim of long-term growth despite short-term fluctuations. Global events, which have created ups and downs in markets, have contributed to the sharp rise in inflation over the past 18 months. This has affected UK and overseas bonds, which may have impacted your fund growth. If you're concerned about how your investments may have been affected, we recommend seeking financial advice and using the Government's MoneyHelper service – see **page 6** for more information or contact Aviva, the Scheme administrator.

As always, to access lots of information about the Scheme and support on how to plan for your future, head to **www.myoneday.co.uk** and log in or follow the registration process if you haven't already registered.

Why not register for Aviva's **MyWorkplace** today? It enables you to view your fund value and amend your personal information in real-time. Once registered, you can model your benefits and manage the funds your pension is invested in. You can also download the **MyWorkplace** mobile app on both Android and iOS devices to access your pension information at anytime, anywhere.

In this issue

Scheme activity	4
Financial summary	5
Investment overview	6
Tax allowances 2023/24	8
Spotlight on a Trustee	9
How much money will you need in retirement?	9
Help look after the ones you leave behind	10
State Pension increases	11
Beware of pension scams	11
We're here to help	12

To register for Aviva's **MyWorkplace**, go to www.myoneday.co.uk and navigate to the BRSS section, then choose 'View my Personal Account'. If you have any issues registering, please contact Aviva by email babcock@aviva.com or by telephone on **0800 404 6539**.

There's been one change to the Trustee Board this year with Philip Potter stepping down from his role as an Employer-Nominated Trustee. The Trustee would like to thank Philip for his time and commitment to the Scheme. At the time of publication, the position had not yet been filled.

I hope you enjoy reading your newsletter. Remember, we're always keen to receive feedback on the communications that you receive about your pension and the Scheme. You can send us your feedback using the online feedback tool on the Your Scheme section of the website, or by contacting us using the details on the **back page**.

Susan Jee

Chair of the Trustee



Scheme activity

Here's a reminder of how the Trustee has kept in touch with you throughout 2023.

April

We extended the appointments of our Member-Nominated Directors (MNDs).

May

We sent you your Annual SMPI Benefit Statement.

October

We published the Annual Report and Accounts for the Scheme year ending 31 March 2023.

Throughout
2023

Aviva issued digital communications throughout the year covering the following topics:

- Benefit Statement reminders
- Reviewing your investment choice
- Reviewing your target retirement age
- Completing an Expression of Wish form
- Thinking about consolidating your pension benefit into the Scheme
- The Shape my Future tool.

If you haven't yet registered for **MyWorkplace**, register now to start receiving digital communications like this.

Don't forget!

We update the News pages on **oneday...** throughout the year. Visit www.myoneday.co.uk and head to the BRSS section, then navigate to the News page.

Financial summary

Each year, the Trustee produces its Report and Accounts. This shows the financial development of the Scheme over the year.

The Report and Accounts also includes a Chair's Statement. This assesses the Trustee's knowledge and understanding of the Scheme, its value for members, and its charges and transaction costs. You can read the Chair's Statement by going to www.myoneday.co.uk and navigating to the BRSS section > The basics > Charges & Governance and click on the link.

You can see a summary of the Report and Accounts below for the year ending 31 March 2023.

Fund value as at 31 March 2022



Income
+ £102.3m
Expenditure
– £137.4m

Fund value as at 31 March 2023



Income	£m
Contributions and transfers in	97.9
Investment and other income	4.4
Increase in market value	-
Income total	102.3

Expenditure	£m
Pensions and other benefits paid	17.5
Leavers' payments	83.6
Expenses	2.8
Decrease in market value	33.5
Expenditure total	137.4

You can find a copy of the Report and Accounts in the Document library of the BRSS section at www.myoneday.co.uk

Investment overview

The table below shows the performance of the Scheme's investment funds available in the 12 months to 30 September 2023 compared with the benchmark, which is the reference point against which the Trustee measures investment performance.

It also shows the Annual Management Charge (AMC). You can find full details of the investment charges and costs, as well as guidance and fund factsheets, on **oneday...**

Depending on when you joined the Scheme and how your contributions are invested, the performance of your funds may differ. You can see how your investments are performing by visiting your Personal Account with Aviva, which you can access through **www.myoneday.co.uk**

The performance figures below are after charges have been deducted.

	Performance of the fund (1 year)	Performance of the fund (over 5 years)	AMC
Growth funds			
Emerging Markets Equity Fund	0.42%	0.96%	0.45%
Global Equity Fund	8.62%	7.21%	0.24%
Stewardship Fund	13.98%	3.74%	0.27%
Diversified Growth Fund	3.24%	2.71%	0.37%
Climate-focused Fund*	5.87%	N/A	1.13%
Shariah Fund	16.35%	12.01%	0.51%
Approaching Retirement funds			
Target Increasing Annuity	-11.81%	-6.27%	0.21%
Target Level Annuity	1.44%	4.26%	0.29%
Money Market	3.83%	0.96%	0.21%

**The five year investment performance information for the Climate-focused Fund is not available as this fund was introduced less than five years ago.*

The performance figures above include fees, except for the Emerging Markets Equity Fund, the Stewardship Fund and the Shariah Fund.

Investment commentary

As a result of political and economic instability, increased inflation and the cost of living crisis, there has been increased volatility in investment markets. Some funds have experienced negative performance over the one and/or five year periods, which means their value has fallen. You will only be invested in these funds if you have chosen to do so. Most members are invested in the default investment strategy, which invests in funds that have performed positively over the one and five year periods.

Focus on the Annuity Funds

Volatility in investment markets and associated increases in interest rates have meant that the price of units in annuity funds have fallen.

As a reminder, for those who have chosen to invest in either of the two Annuity Funds, the aim of these funds is to try to avoid large fluctuations in your pension pot and to keep pace with the cost of buying an annuity at retirement.

For most, pensions are long-term savings, and it's important not to be too concerned or make hasty decisions based on short-term volatility. The Trustee encourages you to focus on ensuring your investments continue to be aligned to your own circumstances, priorities and long-term plans, including how long you have until you retire and the type of benefit you wish to take at retirement.

Change to Aviva Global Equity Fund

In September 2023, Aviva introduced a custom screen on the existing benchmarks of some funds. This was introduced to exclude certain companies, which are involved in activities that aren't in line with Aviva's ethical policy, from their investment portfolio. Aviva believe this change will benefit investors in the long term. The Aviva Global Equity Fund is one of the funds offered in the Scheme that has been impacted by this change. If you're invested in this fund, any one off cost would be payable from your fund as a result of this change. Aviva estimated that the one-off costs would be no more than 0.04% of the fund value. At the time of publication, any one off-cost was expected to be processed at the end of November 2023.

Climate-focused Fund

As part of the annual investment review it was identified that the funds annual management fee had seen a 0.03% over charge applied since inception in January 2022. If you made an active decision to invest in this fund, it has been corrected and a unit adjustment has been applied to your account to put you in the correct position with no financial impact to your investment fund. If you have any questions, you should contact Aviva directly using the details on the **back page**.

Membership

Here's how the membership of the Scheme changed over the year from **31 March 2022** to **31 March 2023**.

Active members

18,959 → **18,403**

Deferred members

18,838 → **20,358**

Tax allowances 2023 / 24

The Annual Allowance (AA) is the amount you can pay into a pension in any one tax year without triggering a tax charge. For the 2023/24 tax year, this is £60,000 for most people.

Find out more about the AA at www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions/the-annual-allowance

The Lifetime Allowance (LTA) tax charge was removed in April 2023, and the LTA will be abolished completely from April 2024.

For more information on the changes, visit the 'News' page on **oneday...** and read our article – 'Your pension tax limits have changed'.

Spotlight on a Trustee

Karena Caskie – Sub Contract Manager – Member-Nominated Trustee



Prior to joining Babcock, I worked for a financial consultancy which provided pension advice to companies and Trustee Boards. I was particularly interested in the investment business where the advisors gave advice on products that pension schemes should consider investing in. By becoming a Trustee, I've used the knowledge I gained to benefit the Trustee Board and the pension scheme members. I have been a Member-Nominated Trustee since July 2017.

Learning new skills, which I can then use to help others, is my personal goal in life. As a Trustee, I hope to use the knowledge I gain to assist people in getting appropriate pension and lifetime savings advice and making good financial decisions. In particular, I am concerned about the younger generation and would like to encourage people to save as much as they can now and take full advantage of the company contribution.

In my spare time, I enjoy playing tennis, paddle boarding, cycling and going to the gym to keep fit. But my sanity is maintained by growing vegetables and flowers then distributing the results to friends and neighbours. This year's achievement was to successfully grow sweetcorn (in the greenhouse, as I live in Scotland!).

How much money will you need in retirement?

We've previously reported on the Retirement Living Standards, the guide to retirement income published by the Pensions and Lifetime Savings Association (PLSA) which shows the annual amounts needed to achieve different standards of living. Below is today's amounts, but to have the same spending power when you retire, you'll need to allow extra for future inflation.

PLSA Standard	Minimum	Moderate	Comfortable
	Each year (after tax)		
Single	£12,800	£23,300	£37,300
Couple	£19,900	£34,000	£54,500

To find out more, visit www.retirementlivingstandards.org.uk

Help look after the ones you leave behind

As a member of the Scheme, you get valuable benefits for your loved ones when you die. To make sure the right people get these benefits, it's important that we know your wishes – especially if your situation might be complicated.

Why you should complete an Expression of Wish form

You can tell the Trustee your wishes by completing or updating an Expression of Wish form. While this is not legally binding, it helps to make sure that any death benefits can be paid without delay or additional distress to your beneficiaries. It's a good habit to check and confirm your chosen beneficiaries once a year, even if there are no changes to your circumstances. If you haven't completed an Expression of Wish form in a long time, the Trustee has to do more research to ensure it is still valid. This can delay the payment of benefits.

If you don't complete an Expression of Wish form at all, the Trustee will make a decision about who your benefits go to using limited information. Even with the best of intentions, this may not be the person you would have chosen yourself.

How to tell us your wishes

Go to www.myoneday.co.uk and head to the Document library section to download an Expression of Wish form, or get in touch with the Pensions Team using the contact details on the **back page**.

State Pension increases

In April 2023, the State Pension increased by 10.1% in line with the rise in inflation as measured by the Consumer Price Index for September 2022.

This sees the return of the triple lock for State Pensions, which was suspended following the COVID-19 pandemic. The triple lock system is used to increase State Pensions using whichever measure is the highest out of inflation, average wage growth or 2.5%. The 'old' basic State Pension increased from £141.85 to £156.20 a week, and the new State Pension increased from £185.15 to £203.85 a week.

Beware of pension scams

Sadly, we continue to remind members to be aware of the danger of pension scams.

Scammers are operating as so-called claims management companies and are attempting to use 'subject access requests' to obtain personal information and details about a saver's pension arrangements. Please be particularly vigilant if you're approached in this context. These fraudsters are articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. They design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. Their tactics include:

- Contacting you out of the blue.
- Promises of high/guaranteed returns.
- Free pension reviews.
- Access to your pension before age 55.
- Putting pressure on you to act quickly.

Don't let a scammer ruin your retirement. You can read more about how to protect yourself from scammers by visiting the News section on the **oneday...** website or by visiting www.fca.org.uk/scamsmart

We're here to help

oneday... is your first port of call for more information about your pension.



www.myoneday.co.uk

For help with **oneday...** please email the helpdesk:
oneday@babcockinternational.com

If you have any questions about your pension benefits, please contact the Aviva Pensions Team.



0345 604 4463

The helpline is open from 8:30 to 17:30, Monday to Friday.

If you need help with **MyWorkplace**, please call the dedicated helpline on **0800 404 6539**



babcock@aviva.com



NGP Customer Operations
Babcock Retirement Savings Scheme
PO Box 1550
Salisbury SP1 2TW

Additional information

This report summarises the Scheme developments. More detailed information (such as the Trust Deed and Rules, the last Actuarial Valuation Report, the Trustee's Annual Report and Accounts, the Statement of Investment Principles and the Implementation Statement) is available on request from the Pensions Team.