

A photograph of a dirt path winding through a forest. The path is covered with a dense carpet of small purple flowers, likely crocuses. Tall, dark tree trunks line the path, and the sunlight filters through the green leaves above, creating a dappled light effect on the ground.

# HORIZONS

Your pension, today and beyond

Spring  
2024

# Welcome

Welcome to the Spring 2024 edition of Horizons, the newsletter for members of the Northern Foods Pension Scheme (the Scheme).

The Trustee has had another busy year managing the Scheme and there's lots to tell you about in this edition of Horizons.

Firstly, we have been working alongside the Scheme Administrator, Capita, to ensure that the Scheme complies with sex discrimination law. You will have already received a letter from us regarding Guaranteed Minimum Pension (GMP) and what this means for you, if your pension included a GMP element.

You can now access your pension details digitally using [Northern Foods Pensions Online](#) - find out how to register and what you can do with your account on page 3.

In light of climate change, there is an increased focus on [Environmental, Social and Governance \(ESG\)](#) reporting duties for pension schemes. We have included a brief summary of what we're doing with regards to investing and ESG on page 5.

We have recently completed the latest annual actuarial report as at 31 March 2023, which shows that the Scheme's shortfall has decreased slightly, but so has the funding level. You can read about the Scheme's funding on page 13.

With the cost of living still high and financial pressure rising for many people, scammers are taking advantage. We've included a reminder of [how to stay scam smart](#), and some useful links to help you keep your money safe on page 6.

Finally, we hope you enjoy this edition of Horizons. As always, we value your feedback, so please tell us if there is anything you would like to see in future newsletters. You can find our contact details on the back page.

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**Chris Martin**  
Chair of the Trustee Board  
Independent Trustee Services

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# Scheme news

You can now access your pension details securely and conveniently with Northern Foods Pensions Online.

Once registered, you can:

- Check and update your personal details,
- Access communications about your Scheme,
- Contact Capita – your Scheme administrator,
- Let us know who you would like to receive any benefits in the event of your death,
- Find links to important pension websites including MoneyHelper and the Government Gateway website for State Pension information,
- See your payslips, if you're currently receiving a pension, and
- Find out how to stay safe from pension scams, including where to find advice.

We're also working hard to add more useful information to the website, so look out for further developments coming soon.

Visit **nfpensions.com** and access the site via the log in button in the top right-hand corner of the screen.

## How do I register?

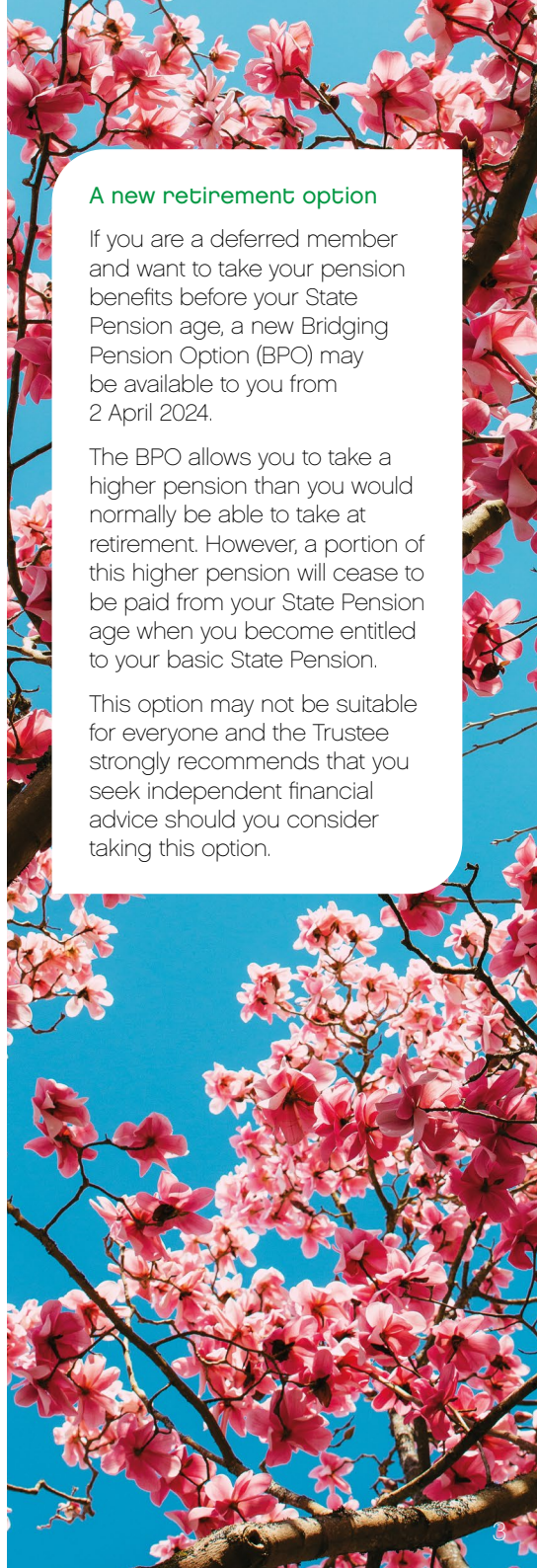
Go to Northern Foods Pension Online at **portal.hartlinkonline.co.uk/northernfoods** and register using your personal email address and National Insurance number.

## A new retirement option

If you are a deferred member and want to take your pension benefits before your State Pension age, a new Bridging Pension Option (BPO) may be available to you from 2 April 2024.

The BPO allows you to take a higher pension than you would normally be able to take at retirement. However, a portion of this higher pension will cease to be paid from your State Pension age when you become entitled to your basic State Pension.

This option may not be suitable for everyone and the Trustee strongly recommends that you seek independent financial advice should you consider taking this option.



# Pensions news

## Helping you make the most of your State Pension

The government has extended its deadline to buy back any National Insurance (NI) years between 2006 and 2016 to 5 April 2025.

This means you can receive a fuller State Pension if, for example, you had breaks in your UK career when you didn't pay NI.

If you think you're unlikely to reach the 35-year contribution requirement for the full State Pension, you can buy back qualifying years by purchasing additional credits. You may also be eligible to claim free NI credits.

To check if you're missing any NI years, go to [gov.uk/check-national-insurance-record](https://gov.uk/check-national-insurance-record)

## Pensions Dashboards

In line with legislation, we are providing information to the government so the Scheme is included in the Pensions Dashboards Programme.

When launched, the Dashboards will show you all of your pension information in one place. This includes your benefits in the Scheme, any private pensions and the State Pension. You may even be able to find lost or forgotten pensions on the Dashboards.

The government has delayed the launch of the Dashboards, which is now expected by 2026.

## General Code of Practice update

The Pensions Regulator (TPR) has drafted a new General Code of Practice for governing bodies, like trustee boards, to follow.

The Code sets out The Pensions Regulator's expectations of the policies and processes that schemes should have in place to meet the legal requirement for an Effective System of Governance (ESOG), and is expected to come into force on 27 March 2024.



## How green is your pension?

We are committed to investing responsibly as we believe it can have a positive impact on investment performance and risk management as well as on our planet. We consider Environmental, Social and Governance (ESG) factors in our investment decision making. Instead of just considering potential investment returns, we ask "What impact will our investments have on the world?"

### What is ESG?

We consider ESG factors when weighing up whether or not to invest in any specific investment fund and we encourage all our fund managers to be aware of these factors. ESG factors include:

#### Environmental

- Climate change
- Biodiversity
- Deforestation
- Water consumption

#### Social

- Employee wellbeing
- Human rights
- Diversity, equity and inclusion
- Supply chain management

#### Governance

- Board structure
- Executive remuneration
- Tax fairness
- Bribery and corruption

## Find out more about our investment strategy and ESG

As a Trustee, we must produce an outline of our policy on ESG, climate change and stewardship and how this policy is integrated into the Scheme's investment portfolios. This is called a Statement of Investment Principles (SIP) and you can read it at:

[nfpensions.com/documents/nfps/nf\\_sip\\_november\\_2022.pdf](https://nfpensions.com/documents/nfps/nf_sip_november_2022.pdf)

We must also produce an Implementation Statement (IS) that sets out how we have acted on the policies laid out in the SIP. You can read the IS at:

[nfpensions.com/documents/nfps/nfps\\_annual\\_implementation\\_statement.pdf](https://nfpensions.com/documents/nfps/nfps_annual_implementation_statement.pdf)

The TCFD report sets out the Trustee's approach to compliance in each of the areas above and you can read it at [nfpensions.com/documents/nfps/taskforce\\_climate-related\\_disclosures\\_tcfdf.pdf](https://nfpensions.com/documents/nfps/taskforce_climate-related_disclosures_tcfdf.pdf)

The Scheme is required to disclose climate-related financial information, in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), which became UK law in 2022. The TCFD framework requires disclosure in four areas:

- **Governance:** around climate-related risks and opportunities.
- **Strategy:** the actual and potential impact of climate-related risks and opportunities on the strategy and financial plans of the Scheme.
- **Risk management:** how the Scheme identifies, assesses, and manages climate-related risks.
- **Metrics and targets:** the metrics and targets used to assess and manage climate-related risks and opportunities.

# Pensions news

## How to stay scam smart

With scams more sophisticated than ever, **you** are still the best line of defence when it comes to keeping your money safe.

Remember:

- Pensions cold calling is illegal
- Don't give in to pressure
- Be wary of certain investments
- Guaranteed investment returns don't exist
- You usually can't take your pension earlier than age 55

**Check the Financial Conduct Authority (FCA) register** - Most financial services firms have to be authorised by the FCA. Check their register at [fca.org.uk/firms/financial-services-register](https://www.fca.org.uk/firms/financial-services-register)

**If you're suspicious, report it** - Report the firm or the scam to the FCA by calling **0800 111 6768** or by filling in a contact form at [fca.org.uk/consumers/report-scam-us](https://www.fca.org.uk/consumers/report-scam-us)



## Autumn Statement 2023

In November 2023, Chancellor Jeremy Hunt announced a range of new tax and pension benefit changes in the Autumn Statement. We've detailed the highlights below:

### 1. Pension pot for life

The government will consult on giving people the legal right to have new employers pay into existing pension pots. The Chancellor claimed that the potential for this "pot for life" could help to unlock an "extra £1,000 a year in retirement for an average earner saving from age 18".

### 2. State Pension increase

**From April 2024, the State Pension will increase by 8.5%, honouring the government's commitment to the pension 'triple lock' in Full.**

That means:

- The full State Pension will be £221.20 a week (for those who reached State Pension Age (SPA) after April 2016).
- The basic State Pension will be £169.50 a week (for those who reached SPA before April 2016).

#### **What is the triple lock?**

The triple lock is a cross-party policy commitment to increase the State Pension every year in line with the higher of:

- Inflation, measured by the Consumer Prices Index (CPI),
- The average increase in wages across the UK, or
- 2.5%.

### 3. National Insurance (NI) rate cut

The Chancellor also announced a cut in 'class 2' NI rates. This means that people earning between £12,750 and £50,268 a year will see their NI rate reduce from 12% to 10% from 6 January 2024.

# Pensions news

## Annual Allowance (AA)

The Annual Allowance is the maximum amount that you can save into all of your pension arrangements (excluding the State Pension) every year without having to pay additional tax charges. The AA is updated from time to time so it's important to make sure you know the limits if you want to avoid facing additional tax charges.

**For the 2023/24 tax year, the AA is £60,000.**

If you are a high earner you may be affected by the Tapered AA. With effect from 6 April 2023, the taper reduced the Annual Allowance for those with earnings (including employer pension contributions) over £260,000. If your earnings are above this, your AA is reduced by £1 for every additional £2 of earnings above the threshold, down to a minimum of £10,000.

## LiFetime Allowance (LTA)

Until April 2023, there was a Lifetime Allowance to consider and the value of your pension benefits taken at retirement was assessed against the LTA or Personal Lifetime Allowance. If the value of your benefits exceeded the allowance, there was a tax charge on the excess.

**The tax charge was removed From the LTA From April 2023, and the LTA will be removed completely From April 2024.**

Please keep in mind that, for most people, the amount you can take as your tax-free entitlement will stay at 25% of the previous lifetime allowance limit. The previous LTA limit was £1,073,000.

Visit the government website **[www.gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension)** for further information.



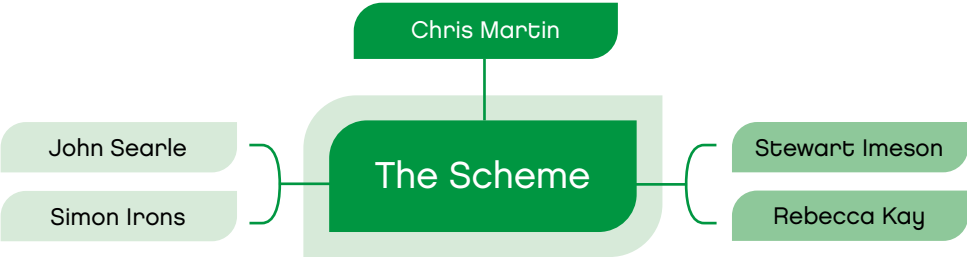


# Looking after the Scheme

## Your Trustee Board

The Scheme is run by Northern Foods Trustees Limited. This is made up of a Trustee Board of five Trustee Directors (also known as Trustees). Three of these are appointed by the Company and two are nominated by members.

Your current Trustees are:



### Key

- Light green box: Nominated by the Company
- Dark green box: Nominated by members

Andy Wadley, former Vice Chair, retired from his role as Company Appointed Trustee Director on 31 December 2023. We would like to thank Andy for his contribution to the Scheme over his tenure of 15 years and wish him all the best for his retirement.

## Your new Executive Team

You may recall from last year's newsletter that a new Pension Executive team has been appointed to help run the Scheme. After a full selection exercise, we appointed XPS who are a leading firm of pension experts.

This will allow Peter Croskin, Phil Bradish and Tony Dix to wind down and retire from their roles.

We'd like to take this opportunity to say thank you to Peter, Phil and Tony for their time, commitment and dedication over the years. They have always strived to achieve the best outcomes for the Scheme and for you, our members, through some challenging times.

# Investments

## The Scheme's Fiduciary management

In the previous newsletter we mentioned that we have moved all of the Scheme's investments into a fiduciary management arrangement with WTW. This means that the day-to-day decision making, cash-flow processing, hedging and management of the investment managers passed to WTW. As the Trustee, we remain responsible for the investment strategy and the risk profile for the Scheme.

## Our investment strategy

The Trustee has a desire to diversify the Scheme's exposure to risk and to manage its investments effectively. With this in mind, we have a strategy which makes use of four key types of investments:

- A range of investments which aim to broadly match changes in the value of the Scheme's liabilities,
- A portfolio of assets which provide a secure income,
- A portfolio of opportunistic private markets, including distressed debt, private equity, infrastructure, UK real estate and global real estate, and
- A diversified portfolio of return-seeking assets.

The balance within and between these investments will be determined from time-to-time at the discretion of the Fiduciary Manager, with the objective of maximising the probability of achieving the Scheme's investment objective set by the Trustee.

In addition, the Scheme will hold assets in cash and other money market instruments from time-to-time where appropriate. The Trustee's policy is that there needs to be enough investment in liquid assets. In other words, investments which mean the Scheme can meet cash-flow requirements in foreseeable circumstances.

The target return of the portfolio is the return on long-dated gilts (those gilts nearer to maturity) plus 1.4%. If this return is achieved, the Scheme is expected to be self-sufficient by around 2030.

The expected return of all the Scheme's investments is monitored regularly by the Trustee. More information is provided in the Trustee's Statement of Investment Principles (SIP) policy, annual report and accounts and Implementation Statement (IS). You can find these at [nfps.com/nfps/scheme-documents.html](https://nfps.com/nfps/scheme-documents.html)

# Investment performance

## What is a benchmark?

A benchmark is a standard point of reference against which returns can be compared. The table below shows investment performance over the 12 months to 30 September 2023:

Performance relative to benchmark	
12 months	-6.5%

Over the year to 30 September 2023, the Scheme underperformed its benchmark. This was mainly due to the volatility in gilt yields, i.e. varying performance of UK Government bonds. This had a negative impact on the Scheme's assets and liabilities, particularly hedge funds and private market assets, whose valuation correlated with the gilt yields.

The financial markets remain volatile, and the Trustee continues to work closely with its advisers in monitoring the Scheme's assets.

## Investments jargon buster

**Gilts** are UK government-issued bonds. They are considered to be a popular and low-risk investment as they are fully backed and underwritten by a national government.

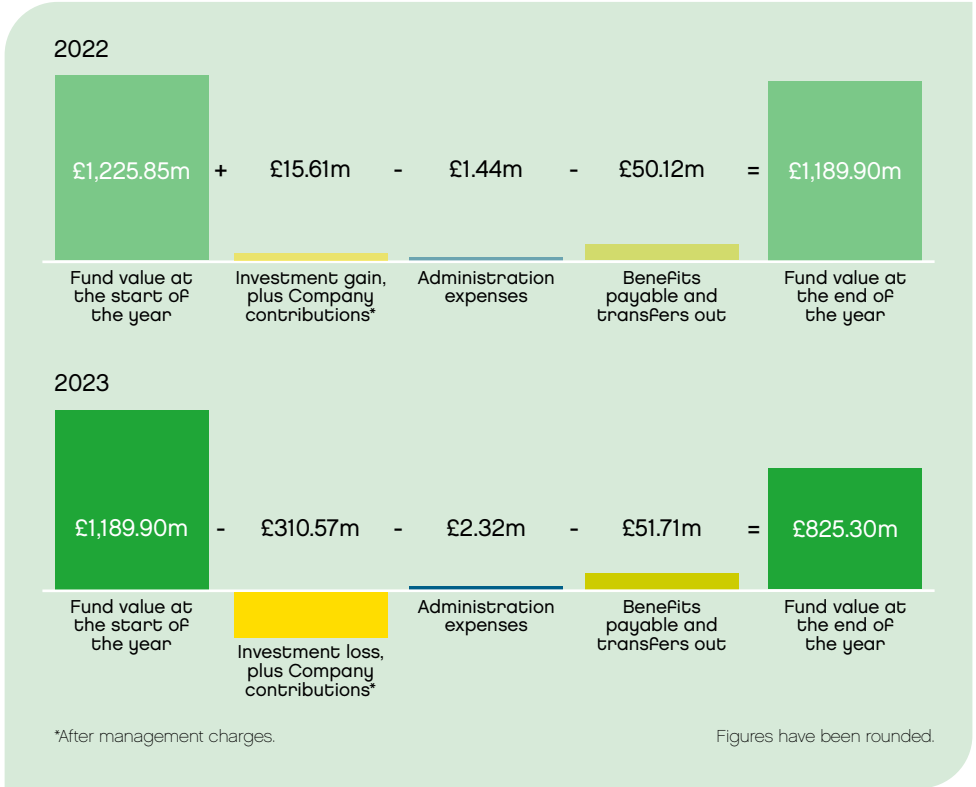
**Self-Sufficient** means that the investments are held in a low-risk environment, and the Scheme is expected to be able to stand on its own, without any further contributions from the Company.



# The financials

## The Scheme's accounts

The following is a summary of the key figures from the Scheme's accounts for the years ended 31 March 2022 and 31 March 2023.



## Membership

As at 31 March 2023, there were 13,716 members in the Scheme. You can see the change in membership from 2022 to 2023 below:

2022 Deferred members  
 6,598

2023 Deferred members  
 6,232

2022 Pensioners  
 7,478

2023 Pensioners  
 7,484

# Actuarial report

Every three years, the Scheme's Actuary (a qualified and independent professional) carries out a Full actuarial valuation to assess the financial security of the Scheme. In the years between the actuarial valuations, the Actuary produces an approximate update of the funding position in the annual actuarial report.

## What is an actuarial valuation?

An actuarial valuation is a financial health check for the Scheme. It compares the money the Scheme has (assets) to the expected cost of providing all current and future benefits to its members (liabilities).

## How is the Scheme's financial health measured?

The actuarial valuation measures the value of the Scheme's assets against its liabilities. If the liabilities are higher than the assets, the Scheme has a shortfall. If the assets are higher than the liabilities, the Scheme has a surplus.

## Financials jargon buster

**Assets** are the funds available to the Scheme, including any returns on the Scheme's investments.

**Liabilities** are the estimated costs of providing pensions currently in payment and providing the benefits earned to date by deferred members who have benefits left in the Scheme.

**Ongoing basis** uses assumptions agreed between the Trustee Board and the Company and assumes that the Scheme will not close.

**Solvency basis** estimates the amount needed to fully secure all earned benefits from an insurance company if Northern Foods decided to wind up (close) the Scheme.

# Actuarial report

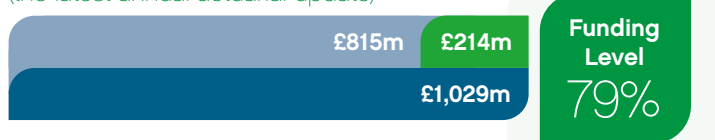
## What was the Funding position as at 31 March 2023?

The results of the latest full actuarial update as at 31 March 2022 are detailed in the table below. They show that the Scheme's funding position has improved since the previous full actuarial valuation as at 31 March 2019, as the shortfall has reduced from £395 million to £227 million. The latest annual actuarial update as at 31 March 2023 has revealed another small reduction in the shortfall, but as both the assets and the liabilities have reduced, the Scheme's funding level has dropped to 79%. The shortfall means that the Scheme needs additional funding to be able to provide members' expected benefits in the future.

The results of the latest annual update as at 31 March 2023 are detailed below, compared with the last two Full actuarial valuations.

### As at 31 March 2023

(the latest annual actuarial update)



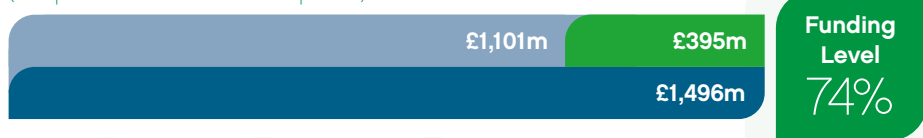
### As at 31 March 2022

(the latest full actuarial update)



### As at 31 March 2019

(the previous full actuarial update)



**Key** Assets Shortfall Liabilities

## How has the Funding position changed since the last Full actuarial valuation?

The 31 March 2023 update revealed a shortfall of £214 million. The 31 March 2022 full actuarial valuation revealed a shortfall of £227 million.

Whilst the shortfall has slightly reduced since the last full actuarial valuation, the Scheme's funding level has decreased, and this was primarily driven by under performance of the assets relative to the liabilities. However, this has been partially offset by the contributions paid to the Scheme by the Company. In addition, asset and liability values have both fallen significantly over the period, as a result of large increases in gilt yields.

## What is the recovery plan?

The Trustee Board and Company agreed a recovery plan to address the shortfall from the 2022 valuation. From April 2024, the Company will pay contributions totalling £181.6 million until September 2030.

Recently, following a request from the Company, some contributions due under the previous recovery plan were rescheduled or deferred. The Trustees agreed to this to help the Company's cash flow in a challenging trading environment, with contingent security provided by the Company to protect the Scheme's position. The Company repaid the deferred contributions in July 2023.

## If the Scheme were to wind up, would there be enough money to provide members' Full benefits?

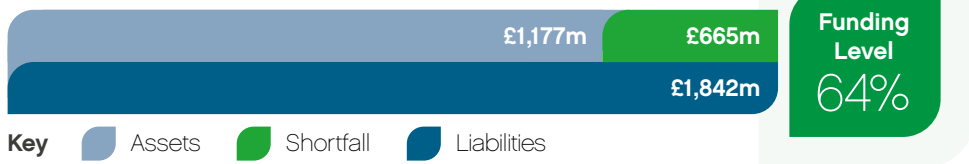
We are legally obliged to let you know what the Scheme's funding position would be if the Scheme were to wind up (close), and members' benefits had to be secured with an insurance company. **We have no intention to wind up the Scheme.** We are also happy to confirm that neither the Trustee Board nor the Company has taken any money out of the Scheme. Nor has The Pensions Regulator had to use any of its powers to intervene in how we run the Scheme.

If the Scheme were to wind up, the estimated figures are:

### At 31 March 2023



### At 31 March 2022



**Key**   Assets   Shortfall   Liabilities

If the Scheme were unable to cover the cost of providing members' benefits either itself or through an insurer, then the Scheme may go into the Pension Protection Fund (PPF). The PPF supports defined benefit schemes that are unable to provide a minimum level of benefits to their members. If the Scheme were to go into the PPF, the Scheme's members may not receive their full benefits.

## Why is the Funding position different For wind up?

The estimated liabilities based on the Scheme winding up are much higher than those based on the Scheme continuing. This is because the assumptions for the calculations are different. The basis used to calculate how much it would cost for members' benefits to be provided by an insurer, if the Scheme were to wind up, is very conservative.



# Where can I get more information about my pension?

If you have any questions, please contact the administration team.  
You can find contact details below:



Northern Foods Pension Scheme  
Capita Pensions Solutions Limited  
PO Box 555  
Stead House  
Darlington  
DL1 9YT



0114 229 7851



nfpensions@capita.co.uk

Remember to let the administration team know if you change address – otherwise important correspondence about your pension might not reach you. We may also be unable to pay your pension if your address does not match the one on our records.