

TrusteeNews Winter 2022/23

Pensioner Edition

What's inside:

ZPen ambition to be net zero
by 2050

Pension Pay Dates 2023

Zurich Pensioners Association –
are you missing out?

Do you fancy becoming a
pension scheme trustee?

If you need a copy of this
newsletter in large print or
braille, please contact us using
the details on the back page.

#YourPensionYourFuture



ZPen

Message from your Trustee Chair



David Sims – Chair

Welcome to the Winter 2023 edition of TrusteeNews.

In this edition we explain the impact of the market volatility triggered by the mini budget in September 2022, provide an update on our responsible investment strategy, introduce our new Trustee directors, and invite you to put yourself forward to be a Trustee director when the term of office for two of the four current member-nominated directors comes to an end in August 2023.

We have not included a funding update as the Scheme is currently undergoing its formal valuation as at 30 June 2022, with the results due to be published in late 2023. As soon as the final results are agreed, we will make these available to you all with a special valuation Trustee Newsflash!

I encourage you to log in to, or register for, your online account at the Scheme website www.zpen.info so you are up to date with your benefits and, if your circumstances change, you can update your details accordingly, whether it be your personal details or nominations. Keeping your details up to date means we can keep in touch with you regarding your pension and avoid any delay in payments.

We have many exciting things planned for 2023, so watch this space.

David Sims

Chair

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Access your account online 24/7!

Don't forget you can access your account online at any time through www.zpen.info.

Here you can access the following:

- Check your pension payslip
- Update personal details
- Nominate dependants
- Dedicated pensioner page



Staff Discounts for Pensioners

Zurich are pleased to announce a brand new travel insurance discount available for pensioners and their families.

More information regarding this and important updates for pensioners with other Zurich insurance products can be found [here](#).



Pension Pay Dates 2023

- Friday 6 January
- Monday 6 February
- Monday 6 March
- Thursday 6 April
- Tuesday 9 May
- Tuesday 6 June
- Thursday 6 July
- Monday 7 August
- Wednesday 6 September
- Friday 6 October
- Monday 6 November
- Wednesday 6 December

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

Zurich Pensioners' Association – are you missing out?

Zurich has a thriving Pensioners' Association with more than 5,000 members enjoying the contact, friendship, comfort and protection which the Association seeks to provide. The work of the Association is carried out on a voluntary basis. The Association's Executive and Area officers are all Zurich pensioners who give their time freely to assist their members.

The objects of the Pensioners' Association are:

- to watch over the interests of members generally and to represent them in any matter relating to pensions, social benefits and welfare;
- to sponsor any matter concerning the welfare of members or their dependants, and to organise comfort and aid where necessary; and
- to provide means of communication with and between members, including a bi-annual magazine and 13 regional groups running a variety of activities.

To cover expenses the Association currently asks members to pay a small subscription (currently £1 per month – deducted straight from your pension). I hope you will appreciate the advantages of membership and if you wish to join us, you will be most cordially welcome. An application form is available on the Scheme website www.zpen.info or by contacting our Membership Registrar, Paul Robinson on berylpaul@gmail.com.

Mike Morris, Chair





Martin Potter
Scheme Actuary
Hymans Robertson

Scheme funding update – final salary sections

Every three years the Trustee asks the Scheme Actuary to carry out a formal valuation of the final salary sections of the Scheme to check whether there is expected to be enough money to pay benefits as they fall due.

The latest valuation is being carried out as at 30 June 2022, however the results won't be finalised until later in 2023. This will be Martin Potter's (from Hymans Robertson) first formal valuation for our Scheme since his appointment as Scheme Actuary in 2021.

As soon as the results are available, we will publish details on the Scheme website (www.zpen.info).

Recent Market Volatility

During Q3 2022 Liability Driven Investment (LDI) portfolios held by UK pension schemes made headline news. This came about when market movements resulted in UK pension schemes selling government bonds in order to meet emergency collateral calls on their LDI portfolios, resulting in the Bank of England stepping in to buy government bonds.

For your information, LDI is an investment strategy that is focused on ensuring there is sufficient cash to meet any future liabilities for an asset owner (the Trustee). LDI is very common with final salary schemes because they have large liabilities which need to be managed and met. LDI managers use financial instruments in order to support the portfolio's objective of meeting future liabilities, each day cash (collateral) is transferred between the asset owner or counterparty (i.e. a bank) when there are market movements.

The ZPen final salary section has an LDI portfolio and was exposed to the market movements, but due to the conservative approach taken by the Trustee for its LDI mandate, the Scheme's LDI portfolio remained very well collateralised at all times and no emergency collateral calls were received. During the period of elevated market volatility the ZPen team reviewed portfolio liquidity on a daily basis. Once markets had settled back down the final salary section was re-balanced in line with governance procedures to its Strategic Asset Allocation.



Trustee Board Changes

The Trustee Board currently has five company-nominated trustee directors, four member-nominated trustee directors and one independent trustee director.

The Trustee has a formal process for the nomination and selection of member-nominated trustee directors (MNDs).

The selection process was run in 2022 as:

- the term of office for one MND expired on 1 August 2022, and
- Derryn Yong resigned from the Trustee board on 14 April 2022

Following a competency-based interview process, the selection panel decided to appoint Neil Evans and Sam Reason as MNDs for a term of four years with effect from 1 August 2022 (a second term for Neil). Rod McKie was also appointed as a reserve member Trustee director (RMD). An RMD can be appointed as an MND if one of the current MNDs leaves mid-term.

There have also been some changes to the company-nominated trustee directors (CNDs) during the year:

- In October 2022, Amy Brettell stood down and was replaced by Lizzie Staunton.
- This was followed by Katja Pluto who stood down in December 2022 and was replaced by Sally Wright Henderson.

We would all like to say a huge thank you to Derryn, Amy and Katja for all their hard work as Trustee directors over the years.

You can find more information about your Trustee Directors at the Scheme website www.zpen.info.



Pension News – State Pension ‘Triple Lock’ confirmed!

With UK inflation running at particularly high levels, it was reassuring to hear in the autumn budget that the UK government have confirmed that the ‘triple lock’ safeguard will apply in April 2023. For those not aware of the ‘triple lock’ it means the UK State Pension will go up by whichever is the highest of the following three measures:

- inflation in the year to September (using the Consumer Price Index (CPI))
- increase in average wages, or
- 2.5%

Therefore, the UK State Pension will increase by 10.1% in April 2023.

Please note that your ZPen pension will continue to increase in line with the Scheme rules and will depend on which section of the Scheme you are in. More information regarding this can be found [here](#).



Are you looking for a new opportunity? Your Scheme needs you!

Are you looking for a new opportunity? Your Scheme needs you!

The role of a Trustee director can be very rewarding and provide a great opportunity for personal development. There are four member-nominated Trustee directors (MNDs) on the Trustee Board and the term of office for two of those MNDs ends in August 2023.

To be eligible to be an MND you must be a current employee who's a member of the Scheme, or a former employee who's now in receipt of a pension paid from the Scheme. Current MNDs can apply for a further term of office if they wish.

The pension arrangements for Zurich employees (and former employees) have been a key part of the company's benefits package for many years. Today the Scheme has around 4,500 active members, 22,800 deferred members and 12,600 pensioners and pays out around £14m a month in final salary pensions and receives nearly £4m a month in DC contributions.

You don't have to be a pensions expert to apply; you'll get appropriate training and support to help you with the technical aspects of the role. To be an effective Trustee director you must be able to work as part of a team with diverse backgrounds, skills and experience. You also need to be an effective communicator, convey your views clearly and be receptive and responsive to the input of others.

The Trustee Board normally meets at least five times a year to consider the effective running of the Scheme, including making decisions on funding, investments, risk management and discretionary issues. Meeting papers are circulated in advance and you will be required to read these before the meeting to ensure you are fully prepared.

If you feel you can make a positive contribution we would really like to hear from you.

You can get an application form from Sally Mallyon (sally.mallyon@uk.zurich.com) in the Zurich UK Pensions and Benefits team.

The closing date for completed applications is 31 March 2023.

If you would like to speak to one of the current MNDs about their experiences on the Trustee Board, let Sally know and she can put you in touch.

All applications will be considered and shortlisted nominees will be assessed through a structured competency-based interview process, which will include an interview with the selection panel and

may also include online aptitude tests and mock Trustee Board exercises.

As part of Zurich, we aim to have a diverse mix of Trustee directors that reflects our membership and the communities in which we live and work. Zurich is a workplace that values different opinions, respects personal needs, and provides equal opportunities for all. The Trustee believes that diversity in thought, experience, background, skills and personal attributes contributes to and enhances the Trustee Board's capabilities and as such welcomes all applications regardless of your background, beliefs or culture. We want the best person for the role – is that you?

Important Notes

- You will need a proposer and one supporter (who are both members of the Scheme) and you will need to submit your application form to the Scheme Secretary. Further details are provided on the nomination form.
- Generally, anyone over the age of 18 is eligible to be a trustee. There are some exceptions, and you must:
 - Not have been convicted of an offence that involves dishonesty or deception;
 - Not be an un-discharged bankrupt or have entered into voluntary agreements with creditors;
 - Not have been disqualified from acting as a company director;
 - Not have property in Scotland that is covered by a sequestration order;
 - Not be part of a company where another director of that company has been disqualified from being a trustee;
 - Not be part of a Scottish partnership where another partner has been disqualified from being a trustee;
 - Not be the auditor for the Scheme;
 - Not be the actuary for the Scheme; and
 - Not be prohibited from being a trustee by The Pensions Regulator.

If the number of nominations is less than or equal to the number of vacancies, those individuals will not be deemed automatically selected and their suitability for the role of MND will be assessed by the selection panel.

Responsible Investing

Over the last few years, the Trustee has developed a Responsible Investment (RI) strategy for the Scheme. A key part of this has been to set an ambition for the Scheme to achieve net zero by 2050.

Climate change is perhaps the most complex environmental risk facing society today. The risks and opportunities associated with climate change are intergenerational, international and interdependent. The Trustee has a duty to pay benefits as and when they fall due and in doing so recognises its responsibility to work proactively to tackle climate change.

The main focus for the Trustee when setting a net zero ambition has been on the Scheme's final salary arrangements due to the size of the fund and impact the Trustee can have in relation to these assets. The Trustee owns the majority of assets directly, meaning it has substantial influence to make a tangible difference by using voting rights and engaging directly with asset managers.

DB assets

To achieve its ambition, the Trustee has agreed a plan based on the following pillars:



Investments



Engagement



Monitoring

Operational ambition

From an operational perspective, the aim is to stop adding to the amount of carbon dioxide equivalent emissions that are released into the atmosphere. Significant progress has already been made and there is a clear path to further reduction by, for example, increasing our use of renewable energy and embracing hybrid working, meeting via Teams and travelling in smarter ways.

The Trustee will monitor:



Our suppliers



Our in-house team

The ZPen team is employed by the Group and works in line within the Group's operational model. Therefore, the team is aligned with the Group's 2030 operational net zero target.

From 31 January 2023, the Trustee will be publishing an annual responsible investment report showing an overview of the actions taken during the year as well as addressing Task Force on Climate-Related Financial Disclosures requirements. This will be made available on the website (www.zpen.info).

Don't miss a thing . . .

Keep up to date with the latest ZPen news with our regular **Trustee Newsflash!**

Our Trustee Newsflashes can be accessed online **Newsflash!** (www.zpen.info) and will keep you up to date with everything that is happening in your Scheme.

Power of Attorney – Update

If someone holds Power of Attorney for you, and you want us to operate this, please send us a certified copy of the whole document so that we can update our records.

Here to Help



Ways to contact us:

The Zurich Team
Railpen
PO Box 377
Darlington
DL3 6XY

Email: zurichteam@railpen.com

Tel: **0800 232 1915** – choose option 1

Has anything changed? Let us know . . .

If any of your circumstances change, it's important that you let us know.

- Don't forget to tell us if you're moving house so we can make sure you continue to receive updates from us. Remember, you can now update all your personal information online.
- If you are not legally married or in a civil partnership, but there are other people who are financially dependent on you (for example a partner), they may be eligible to receive a dependant's benefit upon your death.
- It is also important that if you are a Scheme pensioner who has been in receipt of a pension from the Scheme for less than five years, to make sure you have completed a nomination form that gives the Trustee guidance about the distribution of any lump sum death benefit that may be payable when you die.

You can update all this information online, www.zpen.info by logging in to your account.

Cost of Living Crisis

The cost of living crisis is putting the greatest pressure in recent years on households across the UK. The Insurance Charities is here to help and is available to all current and former insurance employees. More information and how to contact The Insurance Charities can be found on our website – **Insurance Charities.pdf** (www.zpen.info)

You should consider taking independent advice on your options in relation to your benefits under the Scheme. Neither the Scheme Trustee (Zurich Financial Services UK Pension Trustee Limited) nor any member of the Zurich Group (i.e. Zurich Insurance Group Ltd, registered in Switzerland with number CH-020.3.023.086-6, and its direct subsidiaries) are able to provide you with financial advice or accept any liability for any decision you make with regard to your retirement options.