

babcockTM



Babcock Retirement Savings Scheme

Keeping you informed
Winter 2020

A welcome from your Chair

Welcome to the winter 2020 edition of the Trustee newsletter.

For many of us, 2020 has been a difficult year. The COVID-19 pandemic has changed the way we live our lives and has caused a great deal of uncertainty. The Trustee wants to make sure you continue to feel supported with regard to your pension with Babcock, and so has worked on a number of initiatives to keep you informed. You can read more on the next page. You should also have received a letter or email in April 2020 about the steps taken by the Trustee in relation to the Scheme during this time and you can refer to this again in the News section of **oneday...** at www.myoneday.co.uk

In this newsletter we have set out summaries of the latest Report and Accounts, membership information, and news about the Scheme. As always, further information is available on **oneday...** If you haven't already registered to use **oneday...** you can get your unique access code by emailing oneday@babcockinternational.com

I would like to take this opportunity to thank Kevin Goodman who stepped down as a Trustee Director during the year. During Kevin's term he was both professional and enthusiastic and I thank him for his hard work and dedication to the Scheme and its members. He will be sadly missed by the Board. I'd also like to extend a big welcome to Dean Riggall who joins the Board. You can find out further information about the Trustee Board at www.myoneday.co.uk

Please remember to stay vigilant about pension scams – unfortunately, they are still common. If anyone contacts you out of the blue about your pension, ignore them. It's now illegal to cold call about pensions. If you do engage with a company, go to register.fca.org.uk to check that it is registered with the Financial Conduct Authority. Always be especially careful with your personal information online – never share your details with organisations you don't know, and never share your passwords to online accounts with anyone.

We hope the newsletter is informative and as always, we welcome your feedback. You can get in touch using the contact details on the back page.

Stay safe and keep well.



Susan Jee
Chair

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Are you up to date?

Please complete an expression of wish form.

See the back page for more info.

A look back at 2020

This year, the Trustee has worked on a number of initiatives to make sure you continue to feel supported with regard to your pension with Babcock. Here's a look back at how we've kept in touch with you during 2020.

April

We updated you on how we were dealing with the uncertainty brought about by the coronavirus pandemic. Read more on page 6.

May

We updated **oneday...** to make it easier to access information about the Babcock Retirement Savings Scheme (BRSS), without having to log in.

May

Aviva issued you with your 2020 benefit statement.

June

If you were registered for **oneday...** we sent you a reminder of your Target Retirement Age and investment choices, and invited you to update them if needed.

August

If you weren't registered for **oneday...** we sent you a reminder of how to sign up. Following the reminder, 4,000 members across the Group registered for **oneday...** and the Trustee would like to thank you all for providing your email address and helping us keep you informed on pension matters.

NOW

We've developed a new pre-retirement webpage on **oneday...** which includes everything you need to consider in the run up to your retirement. Visit **www.myoneday.co.uk**, head to the BRSS section and select 'Your road to retirement' to check out our handy pre-retirement information.

Financial summary of the Scheme

Each year, the Trustee produces its Report and Accounts. This shows the financial development of the Scheme over the year. The Report and Accounts includes a Chair's Statement, which also assesses the Scheme Trustee Knowledge and Understanding, value for members, and charges and transaction costs.

You can see a summary of the Report and Accounts below for the year ended 31 March 2020.

Fund value as at 31 March 2019



+ Income
£94.5m
– Expenditure
£82.3m

Fund value as at 31 March 2020



Income	£m
Contributions and transfers in	91.3
Investment and other income	3.2
Increase in market value	0.0
Income total	94.5

Expenditure	£m
Pensions and other benefits paid	13.7
Leavers' payments	28.2
Expenses	1.7
Decrease in market value	38.7
Expenditure total	82.3

Note that figures may not add exactly due to rounding.

A copy of the 2020 Trustee Report and Accounts is available in the Document library at www.myoneday.co.uk

Investment overview

The table below shows the investment performance of the individual funds available to members in the 12 months to 30 September 2020. The performance data is provided by Aviva, who has advised that in most cases, the performance data is net of fees. However, in the cases of the Emerging Markets Equity Fund, the Stewardship Fund and the Shariah Fund, the performance data is gross of fees. It also shows the Annual Management Charge (AMC) and the benchmark, which is the reference point against which the Trustee measures investment performance.

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 record with Aviva, which you can access via www.myoneday.co.uk

Target Lifestyle funds (such as Target Lump Sum) are made up of a combination of the funds, so the charges will differ depending on your age and where your money is invested.

Full details of all investments charges and costs, as well as guidance and fund factsheets, are available on [oneday...](#) Head to the BRSS section and select 'Charges & Governance'.

	Performance of the benchmark index	Performance of the fund	AMC
Growth funds			
Emerging Markets Equity Fund	5.72%	5.29%	0.47%
Global Equity Fund	4.91%	4.49%	0.25%
Stewardship Fund	-16.59%	-10.29%	0.30%
Diversified Growth Fund	5.40%	-0.88%	0.38%
Shariah Fund	24.25%	23.36%	0.52%
Approaching Retirement funds			
Target Increasing Annuity	1.60%	1.36%	0.22%
Target Level Annuity	4.36%	5.88%	0.30%
Money Market	0.22%	0.21%	0.22%

A 1bp (0.01%) reduction was applied to the AMCs in October 2020. Further details of the current AMCs can be found in the document library on [oneday..](#)

Membership numbers

How did membership of the Scheme change over the year from **31 March 2019** to **31 March 2020**?

Active members

19,747 → 20,133

Deferred members

13,003 → 14,493

Spotlight on tax

The Government sets limits on the amount of money you can save into your pension(s) without paying tax. It is your responsibility to check if you're exceeding these allowances and make sure you pay any charges.

The **Annual Allowance (AA)** is the maximum amount of money you can pay in to all your pension arrangements in one tax year before incurring a tax charge. For the 2020/21 tax year, the AA is **£40,000**.

If you exceed the AA, then you may have to pay tax on any contributions that take you over the threshold. If you have not used all your AA in the preceding three tax years, then you can carry forward any unused allowance into the current tax year to increase your AA for the current year.

The **Tapered Annual Allowance (Tapered AA)** affects anyone earning, before tax, over £200,000 a year (excluding any deductions like pension contributions) or £240,000 a year (including deductions) in the 2020/21 tax year. This allowance sees your Annual Allowance reduced by £1 for every £2 you earn over the threshold. The minimum that your Annual Allowance can be tapered to is **£4,000 a year**.

The **Money Purchase Annual Allowance (MPAA)** applies if you are flexibly withdrawing any money from a Defined Contribution (DC or money purchase) pension arrangement. If you are, then the amount you can continue to contribute into other DC pension arrangements is lower than the normal AA. The MPAA for the 2020/21 tax year is **£4,000**.

The **Lifetime Allowance (LTA)** is the maximum amount of pension benefit that you can draw from all your pension arrangements in your lifetime without paying an additional tax charge. For the 2020/21 tax year, the LTA is **£1,073,100**. If you exceed the LTA, you would incur a tax charge on any money you withdraw over the threshold.

Update from the administrator

The Trustee contacted all members in April 2020 to explain how the Scheme's administration team at Aviva was responding to the COVID-19 pandemic. You can read the update by visiting www.myoneday.co.uk, heading to the BRSS section and selecting News. During the global pandemic, the Trustee would like to give comfort to all members that it will continue to ensure a high level of service and positive member experience during this time.

Spotlight on a Trustee



We spoke to Richard Bowen, a Member-Nominated Trustee, about his experience of sitting on the Trustee Board. Richard retired in February

2019, having worked as an HR Business Partner in Cavendish Nuclear, and has been a Trustee since March 2018.

Why did you apply to become a Trustee?

I've always been interested in pensions and felt that becoming a Trustee was a natural next step for me. I also wanted to make a significant contribution in my retirement and the Trustee role offered that. I was still working when I applied, and my HR Director was very supportive in allowing me time to attend Board meetings and training.

What's your journey been like so far?

There was inevitably a steep learning curve from the start. I was guided through a structured induction plan, but most learning is either on the job or self-driven. Responsibilities expand quickly: after two-and-a-half years I am a member of a couple of committees in addition to being on the Board.

Has anything impressed you during your time on the Board?

The Trustees have a wide range of skills and experience, but we are supported and guided by a highly professional in-house team and external specialists (actuaries, lawyers, investment advisers etc). What has particularly impressed me is how this extended team works so well together, even during the exceptional circumstances we've seen in 2020.

What do you enjoy the most?

All of it, to be honest. It's a challenge – and it's hard work – but very worthwhile.

Why should members take an interest in their pension?

Many people say pensions are “too complicated”. Understanding the basics of how your pension works is an easy first step, and it is never too early to be planning for retirement.



Why not watch our short animation that explains how the BRSS works? Head to www.myoneday.co.uk and click on “BRSS”.

We're here to help

If you have any questions about your pension benefits, you can contact the Aviva Pensions Team in one of the following ways.



Call us:

0345 604 4463

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



Send us an email:

babcock@aviva.com

Write to us:



NGP Customer Operations

Babcock Retirement Savings Scheme

PO Box 1550, Salisbury SP1 2TW

Keep us informed

To make sure your benefits are paid correctly, it's important to tell us if your details change, for example if you change your address.

You should also make sure your expression of wish form is up to date. To update your beneficiary details, go to **www.myoneday.co.uk**, head to the BRSS section and select 'Document library'.

Did you know that 30% of members in the Scheme have already registered for **oneday...**?

If you're not one of them, head to **www.myoneday.co.uk** and select 'Register for access'. You'll need your Aviva policy number to register, which you can find on any correspondence from Aviva.



Visit **oneday...** **www.myoneday.co.uk**



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

Additional information

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