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# Newsletter for members of the College of Law Pension and Assurance Scheme

## September 2024

### In this newsletter we will report on important financial information including the funding position of College of Law Pension and Assurance Scheme.

We are the Trustees of College of Law Pension and Assurance Scheme (referred to as "the Scheme"). As Trustees, we are responsible for making sure there is enough money in the Scheme to pay everyone's benefits.

This statement sets out the Scheme's financial position following the annual update as at 1 July 2023 on the triennial actuarial valuation as at 1 July 2021.

We hope you find this newsletter informative. If you have any questions, contact details can be found on page 8.

### The Trustees of the Scheme ("the Trustees")

- **Tiziana Perrella** (Chair) – Dalriada, Professional Trustee
- **Liane Carter** – Dalriada, Professional Trustee
- **Derek Sloan** – Employer Nominated Trustee
- **Chris Beanland** – Member Nominated Trustee

We regret to inform you of the sad news of the former Trustee Alan Humphrey's passing. The Trustees would like to express their appreciation for all of the work Alan had done for the Scheme over the years.

In light of increasing regulation and complexities of managing pension scheme, Dalriada Trustees Limited ("Dalriada") were appointed as an independent professional Trustee in September 2022 and Tiziana Perrella became Chair of the Trustees with effect from January 2023. They will ensure the ongoing smooth management, robust oversight and legal compliance of the Scheme.

Richard Jones gave his notice of resignation as a Trustee with effect from March 2024. The Trustee board thank him for his 27 years of service.

# Finances and members

## Trustee report and accounts

Each year the Trustees produce a set of accounts, showing how much money has gone in and out of the Scheme during the year. Then our independent auditors, BDO LLP, carry out an audit of the Trustees' accounts, so you can have peace of mind knowing your pension scheme is being carefully looked after.

Our independent auditors BDO LLP have confirmed that the accounts for the year represent a true and fair view of the financial transactions of the Scheme during the year. A summary from the Trustee's annual accounts for the year to 1 July 2023 is given below.

	£'ms
<b>Value of the Scheme assets at 1 July 2022</b>	<b>195.4</b>
Income (Employer contributions and investment income)	4.7
Expenditure (Benefits paid and expenses)	(8.1)
Change in market value of investments during the year	(48.9)
<b>Value of the Scheme assets at 1 July 2023</b>	<b>143.1</b>

The value of the Scheme's assets have reduced over the year, mainly due to changes in market conditions. See page 9 for further details on the funding position of the Scheme.

If you would like more information, this can be found the full Trustees' Annual Report and Accounts available from the Scheme Administrator.

## Scheme membership

The Scheme is made up of the following types of members as at 1 July 2023.

Source: Trustee report and accounts as at 1 July 2023.



### Glossary

**Deferred members** are those who are yet to start receiving their pension.

**Pensioner members** are those who are currently receiving a pension from the Scheme (including members in receipt of annuities via an insurer).

**Dependent members** are widows, children or dependants of a deceased member receiving a pension from the Scheme.

# Investments

The money that has built up in the Scheme is known as its "assets" and the way that the assets are invested is an important part of keeping your benefits secure. The day-to-day management of the assets is delegated to a number of experienced investment managers who review the investment strategy and monitor the investment returns on a regular basis. The Trustees take a long-term view, bearing in mind that payments from the Scheme are expected to continue for a long time into the future.

The Scheme assets are invested by the Trustees after taking advice from Hymans Robertson LLP. The investments are managed by the managers set out below:

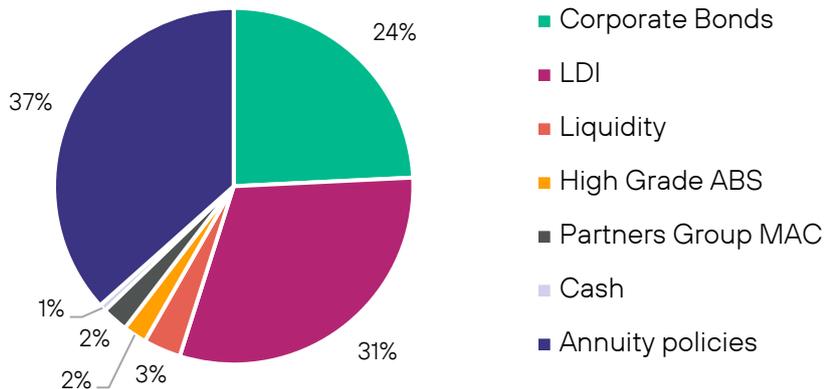
## Investment Managers

- Legal & General Investment Management
- Insight Investment Management
- Partners Group

## Additional Voluntary Contribution Providers

- AEGON
- Standard Life Plc

The Scheme's assets were invested as follows at 1 July 2023:



Source: Trustee report and accounts as at 1 July 2023.

Further details regarding the investment strategy are contained in our statement of investment principles, which you can view online (see page 9).



# Summary Funding Statement

Every year the Trustees report to you on how the Scheme is funded. As members, you have built up valuable benefits in the Scheme, so it is important for you to understand how the Scheme will pay for those benefits in the future.

## Actuarial valuation and funding update

We have appointed a qualified, independent professional, known as an Actuary, to help us regularly review whether the Scheme has enough money and whether The Legal Education Foundation (the “Employer”) needs to pay more. This review is called an actuarial valuation and is carried out at least every three years. Our Actuary also reviews the financial position of the Scheme every year so that we can understand how changes in financial market conditions are affecting the Scheme. The Trustees monitor the funding position closely and are in regular contact with their advisers and the Actuary.

The last completed full triennial valuation of the Scheme was at 1 July 2021. To check the Scheme’s financial security, we look at its financial position and compare the value of its liabilities to its assets.

“Liabilities” are the estimated cost of providing the benefits you and other members have earned to date. If the Scheme has fewer assets than liabilities, it is said to have a Deficit. If the assets are more than the liabilities, there is said to be a Surplus.

### Movement since 1 July 2022

The main factors affecting the funding position over the year between 1 July 2022 and 1 July 2023 have been:

- The increase in government bonds yields, leading to a lower value placed on the liabilities.
- This has been offset by worse than expected returns over the year from the Scheme’s invested assets.

Ongoing Valuation Basis £ms	1 July 2021 Actuarial Valuation	1 July 2022 Annual Update	1 July 2023 Annual Update
<b>Assets (A)</b>	259.8	200.4	147.8
<b>Liabilities (B)</b>	236.5	185.6	144.5
<b>Surplus / (Deficit) (A-B)</b>	23.3	14.9	3.3
<b>Funding Level (A/B)</b>	110%	108%	102%

The funding position is volatile, as financial assumptions used to calculate the liabilities are based on government bond yields and this is only partly matched by the non-growth components of the Scheme’s assets.

The next full actuarial valuation of the Scheme will be carried out as at 1 July 2024 and we will provide these results to you in due course.

## How secure is my pension?

Although the funding position has reduced slightly, the Scheme still has a surplus on the Ongoing funding basis. That means that the Scheme has enough assets to pay all of the Scheme benefits built up.

You should be aware that the funding level can vary as a result of a number of different factors, particularly investment performance, interest rates and life expectancy. This means that the funding level can go up or down in the future.

The Trustees and Scheme Actuary will regularly monitor the Scheme finances and take steps to improve the security of your benefits further where possible.

### What would happen if the Scheme were to wind up?

The Trustees are required to tell members what the funding level would be if the supporting Employer's circumstances were to change and the pension scheme had to be wound up. If the Scheme were to wind up and the Employer was solvent, the Employer would be obliged to pay sufficient money into the Scheme to ensure that members' benefits could be secured in full by the purchase of annuity policies. However, if the Employer could not pay the full amount required, then it is possible that the Scheme could transfer to the Pension Protection Fund (PPF).

The actuarial valuation includes a test of whether the Employer could afford to secure all of its benefits with an insurance company. As at 1 July 2023 the Scheme was estimated to have a deficit of £9.5 million on a Solvency valuation basis. That means that the Employer would have to pay a top-up of £9.5 million to fully secure the Scheme benefits with an insurer. We are legally bound to disclose to you this figure.



## The Pension Protection Fund

If the Employer becomes insolvent and there is not enough money to buy all the benefits with an insurance company, members may be protected by the PPF. The PPF is a government body which provides a safety net for all members but would pay lower benefits than the Scheme would. For more information on how and why a pension scheme enters the PPF, and the benefits that members would be entitled to, please visit the PPF's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

# Developments in pensions



## Inflation and the cost of living crisis

Annual inflation rose to 8.9% (Retail Prices Index) as at September 2023. It has since decreased to 2.9% as at June 2024. The Bank of England's inflation target is 2%.

The increases that you receive in payment will depend upon when you built up benefits. The benefits will mostly increase mostly increase in line with inflation subject to limits set out by the Scheme Rules and legislation. The impact of levels of inflation will vary by member depending on when you choose to retire and when you built up your benefits in the Scheme.

As Trustees, we continue to be aware of the current cost of living crisis in the UK. If you have any questions around your benefits, please contact the Scheme's administrator using the contact details below. More widely, the Trustees encourage you to check you are claiming all the government support you are eligible for by checking this website: [www.gov.uk/benefits-calculators](http://www.gov.uk/benefits-calculators).



## GMP Equalisation

If you joined the Scheme before 6 April 1997, part of your overall pension benefit is known as Guaranteed Minimum Pension (GMP). Historic rules set by the UK government meant the terms on which GMPs have been paid are not equal for males and females.

Following a High Court ruling, we now need to adjust for any past differences and ensure equality going forward. This means that some members may see a small change to their overall pension in the future. The Trustees are progressing work with their advisers and will provide further updates and details to affected members in due course.



## Changes to the lifetime allowance (LTA)

The government previously taxed some of your benefits differently if the value of your pensions was above the LTA (£1,073,100 in the 2023/24 tax year). The government have abolished the LTA for most purposes from 6 April 2024. If you are concerned you may be impacted, please contact the administrator for further details (see contact details on page 8) or your independent financial adviser.



## Mid Life MOT

The Department of Work and Pensions (DWP) has launched an online mid-life MOT tool. It aims to help workers over age 45 take stock of their finances, skills and health.

Based on your answers to a short series of questions, the tool will provide you with a bespoke report outlining areas you could focus on and where to find further information and support to meet your needs. You won't need any documents or extra information to use the tool and it should take around 5 minutes. The tool is free and available at [www.moneyhelper.org.uk/en/everyday-money/midlife-mot](http://www.moneyhelper.org.uk/en/everyday-money/midlife-mot)



## Expression of wish form

Have you completed an expression of wish form? This tells us who you would like to inherit your pension benefits should you die before retirement. There are some conditions on who can be nominated however the trustees will take your wishes into consideration. The form can be updated at any time should your circumstances change. You can obtain a copy of the form by contacting the Scheme's administrator using the details on page 8.



## Delegating control

Have you considered how you or your family would manage your financial affairs if you couldn't carry out everyday tasks for yourself? A power of attorney is a legal document that allows someone to make decisions for you, or to act on your behalf, if you're no longer able or no longer wish to manage your own affairs.

There are different types of power of attorney and you can set up more than one. However, you can only do this while you still have capacity, so you'll need to plan ahead. You can find out more at [www.gov.uk/power-of-attorney](http://www.gov.uk/power-of-attorney) or you can get advice from a solicitor.

# Protecting yourself against pension scams

**It is important to know the warning signs when it comes to pension scams. Often scammers will try to persuade pension savers to transfer their entire pension savings, or to release funds from your savings, by offering incentives such as higher returns or releasing cash before age 55.**

### What to look out for

- Calls, texts or emails from unknown numbers or email addresses
- Phrases such as "free pension review", "pension liberation", "loan", "cashback"
- Guarantees that they can get you better returns on your pension savings
- Help to release cash from a pension before the age of 55, with no mention of the tax implications
- Complicated or unusual, high-risk investments

### Help and advice

- The Government's Pension Wise service (provided by MoneyHelper) explains your options at retirement: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)
- Speak to an adviser authorised by the Financial Conduct Authority (FCA): <https://register.fca.org.uk>
- Visit the Pensions Regulator website for more information on pension scams: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)
- If you think you have been a victim of a scam, please report it to the FCA on 0800 111 6768 or email [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk).

# Further information

## Your benefits in the Scheme

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You can find out more information about the Scheme by contacting the Scheme's administrators using the contact details below.

If you are considering leaving the Scheme by transferring your benefits to another pension arrangement, we recommend that you obtain advice from a financial adviser. You can find information about advisers local to you by contacting MoneyHelper at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

You can contact MoneyHelper at any time for free and impartial guidance.

## Your Scheme administrators – Isio

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If you have changed your address or wish to change your nominated beneficiary, then please let us know by contacting us using the following contact details:



By email: [collegeoflaw@isio.com](mailto:collegeoflaw@isio.com)

By phone: +44 3330 065 556

By letter: Isio Group, PO Box 163, Blyth, NE24 9GS

## Other information

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By law, we are required to confirm whether any payment has been made to the Employer out of the Scheme's assets since the last Scheme financial update. We must also tell you if the Scheme has been modified by the Pensions Regulator or whether the Pensions Regulator has made any directions regarding the Schedule of Contributions or how Scheme benefits are valued. We can confirm that none of these events has occurred.

## Scheme Documents

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There are a number of documents about the Scheme which are available for you to read. Please visit [The Pensions Platform Member Portal](#) to access these documents. You will also be able to access payslips and your P60 via the secure member portal.

- **Annual Scheme Report and Accounts** – this summarises the Scheme’s financial position over the financial year between 1 July to 30 June the following year.
- **Actuarial Valuation Reports** – this shows the Scheme’s latest financial position. The most recent valuation is as at 1 July 2021 and there are subsequent update reports as at 1 July 2022.
- **Schedule of Contributions** – this shows the total amount of money the Employer has agreed to pay into the Scheme.
- **Statement of Funding Principles** – this sets out how the Trustees and the Employer have agreed to assess the financial position of the Scheme.
- **Statement of Investment Principles** – this sets out our policy on investing the Scheme’s assets
- **Scheme Rules** – These are the legal documents which set out how the Scheme is run.

