

The BW Plan Pensions Newsletter

March 2023



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Chair's introduction



Scan to visit the
BW pension website

Dear Member

Welcome to the 2023 BW Plan Pensions Newsletter, I hope that you have all kept safe and healthy over the last year.

I am sure you are all aware of last year's turmoil in the financial markets and the rising cost of living. As Trustee Directors of the BW Plan, we want to assure you that in terms of your DB pension, there has been no detrimental impact on the Plan's ability to pay your benefits in full. The Trustee continues to work in partnership with the Company and our advisers, to monitor the Plan's strategy to ensure that the Plan can continue to meet its financial commitments to you. A summary of the Plan's latest financials and membership numbers can be found on **page 5**.

Although we are no longer responsible for any Defined Contribution (DC) schemes that you are members of, we are aware that some DC members' fund values may have been impacted. Those of you who are also members of the Aegon DC Master Trust should take comfort from the 'Company Oversight Committee' which monitors Aegon's performance and service. If you have any concerns, please contact either Sean Caldwell at secaldwell@borgwarner.com, Steve Birnie at sbirnie@borgwarner.com or a member of your HR team.

If you are thinking about transferring out of the DB scheme you should obtain advice from a Registered Financial Adviser, such as our currently appointed adviser, Premier Wealth Planning. You can read more about Premier Wealth Planning on **page 8**.

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 benefits – please contact XPS Administration in the first instance at bwplan@xpsgroup.com or phone **0113 284 8050**.

If you 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 are now looked after by Aegon. Aegon also provides the current pension arrangement for all current employees in BorgWarner Bradford. For all enquiries contact the Aegon helpline on **01733 355814** or email my.pension@aegon.co.uk

If we could ask for one thing...

Please remember to get in touch with us if you move house so we always have the right contact details for you.

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 and whether you understand the content. 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

Spotlight - your Plan administrators

Your Plan is administered by XPS, who look after the day-to-day running of the Plan. The team at XPS are based in Leeds and led by Ashley, who has a wealth of experience having administered the Plan for the past 10 years. If you ring XPS with a query about your Plan benefits, you may also speak to Dylan, Bentley or Luke. You can get in touch on BWPlan@XPSGroup.com or **0113 244 0200**.

If you're already receiving your pension from the Plan and you have a payroll query, for example, if you want to change the bank account we pay your pension into, you can contact the XPS payroll department directly on **0191 341 0669**.

Tips from the team

- If you ask for a retirement quotation or a transfer quotation we'll usually complete that for you within two weeks.
- If you haven't yet taken your pension, and you have benefits in the DC section, you can choose to switch those DC benefits back into the DB section at retirement, for example, if you want to use your DC section savings to take your tax-free cash.
- If you're approaching retirement, did you know that the Plan offers paid for independent financial advice via Premier Wealth Planning? You can take this advice once only. You'll find further details are provided to members in a retirement or transfer quotation pack.
- You can find general information on the Plan at www.mypension.com/thebwplan

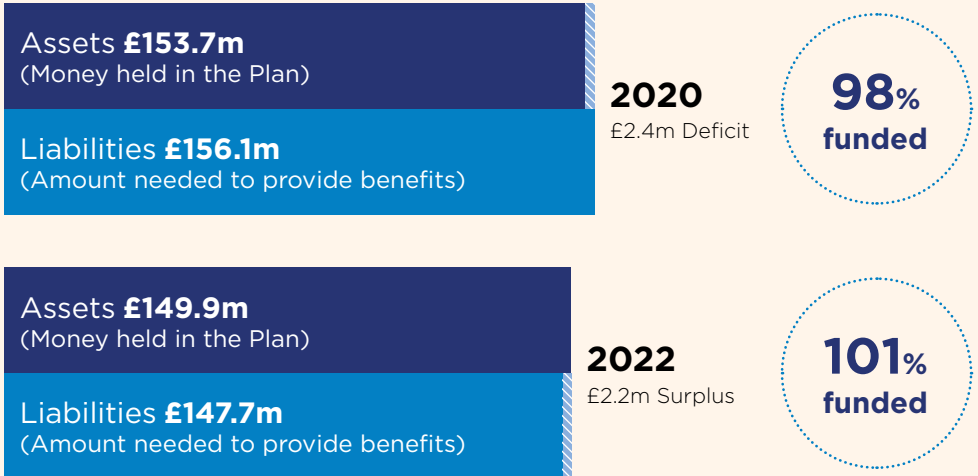
A summary of the Plan's funding position



Scan to visit the BW pension website

Based on 31 March 2022 Actuarial Report

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 in the 2022 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.

	£000's
VALUE AT 1 April 2021	£155,706
BorgWarner's contributions	£1,530
Member's contributions (including AVCs)	-
Transfers in & other income	-
TOTAL INCOME	£1,530
Pensions and other benefits	-£4,750
Payments to and on account of leavers	-£2,335
Other payments / Administrative expenses	-£659
TOTAL EXPENDITURE	-£7,744
Change in market value of investments	£430
Transfers between sections	-
VALUE AT 31 MARCH 2022	£149,922

Plan membership

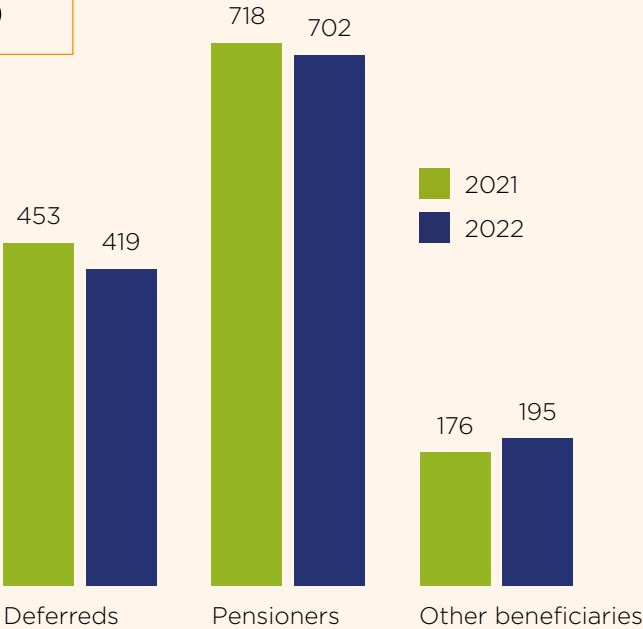
The graph shows how the Plan membership has changed over the year to 31 March 2022.

Deferred members have not yet drawn their pension benefits.

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.

Total members at 31 March 2022
1,316



Plan membership as at 31 March 2022

Beware of scams



During this period of increased economic uncertainty, fraudsters are targeting pension schemes at an even higher rate.

The tactics that scammers use are evolving all the time and even those who consider themselves to be technically savvy need to remain on guard. You should take as much care with your retirement savings as you would with your bank account or credit card.

There are some red flags which you can easily look out for to avoid falling victim to a pension scam:

- **Reject unexpected offers** – If you're contacted out of the blue about a financial opportunity, it's likely to be high risk or a scam. These could come in the form of texts, emails or cold calls, so be on guard.
- **Do your research** – If an offer seems too good to be true, it usually is.

- **Don't be pressured or rushed into anything** – Criminals try to take advantage of any fears you may have. Take your time, do your research and make sure that your pension is safe. Be wary of time-limited offers to get the best deals.
- **Always check who you are dealing with** – Make sure your adviser is registered with the FCA: www.fca.org.uk/firms/financial-services-register
- **Guard against secondary scamming** – fraudsters often approach people who have already been scammed and offer to help them get their money back.
- **Get help and advice** – If you are seriously considering moving your pension, the Trustee always recommends getting financial advice before you make any decisions regarding your benefits in the Plan. This is legally required if you are thinking of transferring your DB benefits out of the Plan.

Find more information on how to spot the warning signs and check that you are dealing with a legitimate firm by visiting www.fca.org.uk/scamsmart

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

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 for more tips. You can find out more about scams by watching: https://youtu.be/TYk_X3tn9hc

Where can I get financial advice?



There's a lot to think about when deciding how to take your Plan benefits and making decisions about your retirement may be particularly challenging.

We would like to remind you that last year, the Trustee and Company appointed Premier Wealth Planning as new independent financial advisers to help you make these important financial decisions. You can find out more about them here:

www.premiercompanies.co.uk

An overview of the transfer process, who to contact and expected timescales can be found here: www.yourBWpension.co.uk. We have also included a short video about the importance of the advice, and some considerations you need to think about when deciding what to do with your benefits. The above website can also be found via the QR code above.

The Trustee 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 Wealth Planning 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: www.moneyhelper.org.uk/pension-calculator. The website also has other useful sections that members may wish to explore, including pension basics and help with finding a financial adviser.

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 the free government guidance service, Pension Wise, through: www.moneyhelper.org.uk/pension-wise

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. It is really important that you keep your Expression of Wish up to date. Consider resubmitting the details, even if they have not changed, so the Trustee know your wishes haven't changed. 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 to 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 will be changing 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

Your benefits in the Plan

We understand that news of high levels of inflation can be worrying. Most of your benefits within the Plan are linked to the level of inflation. Pensions not yet in payment receive increases based on either Retail Prices Index (RPI) or Consumer Prices Index (CPI) inflation – a cap on inflation does exist here, but it will rarely apply. In comparison, your pension in payment is linked to RPI inflation for the majority of your benefits, in most cases the increase is subject to a cap of 5% or 2.5% each year, although some benefits receive no increases.

If you want any further details on how your benefits increase then please contact the Plan administrator, XPS, using the details on **page 13**. As ever, it is important to be well informed when making any decisions on the retirement options available.

Pensions Dashboard

With more than two thirds of people having more than one pension pot it is sometimes hard for people to get a clear picture of all their pension savings. Starting in 2023 the Department of Work and Pensions (**DWP**) is launching the Pension Dashboard programme (**PDP**). The PDP will enable individuals to access all of their pensions information online, securely, and all in one place, thereby supporting better planning for retirement and improving financial wellbeing. It will also help people locate any lost pensions.

Please note that pension schemes will be enrolled into the PDP over a period of approximately three years. For more information on how the PDP will work you can visit www.pensionsdashboardsprogramme.org.uk

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.

Upcoming actuarial valuation – 31 March 2023

The Trustee must carry out a formal assessment of the financial position of the Plan (an actuarial valuation) every three years and the most recent valuation was at 31 March 2020. The next valuation for the Plan is due to take place in March of this year.

As part of the valuation the Trustee and Company will work together to update the funding and investment strategy to ensure that the Plan remains on track to achieve its longer-term journey plan, balancing the required return

Noticeboard

with an acceptable level of investment risk. If the valuation shows that the Plan's assets are insufficient to meet the benefits that have already been promised, the results will be used to determine the amount of additional contributions required to ensure that this shortfall is removed.

The Pensions Regulator's upcoming Single Code of Practice, which emphasises the need for trustees and companies to agree long-term plans for pension schemes, and to reduce risk as scheme memberships mature, will be very much at the fore-front of these discussions (as indeed they have been for a number of years already). The Trustee and the Company will, as ever, work collaboratively to ensure that the Plan's funding and investment strategy complies with the new requirements.

Guaranteed minimum pensions 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 continue to work with our advisers to carry out the work necessary to ensure that the Plan's benefits are equalised for the effects of unequal GMP.

We have set up an efficient decision making framework and project group to ensure that the decisions needed in order to equalise GMPs between men and women are made and implemented efficiently. We anticipate that project

will be largely concluded by this time next year. In particular, we will be working with the Plan's administrators, XPS, to ensure key strategic decisions are ratified and that the additional membership data that is required to equalise benefits is available.

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. Note that there may be a requirement to take financial advice should you wish to go ahead with a transfer of your DB benefits.

State Pension Age increases

Remember that the State Pension Age is going up. It is currently 66, for both men and women, and will gradually increase again to 67 between 2026 and 2028 (for those born after April 1960). The government has indicated it wishes to bring forward the increase of State Pension Age to 68 in 2039 (for those born after 1977) instead of 2046 as originally proposed. You can quickly check your State Pension Age at www.gov.uk/state-pension-age

Noticeboard

State Pension forecast

The amount of State Pension you will receive is determined by your National Insurance contribution (NIC) history. If you have periods where you have not paid NICs, you may not be eligible to receive the full State Pension. However, you may be able to make voluntary NICs to make up any shortfall. It is worth checking this now, rather than finding out later that you haven't paid enough. To find out more information about how much you may receive go to: www.gov.uk/check-state-pension

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 one 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/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

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.

Where can I get more information?

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



**The BorgWarner Plan
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

Citizens Advice

We are aware of the challenges caused by the continuing increases to the cost of living. For help and information to manage your money during these difficult times you can access the following page on the Citizens Advice website at www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living

Age UK

For help with benefits, managing your money, avoiding scams and dealing with legal issues <https://www.ageuk.org.uk/information-advice/money-legal>

Please note the Trustee are not responsible for the content of any external websites.

**The BorgWarner Plan
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