

Summer 2024

Balfour Beatty

Simply Pensions



**Balfour Beatty Pension Fund -
Defined Benefit Newsletter**

Chair's welcome



Welcome to the 2024 Balfour Beatty Pension Fund (BBPF) newsletter for members with benefits in the Defined Benefit (DB) Section of the BBPF.

In my first issue as chair, I'm delighted to be able to welcome Julia Buckland, Jon Ozanne and David Wilson to the Trust Board. David has been appointed as our new Company nominated Trustee Director, and Julia and Jon were both selected in our recent Member nominated Trustee Director recruitment campaign where we received more than 50 applications from across the business.

In this issue we also share the results of the funding update on 31 March 2023 and the steps we are taking to reduce our environmental impact and make it easier for you to receive communications from us digitally.

I hope you enjoy this newsletter and wish you a happy and healthy 2024.

Mike Smaje of BESTrustees

Chair

on behalf of the Trustee Board

Membership as at 31 March 2024

DEFINED BENEFIT ACTIVE

1

DEFINED BENEFIT DEFERRED

8,666

DEFINED BENEFIT PENSIONER

16,841

LIFE COVER ONLY

641

DEFINED CONTRIBUTION ACTIVE

5,392

DEFINED CONTRIBUTION DEFERRED

10,258

We are going digital

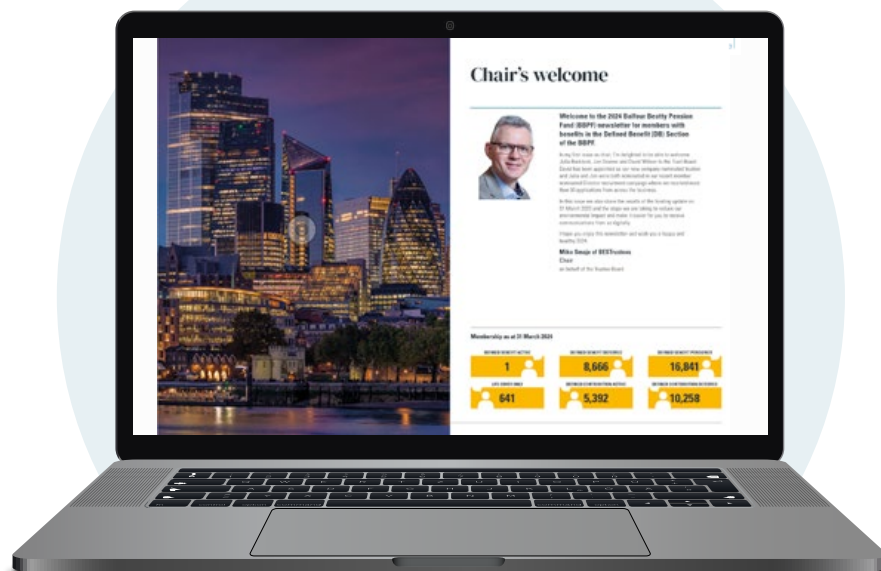
The way we communicate with each other has changed dramatically since the COVID-19 pandemic and we increasingly expect to receive and access information much more quickly, easily and on the go.

To ensure we can get the latest pensions news to our members quickly, we are asking everyone to sign up to receive digital communications. As well as benefitting from receiving quicker and more timely communications straight into your inbox, you will also, more importantly, be helping us to reduce our carbon footprint - even small steps can make a difference!

Many of our members are already signed up and receiving newsletters and other communications via email. If you have not registered yet, you can scan the QR code below or head to <https://bit.ly/GoPensionsDigital> to complete the registration form. Alternatively, if you would prefer to continue receiving postal communications please let us know. Our contact details are on page 11.

Our privacy notice explains the types of data we hold, what we do with it and how you can unsubscribe. You can find a copy of our privacy notice at: www.balfourbeatty.com/pensions-privacy-notice

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go digital



Our Trust Board

Our Trust Board is made up of seven Trustee Directors. Four of the Directors are nominated by Balfour Beatty and three are selected from the members of the BBPF.

Our Trustee Directors:

Mike Smaje, BESTrustees, Chair (Company nominated)

Paul Raby (Company nominated)

Adam Walker (Company nominated)

David Wilson (Company nominated)

Julia Buckland (Member nominated – active members)

Jon Ozanne (Member nominated – active members)

Bob Gildie (Member nominated – pensioner members)

Committees

The Trustee has established several sub-committees made up of a number of Trustee Directors along with advisors who provide input and guidance. Responsibilities and decisions that can be undertaken by the sub-committees, on behalf of the Trustee, are detailed in the committees' Terms of Reference. An update from each sub-committee is provided at Trust Board meetings, together with any matters requiring Trustee approval.

The four sub-committees detailed opposite act on behalf of the Trustee and within certain parameters make decisions on their behalf.

Defined Contribution Sub-Committee (DCSC)

Considers matters relating to the Defined Contribution (DC) section of the BBPF. This committee can make decisions on specific issues, for example member communications, such as the annual DC newsletter.

Funding and Covenant Sub-Committee (FCSC)

Provides recommendations to the Trustee on funding and covenant matters relating to the BBPF. This committee is involved in funding discussions with the Company, carried out in conjunction with the triennial valuation.

Governance, Administration and Discretions Sub-Committee (GADSC)

Makes recommendations and, within certain parameters, decisions on governance, administration and discretions related matters. Their role includes exercising discretion on behalf of the Trustee in individual member cases, such as the distribution of death benefits.

Investment Sub-Committee (ISC)

Focuses on Defined Benefit investment related matters, such as the appropriate investment strategy. It makes recommendations to the Trustee on investment areas including the BBPF's journey plan and its investment risk and return objectives.

Investment strategy

The Trustee regularly reviews how the assets in the BBPF's DB Section are invested. In an aim to protect the financial position of the BBPF whilst ensuring the best interest of its members, we work closely with an investment adviser who looks after the day-to-day management of the BBPF. Further information is outlined in the Statement of Investment Principles and can be found at:

www.mypension.com/bbpf/documents/

A key aim of the Trustee is to ensure that the BBPF's assets are managed efficiently. That means seeking to generate good returns consistent with the level of investment risk the Trustee has agreed to take.

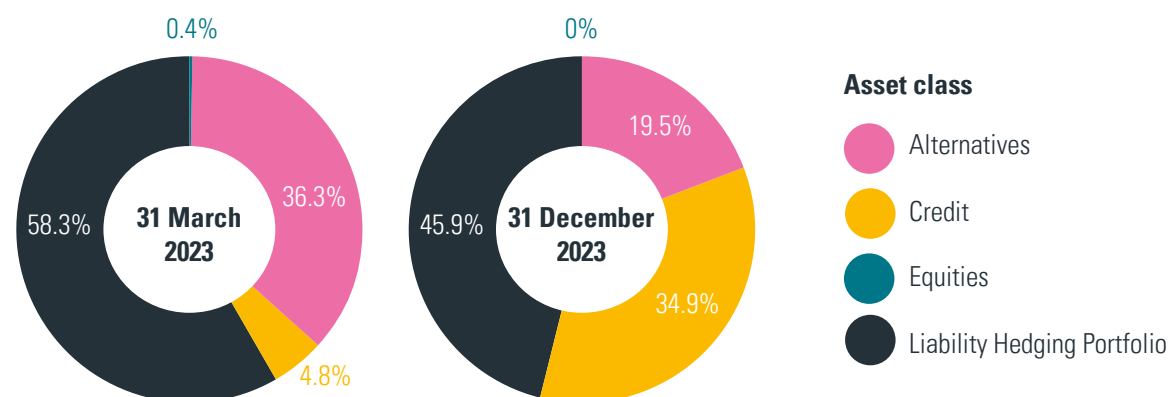
Over the past year, the Trustee has continued to reduce the investment risk within the asset portfolio to align with the agreed long-term lower risk investment strategy. This has been achieved by selling some of the 'riskier', higher returning alternative assets and using the proceeds of these sales to increase the allocation to high-quality credit assets.

The charts below show how the DB assets of the BBPF were invested on 31 March 2023 and 31 December 2023.

The largest proportion of the assets were invested in the liability hedging portfolio. This portfolio invests in UK Government bonds and other investments which protect the BBPF from the impact of changes in interest rates and inflation.

The Trustee is legally required to publish formal disclosures in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We published our first Climate Change Report last year, you can find a copy in the governance section of <https://www.mypension.com/bbpf/documents/>

If you would like a hard copy of the TCFD report, please contact us using the contact details on page 11.



ASSET TYPES EXPLAINED

Alternatives

These are investments whose value is driven by different factors from traditional equity and credit investments, e.g., hedge funds and reinsurance.

Credit

This is typically bonds issued by public companies. However, it may also include other forms of debt.

Equities

These are stocks or shares in a company.

Liability hedging portfolio

This portfolio mainly contains UK government bonds, however it also has exposure to other instruments which mimic the broad movement of the BBPF's liabilities.

Summary funding statement

This statement is intended to provide you with information about the funding position of the BBPF.

Actuarial valuation of the BBPF

An actuarial valuation is conducted every three years and looks at how much money (assets) the BBPF holds and compares this to the value of the benefits (liabilities) built up by members. In the years in between the actuarial valuations, the actuary carries out an annual actuarial review to assess the level of assets and liabilities.

The graphs below show the results from the latest annual actuarial review compared with the last actuarial valuation as at 31 March 2022.

The reduction in liabilities and assets that you can see was due to changes in market conditions. Overall, this has led to the liabilities being greater than the assets at 31 March 2023.

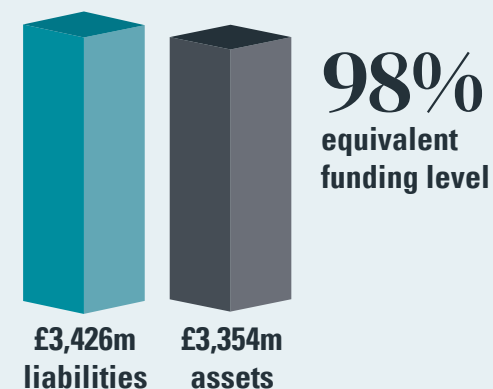
You should note that the funding level does not affect the amount of pension you receive.

Our Journey Plan

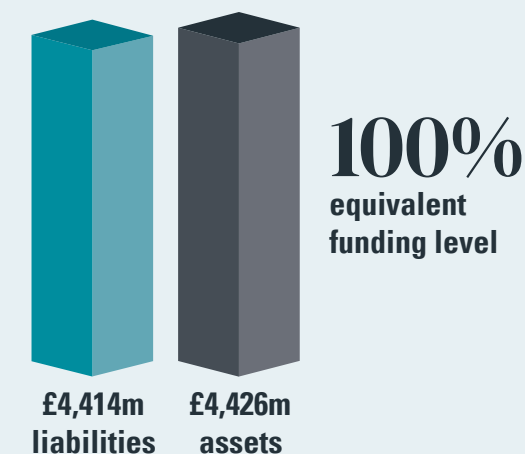
As the funding level exceeded 100% as of 31 March 2022 (the full triennial valuation), there is no requirement for a Recovery Plan to be put in place.

You can find detailed information in our Summer 2023 valuation special newsletter on the BBPF's Journey Plan, which sets out our plan to move to a lower risk investment portfolio. A copy of the newsletter can be found at www.balfourbeatty.com/pensions

31 March 2023 actuarial review



31 March 2022 actuarial valuation



Your questions answered

Are my benefits secure?

Although the BBPF had a shortfall as at 31 March 2023, the strategies that the Trustee implemented at the last valuation continue to reduce the risk in the Fund (see page 6). The Company is also paying contributions into the Fund and regular reviews are in place to ensure that the impact of any change in the funding level is recognised and addressed. We also regularly work with a specialist external adviser to review the ability of the Company to pay future contributions to the Fund. The latest assessment from our adviser is that the Company continues to be able to maintain its support for the BBPF.

What if the BBPF were to be wound up or discontinued?

It is a legal requirement to provide you with an update on what the funding position would be if the BBPF were to be wound up or discontinued. We would like to emphasise there is no plan to wind up the BBPF – this is for information only.

As part of the latest valuation if the BBPF had been wound up on 31 March 2022, the Actuary estimated that its assets would have been around 88% of the amount needed to secure benefits with an insurance company.

If there were insufficient Company assets available to top up the BBPF's assets to 100% then, depending on the circumstances, the Trustee would either:

- Run the BBPF as a closed fund (which means the BBPF would be closed to new entrants, all pensionable service would cease and no contributions would be paid in respect of any member), or
- Use the BBPF's assets to secure as much of the benefits as possible with an insurance company

Alternatively, the BBPF might enter the Pension Protection Fund (PPF) and members of the DB Section would be provided with PPF benefits. A pension provided by the PPF would be a substantial proportion of your benefits built up in the DB Section of the BBPF, although there may be reductions depending on your age and when your benefits were earned.

You can find out more at www.pensionprotectionfund.org.uk or by writing to: The Pension Protection Fund, PO Box 254, Wymondham, NR18 8DN.

Defined Contribution (DC) savings are not covered by the PPF. If the BBPF were discontinued, the DC benefits would be secured separately, either by transferring them to an insurance company or to another pension arrangement.

What else do you need to know?

The Pensions Regulator has powers under the 2004 Pensions Act to intervene in the running of a pension scheme. The Regulator has not applied any of these powers regarding the BBPF. In particular, the BBPF has not been modified by the Regulator, is not subject to any direction from the Regulator and it is not bound by a schedule of contributions imposed by the Regulator.

We confirm that since our previous newsletter, no payments have been made from the BBPF to the Company.

Financial planning

Retirement living standards

The cost of living has increased sharply over the last few years and rising costs mean that everyone is more aware of their financial wellbeing.

Given the important role that pensions play in everyone's financial future the Pensions and Lifetime Savings Association (PLSA) has created the Retirement Living Standards. Their mission is to help people think in a practical way about their income during retirement. The PLSA recently updated the amount of money recommended for retirement, this reflects the price rises that households face, particularly in food and energy. The standards include three levels of expenditure – minimum, moderate, and comfortable.

You can learn more about the retirement living standards at: www.retirementlivingstandards.org.uk

How much pension do you have?

If you are not yet receiving a pension from the BBPF you can find out how much your pension may be worth at your planned retirement date by emailing: bbpensionshelpdesk@balfourbeatty.com

Don't forget your other pension schemes and savings! If you have lost track of any previous workplace pensions you can use the Government's tracing service at www.gov.uk/find-pension-contact-details

You can also get a State Pension forecast from: www.gov.uk/check-state-pension



Help and advice

Tax – Limit on tax-free benefits

Between 2006 and 2024, there was a maximum amount an individual could save in their pensions in a tax-efficient way – this was known as the ‘lifetime allowance’ or ‘LTA’. Any pension savings above the limit could be subject to a tax charge. This tax charge was abolished on 6 April 2023 and the LTA was abolished on 6 April 2024.

You may be entitled to a higher allowance if in the past you have registered for lifetime allowance protection with HM Revenue & Customs (HMRC).

Instead of the LTA, three new allowances apply from 6 April 2024:

Lump sum allowance (LSA)

This is the maximum amount you can normally take as a tax-free lump sum from your pension savings. The lump sum allowance is currently **£268,275**. Once you have used up all your allowance, any further lump sums would be fully liable for tax.

Lump sum and death benefit allowance (LSDBA)

This is the maximum tax-free lump sum that can normally be paid to you during your lifetime and in addition, covers lump sum payments when you die, or if you are suffering from a terminal illness. The lump sum and death benefit allowance is currently **£1,073,100**. Once you have used up all your allowance, any further withdrawals would be fully taxed.

Overseas transfer allowance (OTA)

This is the maximum amount that you can normally transfer to a non-UK pension scheme before incurring a tax charge on the excess. The overseas transfer allowance is currently **£1,073,100**.

If you have taken some of your pension savings before 6 April 2024, it's likely that you will have used some of your lifetime allowance, and you should have received confirmation from your pension provider of the percentage you have used. You can find out more at: www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/lifetime-allowance-for-pension-savings

Protecting your pension from scams

One of the biggest risks to your hard-earned pension savings is scammers. Scammers will often claim to be professional advisers offering you access to a better pension arrangement or lucrative investment opportunities – however, they are only after your money. Here are several warning signs you can look out for:

- Unsolicited calls, texts, emails, and web pop-ups about ‘pension offers’
- If it sounds too good to be true – it probably is
- ‘Time limited offers’ that pressure you into making a quick decision
- Companies or individuals offering financial advice but who are not regulated by the FCA
- Cold calling about pensions is now illegal in the UK, but that hasn’t stopped scammers trying to trap you with them

You can find out more about pension scams by visiting www.fca.org.uk/scamsmart

Get in touch

If you have any questions, or would like an estimate of your benefits, you can contact the Pensions Helpdesk at:

✉ bbpensionshelpdesk@balfourbeatty.com

☎ **0151 482 4664**

✂ **Balfour Beatty Plc Pensions Centre, Kings Business Park, Kings Drive, Prescott, Merseyside L34 1PJ**

When contacting us, please include your full name and date of birth to help us identify you.

Changes to personal details

If you no longer work for Balfour Beatty, please contact the Pensions Helpdesk using the contact details above to inform us about any changes to your personal details, for example a change of address or change of name. If you still work for Balfour Beatty, please let the Employee Services team know of any changes and they will pass this information on to us.

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If you have not registered yet, scan the QR code below or head to <https://bit.ly/GoPensionsDigital> to complete the registration form to ensure you receive the latest pensions news quickly. Please note - you can unsubscribe at any time.

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