

The Hewlett-Packard Limited Retirement Benefits Plan



TRUSTEE REPORT TO MEMBERS

AUGUST 2023

**NEWSLETTER FROM THE TRUSTEE TO MEMBERS OF
THE HP SECTION**



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CHAIR'S INTRODUCTION

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Welcome to your 2023 Newsletter from the Trustee, keeping you up to date with Plan developments and wider pensions news that might affect your financial future.

Over the years, the Plan has enjoyed good investment performance, which has resulted in us having a surplus in the funding level. However, in more recent years, events both globally and domestically, have resulted in the upset in the investment and pension markets and a UK gilt crisis. We're aware that some of you may have been concerned by reports of the investment market turbulence in September 2022, and may have been wondering how this might affect the value of your pension savings. We want to reassure you that the Trustee closely monitored the Plan's position throughout the period of uncertainty, took appropriate investment advice, and acted when necessary to protect the Plan's financial standing.

We continue to work with our advisers to monitor the Plan's position and will provide any updates or further information through the Plan website as appropriate: hprbp.com.

It's important to remind you that pension scammers use times of market volatility to try to steal peoples' pensions. We've provided some information on how to spot a scam on page 8.

The Government delivered its Spring Budget in March 2023, which included the biggest shake-up in the taxation of pensions for almost 20 years. You can find out more about this and what it means for your pension on page 10.

As a Trustee Board, we remain focused on improving our carbon footprint and moving away from paper communications where possible. Our 'Pension Bytes' emails have continued to keep you updated with information about the Plan, changes to the member website and developments in the pensions industry. If you're not yet signed up for digital communications,

keep an eye out for an invitation soon. Alternatively, you can log on to My Pension, your Secure Member Portal, where you can add your email address and change your communications preferences. A link to the portal is available on the plan website: hprbp.com. You can find out more information about MyPension on page 16.

We're always keen to improve the communications you receive from us, so any feedback you give is extremely valuable. Please let us know what you find helpful, and likewise, if there's anything more you'd like to see.

If you have questions about the Plan or your benefits, or if you'd like more information on the articles in this newsletter, feel free to contact us. Head to the 'Contact details' section to find out how.

I wish you and your families well.






Paul Early
Chair of the Trustee
Hewlett-Packard Limited
Retirement Benefits Plan

"... the Trustee closely monitored the Plan's position throughout the period of uncertainty..."



ACCOUNTS SUMMARY

SUMMARY AT 31 OCTOBER 2022

-  The value of the Plan **£1.2 billion**
-  The number of HP Section members **4,137 members**
-  The value of the pensions and lump sums paid to members* **£44.5 million**
-  The value of individual transfers out paid to other schemes* **£7.9 million**
-  The funding level of the plan fell from 108.7% as at 31/10/2021 to 99.2% by 31/10/2022, due to losses incurred in the investments that the HP Plan holds. However, the Trustee remains confident that the Plan is able to pay pensions and benefits as they fall due. The Trustee continues to work with its advisers to regularly monitor the funding and investments of the Plan.

* Figures are in respect of the period from 1 November 2021 to 31 October 2022.

At 31 October 2022 the Plan assets had decreased in value to **£1,226.3 million**.

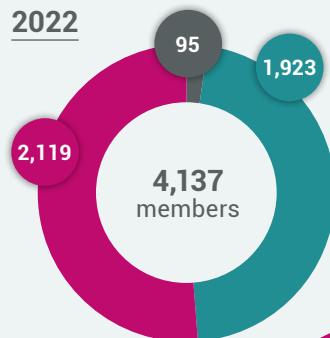
The funding target had also decreased to **£1,235.9 million**.

The resulting funding level is **99.2%**, a decrease of **9.5%** compared to the 2021 figure.

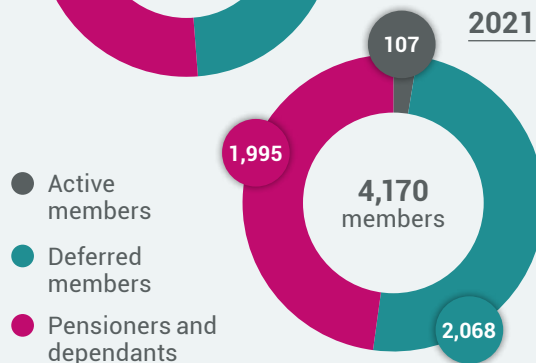
Figures have been rounded.




OUR MEMBERS

2022



2021



-  Active members
-  Deferred members
-  Pensioners and dependants

A full copy of the audited Report & Accounts is available on request from Zedra – details on page 17.

ARE YOU READY TO RETIRE?

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It's important to plan early. Did you know that you may be able to start receiving your pension benefits from the Plan from age 55?

When preparing for your retirement and considering your choices, you should be aware that it may take a few months for your benefits to be calculated and put into payment by the Plan's Administrator, Equiniti. Make sure to allow for this as these are important decisions and shouldn't be rushed.

GET TO KNOW YOUR OPTIONS

We recommend that you visit the 'My Benefits' section of the Plan website (hprbp.com) and read the 'It's Time to Decide' page. This will give you an idea of how you can take your benefits from the Plan. We've also produced a video to help you understand your options, which you'll find in the library section of the website.



Equiniti will send you a retirement pack with a pension quotation around six months before your Normal Retirement Date (which for most people is age 60). This pack will provide you with guidance on what you'll need to do next to start receiving your benefits from the Plan.

If you intend to retire before your Normal Retirement Date (the earliest is from age 55), we recommend you visit MyPension, your online portal, to see how much pension you could get at retirement, and what your benefit options are.

For deferred members, there's a link to an online interactive Retirement Options Modeller on the 'It's time to decide' page. This tool is pre-loaded with details about you and your Plan benefits, so you'll need to log in.

Alternatively, you can contact Equiniti and ask them to provide you with a retirement quotation:

☎ Phone number — **+44 (0)333 207 6553**

@ Email address — **Hp2@equiniti.com**

INDEPENDENT FINANCIAL ADVICE

Remember, taking your benefits from the Plan is an important decision – perhaps one of the most important decisions you'll make – so you should not only prepare as early as possible, but also you may wish to consider taking independent financial advice.

You can find a Financial Conduct Authority (FCA) registered financial adviser by visiting register.fca.org.uk/s/

If you're a deferred member aged 55 (increasing to age 57 from 2028) or over, and you're interested in starting to take your benefits from the Plan, you now have access to financial advice provided by a firm of financial advisers called Origen Financial Services, with all costs covered by the Trustee.

Please note: If you are intending on taking up the paid-for financial advice, it is advisable to have received a retirement pack from Equiniti, the Plan Administrator, before you contact Origen.

WHO ARE ORIGEN?



Origen are an FCA regulated firm of financial advisers, providing a range of services including financial, investment and pensions advice. For more information on Origen and the services they offer, you can visit their website: origenfs.co.uk

Your adviser at Origen will provide you with impartial advice on your options and, based on your circumstances, will advise the appropriate option for you. The advice provided by Origen will be paid

for by the Trustee once, so you should make sure that you take this advice at the right time for you. If you require any further advice from Origen, you will need to pay for it yourself. You can of course use another financial adviser of your choice, but this will not be paid for by the Trustee.

Visit the MoneyHelper website for helpful guidance on choosing a financial adviser: moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser



“...if you’re not yet receiving your benefits from the Plan, the Trustee is also currently working with their advisers to introduce new retirement options...”

GMP EQUALISATION UPDATE AND NEW BENEFIT OPTIONS

If you're currently receiving a pension from the Plan, you should have received a pack through the post relating to Guaranteed Minimum Pension (GMP) Equalisation.

This will detail what the Plan Trustee is doing to address historical inequality relating to GMP benefits, following the outcome of a High-Court case (the Lloyds judgement) – which is something that is affecting most Defined Benefit pension schemes across the UK.

You can find out more about what the Trustee is proposing to do by visiting the Plan website at [hprbp.com](https://www.hprbp.com)

And if you're not yet receiving your benefits from the Plan, the Trustee is also currently working with their advisers to introduce new retirement options to provide you with more choice when you come to retire, alongside removing the historical inequality in GMP benefits.

The following options are planned to be available to members at retirement from early 2024:

- **Bridging pension option:** This option allows you to opt for a larger Plan pension at retirement by exchanging part of your lifetime pension for a temporary pension payable until you reach your State Pension Age. The aim is to bridge the gap in your income until your State Pension becomes payable.
- **Pension Increase Exchange (PIE):** This option offers you the choice of exchanging future increases on your pension for a one-off uplift.

We'll be in touch with you with further information once these options are available.

PENSION SCAMS AND PENSION RULES

A pension scam is where someone is tricked by criminals into handing over their pension savings. You must look out for pension scams to protect your hard-earned pension income. Pension scams have been increasing in numbers and sophistication since the introduction of pension flexibilities in 2015.

The latest Government action to fight pension scams involves changes to pension scheme members' statutory right to transfer their pension to a new arrangement. This follows the cold-calling ban and tightening of HM Revenue & Customs requirements to register new pension schemes.

The Trustee has updated their processes to reflect the rules. The rules allow trustees to stop a transfer where a 'red flag' is identified. A 'red flag' is raised where there are clear signs of fraud or methods frequently used by scammers are identified.

In other circumstances where a potential scam is suspected, scheme trustees and administrators can raise an 'amber flag'. This would pause the transfer until the member takes specific scams related guidance from the Money Helper service.

Whilst these measures should make it harder for scammers to target transfers, it should be

remembered that there is no single step that can successfully combat pension scams.

If you are considering transferring your pension entitlement out of the Plan, you should consult a financial adviser regulated by the Financial Conduct Authority (FCA). If the value of your defined benefit scheme is more than £30,000, you'll be required to get advice from a regulated financial adviser before you can transfer. It's more important than ever to make sure you're vigilant and that anyone you speak to about your pension is authorised to talk to you. You can check if an individual is authorised by using the FCA's Scam Smart website at [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)

The Pensions Regulator and the FCA urge members to be vigilant when receiving unexpected offers about their pension savings and to check that it is from a reputable and reliable source.

How familiar are you with the common scam tactics?
Be sceptical if you're:

- Contacted out of the blue (it's illegal for someone to cold call you to offer financial advice).
- Promised high investment returns or guaranteed returns often in overseas investments.
- Offered a free pension review.
- Approached with claims you can access your pension before you're age 55 (the minimum age someone can normally access their pension savings in the UK).
- Pressured to act quickly to take up an offer.
- Contacted by someone claiming to be from a legitimate pensions organisation which they cannot prove.



You can find help and guidance about how to spot a pension scam on the MoneyHelper website.

moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

PENSION INCREASES

If you're a deferred member of the Plan, your pension may continue to increase each year in line with Trust Deeds and Rules.

You can view the current value of your pension by logging into MyPension at myhppension.equiniti.com

If you're in receipt of your pension, you should have received a letter about your pension increases within the Plan from April 2023. The letter details how much your pension has increased by and the elements that make up the pension increase.

If you haven't received a letter, contact Equiniti using the details provided in the contact details section.

WHAT DOES THE SPRING BUDGET MEAN FOR YOUR PENSION?

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In March 2023, Chancellor Jeremy Hunt delivered his Spring Budget, which included the biggest shake-up in the taxation of pensions for almost 20 years.

The Annual Allowance was increased by 50% and there are plans to abolish the Lifetime Allowance (LTA) altogether.

In simple terms, these changes will enable people to save more before they receive a tax charge – that's good news for pension savers.

“The Annual Allowance was increased by 50%”

WHAT ARE THE LIFETIME AND ANNUAL ALLOWANCE?

The **Lifetime Allowance** sets the total value of all the pension savings (excluding State pensions) you can build up before having to pay tax. It currently stands at £1.073 million and had been expected to stay at that level until 2026, but from 6 April 2023 LTA tax charges were removed, and from April 2024 the LTA will be a thing of the past. The amount of tax-free cash lump sum available at retirement is being frozen at the current limit of up to 25% of the 2022/2023 Lifetime Allowance.

The **Annual Allowance** limits the amount that can be paid into your pensions in a tax year without having to pay a tax charge. It has increased from £40,000 to £60,000, with changes to the tapered Annual Allowance also from 6 April 2023.

There's a third limit, the **Money Purchase Annual Allowance**, which limits how much you can pay into your defined contribution pension arrangements in a situation where you've already started taking some benefits from them. It's increased from £4,000 to £10,000.

SOUNDS GOOD...BUT WILL IT AFFECT YOU?

The Lifetime Allowance and Annual Allowance were only expected to be a factor for a minority of people. Most UK pension savers weren't likely to hit the Lifetime Allowance and don't typically use up their full Annual Allowance each year.

The changes are therefore good news for you if you've got substantial pension savings and you're concerned that, in time, you could exceed the Lifetime Allowance. You'll no longer need to worry that you may have to pay an additional tax charge when you retire.

There's also good news if you're looking to boost your pension savings, either by increasing how much you regularly save or by making any one-off payments into your pension. The increased Annual Allowance will enable you to put more into your pension without a tax penalty.

It's important to remember that changes to tax rules can happen, as part of Budget announcements, each year. Always make sure you know what the current rules are before making any big decisions:

[gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension)

WHAT ABOUT THE STATE PENSION?

Every year the State Pension is reviewed to take account of inflation, and new figures are announced. From April 2023, payments are:

- £203.85 a week (up from £185.15) for the full, flat-rate State Pension (for those who reached State Pension age after 5 April 2016)
- £156.20 a week (up from £141.85) for the full, Basic State Pension (for those who reached State Pension age before 6 April 2016)

As ever, if you're making decisions about your financial future, we recommend getting independent help and advice. MoneyHelper is an excellent place to start – [moneyhelper.org.uk/en](https://www.moneyhelper.org.uk/en). It can also help you to find an authorised independent financial adviser (IFA) in your area.

THE RISING COST OF RETIREMENT

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Retirees trying to achieve a basic standard of living will have seen their expenditure increase over the last year due to high inflation.

The Pensions and Lifetime Savings Association has developed Retirement Living Standards based on three different levels, Minimum, Moderate and Comfortable, to help us picture what kind of lifestyle we could have in retirement. You can read all about these standards at retirementlivingstandards.org.uk

The latest inflation update of standards has shown that people on the minimum level have seen the biggest percentage increase to the cost of their retirement, owing to the higher proportion of their budget going towards the things that have risen the most in price: food and energy.

The disproportionate increase in the cost of retirement for those on the minimum level means the government's commitment to the State Pension triple lock, is especially important. Rising by a record 10.1% to £10,600 per year, a couple who are each in receipt of a full new state pension would reach the minimum standard level. This level should also be very achievable for a single person if they supplement the state pension with income from a workplace pension saved through automatic enrolment during their working life.

CHANGES TO THE RETIREMENT LIVING STANDARDS OVER THE PAST YEAR AND REQUIRED POT SIZES

The Retirement Living Standards are regularly reviewed to make sure they keep up with changes in the public's expectations of what retired households need, as well as the changes to prices on the shelves, to remain relevant to real world retirement spending.



MINIMUM ↑

Single **£12,800**
 Couple **£19,900**

**Covers all your needs,
 with some left over for fun.**

MODERATE ↑↑

Single **£23,300**
 Couple **£34,000**

**More financial security
 and flexibility.**

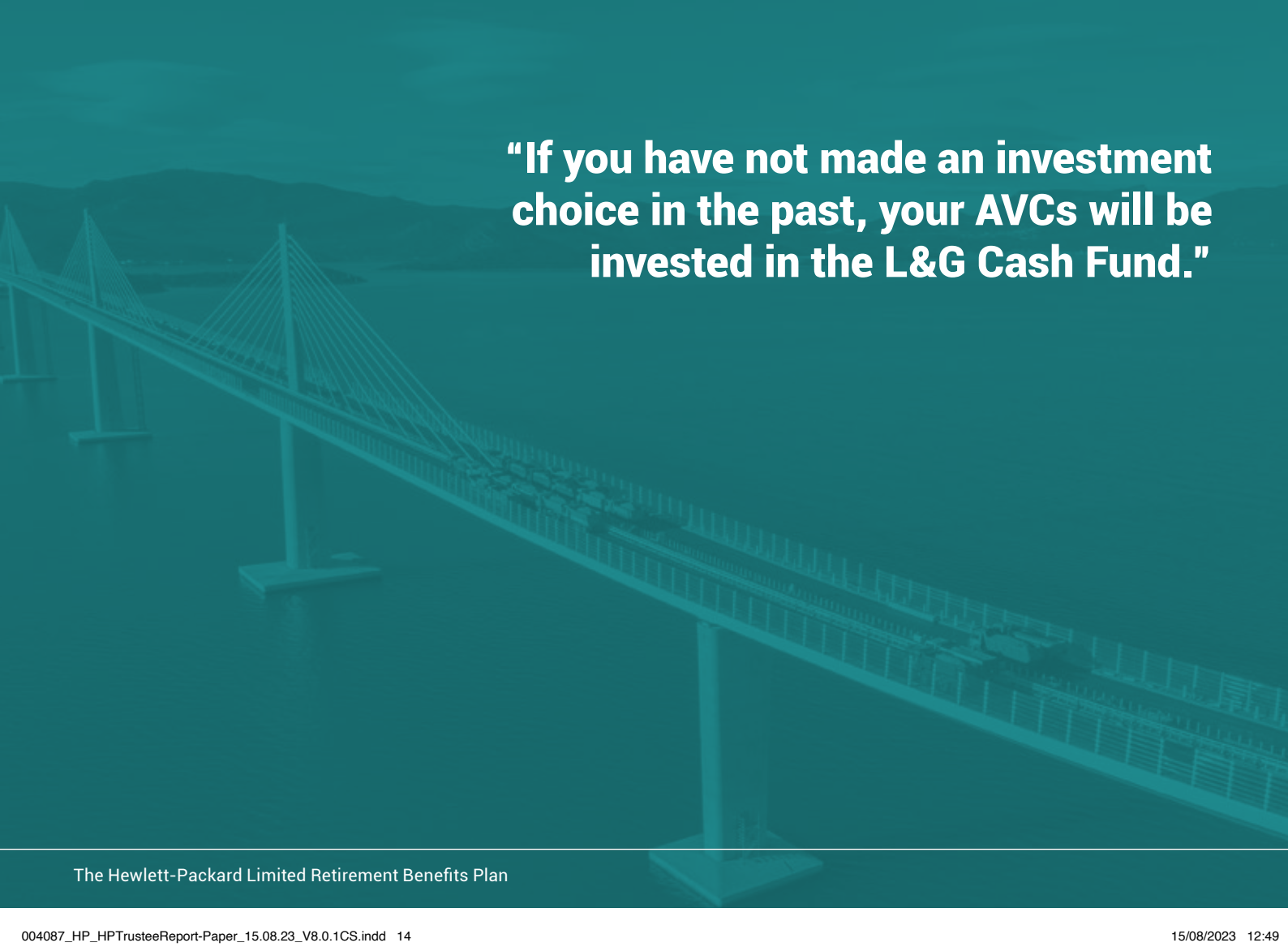
COMFORTABLE ↑↑↑

Single **£37,300**
 Couple **£54,500**

**More financial freedom
 and some luxuries.**

	MINIMUM	MODERATE	COMFORTABLE
HOUSE	DIY maintenance and decorating one room a year.	Some help with maintenance and decorating each year.	Replace kitchen and bathroom every 10/15 years.
FOOD	£54 a week on food (including food away from the home).	£74 a week on food (including food away from the home).	£144 a week on food (including food away from the home).
TRANSPORT	No car.	3-year-old car replaced every 10 years.	2-year-old car replaced every five years.
HOLIDAYS & LEISURE	A week and a long weekend in the UK every year.	2 weeks in Europe and a long weekend in the UK every year.	3 weeks in Europe every year.
CLOTHING & PERSONAL	Up to £580 for clothing and footwear each year.	Up to £791 for clothing and footwear each year.	Up to £1,500 for clothing and footwear each year.
HELPING OTHERS	£20 for each birthday present.	£34 for each birthday present.	£56 for each birthday present.

* These amounts would fund this lifestyle for people living outside London.



“If you have not made an investment choice in the past, your AVCs will be invested in the L&G Cash Fund.”

CHECK YOUR AVC INVESTMENTS

If you paid Additional Voluntary Contributions (AVCs), these are held in a separate account and can be used to provide additional benefits at retirement.

You'll receive a Statement each year showing you the current value of your AVCs. You can also use your AVCs to reduce the amount of pension you need to exchange to fund a tax-free cash lump sum if you choose to receive one. Any pension quotations you receive will include information about your AVCs and the options available to you.

YOUR AVCS – HAVE YOU REVIEWED WHERE THEY'RE INVESTED?

Your AVCs are more than likely to be invested with Legal and General (L&G) and it's important that you regularly review investment decisions, to make sure they remain suitable for your needs.

If you have not made an investment choice in the past, your AVCs will be invested in the L&G Cash Fund. This may be suitable for members who are close to retirement, as the value of the Cash Fund is likely to be more stable than other types of investment. However, if you're several years away from retirement, the Cash Fund may not be suitable for you.

You're able to choose your preferred investments using the individual funds or the 'lifestyle' strategies available with L&G and can switch between funds.

L&G also offer ethical investing funds. If you're invested in a Lifestyle Profile, your investments automatically switch over time, as they're designed to reduce your level of investment risk as you approach retirement. There are three different profiles designed for members who'd like to:

- i. take all their AVCs as a cash lump sum;
- ii. purchase an annuity;
- iii. disinvest their AVCs as and when they need to during retirement (known as "drawdown"); or
- iv. transfer out of their AVC pot.

You can find out more about your AVC investment options through your L&G online account: landg.com/mya, or call L&G on **0345 070 8686**.

SIGN UP FOR DIGITAL COMMUNICATIONS

We wrote to you last year confirming how to sign up to digital communications from the Plan.

Receiving communications digitally from the Plan is safer, more dependable, and better for the environment — and we've made it even easier to sign up. When you subscribe, you'll receive our regular Pension Bytes emails, which give you updates on the Plan and pension industry news.

We encourage you to log on to MyPension — your Secure Member Portal. We've added new functionality so you can update not only your email address and postal address, but also your Expression of Wish online. It's important to keep your Expression of Wish up to date to make sure the Trustee takes your wishes into account regarding the payment of any benefits due if you die while you're a Plan member.

KEEPING US INFORMED OF A CHANGE OF ADDRESS

Please remember to tell us if your address changes. This will help us to keep in touch with you about news of the Plan and contact you when your benefits are due for payment.

VISIT OUR WEBSITE

Remember to visit the Plan website, hprbp.com, for the latest news about the Plan and the Trustee.

We recently published a "Meet the Trustee" video, which tells you more about the people who manage your pension. You'll find this in the Library section on the website under VIDEOS.

There's also a useful 'How do I?' section, which is a good starting point if you have a quick question about your pension that needs answering. You can access this section at hprbp.com/how-do-i

CONTACT DETAILS

If you need to contact us about the Plan or the benefits you have built up within it, your first port of call should be the Plan Administrator. You can either:

☎ Telephone:
(Monday to Friday – 8.30am to 5.30pm)
+44 (0)333 207 6553

@ Email:
Hp2@equiniti.com

If you are a Bank of Ireland member:
bankofireland@equiniti.com

✉ Write to:
**Hewlett-Packard Limited Retirement Benefits Plan
Equiniti
Sutherland House
Russell Way
Crawley
West Sussex, RH10 1UH**

Remember, you can also login to MyPension to see details of the benefits you've built up, as well as use the online modelling tools to obtain estimations of what benefits may be payable to you from the Plan.

If you need help accessing MyPension please call

☎ **0345 408 2991**

If the Administrator is unable to solve your query, you can contact the Trustee directly using the following details:

@ Email:
sta.hpplan@zedra.com

✉ Write to:
**Kerry Merryweather
Plan Secretary
HP Plan Trustee
ZEDRA Inside Pensions
First Floor, Trident House
42–48 Victoria Street
St. Albans, AL1 3HZ**

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