

RNIB Retirement Benefits Scheme

Member Newsletter – April 2022

Dear Member,

Welcome all to this pension members newsletter. As the first edition for some time, the Trustees want to bring all members up to speed, so that we can update you more regularly in the future. There have been a number of changes associated with the RNIB Retirement Benefits Scheme (RNIB RBS) in recent years.

As a reminder and for context, here is a brief explanation of the Scheme.

About the Scheme

The Scheme is arranged under a Trust and is managed by a board of pension Trustees. As the Scheme has its own Trust, the assets and liabilities of the Scheme are kept entirely separate from those of the RNIB.

The Scheme is arranged with two sections:

1. A Defined Benefit section which provides a pension from age 65, calculated according to a member's salary and service accrual in the DB section. This section of the Scheme closed to new members and service accrual on 31 March 2019. Members with service prior to 31 March 2019, will hold a deferred benefit in the Scheme until retirement.
2. A Defined Contribution section, which was launched on 1 April 2019, which is an investment related section, also known as Defined Contribution (DC) and is invested with and administered by Legal and General, a large and reputable pensions and insurance provider.

If you require further information about the Scheme, please refer to a recent Question and Answers document, which can be found – Click here www.rnib.org.uk/pension-scheme

About the Trustees

The RNIB Scheme operates with a Trustee board of five Trustees, three of whom are nominated by the RNIB, and then we have two Trustees who are nominated by members of the Scheme, known as Member Nominated Trustees or MNTs.

As members will be aware we have sought nominations from members for two new MNTs. We look forward to welcoming the new Trustees to the board very soon.

The Scheme Trustee board is currently as follows:

The following table has three columns and six rows. The first row contains headings:

| Name | Role | Background |
|--------------|-----------------------------------|--|
| Ian Maybury | Trustee Chair, Employer Nominated | Professional Trustee, not a Scheme member |
| David Clarke | Employer nominated | COO at RNIB and Scheme member |
| Andrew Evans | Employer nominated | Professional Trustee, not a Scheme member |
| Vacancy | Member Nominated | We will be conducting a ballot to select a new Trustee |
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In this newsletter, we have provided a summary of the Trustees 'activity and events in each section of the Scheme.

COVID-19

Following the outbreak of Covid 19 and the UK-wide lockdown, we contacted our advisers and administrators to understand their business continuity measures and ensure that essential services to the pension scheme would suffer the least disruption possible.

We are very pleased to report that we have seen no disruption in the services we receive from our providers. All our Trustee meetings since June 2020 have been conducted virtually, with all our advisers in attendance when required.

We have created a members pensions document library on the RNIB website so that all members can now access Scheme documents of interest – Click here www.rnib.org.uk/pension-scheme

The content in this Newsletter should not be construed as offering personal financial advice to members, members should always seek advice from a qualified financial adviser and at least visit the Government's Money Helper website at www.moneyhelper.org.uk to access impartial and useful information about any financial matters. For pensions information, select the Pensions and Retirement section, where you will find the Pension Wise pages.

We hope that you find the Newsletter informative, useful and of value to you in understanding your pension benefits at RNIB.

If you have any questions about your pension at RNIB or you would like to see a particular subject covered in a future communication, please contact the Scheme Secretary, Nigel Featherstone, at pensionreview@rnib.org.uk .

Thank you on behalf of the Trustees.

A handwritten signature in black ink, appearing to read 'Ian Maybury', written in a cursive style.

Ian Maybury
Chairman of the Trustees.

Defined Benefit Section

This section of the Scheme provides a pension which is calculated using your period of service in the Scheme up to 31 March 2019 and your current salary up to a salary limit or cap of £23,250 p.a.

Any members that joined this section prior to 1 April 2005 are not restricted by the salary cap.

We are responsible for the safe custody of the Scheme's assets and for investing those assets over the longer term to pay members' DB pensions as and when they need to be paid.

We carry out a formal valuation of the assets and liabilities in the Scheme every three years, to check the funding status of the Scheme. This valuation is carried out by a specialist Actuary and allows the Trustees to agree a level of contribution from RNIB if required and helps design the investment strategy for the Scheme assets.

The most recent Actuarial valuation was carried out as at 31 March 2020. This proved to be an unfortunate date to collect the valuation data, as it coincided with the negative reaction in financial markets to the UK wide lockdown to combat the spread of Covid-19. We therefore agreed with RNIB to update the valuation results as at 31 March 2021, when financial markets had recovered from the initial shock of the Covid outbreak.

Valuation result

The valuation of liabilities in a DB pension scheme as at a fixed date is a complex process. The Actuary will calculate a value of members' accrued DB benefits and then use assumptions for future salary growth, interest rates, inflation, mortality and an assumption for surviving spouses and partners across all types of members – active, deferred and pensioners.

When the valuation is performed, the assets are divided by the liabilities to find the **funding level** – which is normally shown as a percentage. So, if the assets and liabilities were equal, the Scheme's funding level would be 100 per cent.

If the Scheme does not currently have enough assets to meet its liabilities, it has a **deficit**. If it has more than enough assets to meet the liabilities, it has a **surplus**.

The results of the most recent valuation can be seen in the table below. The table consists of three columns and five rows. The first row contains headings:

| Assets/Liabilities | 31 March 2020 | 31 March 2021 |
|---------------------------|----------------------|----------------------|
| DB Section Assets | £267.3m | £283.0m |
| DB Section Liabilities | £284.3m | £280.9m |
| Surplus/(Deficit) | (£17m) | £2.1m |
| Funding Level | 94% | 101% |

The valuation results tell us the amount of assets the Scheme needs in order to cover the benefits members have already earned. Once we have this information, we can draw up an action plan for funding the Scheme in future. This includes agreeing the schedule of contributions with RNIB and dealing with any deficit the valuation may have shown.

The DB section of the Scheme closed on 31 March 2019, so members no longer accrue new benefits in this section going forwards and employee contributions are no longer paid to this section. RNIB, as the sponsoring employer may still be required to make contributions to the DB section towards any deficit calculated through the Actuarial valuation.

Following the valuation result, we took advice from the Scheme Actuary, and have agreed a schedule of employer contributions with RNIB. We have agreed that no additional contributions will be required from RNIB from 3 December 2021 to eliminate the deficit revealed by the 2020 valuation. This is because the improvement in financial factors between the valuation date and 3 December 2021 was more than sufficient to remove the deficit without further contributions.

This agreement with RNIB is subject to a funding test being carried out on 31 March each year. If the funding test reveals a deficit, then RNIB will be required to pay additional contributions of £208,333 per month for the subsequent 12-month period, or until the deficit is cleared. The results from the funding test as at 31 March 2022 are expected in June 2022.

In summary, the DB section of the Scheme remains well funded and is currently on track to remain in a strong position without needing additional funding from RNIB. We continue to remove investment risk from the DB section investment portfolio, and we remain very conscious and vigilant towards the protection of members' accrued benefits in the Scheme.

Investing the DB section assets

We are responsible for setting the investment strategy of the DB section assets. We delegate the day-to-day management of the DB assets to a Fiduciary Manager, Russell Investments Limited (RIL).

RIL manage the assets through three designated strategies. A Multi-Asset **Growth** Strategy which is actively managed to achieve an investment growth target from a diversified portfolio of global equities markets, fixed interest, derivatives, cash and real assets. The growth strategy accounts for 31% of the DB section assets.

A **Matching** strategy, which accounts for 58.5% of the DB section assets, holds assets that are designed to mirror the valuation of the DB section liabilities. The types of assets used here will include nominal and inflation-linked Gilts, interest rate swaps and inflation swaps.

We also operate an **Income** generation strategy, which accounts for 10.5% of DB section assets, designed to generate income to pay members' pensions each month. This portfolio invests in public and private market bonds to generate regular income.

Responsible investing

We receive regular reports from RIL on the Environmental, Social and Governance measures adopted by the component fund managers in the DB portfolio. We are seeing a continued reduction in the ESG risk ratings and Carbon Footprint measures across the funds held.

Statement of Investment Principles

We are required to prepare a Statement of Investment Principles or SIP to explain the approach taken by the Trustees towards the investment of the DB section assets and our approach towards responsible investing on ESG principles. Members can access the DB section SIP in the Pension Documents Library – Click here www.rnib.org.uk/pension-scheme

Russian invasion of Ukraine

We are deeply saddened by Russia's invasion of Ukraine and our thoughts are with the Ukrainian people. The tragic situation in Ukraine continues to develop rapidly on military, political, economic and humanitarian levels, with serious implications not just for the people of Ukraine.

With the continued conflict, there is significant uncertainty across global investment markets due to the severity and efficacy of imposed sanctions.

Sanctions will continue to have a significant impact on the market environment and the global economy.

In the DB section of the Scheme, our investment advisers, Russell Investments Limited has confirmed that the Scheme's exposure to Russian assets was 0.007% of Scheme assets.

With effect from 7 March, Russell Investments will not make any direct purchases of Russian or Belarusian assets and will continue to comply with the wide range of sanctions being imposed.

Defined Contribution (DC) Section

This section of the Scheme is an investment-related section. In the DC section the employee and RNIB make contributions, as a percentage of monthly salary to an investment fund, which is administered and invested by Legal and General, known as L&G.

Contributions

The DC section is a long-term investment program for RNIB employees to accumulate a pension pot in the future to support your retirement. If you make contributions via Pensions Plus from your salary, your contributions and those received from RNIB are invested free of income tax and national insurance.

The simple analogy is that the more you put into your pension pot, the more you get out but your pension pot is also defined by investment performance and how long you can invest for.

The matched contributions rates offered by RNIB are shown in the table below.

The table consists of four columns and four rows. The first row contains headings:

| Contribution level | Employee contribution | RNIB contribution | Total contribution |
|---------------------------|------------------------------|--------------------------|---------------------------|
| Level 1 | 4% | 5% | 9% |
| Level 2 | 6% | 8.5% | 14.5% |
| Level 3 | 8% | 11% | 19% |
| Other | Above 8% | 11% | |

Should you wish to review or change your level of contributions to the DC section, please email the pensionreview@rnib.org.uk mailbox.

Default investment strategy

We have made available a range of investment options for members in the DC section. Members who join the Scheme and who do not choose an investment option are placed into the Cash Targeting Lifestyle, (the "Default"). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members 'assets are

automatically moved between different investment funds as they approach their target retirement date.

The strategy consists of three funds and its investment mix changes over time as you approach retirement, aiming to provide more growth in the early years and more certainty for your pension pot in the later years. The three component funds are:

3. L&G 30:70 Global Equity Fund
4. L&G Multi-Asset Fund
5. L&G Cash Fund

The default strategy uses a mix of these three funds depending on the number of years prior to your chosen retirement age.

When you are more than 15 years from retirement your fund is allocated 100% to the 30:70 Global Equity fund. There is then a staged switch of fund allocation over the next 10 years to the Multi Asset fund and when 5 years from retirement a further switch of fund allocation from Multi-Asset to the Cash Fund. At your chosen retirement date your fund is 75% allocated to the Cash Fund and 25% allocated to the Multi Asset fund.

This is designed to protect the value of your pension pot from unwanted volatility in investment markets in the run up to your chosen retirement age.

A table showing each of these funds 'performance over the year to 31 December 2021 is provided below. The first column shows the component fund of the default strategy. The second column shows the performance figure for that fund after allowing for fund charges.

The table consists of two columns and four rows. The first row contains headings:

| Fund | Performance over 12 months to 31 December 2021 |
|-------------------------|---|
| L&G 30:70 Global Equity | 20.2% |
| L&G Multi-Asset | 8.1% |
| L&G Cash | 0.0% |

The default strategy as a whole has broadly achieved its performance objectives over the past year. Investment markets have stabilised over 2021 compared to the high levels of volatility seen in 2020, due in part to the success of the ongoing Covid-19 vaccination programme and a return of business-as-usual activities; overseas developed market equities also delivered strong positive returns however, emerging markets delivered muted returns as the sector continues to struggle with a Covid-19 recovery.

Self-Select funds

If you do not wish to invest in the default investment strategy, you can instead choose from the range of Self-Select funds offered by LGIM. If you feel confident managing your own investments and would like to use Self-Select funds you can choose which funds to use and the allocation to each fund.

It is worth noting that if you Self-Select, your investments will not automatically switch into lower risk funds as you approach retirement as is the case in the default investment strategy. You would need to make appropriate changes to your fund allocation to suit your circumstances.

A full list of the funds available in the DC section and the factsheets for each fund are available in YourRNIB or click here to go to the [LGIM Fund Centre](#).

Responsible investing

The Trustees are required to conduct a regular review of the DC investment options offered to ensure they remain appropriate and offer value to members. This includes both reviewing the Default strategy as well as the range of Self-Select funds available and making changes where we believe it is in the best interests of members.

We carried out our triennial review of the Default option and fund options between November 2021 and January this year. We have agreed to make some changes to the construct of the Default option and to offer a further lifestyle strategy option to members to accommodate greater focus on ethical and environmental matters, to reduce fund charges to members and to offer a Tobacco-free lifestyle investment option. You will receive a separate communication about these changes later this year when the new funds are fully installed into the Scheme.

We also monitor how LGIM exercises its voting rights in relation to the Scheme's investments and how it engages on Environmental, Social and Governance (ESG) issues.

If you would like to know more about how we monitor the funds available, take into account ethical and ESG factors or how LGIM has voted in relation to the Scheme's equity funds, you can read more in our Implementation Statement in the Pension Document Library – click here

www.nib.org.uk/pension-scheme

Below you will find a table listing the Self-Select funds offered by the Scheme which take account of ESG or ethical considerations. The first column states the fund name. The second column states the charge deducted from active members' accounts for that particular fund. The third and last column summarises the fund's ethical or ESG approach.

The table consists of three columns and four rows. The first row contains headings:

| Fund name | Member charge | Ethical/ESG factors |
|--|----------------------|---|
| L&G FTSE World Developed (ex-Tobacco) Equity Index | 0.23% per year | Yes, this fund excludes investment in tobacco |
| L&G HSBC Islamic Global Equity Index | 0.38% per year | Yes, this fund meets investment principles that are consistent with Shariah (Islamic law) |
| L&G Ethical Global Equity Index | 0.33% per year | Yes. This fund excludes investment in companies that are in violation of the UN Global Compact, or in the tobacco and weapon industries. It also excludes certain companies from the FTSE Index that have a weak score for ESG factors. |

Please remember that the future investment growth of your pension pot is not guaranteed. The value of your pension pot will fall and rise in line with the price of the fund(s) used for your investment choice.

Sign up to 'Manage Your Account'

'Manage Your Account' is the online member platform run by Legal & General that allows you to keep track of your pension pot and make changes to your account whenever suits you.

In order to sign up for access to your own account, you need the Customer Reference Number, which is a ten-digit number starting with 2. This number

is included in the e-certificate that L&G sent to your RNIB email address soon after you joined the defined contribution section of the pension scheme.

If you did not receive your membership certificate by email or post, please call the Legal & General helpline on 0345 070 8686. They can provide you with your Customer Reference Number and help you get signed up to 'Manage Your Account'.

Once you know your Customer Reference Number, it's easy to sign up for access to your online account. Below we provide the step-by-step process to register.

- Step 1: Go to www.legalandgeneral.com/mya
- Step 2: Click 'Register for My Account' (or enter your User ID to log in if you've already registered).
- Step 3: Complete the registration form and activate your account by clicking on the activation link in the email sent to you. You'll also be asked to set some security questions.

Please do take the time to sign up to your online account as it's a great tool to help you manage your pension savings and make sure you're on track for the future.

Russian invasion of Ukraine

In the DC section of the Scheme, where investments are managed and invested by Legal and General Investment Management (LGIM), the large majority of DC Section members are invested in the Default Lifestyle investment strategy.

We can confirm that none of the funds in the default lifestyle strategy held an exposure to Russia, Belarus or Ukraine greater than 1% of assets as at 24 February 2022.

LGIM has advised that opportunities to de-risk positions in sanctioned Russian companies have been limited and given that the Russian equity market is now effectively frozen for foreign investors, it will continue to monitor the situation and reduce holdings if and when market conditions allow.

We cannot provide members with any investment advice however we would like to make members aware that investing for retirement should be seen as a long-term journey. The default lifestyle strategy is designed to allocate your

funds across a diversified portfolio of global equity markets and asset classes, with a reducing risk profile as you age nearer to retirement.

Diversification across asset classes, regions and sectors remains the most prudent way for investors to navigate the risks of war, higher inflation, volatility and uncertainty.

Pension Scams

Trustees, pension providers and administrators are expected to raise awareness of pension scams for members and beneficiaries of their schemes.

Please be aware of pension scams – they do exist and pension savers have lost money – please see The Pension Regulator's webpage for more information or visit [Don't let a scammer enjoy your retirement \(thepensionsregulator.gov.uk\)](https://www.thepensionsregulator.gov.uk).

The Pension Schemes Act 2021 introduced obligations on Trustees and Scheme managers to ensure specific checks are carried out before complying with a member's request to transfer their pension.

You should speak to an independent adviser authorised by the Financial Conduct Authority (FCA) before considering or making a transfer of your accrued pensions. You should visit the Money Helper website for help and guidance and access to an adviser through Pension Wise – click here [Free and impartial help with money, backed by the government | MoneyHelper](#).

Document Ends