

# YOUR 2024 DB SECTION MEMBER REPORT

Welcome to your 2024 Member Report for the DB Section of the Associated British Foods Pension Scheme (the Scheme). In this report you'll find brief summaries of the Scheme's investments and membership as well as updates or changes in the pension world that may affect you.



## Investment update

Over the past year, the markets have continued to be volatile due to a number of factors. The impact that this may have on your pension will depend on the type of pension you have, and how close you are to retirement. We have produced a news article on our website which explains how your pension benefits may be affected by market volatility. You can view this at: [www.abfpensions.com/news/2023/investment-update](https://www.abfpensions.com/news/2023/investment-update).

The Trustee encourages you to think carefully and consider getting investment advice before changing your investment options in the current market (to avoid crystallising any losses). Free impartial guidance is available from the MoneyHelper service, you can find more details on their website: [www.moneyhelper.org.uk](https://www.moneyhelper.org.uk).

In respect of your pension benefits held in the DB section of the Scheme, any investment risk is borne by the Company, not you (the member), although if you have made any Additional Voluntary Contributions (AVCs) in the Defined Contribution Section (or for long term AVC payers with the legacy providers) these would be exposed to market movements. The Trustee encourages you to think carefully and consider getting investment advice before changing your AVC investment options in the current market (see further information in our website news article above).

## Pension tax changes from 6 April 2024

On 6 April 2024, the government introduced three new pension tax limits:

- Lump Sum Allowance (LSA) limit of £268,275: This is the total tax-free lump sum amount you can receive from all your pensions, including your ABF pension. Lump sum in excess of this limit will be taxed at your marginal rate.
- Lump Sum and Death Benefit Allowance (LSDBA) limit of £1,073,100: This is the total tax-free lump sum amount that can be paid from someone's pension. It includes death benefit lump sums as well as any pension lump sums.
- Overseas Transfer Allowance (OTA) of £1,073,100: This is the total tax-free amount in pension savings that you can transfer to a Qualified Recognised Overseas Pension Scheme (QROPS).

These new tax limits replace the Lifetime Allowance, which was the maximum you could have in pension savings without paying a tax charge on the excess.

Upon your retirement, we will need to verify that you haven't exceeded your Lump Sum Allowance by collecting information about other pension lump sums you have received.

Even though the Lifetime Allowance has been abolished, if you have a valid Lifetime Allowance protection certificate, you may be entitled to a higher tax-free lump sum. You should provide this to us when you claim your pension.

More information about tax controls on pensions can be found on our website at: [www.abfpensions.com/db/tax](https://www.abfpensions.com/db/tax).

## Government plans to remove pensions exemption on inheritance tax

On 30 October 2024, the Chancellor announced changes to inheritance tax rules as part of the Autumn budget. This included confirmation that from 6 April 2027, unused pension funds and pension death benefits will be included in the value of an estate for inheritance tax purposes.

For more information on what this could mean for you, read our full news story here: [www.abfpensions.com/inheritance-tax-changes](https://www.abfpensions.com/inheritance-tax-changes).



## Guaranteed Minimum Pension equalisation

You may be aware that in 2018 there was a landmark High Court judgement which ruled that pension schemes must equalise historic pensions. In 1978, the Government introduced the State Earnings Related Pension Scheme (SERPS). Many pension schemes, including the ABF scheme, chose to contract members out of SERPS. Instead, members paid reduced National Insurance contributions and, as a result, the Scheme was responsible for paying a pension that was broadly equivalent to what would have been paid by the State. This element of pension is known as the Guaranteed Minimum Pension (GMP). A woman's GMP was payable from age 60 and a man's from 65. Due to the way different elements of pension are increased both before and after retirement, this can result in differences in the pension payable. As a result of this ruling, the Scheme is undertaking a large exercise to equalise pensions with GMP. We will be in contact with anyone who is affected by this in due course.

## Are you missing out on Pension Credit?

Pension Credit is designed to help with daily living costs for people over State Pension age and on a low income, though you do not need to be receiving a State Pension to receive Pension Credit. Currently, over 1.4 million pensioners in the UK receive Pension Credit. However, there are still many pensioners who are not claiming this extra support. To find out more about Pension Credit, you can visit the Government's website at [www.gov.uk/pension-credit](http://www.gov.uk/pension-credit) which includes a free online calculator to check if you are eligible. You can also call the Pension Credit claim line on 0800 99 1234 (available 8am to 6pm).

## Changes to normal minimum pension age

The UK Government has confirmed that the normal minimum pension age (the earliest age at which most members can access their pensions without incurring an unauthorised payments tax charge, unless they are retiring due to ill health) will rise from 55 to 57 from 6 April 2028.

Members with a protected pension age will still be able to access their pension at their earlier minimum pension age, where applicable.

## Latest Scheme retirement age

Members of the Scheme are required to take their benefits before they reach the age of 75. As you approach the ages of 65 and 75, we will send you a letter outlining your retirement options, but we can also provide this on request. For further information please contact the Member Services Team on 0800 090 2267 (+44 (0)20 7636 8111 if you're calling from outside the UK) or by emailing [pensions.admin@abfoods.com](mailto:pensions.admin@abfoods.com).

## Pension Tracing Service

It is important to stay in touch with the administrators of any pensions you may have. This helps you stay informed about your pension and simplifies the process when you wish to access your benefits. The Government has set up a service which allows individuals to search for a lost pension. For more information on using this service, visit [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details).

## State Pension Checker

In addition to your ABF pension, you may also be entitled to a State Pension. To find out how much you could get when you reach State Pension age, visit [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension).

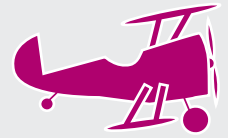
## Climate change reporting

The Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Government made a number of recommendations around climate-related financial disclosure requirements. In line with these recommendations the Trustee has prepared a climate change report. The report is available to download from our website: [www.abfpensions.com/db/tcfd](http://www.abfpensions.com/db/tcfd).



## National Fraud Initiative

The National Fraud Initiative (NFI) is a data-matching exercise conducted by the Government to help in the detection and prevention of fraud. Pension schemes, including the ABF Scheme, are required to submit data to the NFI on a regular basis. This data includes pension and payroll records. The data is compared against other records to identify errors or potential fraud that require further investigation. As the Trustee processes personal data, the Scheme is registered with the Information Commissioner's Office (ICO), who ensure organisations meet the legal requirements when processing information.



## Annual Allowance

The Annual Allowance is the limit set by the government on how much you can benefit from tax relief on pension savings over the course of a year. If your ABF pension savings exceeded the standard Annual Allowance in 2023/2024, we would have sent out a pension savings statement before 6 October 2024. However, the Annual Allowance applies to all your pension savings, including those held outside of the Scheme.

If you exceeded the Annual Allowance for the year 2023/2024, you must declare the Annual Allowance tax charge on your self-assessment tax return by 31 January 2025.

Government guidance on the Annual Allowance tax charge can be found on the government's website at: [www.gov.uk/tax-on-your-private-pension/annual-allowance](https://www.gov.uk/tax-on-your-private-pension/annual-allowance).

## Have you registered to use our secure member login area?

Our website has a secure login area for all members of the Scheme. If you're currently paying in, or you have a deferred pension in the Scheme, you can log in to the secure member area to:

- Find out the current value of your pension
- View your contributions if you're currently paying in
- Get an idea of how much you could receive at retirement age

If you're receiving a pension from us, you can log into the secure member area to:

- Update your contact details
- View your payslips and P60s

If you've not yet registered to use the secure login area of the website, you will need an activation code to register for the first time which can be obtained by contacting us on **0800 090 2267** (+44 (0)20 7636 8111 if you're calling from outside the UK) or by emailing [pensions.admin@abfoods.com](mailto:pensions.admin@abfoods.com).

If you have previously registered to use the secure login area of the website but are having problems logging on, please contact us using the details above.



[www.abfpensions.com](https://www.abfpensions.com)

# IMPORTANT INFORMATION

We would like to remind you of some important information and where to find additional guidance should you need it.

## Statement of Investment Principles and Implementation Statement

The Statement of Investment Principles (SIP) records the investment arrangements (and the rationale behind those arrangements) adopted by the Trustee. The Implementation Statement sets out how, and the extent to which, the SIP produced by the Trustee has been followed during the year.

You can view the the SIP on our website at [www.abfpensions.com/db/sip](http://www.abfpensions.com/db/sip) and the Implementation Statement at [www.abfpensions.com/db/implementationstatement](http://www.abfpensions.com/db/implementationstatement).

## MoneyHelper

You can get free and impartial guidance on money, savings and pensions from the MoneyHelper service: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

## Pension Wise

If you are over the age of 50, and you have a Defined Contribution pension, Pension Wise, a Government service from MoneyHelper, offers free and impartial guidance about your retirement options. Visit their website to find out more at: [www.moneyhelper.org.uk/pension-wise](http://www.moneyhelper.org.uk/pension-wise).

## Pension scams

According to Action Fraud, pension savers lost a total of £17,750,653 to pension scams in 2023. You may think it could never happen to you, but pension scams are hard to spot which is why the scammers are often successful. Protect yourself and your pension by getting to know the key warning signs of a scam. Take the FCA's quiz to find out how ScamSmart you are: [www.fca.org.uk/consumers/take-our-pensions-scam-quiz](http://www.fca.org.uk/consumers/take-our-pensions-scam-quiz).

Find out more about how you can avoid pension scams and download a scam warning leaflet on our website at: [www.abfpensions.com/db/scams](http://www.abfpensions.com/db/scams).

## Making sure we can keep in touch with you

If you are an active member of the Scheme, the Company will advise us of any changes to your personal details. However, once you become a deferred member or pensioner it is important you keep us up to date if any of your details change.

The easiest way to update your personal details is through your online account once you are logged in. Details on how to log in are on the previous page. Alternatively, you can contact the Member Services Team and they will ask some security questions before taking your new details over the phone. Please find our contact details below. If you're an active member of the Scheme please contact us as you won't be able to update your address using the online portal.

## Contacting us

Due to ongoing operational issues affecting some postal services, we suggest if you need a quicker response that you contact us by email or by phone if possible. You can call the team on **0800 090 2267** (or **+44 (0)20 7636 8111** if you're calling from outside the UK). It's free to call from UK landlines and mobiles and the team are available Monday to Friday, from 9am to 5pm. Alternatively, you can email [pensions.admin@abfoods.com](mailto:pensions.admin@abfoods.com).

If you need to send us completed forms or documents, we have a secure file transfer website which can be used instead of posting them to us. Please contact us by email or phone for further details. You can write to us at: **Associated British Foods Pension Scheme, 50/51 Russell Square, London, WC1B 4JU.**

If you move house, you can now call the team and we can take these details over the phone. We will take you through a series of security questions to make sure we're talking to you. You'll then receive a letter confirming the changes have been made.



# THE FINANCIALS

## Membership

On 5 April 2024 there were:

<b>919</b>	<b>5,794</b>	<b>14,300</b>
Active members	Deferred members	Pensioners and Dependants

## Income and expenditure

The table below shows the breakdown of income and expenditure for the year to 5 April 2024:

Members' and the company's contributions, and Additional Voluntary Contributions	£19,949,000
Investment income and change in market value of investments	£199,783,000
<b>Total income</b>	<b>£219,732,000</b>
Retirement and death benefits	£126,245,000
Administration expenses	£8,815,000
Investment management expenses	£16,781,000
Transfers out	£3,803,000
Taxation on investments and where Lifetime or Annual Allowance exceeded	£383,000
<b>Total expenditure</b>	<b>£156,027,000</b>

## Investing

How we invest the assets of the Scheme is summarised below:

Fund category	Percentage of holdings at April 2024	Target allocation of overall holdings
Cash	2.1%	1 – 3%
Property	7.7%	8 – 10%
Global Equities (may include UK)	26.1%	25 – 30%
Fixed interest and index linked bonds (including illiquid credit)	64.1%	50 – 70%

## General market update

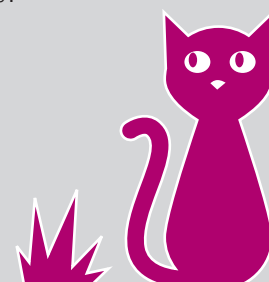
As inflation slowed down, the year began with optimism, but concerns persisted over central bank rate decisions causing markets to fluctuate in the first half of the year.

By the fourth quarter in 2023, it seemed like central banks would start lowering interest rates sooner than expected. This reduced fears of a recession so markets improved by the end of the year.

The Trustee has carefully monitored all investment strategies closely throughout the year and met regularly with asset managers throughout the year. All strategies have performed in line with expectations across the Scheme year.

## Average overall investment return

Over the year to 31 March 2024, the average annual return was 6.02% vs a benchmark of 7.64%.  
Over three years, the average annual return for each year was 0.51% vs a benchmark of 2.64%.  
Over five years, the average annual return for each year was 3.18% vs a benchmark of 3.82%



## How members have invested their AVCs

AVCs are payments a member can make to help boost their retirement income. They are invested in the way each individual member chooses from the investment options on offer. The Trustee holds members' AVC investments separately from the main fund. Members participating in AVC arrangements receive a statement confirming the amount held in their account(s) at April each year.

On 5 April 2024, a total of over £10.7 million was invested with the following providers:

### Current funds

Funds on the Mobius Life platform	£6,214,000
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### Legacy funds

Phoenix Life Limited (previously London Life Limited)	£5,000
Clerical Medical	£1,291,000
Prudential	£84,000
Standard Life	£3,199,000

<b>Total</b>	<b>£10,793,000</b>
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## LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited	
Company Appointed Trustee Directors	James West (Independent Chair), John Bason (resigned 28 April 2023), Giles Haig, Paul Lister, Philippa Nibbs (resigned 30 April 2024), James Rushton (appointed 18 May 2023)	
Member Nominated Trustee Directors	Sarah Giffen, Paul Longley, Trevor Smith, Jonathan Willis (resigned 30 April 2024)	
Secretary to Trustee and Group Pensions Director	Colin Hatley	
Investment Managers at year end	ABRDN (removed 29 September 2023) Alcentra Ltd Arcmont Asset Management Ltd Ares Management Ltd Artemis Investment Management LLP Beach Point Capital Management LP BlackRock Investment Management UK Ltd Bridgepoint Advisors Ltd Calamos Investments LLC Cordet Capital Partners LLP CQSM LLP Goldman Sachs Asset Management Inc	Hay Financial Management LLP H.I.G. Capital International Advisors LLP Insight Investment Management Ltd Liontrust Asset Management Plc Morgan Stanley Muzinich & Co MV Credit Partners LLP NeuBerger Berman Ninety One Global Schroder Investment Management Ltd Veritas Asset Management LLP
Actuary	James Bourne, Mercer Ltd (until 31 January 2024) Sam Eida, Mercer Ltd (from 1 February 2024)	
Administrator	ABF Group Pensions Department	
Auditor	Ernst and Young LLP	
Banker	Bank of Scotland	
Custodian	The Bank of New York Mellon (removed 31 July 2023) Northern Trust LLP (appointed 1 August 2023)	
Investment and Benefit Consultants	Mercer Ltd	
Property Manager	Workman LLP	
Property Valuer	CB Richard Ellis	
Solicitor	Travers Smith	

