

ARCHAEOLOGICAL ORGANISATIONS PENSION SCHEME

The Corner House, 6 Carmarthen Street, Llandeilo SA19 6AE

NEWSLETTER

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Our first Newsletter was sent out in June 2019 – the Trustees are pleased now to be sending you an update on what we have been doing over the past twenty months or so, on changes in Scheme administration and – importantly – on how the Scheme is managing financially at present, given the stresses of the pandemic on global investment markets

THE TRUSTEES

Five of the six Trustees reported in *Newsletter 1* are still on the AOPS board: Neil Mayan (Chairman), Ashley Batten, Nigel Clubb, Judith Holland, and myself, Jenny Britnell. Paul Loveluck has had to resign as a Trustee due to ill health – we are immensely grateful for his hard work over the past seven years.

The current Trustees are all volunteers, and while committed to understanding and complying with pension law and good practice – as required by the Pensions Regulator – we and the Welsh Archaeological Trusts (WATs) are agreed that the appointment of, and future guidance by, an independent professional trustee to the AOPS board will be of great benefit to the Scheme. Further discussions between the WATs and ourselves on the appointment of a professional trustee are scheduled for this spring.

The pension scheme is easily the single biggest financial strain on the WATs in the long-term commitment to paying off the deficit and in paying for cover for a spouse's pension where a member has died before their normal retirement date. It is necessary therefore that the AOPS Trustees and the WATs – represented by their Chairs of Trustees and their executive directors - meet at least once a year to review the financial health of the Scheme, and to discuss and try to resolve matters of concern to either side. Our last meeting was in June 2020. There is, of course, a continuing dialogue by correspondence between ourselves and the WATs throughout the year.

SCHEME ADMINISTRATION

Until 2019 the Scheme's professional pensions' administrator and actuary was Aviva (originally Norwich Union). During 2018 Aviva announced that there would no longer provide services to Defined Benefit schemes such as ours. In the spring of 2019 therefore the AOPS Trustees appointed Quantum Advisory of Cardiff as the Scheme's pensions' administrator and actuary with effect from the beginning of July 2019.

Ever since AOPS was set up in the mid-1970s, its day-to-day administration, accountancy and secretarial duties have

been undertaken by each of the Trusts in turn for a period of between five and seven years. These duties have mainly involved liaising with the members, with professional pensions' administrators and the actuary, with our investment advisor and investment managers, and with other professional advisory bodies as necessary. Pre-audit work for the Scheme's annual accounts and working with the accountants during the audit is another important task contributed by the WATs' scheme administrator; as is careful record keeping and secure archival storage of Scheme and members' records.

For the past five years the Clwyd-Powys Trust has had this responsibility, but from April this year it will move on to the Dyfed Trust and Judith Holland: Judith contact details are:

j.holland@dyfedarchaeology.org.uk
01558 825992
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6 Carmarthen Street
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AOPS IN 2021

Current membership of the Scheme stands at 99: there are 68 members with deferred benefits and 31 already in receipt of a pension.

Triennial Actuarial Valuation 2021

Defined benefit pension scheme Trustees have a responsibility to check that their scheme is appropriately funded. They must commission a full actuarial valuation at least every three years.

The last triennial actuarial valuation (April 2018) showed the Scheme as having £10,562,000 in assets with £11,705,000 liabilities (pension benefits either due or being paid) – a deficit therefore of £1,143,000.

The next actuarial report will be based on values and assumptions calculated at 5th April this year and must be presented to the Pensions Regulator by June 2022.

The actuary's valuation of the Scheme's assets and liabilities is based on a number of funding principles and assumptions, some general (such as mortality tables and price inflation), some specific to a scheme (such as interest rates and return on investments). We discuss these with the actuary at the draft stage – this year probably between April and October. To help us and the actuary assess the financial strength of the employers, we will also be commissioning a *Review of the Employer Covenant* this summer.

Employer Covenant

In defined benefit schemes the employer promises to pay the money needed to make sure that the trustees are able to pay the benefits due from the scheme now and in the future – this is called the employer covenant. Assessing and regularly monitoring the covenant helps the actuary and Trustees to decide the appropriate level of risk to apply when setting our investment strategy, funding target and where necessary, recovery plan.

Investments

As we pointed out in *Newsletter 1*, anticipating the percentage return on

investments is particularly tricky in these days of low interest rates, poor returns on bonds and a volatile equity market. Given these considerations the Trustees are currently taking a cautious approach to risk. We also have to be realistic as to what the investors can return over the medium term while not being over-prudent and so drive up the deficit figure – which puts stress on the WATs who have to pay off a percentage of the deficit each year. Currently the Scheme has an annual return target of 3.75%, net of charges and fees, averaged over five years

Now that the Scheme is closed to accruals there are no future-service contributions from members and employers to increase the Scheme investment funds. Growing the Scheme assets henceforth will therefore depend heavily on the financial management of the funds by the Trustees under the guidance of our professional investment consultant and the actuary.

The Scheme's funds are currently managed by three investment houses with a specific risk mandate. The investment managers send the Trustees a detailed investment report every quarter, and we have annual face-to-face or video meetings at which we can question the managers on the success or otherwise of

their strategies to achieve the required returns on the portfolios they hold for us.

Over and above the regular monitoring of the investors' performance, pension scheme trustees now have to put their investment portfolio management out to tender at least every five years. The AOPS Trustees are undertaking this process over the next two months – asking for tenders from five investment houses, including the three current managers.

Our appointed investment consultants are subject to annual monitoring against an agreed list of strategic objectives.

BEWARE OF PENSION SCAMS !!!!!!

The Pensions Regulator has recently asked pension trustees, providers and administrators to alert scheme members to the danger of pension scams.

We have attached their leaflet *Don't let a scammer enjoy your retirement* to this Newsletter. You can see further really useful information at the Financial Conduct Authority website:

<<https://www.fca.org.uk/scamsmart/how-avoid-pension-scams>>

..... AOPS WEBSITE COMING SOON

Through our new website we aim to provide you with clear and straight forward information about the Archaeological Organisations Pension Scheme.

We will send you the link as soon as it is up and running

Don't let a scammer enjoy your retirement



Find out how pension scams work, how to avoid them and what to do if you suspect a scam.



Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Scam tactics include:



- contact out of the blue



- promises of high / guaranteed returns



- free pension reviews



- access to your pension before age 55



- pressure to act quickly

If you suspect a scam, report it

- Report to the Financial Conduct Authority (FCA)

by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at www.fca.org.uk

- Report to Action Fraud

on **0300 123 2040** or at www.actionfraud.police.uk

- If you're in the middle of a transfer,

contact your provider immediately and then get in touch with The Pensions Advisory Service (TPAS) at www.thepensionsadvisoryservice.org.uk

Four simple steps to protect yourself from pension scams

1

Reject unexpected offers

If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.*

2

Check who you're dealing with

Check the [Financial Services Register \(www.register.fca.org.uk\)](http://www.register.fca.org.uk) to make sure that anyone offering you advice or other financial services is FCA-authorised.

If you don't use an FCA-authorised firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice.

Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

3

Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

4

Get impartial information and advice

The [Pensions Advisory Service \(www.thepensionsadvisoryservice.org.uk\)](http://www.thepensionsadvisoryservice.org.uk) – Provides free independent and impartial information and guidance.

[Pension Wise \(www.pensionwise.gov.uk\)](http://www.pensionwise.gov.uk) – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options.

Financial advisers – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.