

Trustees' Newsletter and Summary Funding Statement 2021

The purpose of this newsletter is to provide Members with a summary of the information contained in the Scheme Annual Report and Accounts for the period to 30 June 2021 together with other useful information.

The year in brief:

- Indicative Scheme Funding position as at 1 July 2021 - 107% of liabilities.
- £55 million of cash was invested into Legal & General Corporate Bond Funds.
- Total membership fell from 724 to 715.

Scheme Trustees

Employer Appointed

Derek Sloan (Chairman)
Alan Humphreys

Member Nominated

Chris Beanland
Richard Jones

Advisers

Scheme Actuary:

Simon Tidy FIA
Deloitte Total Reward and
Benefits Limited

Scheme Administrator:

Deloitte Total Reward and
Benefits Limited

Auditor:

BDO LLP

Investment:

Hymans Robertson LLP

Legal:

Linklaters LLP

Scheme Secretary:

Jill Gale

The College of Law Pension and Assurance Scheme

Membership Profile

Active Members as at 1 July 2020	9
Joiners	-
Leaver	-
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Active Members as at 30 June 2021	9
Pensioners	294
Deferred Retirements and Deferred Members with preserved pension	412
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Total Membership as at 30 June 2021	715
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Notices

- 1 The Trustees of the Scheme regularly monitor the Scheme's funding position in conjunction with the Scheme Actuary and will continue to do so.
- 2 The Scheme's investments are all considered to be of a long-term nature and are invested with a view to enabling the Scheme to meet its long-term commitments.
- 3 There have been no payments out of the Scheme's assets to the Employer (The Legal Education Foundation) nor has the Employer at any time taken a contribution holiday.
- 4 The Pensions Regulator has not exercised any of its powers under section 231(2) of the Pensions Act 2004 in respect of the Scheme (to modify the Scheme or to give directions or impose a schedule of contributions in respect of the Scheme).

Scheme Investments

Scheme assets are invested by the Trustees after taking advice from Hymans Robertson LLP. The investments are managed by the managers set out in the table below which indicates the types of investment for which the named manager is responsible.

During the year ended 30 June 2021:

- Net Assets decreased by £23.7 million mostly owing to changes in the market value of investment and annuity holding values.
- £6.8 million was used to meet payments for benefits, transfers out of the Scheme and other expenses.
- £55 million of cash held in the Trustees' bank account was invested into the Legal & General Corporate Bonds Fund in July 2020 following a strategic review of the positioning of the portfolio.

Investment Managers at 30 June 2021

Manager	Asset Category
Legal & General Investment Management	LDI, Corporate Bond and Cash Funds
Insight Libor Plus Fund	Asset Backed Credit
Partners Group Multi Asset Credit Fund	Private Credit
AEGON	Additional Voluntary Contributions
Standard Life	Additional Voluntary Contributions

Compliance

The Trustees of the Scheme normally meet quarterly, together with their advisers, to consider a range of matters affecting the Scheme. As well as investment, actuarial, and financial matters, the Trustees regularly review the Statement of Investment Principles and the Statement of Funding Principles.

- Statement of Investment Principles

This sets out the principles governing decisions about investment of Scheme assets.

- Statement of Funding Principles

This sets out the approach to funding the Scheme to ensure a healthy financial position with appropriate assets to cover the Scheme's Technical Provisions.

A copy of the latest Statement of Investment Principles together with a copy of the Trustees' Implementation Statement, taken from the Scheme Annual Report and Accounts, and which sets out how certain policies under the Statement of Investment Principles have been followed, can be accessed on the Legal Education Foundation website:

www.thelegaleducationfoundation.orgwww.thelegaleducationfoundation.org/pension-scheme/report-of-the-trustees-and-financial-statements

The College of Law Pension and Assurance Scheme

These and other Scheme documents are available at the bottom of the front page of this website.

Actuarial Valuations

The Scheme Actuary undertakes a full Triennial Valuation every three years. To do this, data regarding Scheme Members is analysed in detail. The latest Triennial Valuation prepared by the Scheme Actuary valued the Scheme as at 1 July 2018. (See also page 7). This confirmed that the Scheme has more than sufficient assets to cover its technical provisions (broadly, the amount required, on an actuarial calculation, to make provision for the Scheme's liabilities).

The table below shows the funding position as at 1 July 2018 based on the Triennial Valuation. In addition, the Scheme Actuary extrapolated the figures from the 1 July 2018 valuation and has used updated assumptions together with actual data, where known, to provide indicative figures as at 1 July 2020 and 1 July 2021.

Basis	1 July 2018		1 July 2020		1 July 2021	
	Funding	Surplus/ (Deficit)	Funding	Surplus/ (Deficit)	Funding	Surplus/ (Deficit)
	%	£million	%	£million	%	£million
1 On-going	113	27.5	110	26.4	107	18.4
2 FRS102	132	59.6	131	63.3	122	45.4
3 Solvency	89	(28.9)	90	(33.0)	91	(25.6)
4 Pension Protection Fund	132	59.6	134	71.6	137	70.6

1. The On-Going basis assumes that the Scheme will continue in its current form.
2. The FRS102 basis is the one used in preparing the Employer's Annual Accounts.
3. The Solvency basis looks at what the Scheme's liabilities would be if the Scheme was wound-up.
4. The Pension Protection Fund (PPF) basis looks at the compensation which the PPF would pay in the unlikely event that the Employer were to become insolvent.

Current Funding Position

The Scheme Funding Position has not changed materially from 30 June 2021 up to the date of this Newsletter.

Asset Allocation

30 June 2020		Investment management style and type	30 June 2021	
%	£million		%	£million
9.8	27.9	Passive:		
		Corporate Bonds over 15 years	30.4	79.0
		Active:		
3.5	10.0	Asset Backed Credit	3.8	10.0
3.7	10.4	Private Credit	2.8	7.4
		Liability Driven Investment (LDI):		
4.8	13.7	Gilts	6.9	17.8
4.2	12.0	Index linked Gilts	6.6	17.3
7.4	20.9	Leveraged Gilts	2.5	6.5
12.0	34.2	Leveraged Index linked Gilts	9.8	25.5
		Other:		
3.9	11.2	Cash	5.2	13.4
31.0	87.9	Annuities	30.7	80.0
0.1	0.3	AVC Policies	0.1	0.3
80.4	228.5		98.8	257.2
19.6	55.4	Net Current Assets/(liabilities)	1.2	3.0
100.0	283.9	Net Assets of Scheme	100.0	260.2

The Scheme Accounts

2020		2021
£'000		£'000
	Income	
177	Employer's Contribution	168
-	Members' Contributions*	-
177	Total Income	168
	Expenditure	
(4,389)	Pensions benefits paid from Scheme assets	(4,835)
(589)	Transfers out and refunds	(1,245)
(9)	Death in Service Assurance Premium	(14)
(512)	Administration Expenses	(728)
(5,499)	Total Expenditure	(6,822)
(5,322)	Net Expenditure from the Scheme	(6,655)
4,091	Investment income	4,705
30,797	Change in Market Value of Investments and Annuity holdings	(21,565)
(142)	Investment management expenses	(182)
29,426	Increase / (decrease) in Net Assets of the Scheme during the year	(23,696)

These figures are extracted from the audited Annual Report and Accounts upon which an unmodified opinion was received from the Auditor. Investment income includes income from annuities used to pay pensions directly.

* Active Members until closure of the Scheme on 31 August 2021 contributed to the Scheme via salary sacrifice.

A copy of the full annual Financial Statements can be found on The Legal Education Foundation website or via this link: www.thelegaleducationfoundation.org/pension-scheme/report-of-the-trustees-and-financial-statements

Triennial Actuarial Valuation as at 1st July 2018

The Triennial Valuation as at 1st July 2018 showed a surplus on the On-Going basis of £27.5 million and on a Solvency basis a deficit of £28.9 million. The Employer has been contributing at the rate of 29.8% of Active Members pensionable salaries. A copy of the Triennial Valuation can be seen on The Legal Education Foundation website.

An Actuarial valuation as at 1 July 2021 is currently being prepared. It is expected that it will show a smaller, though satisfactory, surplus on the On-Going basis and an improved Solvency basis position.

A full copy of the Triennial Valuation can be seen on the Employer's website.

Purchase of Annuities

We mentioned in our 2020 Newsletter that, as part of our long-term strategy to reduce risk and increase security for Members' benefits, the Trustees were developing a plan to purchase a further bulk annuity policy covering those benefits payable from the Scheme which are not already covered by such policies.

A great deal of preparatory work has been undertaken by the Scheme's advisers during 2021 and, while there is still further work to do, the Trustees currently expect to be able to seek quotations from insurers for the cost of a further bulk annuity policy covering all remaining benefits during 2022. If the Trustees decide to go ahead with such a transaction, they will let you know, in due course.

The Trustees' plans do not affect the amount or timing of benefits from the Scheme, and Members do not need to take any action.

The Legal Education Foundation (the Employer)

The Foundation retained sole responsibility for the Pension Scheme after it sold the education and training operation formerly trading as The College of Law on 30 November 2012. The Net Assets of the Foundation at 30 June 2021 were £295 million most of which were held as marketable securities. The activities of the Foundation are described on its website: www.thelegaleducationfoundation.org.

Equalisation of Guaranteed Minimum Pensions

In October 2018, a judgment of the High Court addressed the question whether benefits provided to or in respect of members who had been contracted out of the State Earnings-Related Pension Scheme needed to be equalised to take account of the inequalities as between men and women in the calculation of guaranteed minimum pensions. The effect of the Court's judgment is that benefits earned between May 1990 and April 1997 (when guaranteed

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minimum pensions ceased to be earned) must be equalised as between men and women. This applies both to members' benefits and to any attaching contingent benefits. The Trustees are reviewing, with their advisers, the implications for the Scheme and what actions may be required as a result of the High Court's ruling in that case. Once this review is finalised, the Trustees will notify any members or beneficiaries affected. You do not need to take any action at this stage.

Pension Transfers and Scams

Transfers

Pensions legislation requires that anyone seeking a transfer from a Defined Benefit scheme to another type of scheme must seek advice from a regulated advisor, and provide evidence that they have done so, if the transfer value is more than £30,000.

In November 2021, the UK Government also introduced new restrictions on pension transfers, as set out in regulations. These are intended to help further reduce the risk of pension scams. The Scheme administrators are implementing the necessary changes to their processes and will let you know if this affects you. For example, these may require the Scheme administrators to obtain additional information or documents and could affect whether a transfer is allowed. This will depend on the type of receiving scheme and whether the Scheme administrators perceive any "red flags" or "amber flags" based on the information which they receive.

For queries regarding the transfer or retirement options available in the Scheme Rules, please contact the Scheme administrators, Deloitte. See the Information and Enquires section of this newsletter for contact details.

The Money and Pensions Service (also known as MoneyHelper) is available to provide free and impartial guidance on your defined benefit pension and on possible transfers. Further information is available at: www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/transferring-your-defined-benefit-pension

Scams

The Pensions Regulator advises that scammers may try to take advantage of the new flexibilities to target Scheme Members. The Pensions Regulator has published a short booklet to help avoid such scams. A link to the booklet can be found at: www.thepensionsregulator.gov.uk/en/pension-scams

and on the Pension Scheme section of The Legal Education Foundation website.

The Pensions Regulator recommends four simple steps that Members can take to help protect themselves from pension scams:

1. Reject unexpected pension offers whether made online, on social media or over the phone.
2. Check who you are dealing with before changing your pension arrangements. Check the ScamSmart website or call 0800 111 6768 to see if the firm you are dealing with is authorised by the FCA to give advice on pension transfers.
3. Do not be rushed or pressured into making any decision about your pension.

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4. Consider getting impartial information and advice – in some cases it may be a requirement to do so.

External sources of Information

The Pensions Regulator: the statutory body that regulates occupational pension schemes:

Website: www.thepensionsregulator.gov.uk

Pensions Tracing: a pension tracing service can be accessed via the GOV.UK website:

www.gov.uk/find-pension-contact-details

Telephone: 0800 731 0193

Money & Pensions Service

Members who have problems concerning their Scheme and are not satisfied with the response of the administrators or Trustees can consult with the Money & Pensions Service, through its consumer-facing brand: MoneyHelper. They also offer free and impartial guidance to people with workplace and personal pensions:

Telephone: 0800 011 3797

MoneyHelper Website: <https://www.moneyhelper.org.uk/en>

MaPS Website: <https://maps.org.uk/>

Pensions Ombudsman: The Pensions Ombudsman can adjudicate between a member of a pension scheme and its trustees where there is a complaint about an injustice caused by maladministration or a dispute of fact or law.

Telephone: 0800 917 4487

www.pensions-ombudsman.org.uk

Update your postal address for Scheme correspondence

The Trustees are required to keep up to date records of Members' postal addresses. To comply with this requirement we may, from time to time, make use of the services of a tracing company to confirm that we have the correct address details for groups of Members.

If you would prefer to receive this and other communications via email in future then please contact the Deloitte Pensions Administration team at the address on page 10.

If you move to a new address please contact the Scheme as follows:

Deferred Members - contact Deloitte's Pensions Administration Team - details on page 10.

Pensioner Members - contact the organisation which makes your Scheme pension payments. This will be one of Aviva, Legal & General, Prudential or Deloitte depending on when your pension came into payment.

Lifetime Allowance

As you may know, the Lifetime Allowance for pensions reduced from £1.25 million to £1.0 million with effect from 6th April 2016 and then increased to £1.03 million from 6th April 2018, £1.05 million from 6th April 2019 and £1.0731 million from 6th April 2020. You will find useful links for more information below. You should take professional advice if you have any concerns.

<https://www.gov.uk/tax-on-your-private-pension>

<http://www.pensionsadvisoryservice.org.uk/about-pensions/saving-into-a-pension/pensions-andtax/the-lifetime-allowance>

Information and Enquiries

If you have any queries about the Scheme or your benefits from the Scheme you should, **in the first instance**, contact Deloitte's Pensions Administration Team preferably via email at pensionsadministration@deloitte.co.uk

Or by calling: 028 9019 5925

Provide the Scheme name or ask to speak to Steve Collins.

Or in writing to:

Pensions Administration Team, Deloitte Total Reward and Benefits Limited
Lincoln Building, 27-45 Great Victoria Street, Belfast, BT2 7SL

Please note that neither the Scheme nor Deloitte are able to give financial advice to Members.

The Scheme does not automatically provide annual statements to Deferred Members. However, the Scheme will provide 1 free quote in any 12-month period on request. Additional quotes can be provided for a fee (currently £300 each). Please contact Deloitte's Pension Administration Team, above, to request a quote.

Members with funds in the Scheme AVCs will automatically receive an annual quote from the AVC provider up to their Scheme retirement date.

The Trustees strongly recommend that Members wishing to take their pension early seek advice from an Independent Financial Advisor (IFA). Members wishing to take their pension before the age of 60 must make a formal request to the Trustees.

Members considering a transfer to another pension scheme are strongly recommended to seek advice from an appropriately regulated IFA. If the transfer is to a Scheme other than a Defined Benefit Scheme and the value is above the statutory limit (currently £30,000) there is a legal requirement for the Member to provide evidence that such advice has been obtained. More information regarding these requirements will be provided when a request for a transfer value is received.

A copy of the Scheme Rules, consolidated as at 3 October 2018, is available in the Pension Scheme section of the Employers website (www.thelegaleducationfoundation.org/pension-scheme).

The information in this document is correct as at 21 December 2021.