



SPOT LIGHT

**Dow Services
UK Pension Plan
2024**



Welcome to your **Spotlight newsletter** **for 2024**

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Chair's introduction

For many people, the increased cost of living remains an issue. While rates of inflation are falling, interest rates remain high, putting continued pressure on budgets. We are aware of the current fragility of the markets and of broader national and international matters that could affect the Plan's financial position. We continue to monitor the economic landscape in case we need to take proactive action. For an update on the financial position of the Plan, you can refer to our latest Summary Funding Statement, on page 5, which includes information on the funding position as at 31 December 2023. The positive headline being that both sections of the Plan remain more than 100% funded.

We are delighted to announce that in December the Trustees secured an insurance contract with Pension Insurance Corporation for the Dow Section. You can read more about this on page 6 where we update you on the Trustee's Long Term Strategy, the headline of this is 'Increasing the security of your benefits'.

Additionally, we provide a summary of the year's accounts and membership figures as well as the latest on the Plan's investments.

You can find our usual round-up of news on pages 6 to 11. In this issue, we report on changes to the pension tax allowances and the updated Retirement Living Standards, designed to help you assess whether you're on track to achieve the lifestyle you would like in retirement. We've also included reminders on how to stay safe from pension scams along with an update on the Pensions Dashboards Programme.

If you have any questions about the Plan or your benefits that do not appear on the Plan website, or you have a topic you want to see covered in our next issue, please do get in touch. The relevant details are on page 12.

Andrew Jones
Chair of the Trustee

Update from the Trustee Report & Accounts

Every year the Trustee must prepare the Trustee Report & Accounts. This includes information about the Trustee, their advisors and details about the assets of the Plan alongside an analysis of the contributions paid to and payments made from the Plan. The full document is available on request, but we have included the summary of the membership at 31 December 2023 below with an overview of contributions paid to and from the Plan as at this date.

The Trustee Report & Accounts is independently audited by Deloitte.

Membership

At 31 December 2023, the Plan's membership looked like this:

Dow Services Section

Deferred members ¹	Pensioner members ²	Total
2,249	3,381	5,630









DCL Section

Deferred members ¹	Pensioner members ²	Total
454	743	1,197

¹ Members who have ceased further accrual to the Plan, but keep the right to pension benefits when they retire.

² Members who are currently receiving their pension benefits.

Contributions and benefits

Value of DB assets at year end (31 December 2023)			
 DCL	£385m	 Dow Services	£694m
Net decrease in DB asset value during the year			
 DCL	£10m	 Dow Services	£10m
Company contributions during the year			
 DCL	£0.002m	 Dow Services	£0.86m
Expenses/benefits/transfer values during the year			
 DCL	£14.4m	 Dow Services	£40.7m

You may notice that the company contributions are low in comparison to the value of the Plan, but this is due to the strong funding position that leaves the Plan with surplus assets.

Summary Funding Statement

The formal triennial actuarial valuation as at 31 December 2021 was agreed and signed in March 2023.

Dow Services Section

The 2021 Actuarial Valuation Report showed that the funding level of the Dow Services Section was 100.7%. The funding update at 31 December 2022 disclosed a funding level of 106% with the assets valued at £809m and the Section's liabilities calculated by the Plan Actuary at £761.8m. The funding update at 31 December 2023 showed a funding level of 106.6% with the assets valued at £794.7m and the Section's liabilities calculated by the Plan Actuary at £745.4m.

Further information can be found at www.mydowpension.co.uk/dow-services-section/document-library

DCL Section

The funding level of the DCL Section disclosed in the 2021 Actuarial Valuation Report was 101.9%. The funding update at 31 December 2022 showed a funding level of 104% with the assets valued at £388.3m and the Section's liabilities calculated by the Plan Actuary at £375.3m. The funding update at 31 December 2023 showed a funding level of 103.5% with the assets valued at £378.0m and the Section's liabilities calculated by the Plan Actuary at £365.3m.

Further information can be found at www.mydowpension.co.uk/dcl-section/document-library

Funding level

The funding level of the Dow Services Section has improved since the 31 December 2021 valuation due to a significant fall in liability value following the increase of gilt yields, which was partially offset by a fall in the value of the Dow Services Section assets.

The DCL section funding level has also improved slightly since the 31 December 2021 valuation. It is important to remember the liabilities of the DCL Section have been secured by the bulk annuity transaction carried out with Rothesay in December 2021. This was reported on in last year's edition of Spotlight.

Please note that it is expected both Sections' funding levels will vary over time, as both economic and investment market conditions change.

	At 31 December 2021 (Actuarial Valuation)	At 31 December 2022 (Funding update)	At 31 December 2023 (Funding update)
Dow Services Section of the Plan	101%	106%	107%
DCL Section of the Plan	102%	104%	104%



Increasing the security of your benefits

You may remember that the DCL Section took out an insurance contract with Rothesay Life Plc (“Rothesay”) in late 2021. We are now pleased to confirm that in December, the Trustee signed a second insurance contract with Pension Insurance Corporation Plc (PIC) for the Dow Section – read more below.

Under these contracts, known as buy-ins, Rothesay and PIC respectively make payments to the Plan to meet the monthly cost of paying members’ pensions. Members do not see a difference. So, what does it really mean for the Plan?

Reducing risk

The buy-ins have transferred the risks in relation to the Plan if investment markets underperform, inflation is higher than expected or members live longer than expected to Rothesay and PIC. Both insurers are well positioned to manage this future uncertainty and as two of the UK’s largest pensions’ insurance specialists are expert in managing these risks and benefit from other economies of scale. They are also bound by strict regulatory requirements.

Through the buy-ins, the Trustee has transferred risks to Rothesay and PIC, but nothing changes for members:

- **Aon** will continue to pay pensions to DCL Section members.
- **Capita** will continue to pay pensions to Dow Section members.

The Trustee continues to have overall oversight of the Plan.

Why have the two Sections agreed buy-ins with two different insurers?

Due to the different funding positions of the Sections, the Trustee has entered into the buy-in policies for each Section at different times. The DCL Section buy-in occurred in December 2021. For each transaction, the Trustee carried out detailed due diligence before entering into the buy-in. Rothesay and PIC were chosen, following a competitive pricing and selection process, based on what was best suited for the Section and the relevant membership at the time.

What a buy-in means for members

The pension plan pays a premium to an insurer.



The insurer pays the monthly cost of members’ pensions to the pension plan.



The pension plan’s administrators continue to administer the plan and pay members’ benefits.



Members receive the same benefits, and in line with the plan’s rules.

What a buyout means for members

All pension plan members have an individual pension policy with an insurer.



Members’ pensions are paid directly by the insurer(s) who are also the administrators.



Members continue to receive the same benefits and in line with the plan’s rules.



Following the buyout, the Scheme is wound up and ceases to exist.

Looking ahead for the DCL Section

Under a buy-in, the pension scheme continues to incur running costs. The only way to fully lock down costs is to move to a ‘buyout’ where full responsibility for paying benefits directly to members is transferred to the insurer. This means that each member holds an individual pension policy with the insurer and receive payments directly from them. As with a buy-in, members’ benefits do not change due to a buyout. Since the DCL buy-in policy was secured three years ago, work has been ongoing to verify member data following the buy-in,

to help ensure members’ entitlements are fully covered by the Rothesay policy. Together with the Company, the Trustee is considering if, and then when, a buyout may be right for the DCL Section. This is a complex process with a lot of actions required before buyout can take place. As the members will have moved out of the Plan, the Section would be closed (or “wound up”). We will continue to update DCL members on any developments. In the meantime, the Plan will continue to receive income from Rothesay each month that matches the amounts we are paying to DCL Section members.

More about the buy in for the Dow Section

As mentioned in past editions of Spotlight, the Trustee is committed to reducing risk across the Plan and has been reviewing the market for suitable investments to do so for the Dow Section. As mentioned in the introduction, we're pleased to confirm the Trustee has entered into an insurance contract with PIC following a detailed process to undertake due diligence and select an insurer and negotiate appropriate cover. Going forward we will work with PIC to undertake an exercise to check, and verify, member data to ensure the insurance policy accurately reflects members' entitlements (as per the process described above for the DCL Section). This is an important step and is likely to take some time.

To reiterate **your benefits are not affected by this insurance contract**. Read more about the reasons for a buy in above.

Protecting your data

To complete the buy-in with PIC, we needed to provide them with information about the Dow Section members and their benefits. We take the protection of your personal data very seriously and sharing this information was in line with the Plan's Data Protection Privacy Notice (see www.mydowpension.co.uk/dow-services-section/document-library for a copy). Under the terms of the General Data Protection Regulations ("GDPR"), PIC is now a Data Controller and you can find a copy of its Privacy Notice at www.pensioncorporation.com/content/dam/pic/corporate/documents/privacy-notices/PIC-privacy-notice-pic-buy-in.pdf

Keeping your details up to date

You should always keep us up to date on any changes to your personal circumstances and contact details so we can keep in touch when we need to.

We encourage all members to review their current information online (see page 12 for details). If you have any further questions about this article, please use the contact details on page 12.



Guaranteed Minimum Pension reconciliation (GMP_r) and GMP equalisation (GMP_e)

The Trustee continues to work with their advisors to complete the work on the ongoing GMP_r and GMP_e projects.

For DCL section members you may have now been contacted if you were impacted. Letters went out to most members affected by GMP_e in April 2024. A small group of members are still to have their pensions reviewed as part of the GMP_e project (mainly those retiring in the last year) and we expect this final phase of the project to be completed in the next few months.

For Dow Services Section members these projects are still ongoing and the Trustee will be in touch in the future regarding this.

Dow Services Section - Fidelity fund changes

The Trustee recently agreed to make some changes to the Fidelity Global Growth Fund and the Fidelity Global Growth Fund (UK Focus) with the aim of improving risk-adjusted returns for members.

The changes to the Global Growth Fund will not impact the Fund's aim which is to provide long term capital appreciation through investment primarily in the shares of companies around the world. The total expense ratio on the Global Growth Fund will increase from 0.73% to 0.96% as a result of the changes; however, the Trustee took the level of charges into account when considering whether these changes were in members' interest.

The changes to the Global Growth Fund (UK Focus) will mean the Fund's aim will change slightly, from providing long term capital appreciation through investment primarily in the shares of companies around the world but with a bias towards UK equities, to providing long term capital appreciation through investment predominantly in the shares of UK companies. The total expense ratio on the Global Growth Fund (UK Focus) will reduce from 0.55% to 0.53% as a result of these changes.

The changes to these funds happened automatically during November. You do not need to take any action, unless you feel these funds are no longer suited to your investment needs. If you wish to make any amendments to your investment strategy, please contact Capita on 0114 289 3377 or online at portal.hartlinkonline.co.uk/mydowpension

Consolidation of the Dow Services Section Additional Voluntary Contribution (AVC) arrangements

If you held AVCs with Aviva, Coventry Building Society, Legal & General Investment Management Limited, Prudential, Santander, or Utmost Life and Pensions (the Dow Services Section legacy providers), we wrote to you in 2024 to confirm that your AVCs would be moved to the Plan's DC Section, unless you opted out. The project to move funds is now nearing completion and unless you opted out, your AVCs have already been invested in, or are about to be invested in, the Alliance Bernstein Target Date Fund that matches your selected retirement date. The Trustee made these changes in order to improve value for members. If your AVCs have been moved to the DC Section, you may wish to review how they are now invested to ensure this suits your investment needs. If you wish to make any amendments to your investment strategy, or change your selected retirement age, please contact Capita on 0114 289 3377 or online at portal.hartlinkonline.co.uk/mydowpension

Going digital

This year's newsletter has come to you by post, but we would like to send future editions via email. There are a number of reasons for this. Firstly, we would like to be able to contact you quickly with important pension information as well as any urgent situations that may arise, such as a cyber incident affecting you. That is much quicker to do if we hold email addresses for our members.

Secondly, the carbon footprint of sending out information digitally is far smaller than our current method of print and postage. The Trustee has a responsibility to ensure we are using the Plan's resources prudently, as well as considering environmental factors.

Thirdly, if you change address and forget to tell us, important information about your benefits will be missed. By contrast, if you change your email address without telling us, then we are likely to get a no-delivery message.

For members of the Dow Services Section, the easiest way to sign up for digital communications and ensure you do not miss out on any important updates is by registering for your online member portal at portal.hartlinkonline.co.uk/mydowpension

For members of the DCL Section, you can opt in to digital communications by emailing your details to DCLPensions@aon.com

Updates from the budgets 2023/24

The Chancellor of the Exchequer presented the Autumn Statement in November 2023 and the Spring Statement in March 2024. Here is a summary of what was included:

- The State Pension increased by 8.5% to £221.20 a week from April 2024, worth up to £900 more per year.
- The Government will continue their commitment to the State Pension triple lock.

The new Government, elected in July 2024, presented their first budget at the end of October 2024.

Inherited pensions will be subject to inheritance tax. Inheritance tax is levied at 40% on any amounts above the threshold, which is currently £325,000 for most people.

The Trustee will continue to monitor any announcements from the Government as to whether there will be any direct impact on your pension.

Pension scams – stay vigilant

Cyber-crime is a growing threat in the UK and throughout the world. We encourage you to stay alert against any suspicious calls, texts or emails which could be a scam. If you do receive any suspicious messages or calls, please do not hand over any information such as your bank account details. Instead, hang up, or delete any worrying texts or emails.

The Trustee has taken action to attempt to prepare itself in the growing threat of cyber-crime against pension schemes. The Trustee has implemented a Business Continuity Plan, a Cyber Incident Response Plan, and has engaged in training relating to cyber threats. The Trustee continues to be diligent in this area and consider all appropriate actions.

As well as more general cyber-crime, some criminals will specifically try to target your pension savings. It is important that you understand the rules around your pension and what tactics scammers might use.

The most common scams will:

- Try to convince you that you can get more money by investing your pension somewhere else – anything offering guaranteed returns, or that sounds too good to be true, is likely to be a scam.
- Offer you a loophole or another scheme to access your pension before age 55.
- Pressure you into making a decision, rather than give you time to seek professional advice from a regulated adviser.

It's illegal to make cold calls about financial services, including pensions, so if anyone contacts you out of the blue, it's likely to be a scam.

If you are unsure about any offer you have received, investigate it fully and take professional advice. You can check if an adviser is regulated on the FCA website, and find out more about how to avoid scams, at www.fca.org.uk/consumers/protect-yourself-scams

Accordingly, we have the following guidance to help reduce the risk of falling foul of scammers:

- Protect your email with a strong password (tip: use three random words to create a single password that is difficult to crack).
- Do not share your password with anyone.
- Install the latest security updates to your internet browser and computing devices.
- If in doubt, do not open emails from senders you do not recognise.
- Check links look correct before you click on them.
- Be suspicious of anyone who asks for your bank account or credit card details.
- If the email contains spelling mistakes, this can be a sign that this is a scam. Do not open the email or attachments.
- If you think you have been a victim of fraud you should report it to Action Fraud, the UK's national fraud and internet crime reporting centre, on 0300 123 2040.

You can visit the following page on the member website which tells you more about how to stay safe from pension scams at www.mydowpension.co.uk/dow-services-section/pension-scams

Take the FCA ScamSmart quiz to see how scam smart you are at www.fca.org.uk/consumers/take-our-pensions-scam-quiz

State Pension age

The State Pension age (SPa) is the earliest age you can start receiving your State Pension. The SPa for both women and men changed from 65 to 66 between 2018 and 2020. The Government plans to increase the SPa to 67 by 2028, and eventually increase it to 68.

If you are approaching retirement in the next few years, we strongly encourage you to check at what age you will start receiving your State Pension and how much money it will provide.

You can do this by visiting the State Pension website www.gov.uk/state-pension-age

Alternatively, you can request this information by phoning 0800 731 0469.

Minimum Retirement Age

The youngest age most people can start to receive their pension benefits will go up from 6 April 2028 – from age 55 to age 57. The aim of this change is to keep the minimum retirement age around ten years below the SPa, which is due to rise gradually as outlined above. If you are in the DCL section of the Plan you will retain a protected pension age of 55. If you are in the Dow Services section, some members will retain a protected pension age of 50, but this depends on your sub-section of membership.

If you are not sure if you have a protected pension age, you can contact the administration team using the details on the back page of this newsletter.

Pension tax changes

Changes to the Lifetime Allowance:

The Lifetime Allowance (LTA) was the limit on the amount of money an individual could take from their pensions without incurring additional tax charges.

From 6 April 2024, the LTA was abolished and replaced by two new allowances:

- Lump Sum Allowance (LSA)
- Lump Sum and Death Benefit Allowance (LSDBA)

The LSA is a limit on the amount of tax-free money you can take as a lump sum from your pension. The maximum limit is £268,275 and includes any lump sums you have taken from other pensions.

The LSDBA is a limit on the amount of tax-free money paid out during your lifetime or when you die. The standard LSDBA is £1,073,100.

More information about changes to the LTA can be found at www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/lump-sum-allowances-for-pensions

Annual Allowance:

This is how much money you can save into your pensions each year without incurring extra tax. This is currently set at £60,000 a year.

Tapered Annual Allowance:

For high earners, the Tapered Annual Allowance reduces the annual allowance for each £2 of total taxable earnings above £260,000. You should seek independent financial advice if this applies to you.

Cash at retirement:

When you start drawing money from your pension account you can choose to receive a tax-free lump sum payment of up to 25% of your pension or LTA (whichever is lower). The maximum amount you can claim tax-free is currently £268,275. The maximum amount will be frozen at this figure, even though the LTA has been removed. If you have existing protections from the LTA and were entitled to a higher tax-free lump sum on 5 April 2023 you will continue to be entitled to this higher sum.

For more information on pensions legislation and taxation, take a look at the pensions page of the Government website www.gov.uk/browse/working/workplace-personal-pensions

If you are not sure how these changes will affect you or want more information about the budget, the Government's MoneyHelper website has a useful article and contact details for further help. www.moneyhelper.org.uk/en/blog/everyday-money/what-the-spring-budget-means-for-you

Pensions Dashboard

The Department for Work and Pensions announced the Pensions Dashboard Programme (PDP) in 2022. This is a project dedicated to the creation of a centralised platform for accessing your UK pensions online. To simplify the tracking and management of any pensions you have, the dashboard will allow you to view all your pensions information, from multiple sources in one place, including the State Pension.

Having now completed the development and testing phase, the PDP are working with volunteer pension schemes and providers to test the service with real data. All schemes in scope will need to be connected by 31 October 2026.

When it is live, you will be able to register and, following an identity check, submit requests to your various pension scheme providers.

Details of any pensions successfully matched to you will be added to the dashboard so that you can view all your pensions information in one place.

It is important that you always keep your personal details up to date so that once the Pensions Dashboard is launched your records can easily be matched and you see the most accurate information.

If you are a Dow Services Section member, you can check if we have the most up-to-date details by logging into your personal pension account at portal.hartlinkonline.co.uk/mydowpension

If you are a DCL Section member, please contact the Aon administration team at DCLPensions@aon.com

Find out more about the programme by visiting www.pensionsdashboardsprogramme.org.uk/about

The Pensions Regulator has provided guidance on how you can be matched to your various pension pots at www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/matching-people-with-their-pensions

If you think you may have lost track of an old pension, use the Government's pension tracing service at www.gov.uk/find-pension-contact-details

Retirement Living Standards

Understanding how much you'll need in retirement is essential when planning for your future, no matter what age you are. The answer can provide clarity on knowing if you are ready to retire and how much you need to save into your pension.

To help you get a picture of what your retirement may look like the Pensions and Lifetime Savings Association (PSLA) has developed the Retirement Living based on independent research by Loughborough University.

The three standards – minimum, moderate and comfortable – take into account the costs you are likely to face in retirement and act as a guideline to show you how much money you might need each year depending on the kind of lifestyle you want.

Retirement Living Standards

	Minimum	Moderate	Comfortable
	Your basic needs are covered, and you have some money left over for non-essentials.	You have more flexibility and financial security than if you were at the minimum standard.	You have more financial freedom and can afford some luxuries.
Couple	£22,400	£43,100	£59,000
Single	£14,400	£31,300	£43,100

Find out more and see for yourself how much income you need in retirement by visiting www.retirementlivingstandards.org.uk

Trustee Director **update**

As part of the ongoing Trustee Strategy to secure member's benefits in the Plan, it has been agreed that Mark Bradford, who is the Dow Services Member Nominated Director, would continue as a Trustee on the Board beyond his four-year period of office. This is to provide continuity and maintain access to his knowledge of the Dow Services Section, as the section continues its de-risking strategy.

The current Trustee Directors are:

Company Nominated	Member Nominated
Andrew Jones (Chair)	Kevin Blackwell
John Case	Simon Upcott
Julie Roberts	Mark Bradford
Liza Adeyemi	
Udipta Mukherji	

Get in touch

If you are still employed with the company you can get in touch by raising an HR Case via My HR Portal.

If you have a specific question about your deferred or pensioner benefits, please visit the Plan website at www.mydowpension.co.uk

Alternatively, you can contact the administrators who can help you with a range of things including requesting a retirement or transfer quotation, updating your address or general queries about the Plan.

Members of the Dow Services Section

 **Email:** dowpensions@capita.co.uk


 **Phone:** 0333 038 4069

 **Post:** Dow Services UK Pension Plan, Capita Pension Solutions, PO Box 555, Darlington, DL1 9YT

Members of the DCL Section

Members of the DCL Section of the Plan, can contact Aon by:

 **Email:** DCLPensions@aon.com

 **Phone:** 0345 602 9505

 **Post:** Dow Services UK Pension Plan, Aon, PO Box 196, Huddersfield, HD8 1EG

MoneyHelper

You can get free, impartial advice about your pension from MoneyHelper, a government service, via www.moneyhelper.org.uk or call their pensions helpline on 0800 011 3797. You should consider taking independent financial advice before making any major decisions regarding your pension. If you need to find an adviser, MoneyHelper can assist with that too.

The Pensions Regulator

The Pensions Regulator is a supervisory body for occupational pension schemes. They may intervene in the running of schemes where trustees, managers, employers, or professional advisers have failed in their duties. You can visit their website at www.thepensionsregulator.gov.uk or call 0345 600 0707 (phone lines are open from 9.30am to 5pm, Monday to Friday).

Manage your pension online

Dow Services Section

If you're a member of the Dow Services Section, you can access your personalised online member portal. The portal allows you to manage your pension at any time, see how much pension you could get at retirement, update your personal details, and update your Expression of Wish. This is an important piece of information, as it tells us who you would like to receive all benefits in the event of your death.

It only takes a couple of minutes to sign up, and by registering you can also provide us with your email address so that we can keep in touch with you digitally.

If you've already registered, we recommend you log in to make sure the information we hold for you is up to date.

We're continually developing your member portal, so why not take a look around and see what new features and improvements have been added.



To register or log in go to portal.hartlinkonline.co.uk/mydowpension

DCL Section



For members of the DCL Section, you can opt in to digital communications by emailing your details to DCLPensions@aon.com



To find out more information about your retirement options and how the Plan works, you can also visit the Dow Pension website www.mydowpension.co.uk

