

Trusteenews

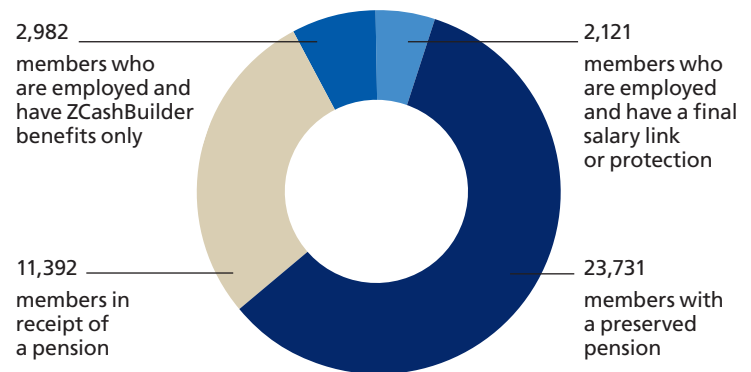
A snapshot of scheme highlights in 2017

Summary of the scheme report and accounts

The key numbers

Net assets at 30 June 2016	£7.663b
IN	
Contributions and income	£68.6m
Return on investments	£454.1m
OUT	
Pensions and other payments	(£328.4m)
Net assets at 30 June 2017	£7.857b

Scheme membership at 30 June 2017



The full report and accounts of the scheme is now available in the Library section at www.zpen.info

Latest final salary sections funding position

ZPensionBuilder	Assumed cost of providing accrued benefits in respect of:	30 June 2017 £m
Total liabilities		7,213
Market value of assets excluding SLP		6,546
(Shortfall)		(667)
Funding level excluding SLP		91%
Value of SLP		860
Surplus including SLP		193
Funding level including SLP		103%

ESExec	Assumed cost of providing accrued benefits in respect of:	30 June 2017 £m
Total liabilities		189.8
Market value of assets		196.3
Surplus		6.5
Funding level		103%

NB: The net assets in the scheme report and accounts figures include ZPensionBuilder, ZCashBuilder and ES Exec figures.

Trustee changes in 2017

Appointed 15 August 2017

Tim Culling



Reappointed 15 August 2017

Tom McKenna



Graham Mearns



Alan Wood



Anna Fleming resigned on 30 June 2017 and Cecile Fresneau resigned on 31 August 2017.

We are currently awaiting the appointment of another company nominated trustee.

A copy of the full scheme valuation results can be downloaded from the Library section once you have logged into the Scheme website: www.zpen.info

Welcome to your annual update



David Sims
Chair

We've tried to capture the highlights of 2017 in this newsletter and we're also keen to look forward and support scheme members in their understanding of their pension benefits. The world of ZPen has changed significantly in recent years, all active members now have ZCashBuilder (ZCB) pension pots that can be used more flexibly than ever. We're looking at new ways to engage with these members to increase understanding and awareness of various options now available and to make sure members fully understand the benefits of saving into ZCB.

Those of you with preserved final salary benefits in the scheme may well be aware of the pension freedoms legislation that allows you to transfer out to another scheme and make use of different options when you take your benefits.

We want to support those of you who are considering this, making sure you understand the options available to you and ensuring that you take expert financial advice before making a decision.

As you'll discover later in this newsletter we're launching some sessions to make sure all members make the most of our website www.zpen.info. It's a great source of information on all scheme activity where you can keep up to date with your scheme and your own pension benefits.

I hope you enjoy this newsletter, If you have any comments or queries please address them to the zpenteam@uk.zurich.com

David Sims
Chair

Frequently asked questions (FAQs)

Last year we launched a FAQ section on the trustee website www.zpen.info it provides a wealth of information about the scheme and the way your pension benefits work and should be the first port of call for any queries. We are always updating this section, here are a few of the recent additions:

I'm already receiving a pension from the scheme can I transfer it to another scheme?

No, legislation restricts the option to transfer to members who have preserved benefits in the scheme, so pensioners and active members are not able to take a transfer. The only exception is if you were to divorce, in which case you are able to transfer out part of your benefit as a lump sum to your former spouse as part of the divorce settlement.

I'm thinking of transferring my final salary pension out of the scheme – what do I need to do?

The ZPen scheme is administered using an online member self service facility for more than 90% of scheme members. This means that most members can get everything they need in just a few minutes. If you're thinking of transferring your pension benefits just follow the 4 stages below, pass the information on to your IFA and they should then be able to advise you.

1. If you haven't already, register to use the Trustees website www.zpen.info and then log in to your account.
2. Go to the 'Get a quotation' tab and get a retirement quote for your pension benefits at age 60 and get a transfer value (you can lock in this value so it's guaranteed for 3 months if you want to). When getting a transfer value remember to download a Transfer Factsheet.

Take screen shots of the retirement quote and the transfer value.

3. Go to 'Additional information' page under your account details and take a screen shot.

You should now have the following to pass on to your IFA:

- A pension quote at 60
- A transfer value quote
- A transfer factsheet
- Your scheme information

4. Your IFA may want to see some other information, such as, early retirement factors, commutation factors or details of death benefits. All of this information is available to them from the FAQs section on the home page of the website www.zpen.info

In order to access the forms to transfer out benefits the transfer value must be 'locked in' online. The forms can then be downloaded and passed to your IFA. If you are a scheme member who cannot use the website please email the ZPen Team at zpenteam@uk.zurich.com and we will provide the calculations for your IFA.

When does my Allied Dunbar temporary pension stop?

The scheme rules allow for temporary pensions to stop at the state pension age that applied prior to the Pensions Act 2011 which increased state pension ages for women. For most members the temporary pension is payable to age 65 but if you are a woman born between 6 February 1954 and 5 April 1955 your temporary pension will stop before age 65 – you can check the table in the Library at www.zpen.info to see exactly when your temporary pension will stop.

The General Data Protection Regulation (GDPR)

– you, the scheme and your data

The GDPR is the new Regulation being brought in by the EU to introduce greater control over the use of personal data. It is in the form of a Regulation rather than a Directive so it will apply automatically, with all Member States being required to comply fully from 25 May 2018. The underlying general principles of the GDPR are very similar to the existing principles under the current UK Data Protection Act 1998 (DPA). However the GDPR contains more specific requirements for the use and protection of personal data than the existing legislation. Under the GDPR the Trustee and the Scheme Actuary, Mark Howard of Barnett Waddingham LLP are joint data controllers. They are required to notify you with the following information regarding the collection, holding, use, disclosure and transfer (collectively known as 'processing') of personal information (or data) relating to you.

Personal information collected about you

In addition to any information supplied by you, personal information about you may be obtained from other sources, particularly the Zurich group and, where applicable, any former pension scheme or employer of yours.

The information may include such things as dates of birth and earnings (in order to calculate benefits and contributions) and bank account details (in order to pay pensions). Other personal information may be held, such as a member's wishes with regard to the distribution of any lump sum death benefit. If health or other sensitive information is to be processed, you will be contacted separately.

Use of personal information

Under the GDPR the trustee is permitted to process personal information to administer the scheme and generally to fulfil its legal and regulatory obligations. It may also process personal information in connection with legal proceedings or disputes or where it has some other legitimate interest in doing so; e.g., members' personal information may help the trustee and its advisers derive an appropriate investment strategy for the defined benefits section of the scheme.

Disclosure of personal information

Personal information may be transferred to and processed by the ZPen Team and other third parties and contractors involved in the running of the scheme. These include service providers who carry out administration functions, the scheme actuary who carries out periodic valuations of the scheme's assets and liabilities, the scheme auditor and other professional advisers. Also Zurich's computer systems are used for scheme purposes and so personal information will be stored on them. Zurich and other third parties and contractors will be subject to confidentiality requirements under which they may only access and process personal information as described in this notice.

Personal information may also be transferred to others where they have a legitimate interest in processing it or the trustee is required by law to provide the information, including:

- Zurich group companies (e.g. to formulate a compensation or termination package);

- any buyer or prospective buyer of any Zurich company or business (e.g. for due diligence purposes);
- other pension schemes and insurance companies to whom transfer payments may be made or benefits secured; and
- HM Revenue & Customs, the Pensions Regulator and other statutory bodies.

Retention of personal information

In the main the personal information obtained will be retained indefinitely as benefit claims and queries may be made at any time but any details which the trustee considers need no longer be retained will be erased.

Transfers of personal information outside the UK

Under the GDPR personal information may be transferred to any country within the European Economic Area (EEA) or which is recognised by the European Union as having comparable data protection laws, such as Switzerland.

Whilst not currently envisaged it is possible that personal information may be transferred and processed elsewhere in future. The trustee will ensure that if the transfer is not otherwise authorised, protections similar to those in the EEA apply to the information. For example, the recipient may have contracted to protect the information or, if it is in the US, it might be a certified member of the EU-US Privacy Shield scheme.

You may obtain further information and a copy of any applicable contractual provisions by contacting the Scheme Secretary.

Your rights

You have a number of rights in relation to the personal information which is held about you, including:

- the right to see the personal information and to be provided with details regarding the processing of it;
- the right to have the personal information rectified if it is inaccurate or incomplete;
- the right to request that the personal information is erased or, in certain circumstances, to object to it being processed or to request that its processing is restricted. Please note however that any exercise of these rights will not be binding on the trustee insofar as the trustee is entitled to retain and process the information; and
- the right to complain to the data protection regulator, the Information Commissioner's Office, which may be contacted via its website at: <https://ico.org.uk> or telephone: 0303 123 1113.

Making contact

Further information about the processing of personal information may be obtained from the Scheme Secretary who should also be contacted if you wish to exercise any of your rights listed above.

Have you logged in to your ZCashBuilder account yet?

ZCashBuilder

If you're a ZCashBuilder member can you answer these questions ?

- **What is the value of your fund?**
- **What are your funds invested in?**
- **Have you set your target age for taking your benefits?**
- **Do you know how to get an estimate of your fund value at your target age?**

If you don't know the answers then we can help!

The Trustees secure website has lots of useful information and most scheme members have already registered to use it.

You have to register if you want to check the value of your fund, change any of your investment choices or get an estimate of your fund value when you retire.

If you haven't registered yet why not do it now?

Registration is easy all you need are your pension reference number (call us on 0800 232 1915 (Option 2) if you don't have it) and your National Insurance number.

If you're a member of the ZCashBuilder section of the scheme you are entitled to an annual illustration of the pension benefits you may get when you retire.

The good news is that you can get this illustration (known as a Statutory Money Purchase Illustration or SMPPI) any time you want it because it's available 24 hours a day, 7 days a week, 365 days a year at the Trustees' secure website www.zpen.info.

If you've already registered you can simply log on and click on the **ZCashBuilder Planner** tab to see your personal illustration.



Helen recently registered to use the website for the first time;

“

Registration was really quick, the website itself is very straightforward and I was able to find my current fund value and where it was invested really easily. I used the ZCashBuilder planner to work out my salary sacrifice for flex and updated my nomination form. I'd recommend all members look at their own account regularly, you might be surprised to see how much you've saved already!”

It is important that you access www.zpen.info on your own computer. If you use an internet cafe, a networked computer or a shared computer, you should be aware that your personal information may be stored in the memory of that computer and may be accessible to another person. Please also remember to log off the website when you've finished looking at your personal pension information.

As you know you can gain access to the information the pension scheme trustees and their administrators hold about you by using your username and password. You are responsible for ensuring the confidentiality and proper use of your username and password. You are also responsible for restricting access to your computer or any other computer which stores your details. In order to help the trustees and their administrators keep your information secure you should not leave your computer unattended while you are logged on to the website.



If you believe that someone other than you knows your username and password or has access to your account you must let us know as soon as possible – call us on 0800 232 1915 or email us at zpenteam@uk.zurich.com

Small savings add up!

We understand that it's not easy to commit to saving a bit more towards your pension, there are lots of demands on your pay so trying to find even a little bit extra for a benefit you're not going to see until you're at least 55 is difficult.

The good news is that Zurich contributes 12% of your pensionable pay into your ZCashBuilder pot whether you save anything or not, but if you can afford to save a bit extra it can make a big difference.

Contributing £2.50 a week could give you an extra £5,000 after 20 years and better than that it won't actually cost you £2.50 a week,

if you save using flex you'll save tax and national insurance meaning the real cost will be £1.70 a week! That's less than the price of a cup of coffee!

£5,000 extra in your pension pot for just £1.70 a week!

So, for £3.40 a week you could get an extra £10,000 or for £5.10 an extra £15,000 – you get the idea!

Under current legislation, you can take your benefits from 55 and then take up to a quarter of your pension pot as a tax free cash sum.

ZCashBuilder

Case study



Caroline joined Zurich in 2007 and has saved an extra £50 a month from her pay since she started. 10 years later she has an extra £13,000 in her pension pot.



I know I can't get the money until I'm 55 but that's the point of saving, I'm saving for when I'm older and want to work less hours and eventually retire completely. If you save into a building society you're lucky to get a 1% return, saving for pension means I save on tax and National Insurance immediately. Tucking away a bit extra now will help me to have a comfortable retirement."

How to get a 47% return on your pension savings – instantly!

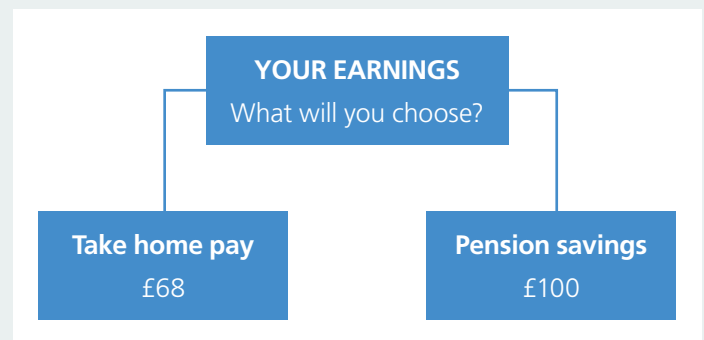
If it's too good to be true then it usually isn't true, but not in this case!

It's quite simple really, to encourage pension saving the government allow you to save tax and national insurance if instead of taking some of your earnings as pay you save it into your pension pot instead.

So, if you're a basic rate tax payer and you save £100 into your pension pot it actually costs you £68, that's a 47% return immediately.

What's the catch? The only drawback is that you can't normally access your pension savings until you're at least 55.

Your pension savings choice



Notes:

You save tax on all your pension savings but only save National Insurance if you save through the flex scheme.

Once invested investment returns are applied tax free too.

If you're a higher rate tax payer (40%) the savings are even bigger £100 saved will cost just £48 of your take home pay.

However, some higher rate tax payers may be restricted by the Annual Allowance.

What's ZPen online? How do I use it? What's on there for me? Help!

Faye Willetts has been the ZPen Regional Pensions Support Manager for the past 10 years so has extensive experience supporting scheme members in helping them to understand their pension benefits. Faye is an Associate of the Pensions Management Institute and prior to joining Zurich worked for Deloitte Total Reward & Benefits.



Using www.zpen.info effectively is vital to getting the best understanding of your pension benefits and it's never too soon to get involved. We understand that pensions can be difficult and although we've made our website as intuitive as possible we appreciate there's a lot on there so it can be easy to miss out on potentially important information. So, starting early in 2018 Faye is on a mission – she wants you to attend one of her sessions setting out all the benefits of using our website.

Over 90% of scheme members can use the website to run quotes on line and see the benefits available at retirement, you can choose any age or date and get a quote, the earlier you start the more time you'll have to plan for the future you want.

The sessions will be face to face at most Zurich UK locations and, if you can't make one of those, Faye will also be running a series of webinars – ideal for those of you who no longer work for Zurich. So if you're a current employee or former employee, a final salary member or ZCashBuilder member, young or old, register for one of Faye's sessions – naturally you'll need to go to the website to register – keep an eye on the homepage of the website over the next few weeks for more details.

Thinking of transferring your pension? Take care?

Following a reported rise in cold calls from companies asking people about their pension arrangements, ZPen members are reminded to **NEVER disclose any personal details to unsolicited callers**, either over the phone or through email.

If you need any information about your pension please contact us direct. We can provide information but we can't give formal advice, if you need to take advice you can find a suitable independent financial advisor by visiting one of the following websites:

www.unbiased.co.uk – promotes the benefits of independent financial advice to consumers and businesses. This website provides a search tool to find a local independent financial adviser.

www.moneyadvice.service.org.uk – for consumer information relating to all financial products, including pensions

Scamproof your savings



Pension scams. Don't get stung.

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Are you immortal?

If so, no need to read any further... Nobody enjoys thinking about death, particularly your own, but, did you know that if you were to die while employed by Zurich there is a lump sum of four* times your salary payable? And did you know that if you die soon after retiring there could be a substantial cash payout to your family? But most of all, did you know that the trustees of your pension scheme will decide who gets the cash? They will take into account any wishes that you have set down in your lifetime, including your Will, but a nomination form is a simple way to make sure that you have made your views known.

Unfortunately, every year some scheme members die and every year the trustees have to consider who to pay the lump sum death benefit to. This decision is far more difficult when the person who has died didn't complete a nomination form to tell the trustees who they wanted to benefit. We put a lot of effort into making sure the right people receive the benefit, but it is much easier when we know what your wishes were.

Well now there is no excuse – it couldn't be easier. Simply go to the trustees secure website, www.zpen.info, log in (if you haven't registered yet registration is easy!) – under your account details you will see a tab labelled 'Lump sum nomination form' simply click on this tab and complete the form. Two minutes of your time for peace of mind for you and your family. And if you change your mind, you can simply go back in and alter it. If you're not married or in a civil partnership you can also tell the trustees who you would like to receive any partner's pension that may be payable.

UPDATE YOUR NOMINATION FORM ONLINE TODAY

*With an additional four times if you have dependants (this is in place of a dependants pension) and joined anytime from 1 January 2016 (or if you've opted for this benefit instead of a pension for your spouse or partner)

Scheme funding update – final salary sections

Every three years the trustees run a formal review of the scheme's funding position to check whether contributions are at the right level and whether there is enough money to pay benefits as they fall due.

We always run this at the end of the scheme year – 30 June – and follow it up every year with a less detailed review.

The last formal review was undertaken in 2016 – the summary below shows the position at June 2017 and how this compares with recent years:

ZPensionBuilder	30 June 2013 £million	30 June 2014 £million	30 June 2015 £million	30 June 2016 £million	30 June 2017 £million
Assets (excluding AVCs/APCs)	4,621	4,948	5,559	6,395	6,546
Amount needed to provide benefits	5,236	5,679	6,586	6,984	7,213
(Shortfall)	(615)	(731)	(1,027)	(589)	(667)
Funding level excluding SLP	88%	87%	84%	92%	91%
Asset backed contribution (Scottish Limited Partnership (SLP))	n/a	n/a	782	893	860
(Shortfall)/surplus including SLP	(615)	(731)	(245)	304	193
Funding level including SLP	88%	87%	96%	104%	103%

ESExec	30 June 2013 £million	30 June 2014 £million	30 June 2015 £million	30 June 2016 £million	30 June 2017 £million
Assets (excluding AVCs/APCs)	157.1	160.3	170.9	192.3	196.3
Amount needed to provide benefits	165.2	167.9	180.7	190.7	189.8
(Shortfall)/surplus	(8.1)	(7.6)	(9.8)	1.6	6.5
Funding level	95%	95%	95%	101%	103%

Although it is important to remember that the figures shown at 30 June 2017 are not calculated with the same rigour that applies to the triennial Actuarial Valuation, the results have been generated by the Actuary on an appropriate basis and in accordance with the requirements of the Pensions Regulator. The main reason for the change in the funding position of the ZPen section of the scheme between 2016 and 2017 has been an increase in expected long-term RPI inflation.

The SLP arrangement involves loans guaranteed by Zurich Insurance Company in Switzerland and should generate an annual income stream for the ZPen section of the Scheme of £60 million for 24 years (or less if certain funding conditions are met or if certain prescribed events occur).

What happens if the scheme winds up?

Pension regulations require that we tell members what would happen if the scheme were to wind up. Our scheme is supported by a strong company but if the scheme were to wind up the law requires the principal and participating employers to make sure that there is enough money in the scheme to enable the trustees to secure members' benefits with an insurance policy.

There is a safety net set up to protect pension schemes where employers go out of business. First of all the company itself has to try and pay the amount needed to top up the funds required to secure the benefits. If the company was insolvent and could not pay this debt, the government's Pension Protection Fund (PPF) might be able to take over the scheme and pay compensation to members.

As part of the 2016 valuation, our actuary estimated that, if the scheme had wound up at 30 June 2016, there would still be enough money to secure 59% of members' benefits in ZPen and 87% in the ES Exec section. You can get the full picture by logging onto the Trustees' secure website www.zpen.info where you will be able to read the full valuation report.

Payments to the company

The company settles all administration costs and invoices as the trustees' agent and the trustees reimburse the company accordingly. No other payments have been made to the company out of scheme funds over the last year.

The scheme is not subject to any directions by the Pensions Regulator.



How to contact us

Please note our new telephone number is **0800 232 1915**

Press 1 for Pensioner Payroll

Press 2 for ZCashBuilder queries (or if you are locked out of your online account)

Stay on the line for queries about Final Salary pension benefits.

Pension pay days 2018

- 8 January
- 6 February
- 6 March
- 6 April
- 8 May
- 6 June
- 6 July
- 6 August
- 6 September
- 8 October
- 6 November
- 6 December

Remember you can see your pension payslip every month by logging in to your account at **www.zpen.info**

You can get the following information on line at **www.zpen.info**

- Annual report and accounts
- Valuation report
- Member's booklet
- Statement of investment and funding principles
- Contributions schedule
- Recovery plan
- Trustee dispute procedure

Email:
zcashbuiderteam@rpmico.uk

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ZCashBuilder

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Pensioners

For queries about your pension payments please contact
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