

# **CREDIT SUISSE GROUP (UK) PENSION FUND**

TRUSTEE UPDATE TO MEMBERS 2019  
DEFINED CONTRIBUTION

JUNE 2019

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# INTRODUCTION

We are pleased to present this year's Update for the year 2018. This Update provides you with important information regarding the Credit Suisse Group (UK) Pension Fund (the "Fund"). It includes news on recent pension issues that may affect you as well as information on the financial position of the Fund. This Update also includes an article on "Pensions Flexibilities" which we strongly recommend you read.

Please take the time to read the Update and let the Trustee have any comments via the Chief Operating Officer to the Trustee by email to [csg@mercer.com](mailto:csg@mercer.com).

Additional information about the Fund and the benefits you hold can also be obtained from the Fund's administrator. Details of how to access their website and other contact details are shown on page 12 of this Update.

The Trustee has taken care to ensure that this Update is accurate at the time of printing. However, the Trustee can only pay benefits in accordance with the Rules of the Fund and the law. In the event of any error, the Rules and the law will always override this Update.

## Electronic Communications

The Trustee would like to increase the use of electronic communications to contact you regarding information about the Fund. Electronic communications offer an efficient and convenient method of contacting you. In order to do so, the Trustee will need you to provide an up to date email address.

## Ideas for Future Updates

The Trustee would like to provide you with useful information. If there is a topic that you would like to see covered in the Trustee Update, please send your suggestions by email to [csg@mercer.com](mailto:csg@mercer.com)

Please ensure that the fund's administrator is kept informed of any changes to your email address (see contact details at the end of this update).

## NEWS FROM YOUR CHAIRMAN

Unusually, 2018 was a relatively quiet year for pensions as Government attentions focused primarily on preparing for Brexit. One long standing issue in the pensions world, GMP equalisation, was addressed through a High Court judgement in October 2018. This judgement has the potential to impact the benefits of some CSAM members, as well as some other defined benefit section members of the Fund. This will be an area of focus for the Trustee Board during 2019 as we work through the many implications of the judgement.

### **Defined Contribution Investment Options**

As part of our review of the Fund against the Pension Regulator's Code of Practice for DC Schemes, we again received confirmation from our investment advisers that the charges incurred on the funds available to members are extremely competitive. Details of the charges incurred on each of the available funds can be found in the Fund's Investment Choices Guide which is available from the Fund's administrator or on their website, Planviewer ([www.planviewer.fidelity.co.uk](http://www.planviewer.fidelity.co.uk)).

### **Corporate restructuring**

As a result of the restructuring of the Bank's UK operations, the Bank proposed to the Trustee that Credit Suisse International (CSi) should replace Credit Suisse Securities Europe Limited (CSSEL) as the Principal Employer (and therefore the main legal contact for the Trustee) in line with the transfer of business and employees from CSSEL to CSi. The Trustee has worked with an independent specialist firm which has performed due diligence and advised the Trustee that the transfer from CSi to CSSEL will not result in a deterioration in the quality of the employer covenant supporting the Fund. This proposed change has been taken into account throughout our actuarial valuation considerations. The Trustee has now agreed in principle to the change in Principal Employer which is likely to take effect during the third quarter of 2019 subject to the Bank obtaining necessary regulatory consents. We shall continue to work with the Bank to ensure that the interests of the Fund are fully protected during and after the transition to the new organisational framework.

### **Pension scams and member transfers**

As you will no doubt have read in the press, pension scams can wipe out an unwary individual's retirement savings. The consequences for affected individuals can be life changing and these scams represent a very real concern for the Trustee Board. We seek to protect the interests of our members by ensuring compliance with legislative controls and by adopting strong operational controls with the Fund's administrators. At the same time, we need to enable members to transfer their benefits to other legitimate pension arrangements, should they wish to do so.

We have included an article in this Update on how to protect yourself from pension scams. While the Fund's administrator does watch out for suspicious activity and controls are in place, this is no substitute for additional vigilance on your own part. Please do take note of the pension scams article.

### **People**

Our two new Member Nominated Trustee Directors, Alex Spain and Patrick Flaherty, have now completed their first year in their Trustee Director role. Both have made positive contributions to the Board. Alex was part of our 2018 GDPR working group and Patrick has joined our member communications working group.

Rodney Jagelman, who represented Law Debenture Corporation on the Board since 2006, has now retired. Vicky Paramour was appointed as Law Debenture's replacement on the Trustee Board. We look forward to working with her in the future.

**Glenn Wellman**

**Chair of the Trustee of the Credit Suisse Group (UK) Pension Fund**

# PENSIONS FLEXIBILITIES – A REMINDER

“Pensions Flexibilities” were introduced by the Government in 2015 and have regularly featured in the press and our communications to members since then. Pensions flexibilities will be relevant to all non-pensioner members when they come to take their benefits. Understanding the options available when you come to retire is vitally important in planning for your future.

Under pensions flexibilities, when you reach the minimum pension age (currently age 55) you could have more flexibility in how you take your benefits.

**Not all pensions schemes have chosen to offer all the flexibilities and most have chosen not to.**

## **What is permitted by legislation?**

Pension schemes can choose to allow their members to access DC savings in a number of different ways. In particular, DC savers may be able to:

1. Purchase an annuity (income) – now available with greater flexibility in terms of the type of annuities available. An annuity can be combined with a cash sum – usually up to 25% of your fund value, which may be paid tax free. **This is available to members directly from the Fund.**
2. Take their DC savings as a cash lump sum – usually up to 25% may be tax free, with the remainder taxed as income. **At retirement you will need to transfer out of the Fund to take 100% cash.**
3. Enter into a drawdown arrangement enabling you to withdraw money from your pension savings over time. This will be more flexible than the drawdown available prior to 2015 as there are no statutory limits on the timing or amount of withdrawals. Again you may be able to receive up to 25% of your fund as a tax free cash sum. **At retirement you will need to transfer out of the Fund to take a drawdown option.**

## **What does the Fund offer?**

**The Fund offers only the first of the options above – annuity purchase with a tax free cash element.**

This does not mean that pensions flexibilities are not available to you. It just means that to access other pensions flexibilities you first need to transfer your DC savings to a suitable provider who has chosen to offer them. The administrator will be able to help you.

### **YOUR INVESTMENT AND RETIREMENT CHOICES ARE YOUR RESPONSIBILITY**

It is important that you carefully consider whether your current investment options remain appropriate and to seek financial advice if you are unsure.

The Trustee strongly recommends you seek financial advice before making any financial decisions relating to your pension savings. If you need help locating a financial adviser, please visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

Please note that the Trustee, the Fund's administrator and the Bank are not able to provide you with financial advice.

### What if I move overseas?

To access pensions flexibilities, it is necessary to transfer out of the Fund. However, if you move to reside overseas then in the majority of cases, due to UK pensions legislation, transferring out of the Fund will generally not be an option available to you. This would include transferring to another UK based arrangement (in order to access flexibilities) and to transferring to an overseas arrangement.

Developments related to Brexit might be expected to complicate matters further for overseas members.

Please consider your options now - if you wait until you move overseas, it may be too late.

# HOW TO PROTECT YOURSELF FROM PENSION SCAMS

(BASED ON ARTICLE ON [WWW.FCA.ORG.UK](http://WWW.FCA.ORG.UK))

Pension scams can be hard to spot. Scammers can be articulate and financially knowledgeable, with credible-looking websites, testimonials and materials that are hard to distinguish from the real thing.

## How pension scams work

Scammers usually contact people out of the blue via phone, email or text, or even advertise online. Or they may be introduced to you by a friend or family member who is also unknowingly being scammed. Scammers will make false claims to gain your trust. For example, claiming they are authorised by the Financial Conduct Authority (FCA) or that they don't have to be FCA authorised because they aren't providing the advice themselves, or claiming to be acting on the behalf of the FCA or the government service Pension Wise.

Scammers design attractive offers to persuade you to transfer your pension pot to them (or to release funds from it). It is then often invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Scam offers often include free pension reviews, offers of higher returns, help to release cash from your pension even though you're under 55 (an offer to release funds before age 55 is highly likely to be a scam), high-pressure sales tactics (the scammers may try to pressure you with 'time-limited offers' or even send a courier to your door to wait while you sign documents), unusual investments which tend to be unregulated and high risk, and may be difficult to sell if you need access to your money, complicated structures where it isn't clear where your money will end up, arrangements where there are several parties involved, which means that the total amount deducted from your pension is significant, and long-term pension investments – which mean it could be several years before you realise something is wrong.

## There are 4 simple steps you can take to protect yourself from pension scams

### Step 1 - Reject unexpected offers

If you're contacted out of the blue about a pension opportunity, chances are it's high risk or a scam.

If you get a cold call about your pension, the safest thing to do is to hang up. It is illegal and probably a scam. Report pension cold calls to the Information Commissioners Office (ICO). If you get unsolicited offers via email or text you should simply ignore them. Fortunately, most people do reject unsolicited offers – research suggests that 95% of unexpected pension offers are rejected.

Be wary of offers of free pension reviews. Professional advice on pensions is not free – a free offer out of the blue (from a company you have not dealt with before) is probably a scam. And don't be talked into something by someone

you know. They could be getting scammed, so check everything yourself.

### Step 2 - check who you're dealing with

- Check the FCA Register to make sure that anyone offering you advice or other financial services is FCA authorised. If you don't use an FCA-authorized firm, you also won't have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) so you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, call their Consumer Helpline on **0800 111 6768** to check the firm is permitted to give pension advice.
- Check they are not a clone – a common scam is to pretend to be a genuine FCA-authorized firm (called a 'clone firm').



Always use the contact details on our Register, not the details the firm gives you.

- Check the FCA Register
- Check to see if they are registered with Companies House and for the names of the directors. Search the company name and the names of the directors online to see if others have posted any concerns.
- Check the FCA Warning List – use the FCA’s tool to check the risks of a potential pension or investment opportunity. You can also search to see if the firm is known to be operating without our authorisation.

### **Step 3 - don't be rushed or pressured**

Take your time to make all the checks you need – even if this means turning down an ‘amazing deal’. Be wary of promised returns that sound

too good to be true and don't be rushed or pressured into making a decision.

### **Step 4 - get impartial information or advice**

You should seriously consider seeking financial guidance or advice before changing your pension arrangements.

- The Pensions Advisory Service provides free independent and impartial information and guidance.
- If you're over 50 and have a defined contribution pension, Pension Wise offers pre-booked appointments to talk through your retirement options.
- You can also use a financial adviser to help you make the best decision for your own personal circumstances. If you do opt for an adviser, make sure they are regulated by the FCA and never take investment advice from the company that contacted you, as this may be part of the scam.

### **What is the Trustee doing to help protect my pension from scammers?**

A number of checks and controls form part of the transfer process carried out by the Fund's administrators, Fidelity, to help protect against pension scams. These include:

- Requiring the member's IFA to confirm their, or their company's FCA registration Number, and that they are allowed to carry out transfer advice. These details are then checked against the FCA website, and a copy of the entry held on file.
- Members will be asked to complete a Pensions Liberation Questionnaire, which asks for details such as how they were made aware of the receiving scheme, what advice they have received and what they have been told about accessing their benefits.
- Requiring confirmation of the receiving scheme's registration details, and signed discharge forms from the scheme and the member.

The administration teams are on the lookout for pension scams, and if they have any concern about a particular case they will put the process on hold and refer it for further investigation.

# TRANSFER VALUE Q&A

## What is a transfer value?

Once you stop earning benefits or stop making DC contributions to the Fund, you become a deferred member. The benefits that you built up to that date remain in the Fund. Although you can keep your benefits where they are and take them from the Fund when you retire, you may also have a legal right to move the value of your pension benefits and/or DC fund to another pension arrangement if you wish. The “cash equivalent transfer value”, or transfer value, is the amount that would be paid by the Fund’s Trustee into the alternative arrangement you choose, in respect of these benefits.

## Am I entitled to a transfer value?

If you are a deferred member then you are entitled to a transfer value.

## What is the process, and how long does it all take?

### i. Request a transfer value

You can request a transfer value, by contacting the Fund’s administrator,

### ii. Administrator provides transfer value

The transfer value must be provided within 3 months of the date of request and issued within 10 working days of the date at which it is calculated. In reality the administrators work to much shorter deadlines, targeting 5 to 10 working days from request to issue. There will be exceptions, usually due to particularly complex benefits; however this shorter timescale is achieved in the vast majority of cases.

### iii. Decide whether or not to accept the transfer value

You should consider taking financial advice when making your decision. If you need help locating an independent financial adviser (IFA), please visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

In order to accept the transfer value you need to return ALL required paperwork, correctly completed and signed.

### iv. Transfer value is paid

From the point in time where the administrator has all the information they require to be able to pay the transfer value, they have a further 3 months to make payment. Again in reality the administrator works to much shorter deadlines, targeting 5 to 10 working days and meeting this timescale in the vast majority of cases.

## Are there any other things to consider?

Yes! Taking a transfer value is a complex and important decision, and this is why you are required to engage with an IFA in most cases (and the Trustee would strongly recommend you do so in all cases). For example:

- Members residing overseas or seeking to transfer their benefits to an overseas pension arrangement will have to consider the tax implications of doing so, which can be complex

- You may have a protected retirement age meaning you can take your benefits from the Fund from age 50 (currently in the absence of a protected retirement age HMRC permit benefits to be taken from 55 at the earliest);
- You may have entitlement to a protected tax free cash sum (in most cases around 25% of the value of benefits can be taken as a tax free cash sum at retirement, for members with this protection the % can be higher).

Both of these protections would potentially be lost on transfer, and you will need to discuss this with your IFA.

## FINANCIAL AND MEMBERSHIP INFORMATION – 2018

Each year, the Trustee Board prepares an Annual Report and Financial Statements which are then audited by an independent auditor. A copy is available on request from the Fund's administrator (please see contact details on page 11).

There was a net decrease in the funds held during the year of £305,999 and the total value of the net assets for the DC section of the Fund at 31 December 2018 were £954,302. **Please note that these figures included in the Update are taken from unaudited accounts.**

## INVESTMENTS

The Trustee is responsible for the effective operation of the Fund. To ensure that appropriate actions and decisions can be taken as efficiently as possible, the Trustee Board has delegated some of the investment decisions to the Investment Committee (IC). The IC has the authority to exercise the Trustee's powers and discretion to oversee investment decisions.

The Trustee has a Statement of Investment Principles (SIP) which is a written statement outlining the Trustee's decisions governing the investment principles and policies of the Fund's investments. In preparing the SIP, the Trustee has considered advice from the Fund's investment advisers and has consulted with the employer.

During 2018, the IC met four times. At these regular meetings, the IC works with the Fund's investment advisers to monitor the range of funds available to members.

### **Review of funds available to members**

As it has been 3 years since the current lifestyle funds were introduced and there is now more experience on the uptake of "pension flexibilities" by members of the Fund, the IC carried out a full review of the funds available to members during the year. As a result of this review the Trustee agreed not to change the default fund or the alternative lifestyle options available to members.

The Trustee found that some of the actively managed equity funds were not providing good value for money and decided to stop offering these funds to members. In addition, the Trustee recognised that duplication of similar investment options in the fund range had led to a low take up of some funds so some similar funds were removed. The Trustee expects these changes to improve the quality and appropriateness of funds available to members.

Any monies invested in the funds being closed have been moved to alternative funds within the current fund range available. The transition of these funds took place in February 2019. The Investment Choices Guide has been updated to reflect these changes and is available on PlanViewer.

### **Investment overview**

The BlackRock Global Equity fund achieved returns in line with its benchmark over 2018. This is an important fund for DC members as it forms a material part of the three lifestyle investment strategies, including the default strategy (further information below). As such, a significant number of our DC members hold investments in this fund.

During the year, Blackrock changed the structure of some of the funds available to members. This had no impact on how the affected funds are accessed by members and their objectives and annual management charges have remained unchanged. However, the change did remove the reinsurance risk that, may have prevented the trustee being able to claim under the FSCS scheme. For more information, a detailed brochure explaining what 'security of assets' means can be found on PlanViewer here:

<https://www.planviewer.fidelity.co.uk/planviewer/DownloadStaticDocument.do?docName=static/textfragments/toolslearning/understanding-the-security-of-your-workplace-investments.pdf>

Details of which funds have a reinsurance arrangement can be found in the Investment Choices Guide or in each individual fund Factsheet. All of these are available on PlanViewer.

## What are my investment choices?

How you invest your savings is up to you. You decide which fund - or combination of funds - is appropriate for you. You can change your fund at any time on PlanViewer. It is an important decision, one which will make all the difference to the value of your pension account.

An Investment Choices Guide, along with factsheets for each of the funds you can invest in is available to you on the PlanViewer website. You should read this guide to find out about your fund choices. You will find a list of the funds available to you, including the investment objective, risk rating and charges for each fund. This guide also explains the basic facts about investing for your retirement to help you make an informed decision.

The Fund provides you with two options:

**Option 1** - The Lifestyle Strategies - your pension account will be allocated for you in one of three specially designed investment strategies, these will automatically switch your pension account between different funds as you approach retirement. You will need to select which of the three Lifestyle Strategies on offer you want your pension account to be invested in (more details provided below).

**Option 2** – Self-select - you can choose your own portfolio of funds from the range offered.

### The Fund's Lifestyle Strategies

#### DRAWDOWN LIFESTYLE STRATEGY (DEFAULT)

This is designed to move your funds into a position suited to providing for drawdown in retirement. This is the Fund's default option so applies automatically where members don't make any investment selection. At retirement you will need to transfer out of the Fund to a suitable arrangement to take drawdown.

#### ANNUITY LIFESTYLE STRATEGY

This is designed to move your DC savings into a position suited to providing an annuity with a cash sum at retirement. At retirement you can take this benefit directly from the Fund.

#### CASH LIFESTYLE STRATEGY

If you invest in this strategy then your DC savings will be 100% invested in cash when you reach retirement. This strategy is designed for people intending to take all their DC savings as cash when they retire. At retirement you will need to transfer out of the Fund to a suitable arrangement to take 100% cash.

When making your investment choices please consider how you expect to take your benefits when you come to retire (see page 7).

If you do not make a selection, your DC savings will be automatically invested in the Drawdown Lifestyle Strategy, which is the default option for the Fund.

# A LOOK AHEAD TO 2019

## Brexit

Exactly how Brexit will impact on the Trustee's activity in 2019 is, perhaps unsurprisingly, uncertain. We can however say with certainty that Brexit is on our agenda for 2019, and we will work with our advisers and the Bank to ensure that we implement any changes as required.

## Disclosure of costs and charges

From this year the Trustee needs to provide more information on the costs and charges that apply to your fund. These are not new or additional charges. They have always been there, within the unit price of each fund, but you can now see them, compare them against similar funds and understand their impact on your investment return.

This includes an illustration in pounds and pence of the cumulative impact of charges on your fund. The illustration and other disclosures must be published by the end of July on a publically available website and the web address will be included in your annual benefit statements. The costs and charges for the default lifestyle fund also need to be included in the annual Chair's statement which is available on PlanViewer.

The Trustee has been working with the administrator to ensure that this information is available to meet the requirements. The web address for the website that includes details of the costs and charges that apply is: [www.fidelitypensions.co.uk/costs-charges/CSGP](http://www.fidelitypensions.co.uk/costs-charges/CSGP).

Fidelity have a short video which gives further details on the new requirements and this is available here: <https://video.fidelity.tv/view/4Uruw9vdQpg>. If you have any further questions please contact the administrator using the contact details later in this Update.

## Member Nominated Trustee Director – selection exercise

The Fund is required to have at least one-third of the Trustee body as individuals that have been nominated by members – Member Nominated Trustee Directors (MNTDs). The Fund currently has 3 MNTDs:

MNTD	Term Ends
Stephen Foster	December 2019
Patrick Flaherty	December 2021
Alex Spain	December 2021

**In December this year Stephen Foster's term as a MNTD will come to an end. Further information will be available later this year.**

# NOTICE BOARD - FURTHER INFORMATION

## Contact the Trustee

You can contact the Trustee via the Fund's Chief Operating Officer:

**By email:** [csq@mercer.com](mailto:csq@mercer.com)

**In writing:** Nick Kripps

Chief Operating Officer to the Trustee

Credit Suisse Group (UK) Pension Fund

Mercer Limited

Tower Place West

London EC3R 5BU

## Contact the Administrator

To update your details or if you require further information you can contact the Fund's administrator:

	DC Only Members	Hybrid Members
<b>By telephone</b>	<b>0800 3 68 68 68</b>	<b>0800 3 68 68 70</b>
<b>In writing</b>	Fidelity Pensions Service Centre Beech Gate Millfield Lane Lower Kingswood Tadworth Surrey KT20 6RP	Fidelity PO Box 203 Brinkburn Road Darlington DL1 9HD
<b>By email</b>	<a href="mailto:Pensions.Service@fil.com">Pensions.Service@fil.com</a>	<a href="mailto:Dbpensions.service@fil.com">Dbpensions.service@fil.com</a>
<b>Website</b>	<a href="http://www.planviewer.fidelity.co.uk">www.planviewer.fidelity.co.uk</a>	<a href="http://www.planviewer.fidelity.co.uk">www.planviewer.fidelity.co.uk</a>

## General Data Protection Regulation (GDPR)

The **GDPR** replaced the Data Protection Directive and applies in all EU member states from 25 May 2018. The Trustee has implemented the requirements of GDPR for the Fund. We will continue to work closely with our advisers and service providers to ensure we remain compliant with GDPR and that your data continues to be protected. A copy of the Funds "Privacy Notice" can be found <https://www.planviewer.fidelity.co.uk/planviewer/DisplayPlanInfoFormsDocuments.do?Tab=210&Menuitem=3183>

## **Nomination form for death benefits**

The Trustee is pleased to introduce a new online death benefit Nomination Form for DC and hybrid members of the Fund, available via your PlanViewer account with Fidelity.

### **An easy way to manage your wishes**

If you have previously completed a paper version of this form and you do nothing, this paper form will remain valid. If you complete the online version of the form it will replace any previous paper versions. The Trustee will always consider the latest form that you complete.

Letting us know your wishes takes just a few minutes. Simply log in at [www.planviewer.co.uk](http://www.planviewer.co.uk) and visit the **My Plan** section of the site. Here you will find simple instructions to help you complete each section of the form. Whenever your personal life takes a new turn, remember to update the form. That way you don't need to worry – you'll know at any time that it reflects your wishes.

## **Launch of the Money and Pensions Service**

The Single Financial Guidance Body (SFGB) has been launched. It creates one organisation from the three existing providers of government-sponsored financial guidance: The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. All staff from these three organisations have transferred to the SFGB. Its website can be accessed <https://singlefinancialguidancebody.org.uk/>

### **Are you saving enough for your retirement?**

As the Fund's administrator, Fidelity have a number of tools available on their website that aim to give you an understanding of how much you may need to save for retirement or the level of income your current savings will provide in retirement. These tools can be found here:

<https://retirement.fidelity.co.uk/retirement-savings-guidelines/#/>. If you have any questions on these tools please contact Fidelity using the contact details above.

Please note that the Trustee, the Fund's administrator and the Bank are not able to provide you with financial advice.

## **Trustee Information**

There were no changes to the Trustee Board during the year to 31 December 2018 and the Trustee Board is made up as follows:

- Glenn Wellman (Company Nominated and Chairman)
- Adrian Cooper (Company Nominated and Deputy Chairman)
- Paul Brine (Company Nominated)
- Patrick Flaherty (Member Nominated)
- Stephen Foster (Member Nominated and delegated Trustee Director for Operations)
- Law Debenture (represented by Vicky Paramour) (Company Nominated and Independent Trustee)
- David Mayes (Company Nominated)
- Simon Meadows (Company Nominated and Chairman of the Investment Committee)
- Alex Spain (Member Nominated)