

The BW Plan Pensions Newsletter

March 2022



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Chair's Introduction



Scan to visit the
BW pension website

Dear Member

Welcome to your 2022 Plan newsletter, I hope that you have all kept safe and healthy over the last year.

It has been almost one year since Dalriada and I were appointed as Chair of the Plan's Trustee Board. I am pleased to report that we have continued to make good progress with the running of the BW Plan. Sean Caldwell, BorgWarner's UK Retirement Manager, has taken over the Pensions Manager role for the Plan, and manages relationships with its service providers following Christine's departure. You can read more about Sean on **page 3**.

Following the Trustee's review of the current independent financial adviser, WPS Advisory (WPSA), we are moving to a new financial adviser effective 1 April 2022. The Trustee and the Company have undertaken a review of alternative advisers and have appointed Premier Pensions. We are confident in their abilities to support our members. Important information about the Premier transition and the need for independent financial advice is on **page 7**.

I also wanted to take the opportunity to remind you of some important contact details - please keep these details for future information:

If you have questions about your **Defined Benefit (DB)** pension in the BW Plan - whether you are a current pensioner or you have not yet taken your benefit - please contact **XPS Administration** in the first instance:

0113 284 8050

bwplan@xpsgroup.com

If you are or were a member of the **Defined Contribution (DC)** section of the BW Plan (Friends Provident, Friends Life or Aviva) or had an Additional Voluntary Contribution (AVC) policy (Equitable Life, Utmost or Aviva), your savings pot is now looked after by Aegon. Aegon also provides the current pension arrangement for all current employees in BorgWarner Bradford:

01733 355814 (Aegon helpline)

my.pension@aegon.co.uk

We would love to hear from you about how you would prefer to receive information from us. For example, whether you find the communications helpful, what you think about the format, whether you can understand it etc. Feel free to reach out and share your thoughts with us. One of our priorities is to help you understand pensions, so let us know what you prefer.

I wish you all the very best for the future.

Sarah Brennan
Chair of the Trustee

Introduction to the Plan's new Pensions Manager

Following Christine Cliff's departure from the business back in April 2021, Sean Caldwell fully took on her pensions management responsibilities.

Sean has extended his pensions and benefit role from the legacy Delphi Technologies UK business, having served at the Company's global headquarters in London since 2018 up until the acquisition.

Sean has worked in the pensions and benefits industry since 2007 and has experience in administration, consulting and benefit programme design.

He will represent the Company and support the Trustees with their oversight of the BW Plan. He has taken the role of Chair of the BW 2018 Master Trust governance committee, to add to the equivalent role held on the legacy Delphi business for their own Defined Contribution (DC) plan.



As a representative of the Company, Sean is keen to hear from members about their personal experiences with the vendors we use on our programme, so please feel free to provide any feedback to:

secaldwell@borgwarner.com

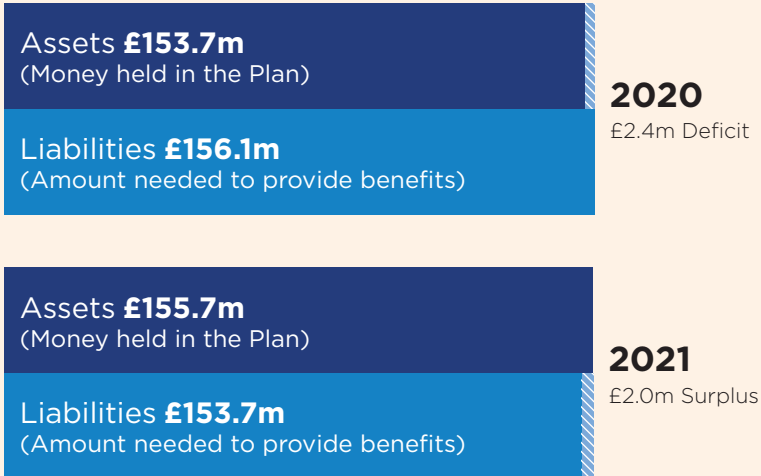
A summary of the Plan's financials

Based on 31 March 2021 Actuarial Report



Scan to visit the
BW pension website

The Plan's funding position has improved since the last actuarial valuation dated 31 March 2020. You can read the full Summary Funding Statement by scanning the QR code above. In the meantime, here is a quick snapshot:



Plan financials

The table below summarises the financial information from the 2021 audited Annual Report and Accounts for the Plan. This report was audited by BDO LLP, and a full copy is available on request from the administration team at XPS.

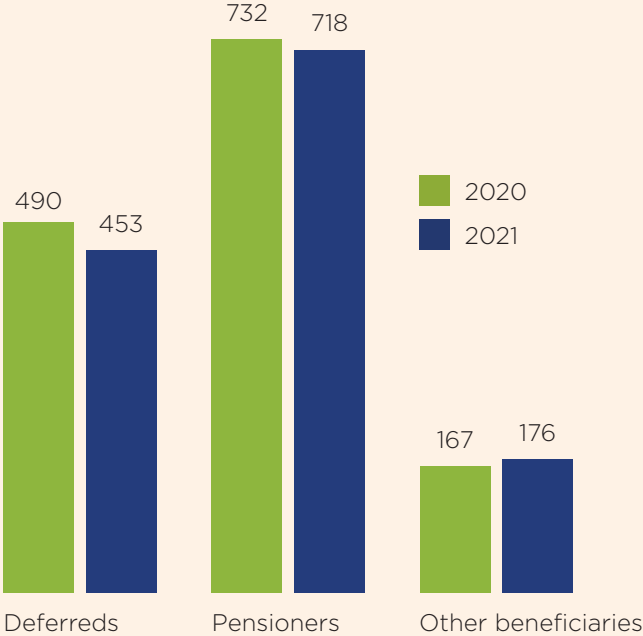
The asset values in the table include accrued funds in respect of additional voluntary contributions (AVCs), although the AVC assets were subsequently transferred out of the Plan to the Aegon Master Trust in September 2020.

	£000's
VALUE AT 1 April 2020	154,301
BorgWarner's contributions	1,530
Member's contributions (including AVCs)	-
Transfers in & other income	-
TOTAL INCOME	1,530
Pensions and other benefits	(4,979)
Payments to and on account of leavers	(2,154)
Other payments / Administrative expenses	(696)
TOTAL EXPENDITURE	(7,829)
Change in market value of investments	7,724
Transfers between sections	(20)
VALUE AT 31 MARCH 2021	155,706

Plan Membership

The graph shows how the Plan membership has changed over the year to 31 March 2021.

Deferred members are those who have left the Plan, such as those who no longer work for the Company. Pensioner members have already started receiving their benefits from the Plan. Other beneficiaries include the widows and widowers of deceased members who are receiving benefits from the Plan.



Plan membership as at 31 March 2021

Where can I get financial advice?



Scan to visit the
BW pension website

We mentioned on the first page about an important decision which the Trustee and Company have made. The Trustee conducted a review of WPSA's service, taking into account the quality of advice and communication, and their responsiveness, amongst other factors.

Following this review, the Trustee made a decision to appoint a replacement adviser who we believe will be able to provide a better service to you. With effect from 1 April 2022, the adviser chosen by the Trustee and the Company to provide you with advice will be Premier Pensions. You can find out more about them here: www.premiercompanies.co.uk

Part of our plan, and part of the appointment of the new financial adviser, is to have a clear process flow chart, so that you know what the process is, who to contact and expected timescales.

You can find a copy of that here: www.yourBWpension.co.uk. We welcome feedback on this, so please let us know if anything isn't clear and we can update the note.

We've also put together a short video about the importance of the advice, and some considerations you need to think about. You can find this on the website via the QR code above.

If you're in the middle of obtaining advice through the current adviser, WPSA, that will continue for you. Premier Pensions will take on any new cases.

The Trustees would encourage you to obtain financial advice before you make any decisions regarding your benefits in the Plan. If the value of your benefits is above a certain threshold (£30,000), it is a legal requirement for you to get financial advice before transferring your benefits out of the Plan. Whilst Premier Pensions have been appointed to provide advice, it is up to you whether or not you use them, or if you'd like to choose your own adviser. We do appreciate that it is a personal choice.

Other resources

MoneyHelper has developed a useful tool that provides members with an estimate of income at retirement. The website also has other useful sections that members may wish to explore, including pension basics and help with finding a financial adviser: www.moneyhelper.org.uk/en/pensions-and-retirement/pensions-basics/pension-calculator

There is also publicly accessible guidance to help you; this will not be tailored to your personal circumstances but can help you to better understand your options. If you have any DC benefits, including AVCs, you can access a free government guidance service Pension Wise through: www.moneyhelper.org.uk/en/pensions-and-retirement

Beware of scams

The financial worry caused by the COVID-19 pandemic is being exploited by scammers. Action Fraud received 637 reports of pension scams in 2020, of which 545 were passed out to UK law enforcement.

Fraudsters prey on people's vulnerability and trick them into transferring money out of their pension pots into unregulated arrangements.

You should take as much care with your retirement savings as you would with your bank account or credit card. Like many scams, the promise of extra money during difficult times can sound very tempting. However, these one-off investment opportunities, pension loans or upfront cash offers typically involve high tax charges and penalties, and you risk losing your retirement savings.

Here are some tips to help protect yourself:

- **Reject unexpected offers** – legitimate companies won't contact you out of the blue.
- **Do your research** – if an offer seems too good to be true, it probably is.
- **Take your time** – scammers often try to pressure you into acting quickly to catch you off guard.
- **Don't let a friend talk you into an investment, even if you consider yourself or your friend financially savvy** – people have fallen for scams that have been recommended by people they know.
- **Be wary of offers to release cash from a pension before age 55** – fraudsters claim they can avoid the potential tax bill for accessing your pension savings before age 55, be wary of any offers relating to this.

Cold calling in relation to pensions has been banned. If you receive a cold call about your pension, you can report any information you have obtained about it to the Information Commissioner's Office via their website www.ico.org.uk/make-a-complaint/nuisance-calls-and-messages or on **0303 123 1113**.

If you suspect you are being targeted by a pensions scammer, please exercise extreme caution and visit this website which contains valuable information: www.fca.org.uk/scamsmart

If you're worried it might already be too late, you can call Action Fraud on **0300 123 2040** or visit www.actionfraud.police.uk

On a related note, it is important to minimise your exposure to cyber risk – try visiting www.getsafeonline.org/ or www.ncsc.gov.uk/cyberaware/home for more tips.

Key information

Your benefits from the Plan will make up a proportion, indeed in some cases, the bulk, of your income in retirement. You should therefore consider what your needs in retirement will be.

Expression of Wish Reminder

In addition to an income when you retire, your pension provides your spouse and/or dependant(s) with benefits, should you die whilst a member of the Plan. The Trustee will decide who the death benefit should be paid to, and if you have completed an Expression of Wish form, they will take your wishes into account. If you would like to complete or update an Expression of Wish form, please contact the Plan administrator, XPS, using the contact details on **page 13**.

Early retirement and change in the normal minimum pension age

All members of the Plan are entitled to take early retirement, albeit reduced to take account of the fact you would be receiving your pension for longer. This is currently set at a minimum age of 55. The government has now changed the normal minimum pension age from 55 to 57, starting from 6 April 2028.

If you would like to find out more about your retirement options, including obtaining an early retirement quote, please contact the Plan administrator, XPS, using the contact details on **page 13**.

Keeping us informed

Please help us to keep in touch with you by letting us know if you change address at any point in the future.

The Trustee has a duty to ensure that pension benefits are being paid to the correct individuals. The Plan's auditors require the Trustee to issue **Certificates of Existence** at regular intervals, which members are asked to complete and return to the address on **page 13**. This reduces the risk of pensions being fraudulently claimed after a member's death. The certificate also confirms that the Trustee holds the correct address for a member, should they need to contact them in the future. This is a standard practice used by many pension schemes and the Trustee uses a specialist member tracing service.

If you receive any correspondence from the Plan's administrators, the Trustee asks that you respond as quickly as possible. Failure to respond may result in your Plan pension being stopped.

Noticeboard

Guaranteed minimum pensions (GMP) equalisation project update

In 2018, the High Court ruled that pension schemes will have to increase benefits for certain members, to adjust pensions so that Guaranteed Minimum Pensions (GMPs) are equal. This process is called **GMP equalisation**.

We are currently working with our advisers to carry out the work necessary to ensure that the Plan's benefits are equalised for the effects of unequal GMP. This is a material project which the majority of UK pension schemes are required to complete. The process is complex, and it is likely to be some time before we are able to make the necessary updates to members' benefits, and in most cases we expect any adjustment to be relatively small. The Trustee will provide updates in due course and there is no action required by you in the meantime.

Accessing the pension flexibilities - DB Section members

Individuals with DB benefits are not automatically entitled to pension flexibility within the Plan. However, members who have not yet retired are able to transfer their DB benefits to an alternative DC arrangement, which would allow greater choice in the way that pension benefits can be taken. Any non-retired member who is interested in transferring can obtain a transfer value quotation by contacting the Plan administrators.

RPI to CPIH from 2030

You may have read in the press that on 25 November 2020, the Government and UK Statistics Authority confirmed that the Retail Prices Index (**RPI**) will be aligned with **CPIH** (consumer price inflation including owner-occupiers' housing costs) from 2030.

For some of our members, parts of their pensions are linked to RPI. Although there will be no immediate impact on any members' pensions, the pension increases that some members receive after 2030 are expected to be lower than they would otherwise have been.

DB benefit statements

The Plan closed to accrual in 2009, and therefore it's several years since members ceased accruing benefits in the Plan, or members left BorgWarner Limited altogether. The Trustee is keen to ensure that members are provided with an up to date benefit statement which sets out their current accrued DB benefits in the Plan. Benefit statements were last issued in 2020 and the Trustee will aim to provide an updated statement every couple of years. Therefore, you should expect to receive your next statement towards the end of 2022.

Noticeboard

Historic pension benefits transferred from other pension schemes

The Plan's administrators may also be in touch if you have transferred in a pension from a previous scheme. These benefits typically date back many years, and therefore the Plan's administration records may not be wholly complete. The Trustee now requires additional information in relation to work involved in equalising the GMP element of your pension. This relates to both your retirement benefits and any equivalent transfer value quotations.

The Trustee's role in managing the Plan

The Plan's Trustee Board meets frequently throughout the year with their advisers to discuss ongoing pension matters. The Board currently consists of five Trustee Directors:

- **Sarah Brennan**, Dalriada Trustees Limited (Chair)
- **Michelle Behrman**, Director Global Benefits, BW Inc.
- **Matthias Uhrig**, Director Finance Europe
- **Steve Birnie**, retired (Member nominated)
- **Peter Williams**, retired (Member nominated)

Being a trustee of an occupational pension scheme is a very important role. The Trustee Board has overall responsibility for the administration and day-to-day management of the Plan. As such, the Trustee Directors are expected to have the necessary knowledge and understanding to oversee the management of the Plan, with support from the Plan's advisers. Please remember that the Trustee Directors are not able to provide you with any advice in relation to your pension, and if you do have any questions, then you should contact the administration team at XPS in the first instance.

General notices

Statutory right to transfer – new procedures

The Department for Work and Pensions (DWP) have issued revised regulations regarding the procedures for transferring pension benefits, where the request for transfer begins on or after 30 November 2021.

Where a transfer is to an authorised master trust, authorised collective money purchase scheme or a public service scheme, the transfer can proceed as previous.

For all other transfers, additional information may need to be sought from the transferring member. This is determined by whether the transfer is to:

- A UK occupational pension scheme – evidence of an employment link must always be sought.
- A Qualifying Recognised Overseas Pension Scheme (**QROPS**) – evidence of a residency link (or an employment link for occupational QROPS) must always be sought.
- Any scheme where there are concerns that there may be a scam – an option to obtain further information.

Where the scheme could consider there to be a red flag, the transfer can be stopped, or if there's an amber flag, the member must take scams guidance provided by the Money and Pensions Service (**MaPS**). In the case of the latter, once that has been evidenced, the transfer can proceed.

Claim the benefits that you're entitled to

Up to £2.9 billion of Pension Credit goes unclaimed every year by eight out of ten of the low-income pensioners that are entitled to this benefit. This means that over 1 million pensioners are missing out on extra benefits that they may be entitled to. To find out if you're entitled to these credits, please visit: www.gov.uk/browse/working/state-pension and follow the link for Pension Credit.

Pension Tracing service

Every penny helps when it comes to saving for retirement. If you've worked for another company and think that you may have lost the details of the pension scheme, or if you've lost touch with a personal pension, you can track it down using the Pension Tracing Service at www.gov.uk/find-lost-pension

State Pension Forecast

If you're getting close to retirement, you should find out how much of your State Pension you'll receive. If you live in the UK and you're more than four months away from State Pension Age, you can get an online statement at www.gov.uk/state-pension-statement. This website can also help you determine what your State Pension Age is.

Where can I get more information?

If you have any other questions, or would like any more information, then please contact XPS, the Plan's administrator, using the contact details below.



XPS Administration
PO Box 205
Huddersfield
HD8 1ET

0113 284 8050

BWPlan@xpsgroup.com

What documents am I entitled to?

Members of an occupational pension scheme are entitled to the following documents related to the funding and management of their scheme, free of charge:

- **Statement of Funding Principles** - This sets out the Plan's funding plan.
- **Actuarial valuation report** - This is the Plan Actuary's check of the Plan's financial situation as at 31 March 2020.
- **Recovery Plan** - This explains how the funding shortfall is being made up.
- **Schedule of Contributions** - This shows how much money is being paid into the Plan.
- **Statement of Investment Principles** - This explains how the Trustee invests the money paid into the Plan. This document can be found on the following web page:
www.yourBWPension.co.uk

MoneyHelper

MoneyHelper (previously known as the Money Advice Service) provides general advice on all money matters including pensions. They run a Helpline and web chat which can be accessed between 9am-6pm, Monday to Friday, or you can access their website at www.moneyhelper.org.uk

If the thought of considering how much you might need for your retirement is daunting, there are some helpful online budget planners to help make it easier for you at www.moneyhelper.org.uk/en/tools-and-calculators



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