

Your Amey OS Pension Scheme

The latest update



Summer 2020



As Trustee of the Amey OS Pension Scheme, we're in charge of looking after your pension and keeping it safe for the future. These newsletters will keep you up to date with what we've been doing, and how the scheme is funded.

In this edition, we update you on COVID-19 and what it could mean for your pension. We've also got scheme funding details for 2018-2019, and some information about how your pension is invested.



Welcome to your Summer 2020 newsletter

We know our members might be worried about what COVID-19 means for their pensions, so I wanted to kick off this edition of the newsletter with some reassurance.

COVID-19 has caused major disruption to global stock markets. We normally anticipate that shares will go up and down in value, but these recent changes were bigger than we'd expected.

The good news is you have a Defined Benefit (DB) pension and that means it's not related to how the stock market performs.

If you've made Additional Voluntary Contributions (AVCs), the value of this pot might be affected by the changing value of stocks and shares. But we expect the markets to correct over time, so the amount this affects you depends on when you want to access your AVC pot. There's more information about this on page 9.

In other news, Amey has welcomed a new CEO in Amanda Fisher. You can find out more about her, and an update on the sale of Amey, on pages 2 and 3.

We introduce the people behind your pension – myself included – so you know who it is you're hearing

from (page 4). And we're giving members who are still working a sneak preview of the approach to retirement (page 6).

Given all the news about the stock market, we thought it would be timely to tell you a bit more about how your pension is invested in the world around you (page 8), and all the good things it's doing (page 10).

And finally, we're pleased to bring you the latest funding update, which shows that the Amey section of the scheme is performing well, with a good level of funding (page 12).

Our administration team at RPMI are still on hand for all your queries. You can find out how they're coping with COVID-19, along with up-to-date contact details, on the back cover.

We send our best wishes to you and your family.

Yours sincerely,

Kim Nash

For and on behalf of the Trustee

Company news

Shortly before COVID-19 struck, Amey welcomed a new CEO to the helm. Amanda Fisher has been in the role of CEO for over 6 months now – and we'd like to wish her all the best.

We can also advise that we've had no further news from Ferroviaal about the sale of the business.



The company has welcomed a new CEO

In December, Amey appointed a new Chief Executive, Amanda Fisher, to replace Andy Milner. Amanda was previously Managing Director of the Facilities Management, Defence and Justice (FMDJ) business at Amey.



Amanda has a strong background across several sectors, including the wider facilities management market, business services and highways. She previously worked at Balfour Beatty, Alfred McAlpine and Allied Healthcare. Before that she served in the Armed Forces as a commissioned officer.

Amanda is overseeing an unusual time for any business, but has already overseen a host of exciting developments. There have been new

partnerships with BuildForce and the Open University to help military veterans retrain for life beyond service, and with Sheffield Hallam University to launch a new Railway Engineering apprenticeship. Amey has also won several new multimillion-pound contracts since Fisher took the helm, and received lots of new awards.

Head office has moved to London

Amey has moved its head office from Oxford to London, where the team will operate out of Furnival Street near Holborn. But the

company will still have a base in Oxford, where the offices have moved to Milton Park.

There's no new news about the sale of Amey

We've had it confirmed that Ferroviaal still have Amey up for sale. Just to remind and reassure you, we manage the pension independently of the company. Amey doesn't control your pension, but it is the 'sponsoring employer', responsible

for making sure the pension always has the funds it needs. This means we rely on Amey, not Ferroviaal. The scheme is operating as normal, and will continue to pay everyone's pensions.

We'll update the website if we hear anything

We've been continuing to keep in close contact with the company as it navigates working during COVID-19. If we receive any news from them, including about Ferroviaal's plans to sell Amey, we'll update the website to keep you informed.

To find out the latest news, visit www.my-amey-os-pension.com



The people behind your pension

Meet your trustees

The Trustee of the scheme is an independent professional trustee company called PTL. The Trustee is responsible for looking after the scheme's investments, keeping them completely separate from the finances of the company.

The Trustee makes sure that the right benefits are paid to members at the right time. Kim Nash and Matt Riley from PTL look after the scheme.



Kim Nash

Kim is a trustee to a number of defined benefit, defined contribution and hybrid pension schemes. She has significant experience of handling a broad range of projects relating to the management of pension schemes. Kim is an effective leader with an independent viewpoint and able to set and deliver high standards of governance in the schemes she looks after.

“Being a qualified actuary gives me the necessary technical ability and in-depth knowledge of pensions issues. My focus on high standards of governance and member outcomes help protect retirement savings for members within schemes.”

Email address: knash@ptluk.com



Matt Riley

As a Manager for PTL's Birmingham office, Matt's responsibilities include working closely with Client Directors and individually liaising with employers, trustees and members to ensure the smooth running of their pension schemes. Matt also works closely with clients in relation to risk registers and internal controls.

“I particularly enjoy resolving issues in a fair and pragmatic way, ensuring that the right result is reached for the member or employer.”

Email address: mriley@ptluk.com

The 6-month countdown to retirement

Your countdown to retirement starts 6 months before the date that you start getting a pension. This date will be your 'normal retirement age' in the scheme, unless you tell your scheme administrator, RPMI, that you want to retire at a different age. You usually have to be at least 55 to get your pension.

At this 6-month point, you need to start thinking about how you want to take your benefits, and we need to start the process of paying you those benefits.

The following process applies in spite of any disruption caused by COVID-19.

6 months to go: Deciding how to take your money

It's time to decide how you want to take your pension. You'll know it's time because RPMI will be in touch with you. They'll send you a retirement pack, which will include the figure for your annual pension income and lots of information about your retirement options and what happens next.

Here's a brief idea of some of the ways you can take your benefits:

1. **Take all your benefits as a taxable income from the Amey OS Pension Scheme. We'll pay you every month for the rest of your life.**
2. **Take up to 25% of your benefits as a tax-free cash sum, and take the rest as a taxable income.**
3. **Transfer the cash equivalent of your benefits to another pension scheme, which may offer different options. For example, you could buy a fixed-term annuity, invest the money and draw an income when you need it, or take the whole lot as cash.**

You can also decide to exchange some of your benefits for a higher income for someone else. You'll receive a lower income, and your dependant(s) will receive a larger income or lump sum from the scheme when you die.

This is the point at which you might want to talk to an independent financial adviser about your options. In the meantime, you can read more about your options even sooner if you want. Just go to www.my-amey-os-pension.com/retirement-options. Alternatively, please contact RPMI directly using the contact details on the back page of this newsletter.

3 months to go: Returning all your paperwork

By now you should have had some time to get your head around your options, to ask us questions or talk to your family, and to complete all the paperwork we sent you.

Now is the time to send back that paperwork, so we've got time to make sure your pension arrives on time.

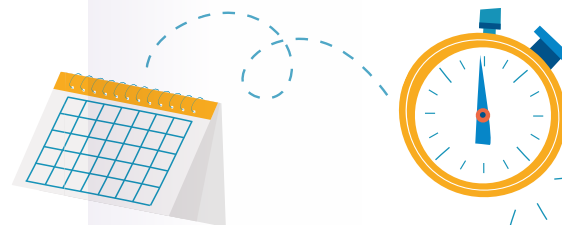
As soon as we get your documents, we'll get to work processing your pension. You'll hear from us if there's anything else we need before you're due to retire. But otherwise, you can leave the rest to us and start planning your life beyond work.

Retirement: Getting your first pension payment

Retirement is here! If you haven't already stopped work, now you can set that permanent 'out of office' and head home. Or drop your hours. Or take up a volunteering job. The point is, it's up to you.

If you've chosen to receive your pension as income from the scheme, then your pension will be paid into your bank account each month. It will also increase every year to help it keep up with inflation, so we'll send you a statement every year to show you how your pension will change.

And of course, whenever you need to update your information or ask a question, you'll be able to get in touch with RPMI just as you do now.



The money in your scheme is invested in the world around you

How the scheme is always working for you

The money in your pension scheme doesn't just sit in a vault until you're ready to take it. It's invested in lots of things that help our country tick – like companies, factories and housing. So the money in your scheme is being put to good use while you're working towards retirement. That makes us all collectively investors, and your pension an investment in the world around you.

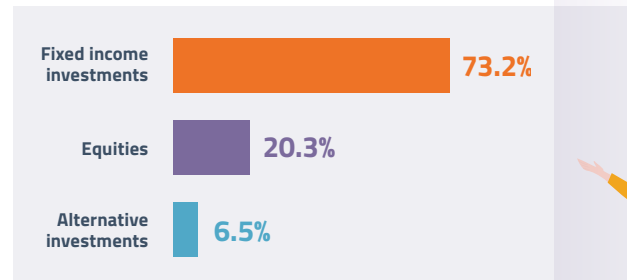
As your Trustee, we're here to make sure that the investments that support the scheme are working as hard as they can. But the day-to-day work of managing that money lies with SEI, a company that specialises in investing for pension schemes like ours.

So where is the scheme invested right now?

Most of the money SEI invests is put in 'pooled funds'. This means that the scheme's money is pooled with money from other schemes and invested in larger quantities. This can then be invested in a wider range of funds, which helps to spread the amount of risk we're exposed to.

As of June 2019, your Amey pension is primarily invested in:

- **73.2% fixed income investments**, like loans to companies or governments. These are designed to offer a fixed return until a set date in the future.
- **20.3% equities**, which are shares in companies that we think will go up in value over time. These are designed to increase in value until a future time when we may want to sell our shares.
- **6.5% alternative investments**, like private equity, commodities, currencies, or property. These are designed to attract higher returns at a slightly higher risk than fixed income.



If you've made AVC contributions, you'll invest that money too

Some members save Additional Voluntary Contributions (AVCs) to build up extra money for when they retire. If you have AVCs, you have different choices about how to invest them depending on the part of the scheme you're in.

You should regularly review how you invest your AVCs, to make sure they are still in a suitable place for you. For example, when you are getting closer to retiring, you might want to have your money in lower risk investments, to protect their value.



Since COVID-19, the market has been volatile. This could have affected the value of your AVC pot, depending on how you've chosen to invest it.

For example, things like government bonds and property are less affected by changes in the stock market. So if you've chosen to invest your pot in those kinds of investments, we expect it to be less affected by recent changes than it would otherwise be if it were only invested in things like equities.

If you're expecting to retire soon, there's a chance that there will be less in your AVC pot than you'd hoped, because of this market volatility. If you're more than 5 years from retiring, there's more time for your AVC pot to stabilise.

For more about AVCs, get in touch with your scheme administrator, RPMi. See the back cover for their details.

We're actively helping to make the world a better place

When our investment managers think about how to invest the money in the scheme, they take into account lots of financially material factors – including how the companies we invest in might impact the environment and society, and how well they're governed.

These 'environmental, social and governance' (ESG) factors are increasingly important to pension schemes. It's not just that these are 'nice' ways to grow the money that supports your future. It's that these factors can influence the long-term sustainability and performance of our investments.



These investments give us the power to make the world better for everyone

By investing in companies, we're able to check how well those companies help protect the environment, what they're doing for society, and how they treat their workforce. And if they're not up to scratch, we have the power to make changes.

For example, in 2019, SEI worked on behalf of the scheme to:

- Appoint more independent directors on the **Samsung** board to ensure better governance and therefore better future returns on your investment.
- Vote out the CEO of **Korean Air** following a series of scandals, including ignoring the concerns of minority shareholders.
- Encourage **Nestlé** to reduce their environmental impact by creating an Institute of Packaging Sciences and committing to phasing out all non-recyclable plastics by 2025.

Myth Buster

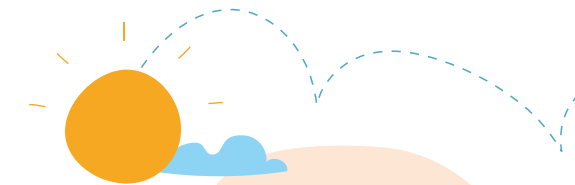
Some people think that ESG investments result in poorer financial performance. But that's not necessarily true!

In fact, a wealth of research – by the likes of Oxford University, Harvard, Deutsche Bank, and many more – has found that investing pensions this way is likely to result in **better** risk-adjusted returns.

SEI have identified 5 key areas to engage with

In 2019, SEI confirmed 5 key areas to focus on when engaging the companies the scheme invests in. As a result, the scheme's investments will be used to encourage companies to:

1. **Protect vulnerable workers**, encouraging living wages in the retail sector
2. **Fight climate change**, investing in cleaner marine transportation
3. **Promote gender equality**, checking on best practice in diversity policies
4. **Protect marine biodiversity**, helping clean plastics from the ocean
5. **Respond to antimicrobial resistance**, funding research in the pharmaceutical sector



Keep an eye out for our updated Statement of Investment Principles (SIP), which sets out how we invest the scheme's money. We're updating this statement on the website soon to tell you how we take into account information about companies we invest in.



The latest summary funding statement

An update on the scheme's financial position

As your Trustee, we work with Amey to make sure the Amey OS Pension Scheme is properly funded, secured and governed. A big part of this work is making sure we have the assets we need to continue paying benefits long into the future.

To show you how your section of the scheme performed in 2019, here's the latest annual update.

The overall funding of the Amey OS Pension Scheme increased in 2019

The funding of a scheme shows the value of its assets compared with its liabilities. This can be expressed either as a percentage difference (funding level) or as a numerical difference (a surplus or a shortfall).

In the year September 2018 to September 2019, the overall value of the assets in the Amey OS Pension Scheme increased by over £93.5m.

Funding of the Amey section has increased as well

Here's how the assets and liabilities changed in the Amey section of the scheme between September 2018 and September 2019:

September 2018	
Assets £30,472,000	Liabilities £23,350,000
Funding level 130%	Surplus £7,122,000

September 2019	
Assets £36,778,000	Liabilities £25,654,000
Funding level 143%	Surplus £11,124,000

Assets are the investments that the scheme holds. Their value can increase from investment returns and from contributions from the company.

Liabilities represent the pension payments we make to members now and in the future, and include any assumed changes in the economy and membership of the scheme.



Payments between the scheme and the company

The company contributes money to the scheme every month. We invest this money to generate more returns. Between September 2018 and September 2019, Amey made total contributions of over £11.63m to the Amey OS Pension Scheme. Contributions are agreed between the company and the scheme, and are based on how well-funded the scheme is at the time.

We're required by law to tell you whether or not any money was sent from the scheme back to the company. We can confirm this didn't happen at any point in the last year. We can also confirm that we didn't receive any directives from The Pensions Regulator.

Amey funding levels are looking good

In the longer term, we have a strategy for all sections of the scheme to be 'self-sufficient'.

Self-sufficiency is when the scheme is no longer reliant on the employer to make future contributions.

On this basis, the Amey section of the scheme had 109% of the money it needs to become self-sufficient as at September 2019. The funding levels for other sections of the scheme were both very good as well.

With some volatility in the stock markets, we're expecting to see some change to funding levels this year. But we're continuing to closely monitor the funding level, and we're invested in a broad range of asset classes – which helps protect it. And, as you can see, the Amey section continues to perform well against these benchmarks. So we're starting out in a strong position.

We'll tell you more about this in a future newsletter. If you want to know more before then, please get in touch with your scheme administrator, RPMI. See the back page.



If you have any questions about your pension, please contact RPMI, your scheme administrator.

Call: 0345 112 0025

(Calls may cost up to 9p a minute from a UK landline depending on your call package)

Email: amey@rpmico.uk

Write to:

RPMI Limited
Amey Pension Scheme
PO Box 193
Darlington DL1 9FP

There is lots of information about the scheme on our website: **my-amey-os-pension.com**

We've also just added some helpful videos, so take a look.

You can sign up to be told automatically when there's something new on the website. Just go to the website and click 'RSS feed' at the very top of the page.

During COVID-19, RPMI is prioritising some queries over others

It's business as usual for RPMI, but under the circumstances, the team are prioritising urgent queries and processes. For example, they're making sure that everyone's monthly pensions are paid on time, members are still able to retire in good time, and death benefits are being settled quickly and efficiently.

This means it may take longer than usual for RPMI to respond to any other queries that you send. But rest assured the team will respond to you as soon as possible.

