

# Riverside Group Pension Scheme Report to Members 2021

Transforming **lives**  
Revitalising **neighbourhoods**



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## Even if you don't read anything else...

### Expression of Wish Form

You can nominate who you would like to receive any lump sum benefit from the Scheme payable on your death using an Expression of Wish Form. It is important that you keep your Expression of Wish Form up to date if your personal circumstances have changed. The Trustee has discretion as to whom any lump sum should be paid, but they will normally respect your wishes. You can download a new form from the RGPS member website: <https://www.riversidepensions.co.uk/>

### Changing address?

Please let the Scheme Administrator know of any change of address, email or change of name. Failure to do so may delay setting up your pension when you reach retirement age. The Scheme Administrator's contact details are on the back page of this report.

### Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a tracing service available: <https://www.gov.uk/find-pension-contact-details>

The Scheme's member website can be accessed here:  
<https://www.riversidepensions.co.uk/>

# Chair's introduction

Welcome to the 2021 Riverside Group Pension Scheme (RGPS) newsletter. In this newsletter, we explain the important pension developments that have taken place over the last 12 months and inform you of the progress and current position of the Scheme.

## General pensions news

I am pleased to say that the RGPS has continued to be run and managed as normal during 2021, despite the ongoing financial and economic turbulence caused by the Covid-19 pandemic.

Investment markets have more-or-less fully recovered following their initial reaction to the first lockdown in March 2020. Globally, most equity markets (i.e. company shares) stand well above their level prior to the pandemic, with the exception of UK equities which remain below their pre-pandemic level for a variety of other reasons. During the year, the Scheme took steps to reduce its exposure to UK equities.

During the first half of 2021, longer-term interest rates rose significantly, sparked by inflationary fear as the economy emerges from the pandemic. Higher interest rates lower the present value of the Scheme's payment obligations. This combination of improved asset values and higher interest rates has led to a welcome improvement in the Scheme's funding position.

## Triennial actuarial valuation

The Scheme's triennial actuarial valuation at 31 March 2020 was completed in good time and with excellent co-operation and communication between Riverside and the Trustee. (The Trustee is the body responsible for the administration and management of RGPS – see below for further information.) Riverside has demonstrated its commitment to the Scheme by increasing its contributions, and this will help move the Scheme towards its longer-term goal of becoming self-sufficient.

A summary of the results of the actuarial valuation, and the improved position as at 31 March 2021, can be found in the section "Update on Scheme's financial position". The results of the triennial valuation have been submitted to The Pensions Regulator (TPR), who has responded to confirm that it has no comments on the valuation.

## Investment strategy review

The Trustee aims to invest the Scheme's assets so as to generate an appropriate level of investment return over the long term, while limiting the scope for adverse performance in the short term. During the year, the Trustee has started work on a full review of the Scheme's investment strategy, including looking at its Liability Driven Investments (LDI), which help protect the Scheme against movements in interest rates and inflation. More details on the RGPS's investments can be found later in this newsletter.

### Pension scams

Unfortunately, there continues to be a high level of pension-related scams. To help keep yourself safe, please read the article on page 11 of this newsletter.



### Member website

The RGPS member website has been running for over two years now and has been a valuable tool for keeping members updated. The latest RGPS news and documents are posted on the website, and you can log in through the website to see details of your benefits.

If you are a pensioner, you can elect to receive your monthly payslip online and the Trustee encourages members who still receive paper payslips to sign up to this option. All new pensioners are automatically set up for online payslips.

The member website can be accessed from:  
<https://www.riversidepensions.co.uk/>

## The Trustee board

### Welcome to Emma Turner

In March 2021, the Trustee welcomed a new employer-nominated director to the board. Emma has already proved herself to be an active and informed member of the board, and we look forward to continuing to work with her in future.

We would also like to thank Carol Matthews, who stood down as a Trustee director during the year, on behalf of the whole Trustee board for her long and distinguished service to the Scheme.

We hope you find this letter informative. If you have any comments about it, please contact either the Scheme Administrator or the People Services team at Riverside.

### William Medicott

Chair of Riverside Group  
Pension Trustees Limited

## Appointment of the Trustee board

The full Trustee board comprises six Trustee directors, four of whom are appointed by Riverside and two are selected by Scheme members. The Trustee directors have a duty to run the Scheme in accordance with its trust deed and rules, and within that to act in the best interests of members. There is no difference in the role or responsibilities of the directors appointed by Riverside and those nominated by Scheme members.

Here is some information on the current Trustee directors and a bit about their backgrounds.



### **William Medlicott:**

William is the representative of Capital Cranfield Pension Trustees Limited (CCPTL), an independent professional firm of trustees which acts as Chair of the Trustee board.



### **Maxine Cousens:**

Maxine is Director of People and Culture at Riverside, and joined the Trustee board in May 2018.



### **Dave Bullock:**

Dave has been a member-nominated Trustee director since July 2016, when he was appointed for a six-year term. Dave is the Managing Director of Compendium Living, the joint venture established by Riverside and Lovell, and has worked at Riverside for 25 years.



### **Simon Edwards:**

Simon is an Investment Manager for the West Yorkshire Pension Fund, and joined the RGPS Trustee board in April 2018. Simon is a Chartered Financial Analyst (CFA) charterholder and an associate member of the UK Society of Investment Professionals (UKSIP).



### **John Wood:**

John was appointed as a member-nominated director in February 2020. John retired in April 2018, having worked at Riverside for more than 30 years, much of that operating at senior executive level.



### **Emma Turner:**

Emma has been appointed as a Trustee by Riverside, and joined the Board in March 2021. Emma is Riverside's Group Head of Treasury and Corporate Finance.

## Management of the Riverside Scheme

The management of RGPS is the responsibility of the directors of the Trustee, Riverside Group Pension Trustees Limited. In managing the Scheme, the Trustee is supported by the following key advisers:

*First Actuarial LLP* – the Scheme's advisers on actuarial, investment and general pensions matters. First Actuarial are also the Scheme Administrator, which means they hold records for each member of the Scheme, and calculate and pay members' benefits when they leave or retire.

*CMS* – a professional law firm that provides legal advice to the Trustee as required.

*KPMG* – a firm of chartered accountants that audits the Scheme's annual accounts.

*Investment managers* – the Trustee engages a number of external professional fund managers to manage the day-to-day investment of the Scheme's assets on their behalf.

Further information about some of the key advisers at First Actuarial that you may have contact with is on the Scheme website: <https://www.riversidepensions.co.uk/>

# Update on Scheme's financial position

A summary of the results of the triennial actuarial valuation as at 31 March 2020 was sent to all members in April 2021. In summary, the valuation showed that the assets of the Scheme were less than the amount needed to pay all benefits to members. This is not surprising, given the significant falls in asset values that took place just prior to the effective date of the valuation in March 2020.

Although the Trustee and Employer were aware that the funding position of the Scheme had started to improve in the second half of 2020, Riverside agreed to re-start its contributions to the Scheme in order to

eliminate the shortfall. Under the agreed Recovery Plan, Riverside will contribute £3 million per year for a period of 6 years, payable in monthly instalments and commencing from 1 April 2021. Riverside also meets the Scheme's running costs, including professional fees and levies but excluding investment management fees.

Between triennial actuarial valuations, the Trustee obtains annual actuarial reports on the Scheme's funding position. The Summary Funding Statement below gives you an update on the improved financial position of the Scheme as at 31 March 2021.

## Summary Funding Statement as at 31 March 2021

### How the Scheme operates

The Scheme is a defined benefit scheme. This means that it provides you with a predictable income for life in retirement.

The Trustee (which is responsible for managing the Scheme) uses the assets of the Scheme to pay benefits to Scheme members, including future benefits to members who have not yet retired. The assets are held separately from Riverside (the Employer).

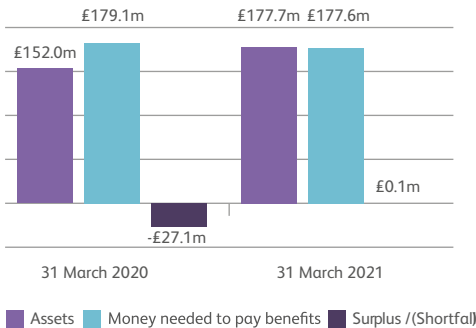
### Your Scheme's finances

Working out how much money is needed today to pay all the promised pensions is not an exact science. It depends on several things, including future inflation, future investment returns and how long members will live.

A full actuarial valuation of the Scheme is carried out every three years. As part of the valuation, the Scheme Actuary calculates whether the assets are sufficient to meet the future benefit payments. If that is not the case, then the Trustee and Riverside will agree what action needs to be taken.

Between triennial (three-yearly) actuarial valuations, the Trustee is obliged to obtain annual actuarial reports which provide an approximate update on any changes to the Scheme's funding position. The results of the annual update as at 31 March 2021, together with the corresponding results of the triennial actuarial valuation as at 31 March 2020, are shown below.

### Funding Position



The funding update as at 31 March 2021 showed that, assuming the Scheme continues to run as a going concern, the assets of the Scheme are currently sufficient to meet all future benefit payments to members.

Under the Recovery Plan put in place following the actuarial valuation as at 31 March 2020, the funding position was expected to be around 92% at 31 March 2021. The approximate update as at 31 March 2021 showed a funding level of 100% and the funding plan is therefore ahead of target. The main reasons for the significant improvement in the funding position since 31 March 2020 were a sharp recovery in the value of the Scheme's assets, combined with a rise in longer-term rates of interest which reduces the value of the liabilities.

### **The buy-out position**

There is no current intention to wind up the Scheme. However, if Riverside wanted to let go of its responsibility for the Scheme, or were unable to support the Scheme, the Scheme would be "wound up". This means that Riverside would be liable to pay a one-off

contribution to the Scheme to cover the extra cost of getting an insurance company to take on the responsibility for paying all Scheme benefits. If this had happened at 31 March 2020, the contribution required from Riverside would have been an estimated £117m.

### **Additional protection**

If an employer becomes insolvent, the Pension Protection Fund can pay compensation to its pension scheme members in certain circumstances. Further details are available at [www.pensionprotectionfund.co.uk](http://www.pensionprotectionfund.co.uk).

The Pensions Regulator looks after work-based pension schemes and has certain powers it can use if it has concerns about a scheme. It has not used any of these powers in relation to this Scheme.

By law, assets can only be returned to Riverside if the value of the Scheme's assets were more than needed to arrange for an insurance company to take over the payment of all Scheme benefits. No such return to Riverside has been made since the date of the last summary funding statement.

## **Investment update**

The Trustee sets a long-term investment strategy for the Scheme, after consulting Riverside and taking advice from its investment advisers. The Trustee's investment strategy is described in the Scheme's Statement of Investment Principles, which is available to view through the member website: <https://www.riversidepensions.co.uk/>

The Trustee aims to invest the Scheme's assets so as to generate an appropriate level of investment return over the long term, while limiting the scope for adverse performance in the short term. To achieve this aim, the

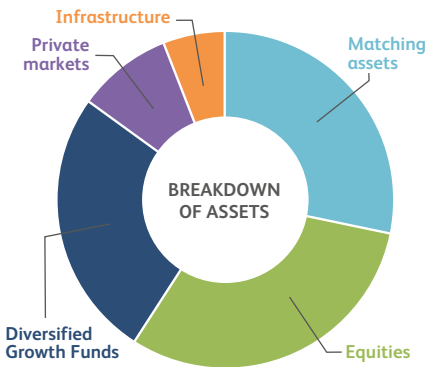
Trustee invests in a combination of 'growth assets' and 'matching assets'. Growth assets are those that are expected to perform well over the longer term but may involve a higher risk in the short term. For example, company shares or 'equities' should provide income and capital growth in the long term, but over the short term are exposed to the ups and downs of stock markets.

Matching assets are those that are expected to go up and down in value in line with the Scheme's liabilities, for example government or corporate bonds. Matching assets therefore help protect the funding position of the

## Investment Update continued

Scheme, because the value of these assets and the value of the liabilities move in a similar way. Matching assets are generally expected to produce lower returns than growth assets over the long term. A particular type of matching asset is LDI, or liability driven investments. LDI helps the Scheme to protect a large proportion of the Scheme's liabilities against movements in inflation and interest rates without having to invest a large proportion of the assets in bonds. The Scheme invests in LDI as part of its matching asset portfolio.

The breakdown of the Scheme's assets as at 31 July 2021 is shown in the pie chart below.



### Investment strategy review

During the year, the Trustee commenced a review of the Scheme's investment strategy, with the assistance of its investment consultant. Initially, this review has focused on the LDI (see description above), because the LDI by its nature imposes restrictions on what can be done with the rest of the investments. The objective of the review is to ensure that the Scheme has the level of protection it needs against inflation and interest rate risks while minimising the restrictions on the broader investment portfolio. Once the LDI position has been resolved, the Trustee will continue to look at the growth portfolio, and also how the

investment strategy is expected to evolve over time.

Overall, the Trustee believes that the investments are well-structured and broadly-diversified. The Trustee continues to monitor the performance of each of the funds in which the Scheme is invested, as well as the managers of those funds.

### Environmental, social and governance (ESG) risks

The Trustee believes that, whilst consideration of ESG factors is imperative for non-financial reasons, it is also important for financial reasons as these factors may have a material impact on investment risks and future returns. The Trustee regularly monitors the credentials of the investment managers on ESG matters, and the investment adviser provides regular updates on the investment managers' voting behaviours and shareholder engagement.

The Scheme remains invested in the LGIM Future World funds, which are 'ESG-tilted', meaning they focus their investments on companies that are rated positively on ESG criteria and away from those that are not. The Scheme also has investments in two infrastructure funds with JP Morgan and Aviva. By their nature, these types of funds invest in projects that have positive ESG credentials, for example renewable energy. The JP Morgan fund has an 'A' rating from the UN Principles of Responsible Investment (PRI), and the Aviva fund focuses on UK renewable energy infrastructure.

### Implementation statement

For the first time this year, the Scheme's financial statements include an implementation statement. This seeks to explain how the Trustee has implemented the stewardship policies set out in the Scheme's Statement of Investment Principles (SIP). You can access the implementation statement as well as the SIP through the member website.



Long-term funding and investment target

Based on enabling legislation in the Pension Schemes Act 2021, The Pensions Regulator (the Regulator) expects schemes to set a long-term funding target (LTFT) that places minimal ongoing reliance on the sponsoring employer. At the point the LTFT is reached, schemes’ investments should be prudently managed so there is a high degree of resilience to investment risks. These new requirements will come into force when the Regulator introduces its new code of practice, which is expected to be around the end of 2022 or early in 2023.

The Trustee and Riverside have already agreed a longer-term objective of “maintaining and improving the self-sufficiency funding level between actuarial valuations”. Self-sufficiency means the

funding level required to pay pensions from the Scheme with a high degree of certainty and minimal need to rely on support from the Employer. In order to meet the LTFT, the Trustee and Riverside will engage to develop the current longer-term objective, taking into account the Regulator’s detailed requirements as these become known.

The Trustee closely monitors the Scheme’s funding position and, when an improvement is identified, looks to switch to a lower-risk investment strategy in order to ‘lock-in’ the improved funding position. Given the strong improvement in the funding position since 31 March 2020, the Trustee decided that it would be appropriate to make an immediate de-risking to the investment strategy in June 2021. This involved switching around £8m of assets from equities into index-linked gilt funds.

Amounts from accounts

The Trustee prepares an audited Trustee’s Report and Financial Statements (TR&FS) each year, which provides a detailed analysis of the Scheme’s income and expenditure, the value of its assets and any other financial transactions that have taken place during the year. This table provides a summary from the TR&FS for the year ending 31 March 2021:

Membership profile

At 31 March 2021, the Scheme had 1,319 members (compared to 1,326 at 31 March 2020). Of these members, 469 were pensioners (451 at 31 March 2020) and 850 were deferred members (875 at 31 March 2020) whose benefits from the Scheme have not yet commenced.

Income and expenditure	Year to 31 March 2021
<b>Income:</b>	
Investment income	£3,414,816
<b>Total income</b>	<b>£3,414,816</b>
<b>Expenditure</b>	
Pension and lump sum benefits	£3,640,387
Administration expenses paid by the Scheme	£91 (see notes)
Investment management expenses	£393,696
<b>Total expenditure</b>	<b>£4,034,174</b>
<b>Summary position:</b>	
Value of assets at 31 March 2020	£152,033,429
Add income	£3,414,816
Subtract expenditure	(£4,034,174)
Add/(subtract) change in the value of investments	£26,355,867
<b>Value of assets at 31 March 2020</b>	<b>£177,769,938</b>
<i>Notes: (i) The large majority of the Scheme’s expenses, for example professional advisers’ fees, are met by Riverside on the Scheme’s behalf. (ii) As the Scheme is closed, no member contributions are payable. In the year to 31 March 2021, no Employer contributions were due.</i>	

# Points of interest

## **RGPS member website – your first port of call for information about the Scheme**

The RGPS member website gives you access to a wide range of information about the Scheme. You can also log in and see your member details. The website can be found here: [www.riversidepensions.co.uk](http://www.riversidepensions.co.uk)

## **Guaranteed Minimum Pensions (GMPs) – rectification and equalisation**

If you earned benefits in the Scheme before 6th April 1997, part of your pension entitlement will include a right to a Guaranteed Minimum Pension (GMP). In last year's newsletter, we told you that the Scheme was commencing a programme of rectifying GMPs where the Scheme's records differed from the GMP amounts recorded by HMRC. This rectification process has now been completed, and you will have been notified if there is any change to your pension as a result.

Following a ruling by the High Court, it has also been clarified that pension scheme benefits that accrued on or after 17 May 1990 should be equal for men and women, including where differences arise due to GMPs. The Trustee will be discussing how best to equalise GMPs within the Scheme during 2022, and you will be notified if there is to be any change to your pension entitlement once this process has been completed. It is expected that any adjustments will be small.

## **Transfer values**

A transfer value is the cash equivalent value of your Scheme benefits and, once paid, no further benefits would be due to you from the Scheme.

If you have not yet received any benefits from the Scheme, you can take a transfer value to another approved pension arrangement, such as a personal pension policy or your current employer's pension scheme. You cannot take a transfer value once your benefits from the Scheme have commenced. The receiving arrangement is also not obliged to accept your transfer, so if you are considering a transfer, you should check this with them first.

In 2015, the Government introduced freedom of choice for members with "defined contribution (DC)" schemes – these are schemes where the benefits you get are not fixed but depend on how much is in your 'pension pot' when you retire. With freedom of choice, members no longer have to buy an annuity (i.e. an insurance policy providing an income for life) when they retire, but could also choose to:

- Take a tax-free lump sum, leaving the rest of their pension pot invested and drawing on it as and when required (known as 'income drawdown' or 'flexi-access drawdown'); or
- Take all of the pension pot as a single cash payment, known as an uncrystallised funds pension lump sum (UFPLS), or as a series of UFPLSs.

As the Scheme is not a DC scheme, these options are not available under the Scheme. You would therefore need to take a transfer value from the Scheme to a DC arrangement in order to access these options. However, please bear in mind that the Scheme provides you with a known and guaranteed pension for your lifetime, with guaranteed annual increases and a spouse's/civil partner's/dependant's pension in the event of your death. It may well not be in your best financial interests to give up these benefits in order to take a transfer value to a DC arrangement.

You are strongly recommended to take independent financial advice before making any decision to transfer your benefits out of the Scheme and, depending on the value of your Scheme benefits, you may be legally required to do so. Assistance in finding an independent financial adviser is available here:

**[Retirement Adviser Directory | Find a regulated financial adviser \(moneyhelper.org.uk\)](#)**

MoneyHelper is a free service which brings together the Government-backed support

previously provided by the Money Advice Service, Pension Wise and The Pensions Advisory Service.

### Planning for retirement

Are you saving enough to provide the income you want in retirement? It's never too early to start planning for your retirement and you could begin by collecting information about all of your pension assets. Further guidance on the steps you can take is available on the member website: <https://www.riversidepensions.co.uk/>

### Keeping your data safe and up to date

The Trustee holds certain personal details about you to enable it to run the Scheme and to make sure you are paid the correct benefits at the right time. From 25 May 2018, the General Data Protection Regulation (GDPR), now incorporated into the UK Data Protection Act 2018, came into effect to ensure that your data is protected and only used for the purpose it was intended.

Our data privacy notice is available through the member website: <https://www.riversidepensions.co.uk/>

## Beware of pension scams!

Since the outbreak of Covid-19, there has been a large increase in the level of scam activity in relation to pensions. Scams often start by persuading you to transfer your fund to another pension arrangement, sometimes with the prospect that all or part of your fund can be released to you as cash. Remember that, if you are under 55, it's illegal for you to access your fund unless you are retiring due to ill-health.

Some of the tell-tale signs of pension scams are:

- Unsolicited contact, or 'cold calling'
- An offer of a free pension review
- The promise of guaranteed returns on your investment
- Low tax/tax-free rates, including tax-free lump sums
- Exotic sounding and/or overseas investments
- Pressure to sign up quickly to avoid missing out.

The Government has introduced a ban on 'cold calling' in relation to pensions. If you receive a call about pensions from someone you haven't asked to call you, and with whom you have no existing relationship, then that caller is acting illegally. We urge you to ignore it.

In all cases, you should think very carefully about the guaranteed benefits you will be giving up if you choose to transfer and seek independent financial advice. You should also ensure that you are familiar with the pension arrangement to which the transfer payment is to be made and that you understand why you wish the transfer to proceed.

# Contacts and enquiries

If you have any questions about your individual benefit entitlement, please contact the **Scheme Administrator**:

**By post:** First Actuarial LLP, Trafford House,  
Chester Road, Manchester, M32 0RS  
*(please state that your enquiry is about the Riverside Group Pension Scheme)*

**By phone:** 0161 348 7498

**By email:** [Riverside.Pensions@firstactuarial.co.uk](mailto:Riverside.Pensions@firstactuarial.co.uk)

If you have a more general question about Riverside's pension arrangements, you can contact the **People Services team**:

**By post:** Riverside Group Limited, 2 Estuary Boulevard,  
Estuary Commerce Park, Liverpool, L24 8RF

**By phone:** 0151 295 6118

**By email:** [people.services@riverside.org.uk](mailto:people.services@riverside.org.uk)

## Further information

The following documents are available on request:

- The Statement of Funding Principles
- The Statement of Investment Principles – also on member website
- The Recovery Plan and Schedule of Contributions
- The Trustees' Report and Financial Statements to 31 March 2021
- The full actuarial valuation report as at 31 March 2020
- The shorter actuarial report as at 31 March 2021
- The Scheme booklet – also on member website.

The RGPS member website can be accessed here:

<https://www.riversidepensions.co.uk/>

### The Riverside Group Limited

Registered office: 2 Estuary Boulevard,  
Estuary Commerce Park, Liverpool L24 8RF

A charitable Registered Society under the Co-operative  
and Community Benefit Societies Act 2014

[www.riverside.org.uk](http://www.riverside.org.uk)

**October 2021**

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