

Trustee newsletter

For members of the Wincanton plc Pension Scheme



WINCANTON PENSION BUILDER PLAN AND RETIREMENT SAVINGS SECTION

An introduction from the Chair of the Pension Scheme Trustee Board

Welcome to your pensions newsletter. A lot has been happening over the past year or two both in the world of pensions and in your Scheme. In this newsletter we have tried to set out the most important points as clearly and straightforwardly as we can. We hope it's an interesting read.

The Government has introduced a number of 'pensions freedoms' which allow you to take your accrued pension funds in new and more flexible ways. We have adapted our Scheme accordingly and have explained more about this in the newsletter. While those changes were helpful, changes to the annual and lifetime allowances have made things more complex for some of our members. We strongly recommend you take some financial advice if you think these rules may affect you.

In terms of your Scheme, one notable change was the launch of our new website – do check it out. Another was the introduction of the new Cash at Retirement Lifestyle Option for your investments – which many of you chose to move to.

In addition, there have been a number of changes to the members of the Trustee Board which is covered in the arrivals and departures section. I would like to extend my thanks to Stephen Barker and Tom Willis who have stepped down in the last few months both of whom served on the board with passion and professionalism over many years.

We are all continually reading that many people in the UK are not saving enough for their retirement. Now is therefore a good time to step back and have a think about whether you are comfortable that you are saving enough and, if not, to do something about it. We have included some further thoughts on this in the newsletter.

Please do send us your feedback on this newsletter. We want to keep everyone up to speed with Scheme developments as easily and straightforwardly as we can. If we can improve it, let us know!

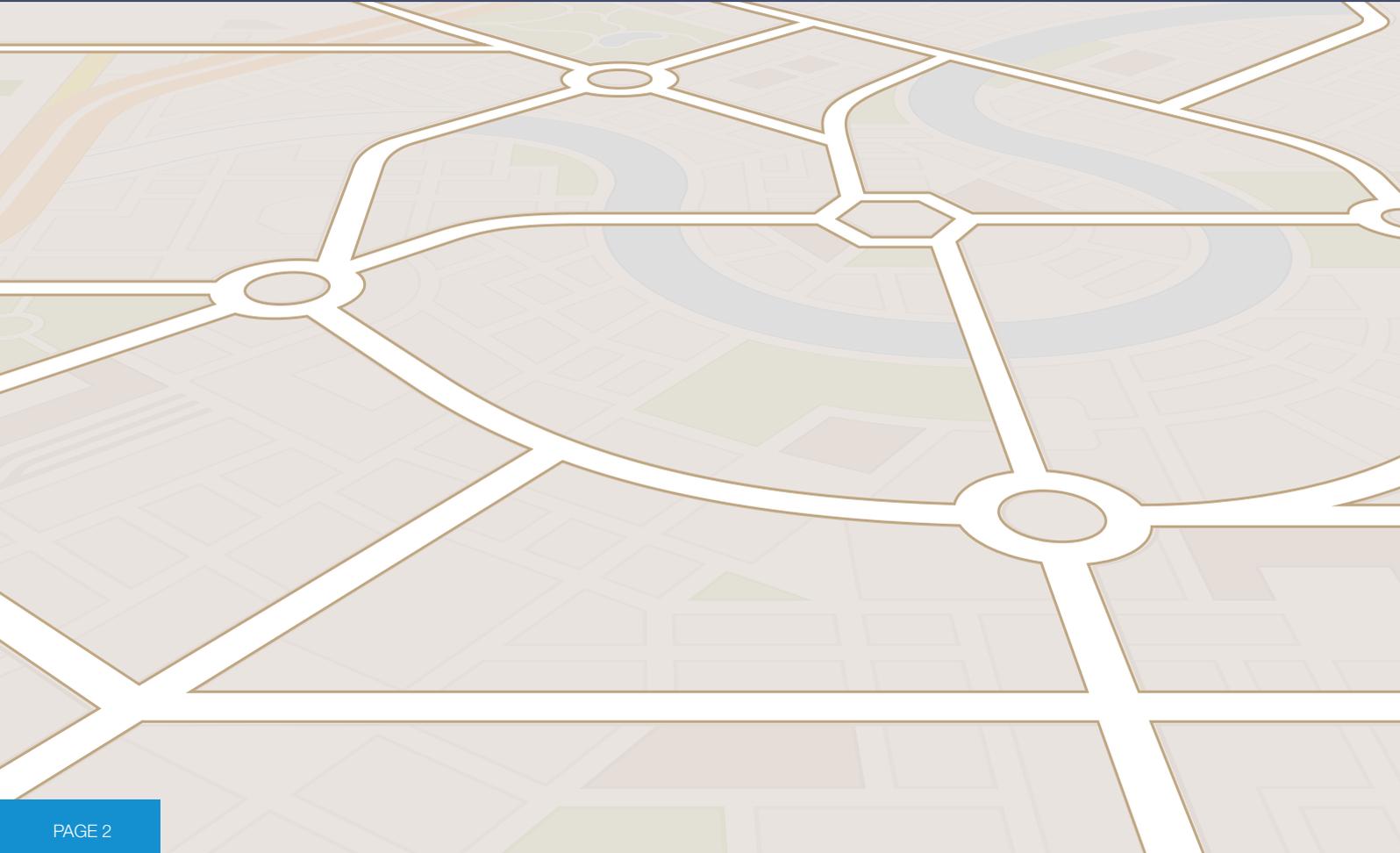
A handwritten signature in black ink, appearing to read "Quentin Woodley".

Quentin Woodley



Road to retirement
Your future, your choice

Contents



Scheme update

Check your statement

Every year, we send you a personal benefit statement. Your statement shows you the amount you have built up in your pension account and gives you an estimate of the benefits your account might provide for you in future.

Alongside the key figures, we include some extra information on the statement to help with your financial planning:

- the different choices of benefits you can take at retirement;
- the benefits your family would receive if the unexpected happens and you die before retirement; and
- useful contact numbers and websites offering more help and support.

Please take the time to read through the statement carefully, especially if you are tempted to file it away as soon as it arrived. It may prompt you to take action – for example, you may decide to add more to your savings, change your investment choices, change your target retirement date, or update the details of beneficiaries who will receive the benefits in the event of your death.



Bear in mind that the statement gives you a 'snapshot' of your pension savings at a particular point in time. Remember that you can now look at up-to-date information and make changes to your pension account by visiting our pensions website at www.wincantonpensions.co.uk. Your 2017 statement will be issued later this year.

Defined Contribution (DC) review

The Company shall be commencing a review of the Scheme's DC sections during 2017. The review is required to ensure that the pension scheme remains fit for purpose and complies with the ever changing pensions landscape. It is important that the Scheme represents a benefit which is attractive to colleagues and valued by its members, is affordable, sustainable and meets the needs of our customers. Further updates will be provided to colleagues and members as the review progresses.

Death in Service cover for former Defined Benefit (DB) members

Please note: If you are a former DB section member, currently contributing to the Pension Builder Plan, you were covered for an additional 2x PAYE earnings* life assurance as part of the transition when the DB section closed. This arrangement ceased on 1 April 2017.

Your cover has reverted to the Plan standard of 3 x PAYE earnings*, plus an additional 3 x PAYE earnings* if you leave a spouse or dependant.

Please contact Capita (the Scheme administrators) if you have any queries.

** as defined by the Scheme Rules*

Are you saving enough for retirement?

The simple answer of how much to put in is: as much as possible, as early as possible. There's a very rough rule of thumb for what to contribute for a comfortable retirement.

The Money Saving Expert website suggests that you should take the age you start your pension and halve it. Put this % of your salary aside each year until you retire. Make sure you include Wincanton's contributions in that percentage. So, someone aged 32 should contribute 16% of their salary to their pension for the rest of their working lives.

This will seem high for many people, but it shows how important it is to start saving what you can, as early as possible. The sooner you start contributing, the longer your money has to grow. As your pay increases, you should increase your contributions proportionately.

New benefit choices at retirement

As a Defined Contribution Section member, you build up your pension account during your employment with the Company and then use it to provide your retirement benefits. The options for taking these benefits used to be fairly limited:

- You could take up to 25% of your pension account as a tax-free cash sum; and
- You had to use the remainder of your account to buy an annuity – that is, a regular income paid for with a cash sum upfront.

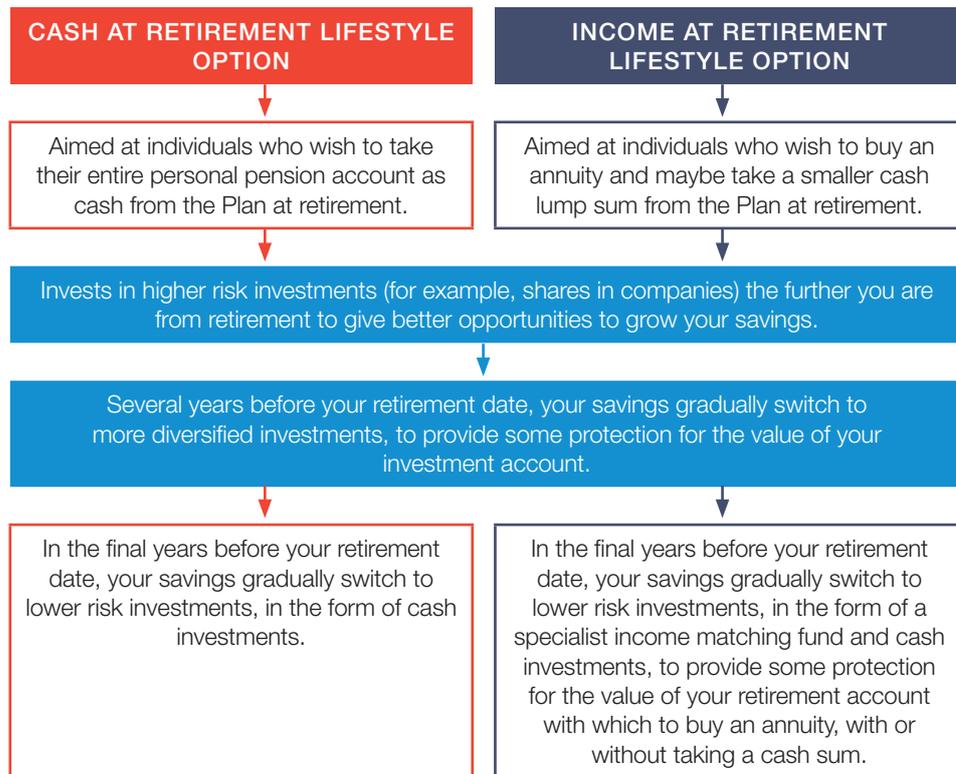
However, in April 2015 the Government introduced new, more flexible measures that gave members of defined contribution schemes far more freedom of choice over how they could receive their benefits. From the age of 55 you can:

- Choose to buy an annuity, and receive a regular income for life.
- Take as much of your pension account as you wish as cash in up to 5 lump sums. The first 25% of each lump sum would still be tax-free – then you would pay income tax on the rest.
- Make arrangements to take income directly from your pension savings, and continue investing the rest. This is called 'drawdown'. Drawdown isn't available from our Scheme, but you can transfer out to a company that provides this service if you decide it is the best option for you.

Did you know? As a Wincanton employee, you may be eligible to attend a seminar to help you prepare for your retirement. The seminars are delivered by Close Brothers, whose events team can be contacted on **0800 028 0208 / events@closebrothers.com**

New Lifestyle investment options

With the new flexible choices in mind, we have updated our Lifestyle options so that you can choose an approach which invests your savings in line with your plans for receiving your benefits.



Please note

- Both Lifestyle options assume you plan to retire at age 65, unless you have advised Capita of a different retirement date (your 'target retirement date') – you can change your target retirement date on the Scheme website.
- If you want to change your target retirement age, it will affect how and when the Lifestyle option moves your investments. Bear in mind that if you retire earlier than the date Capita expects you to, the 'switching' of your investments will not have been completed, and this may result in your personal pension account being invested in higher risk funds rather than lower risk funds closer to retirement.
- The 'default' option is the Cash at Retirement Lifestyle Option. That means we place all new joiners into this option automatically, unless they make their own investment choice for their pension account. (When we introduced the new lifestyle investment options in November 2015, members within 10 years of retirement age stayed in the Income at Retirement option.) However, you can change your Lifestyle investment approach at any time by logging on to your pension account through the Scheme website.

Going online

Website update

As you may recall, we launched our new pensions website in January 2016. Are you visiting it regularly?

Remember that you have your own secure account on the site, where you can keep track of your pension savings. You can also make changes to your personal details and investment choices for your savings – all in one place, online.

Go to **www.wincantonpensions.co.uk** and choose 'Pension account login' from the list of 'Quick links'.



3,000

Scheme members are now viewing and managing their pension savings through the website.

While you're there, take a tour around the site's wide range of other features...

Scheme information

- Benefits of saving for retirement
- Handy videos explaining pensions in plain language



Help and support

- Modeller to help you see how different choices might affect your benefits
- Budget planner for retirement

Pension news

- Regularly updated with the latest developments – such as auto-enrolment



All the forms you need – including

- Nomination of beneficiary form – keep the Trustee informed of your chosen beneficiaries in the event of your death

Driving our communications forward

Our pensions website is just the start. In future, we are aiming to provide members with the option of paperless communications, via the Scheme website and by using email to stay in touch.

There are a number of reasons why we believe this is the right way forward:

- **Efficient:** We can get in touch with you when we need to – quickly and easily – without having to produce and send a printed document. This will be especially useful if we need you to take action of some kind.
- **Sensible:** It will help us reduce our administration and postage costs significantly.
- **Responsible:** This change will reduce our use of natural resources and support Wincanton's goal of ensuring a safe and sustainable environment for all.

We currently hold the email addresses of members who have activated their individual pension account through the website. If you haven't already registered for your pension account online, and you would like to be part of our paperless communications approach, please visit www.wincantonpensions.co.uk and select pension account login.

Please note – we appreciate that e-mail will not necessarily be an option for everyone. You will be able to carry on receiving documents by post if you prefer.

Auto-enrolment update

The Government has 'automatic enrolment' laws in place to encourage people to save for retirement through a workplace pension scheme. Since 2013, in line with these rules, we have enrolled employees into the Retirement Savings Section automatically, if they meet the following eligibility conditions:

- earning more than £10,000 a year (that is, £833 a month, £768 every four weeks, or £192 a week);
- aged 22 or over;
- under their State pension age.

Anyone who is automatically enrolled can opt out within 30 days – they will receive a refund of any contributions they have made.

However, the rules also require us to check every three years for anyone who has previously opted out of the Scheme and re-enrol them. Our 're-enrolment' date was 1 May 2016 and will be every three years thereafter.

*This year, we re-enrolled 402 colleagues from around the business. We were pleased to note that out of this group, **245** employees have remained in the Scheme.*

Future contributions for Automatic Enrolment members

Currently, the minimum contribution from members to an automatic enrolment scheme is 1% of pensionable earnings. The Company also adds a 1% contribution.

Please note that the minimum contribution from members will be increasing twice in the near future:

- In April 2018, it will go up to 3% (with minimum Company contributions increasing to 2%); then
- From April 2019 onwards, it will go up to 5% (with minimum Company contributions of 3%).

Running the Scheme

Arrivals and departures

During the last year, **Stephen Barker** and **Tom Willis** both stepped down from the Trustee board. We would like to thank them both for their years of hard work and commitment to the Scheme and wish them all the very best for the future.

Stephen was a Member-Nominated Trustee, so we held an election in 2016 to find a replacement from the members contributing to the Defined Contribution Section and pensioner members of the Defined Benefit Section. Five candidates entered into a ballot, run by Electoral Reform Services, which closed on 12 September 2016.

We are delighted to confirm that **John Bowen** has been elected to the board. John joined us from 1 November 2016.

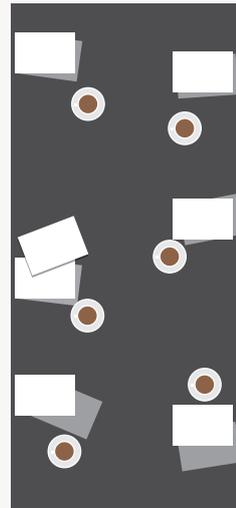
Tom was appointed by the Company, and we would like to welcome **Nicci Evans** as his successor. Nicci took up the role in March 2016, and she is already making an important contribution to the board.

The current Trustee Directors are...

John Bowen
LGV Driver, Wincanton plc
(Member nominated)

Nicci Evans
Head of Corporate Reporting, Wincanton plc
(Company nominated)

Richard Goodman
(Company nominated)



Quentin Woodley – Chair
Woodley Pension Trustees Ltd
(Company nominated)

Glenn Wellman
Independent Trustee Director
(Company nominated)

Conrad Wagstaff
Contract Engineering Manager, Wincanton plc
(Member nominated)

Nicci, Conrad, John and Richard are all members of the Wincanton plc Pension Scheme.



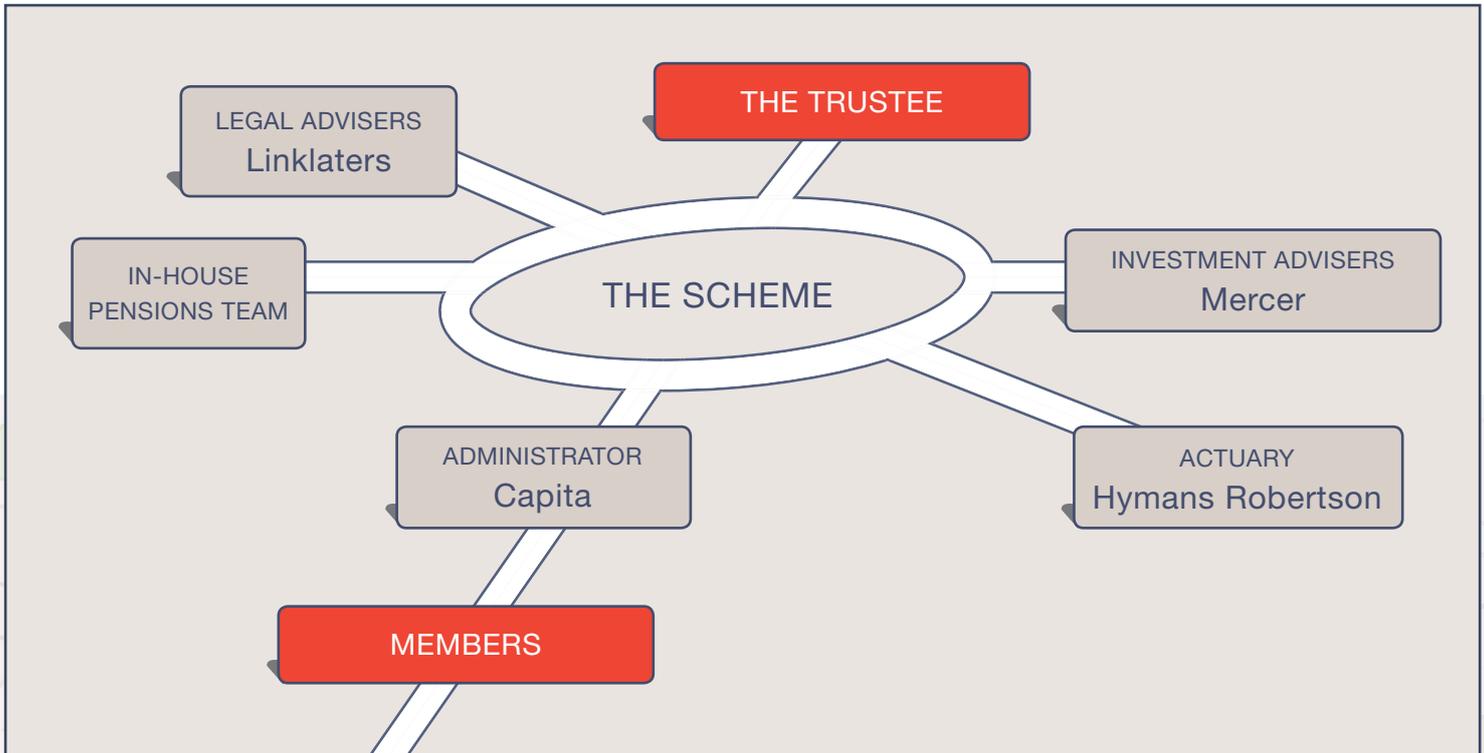
Meet the Trustees

We asked two Trustee Directors some questions to get to know them a little better – and find out what they think about their role...

	Conrad	Quentin
How long have you been a member of the Trustee Board?	I have been a Trustee for 3 years or thereabouts.	I joined in March 2015.
What made you decide to become a Trustee?	I wanted to ensure that the membership had a voice at the board meetings, particularly those outside of the Head Office 'bubble'. It also gave me a greater insight into how the Scheme was administered and an understanding of the company's commitment to the Scheme and its members. My Father was also a Trustee in addition to being an Engineer so it was somewhat in my blood.	I have a background in finance and management consultancy. In 2003 my wife, who is an actuary, and I decided to focus on bringing our expertise to the boards of large pension schemes by offering to chair them. We now chair 6 large schemes including Wincanton and Home Retail Group (Argos).
What experience do you feel helps you carry out your Trustee role?	Having been involved in a number of projects of significant commercial value in my career I was not too phased by the enormity of the values that were discussed at the initial Trustee meetings. My roles have encompassed budget control (operational and project) in addition to contractual aspects, legal compliance and code of practice. A number of these skills were directly transferable to the Trustee role where there is significant fiduciary responsibility. I would say my preference sits on the legal side.	My finance background definitely helps as there are lots of investment and other financial matters for trustee boards to think about. However, I think the thing that helps me most is the fact that I spent my whole career leading and getting the very best out of teams of people and that leadership experience is the perfect background for chairing collaborative trustee boards.

	Conrad	Quentin
What advice do you have for members – or employees who may not be in the Scheme?	To those employees that are not members of the Scheme I would strongly advise them to join. We now have auto-enrolment so they will be automatically put into the Scheme however, they can subsequently choose to opt out. I would urge them to stay in and enjoy the benefits that the Scheme has to offer: matching contributions from the employer (money for nothing!), death in service benefits to give your loved ones some financial protection should the unthinkable happen and finally a more financially secure future when they eventually retire.	Join! I strongly believe that all of us should be a member of a pension scheme. I know there are always other priorities for one's money. However, if you hope to live a long and happy life you are going to need a pension. Remember, you get tax relief on the money you put in and it grows tax free too. Equally importantly, the Company pays significant contributions on top of your own – in effect giving you a pay rise. What's not to like?
What do you enjoy most about your role on the board?	A Trustee's role can be very time consuming but I enjoy the challenges; the opportunity to hopefully secure a better retirement for my colleagues and former colleagues, the chance to develop my own knowledge, the debates and challenges we have as a Trustee board, the ability to meet and work with people from a variety of backgrounds and finally the opportunity 'to give something back'.	I really enjoy the work – it is intellectually challenging and involves lot of collaboration and team work. Wincanton has a very strong team ethos and that comes through on our board. We have a great group of trustees supported by a strong in-house pensions team and I very much enjoy working with them all as we strive to deliver the best service and outcomes for all the members of this Scheme.

Bird's eye view



In the news

Tax allowances

There are two allowances in place for the pension contributions and pension savings you can build up tax free:

- The **annual allowance**, which applies to the contributions that count towards your pension savings each tax year; and
- The **lifetime allowance**, which applies to the overall pension benefits you build up over your whole working life.

The allowances are broadly designed to affect high earners, but in recent years the allowances have reduced in value – meaning more people are now affected when they may not have been before. It is up to each individual to keep track of their position against the allowances, as they apply to all your pension benefits apart from the State pension – in other words, you need to take into account your Wincanton pension, plus any other company schemes or personal pensions you may have.

The standard **annual allowance** is currently £40,000.

However, you will have a personal annual allowance, depending on the following:

- Most people are likely to have a higher annual allowance, thanks to ‘carry forward’ – you can bring forward ‘unused’ annual allowance from the three previous tax years. So, to keep it simple and just look at one year: if you added £15,000 to your benefits last year, you could carry forward the £25,000 of annual allowance you had left, making your annual allowance for this year £40,000 + £25,000 = £65,000.
- High earners – those with incomes of over £110,000 a year, or £150,000 a year including their pension contributions – have their annual allowance reduced on a sliding scale. This is called ‘tapering’. The lowest annual allowance is £10,000 for those earning more than £210,000 a year (including contributions). People with tapered allowance can still carry forward – if they have any unused annual allowance available.
- If you are already receiving benefits through one of the new flexible options (see page 4), your annual allowance will automatically reduce to £10,000. This rule is to stop ‘recycling’ – that is, someone saving on tax several times by moving money straight out of one pension scheme into another.

New State Pension

The **lifetime allowance** is currently £1 million. Again, it is a high figure, but remember it applies to the **value of all your pension savings**.

To check where you are against the lifetime allowance:

- Start with your Wincanton pension account and add any other defined contribution amounts (such as personal pensions).
- If you have a deferred pension due from a defined benefit scheme – where you have a promised amount of pension linked to your salary and scheme service – multiply the current amount (including the increases it has received since you left) by 20 to find its value, then add it to your total.

If you think the lifetime allowance may affect you, you can apply to 'protect' your benefits. The Government has made various types of protection available over the years so that people with benefits close to the lifetime allowance need not be affected.

From 6 April 2016, the new 'single-amount' State pension replaced the old two-part version, made up of the basic State pension (which was a flat amount) and the State Second Pension, or 'S2P' (which was based on your earnings).

The full rate of State pension is £159.55 a week. However, the amount you actually receive depends on how much National Insurance you pay over your working life – and there are several different situations that might affect this:

Qualifying years	Any year when you pay above a certain level of National Insurance is called a 'qualifying year'. To receive the full-rate, you must have 35 qualifying years over your working life. (You need 10 qualifying years to receive any State pension at all – and if you have between 10 and 35, you will get a scaled-down amount.)
Contracting out	Pension schemes used to be able to 'contract out' of S2P. Contracting out allowed both the employer and scheme members to pay lower National Insurance. As a result, members would not build up S2P – but the scheme would undertake to provide benefits that were at least the same level. If you were in a contracted-out scheme in the past, your State pension is likely to be lower – but the benefits you receive from the company scheme should more than cover the S2P you gave up.



Where to go next

You can find out more details about:

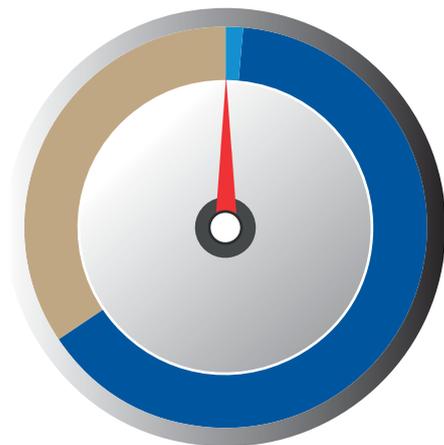
- The tax allowances – and how to apply for protection against the lifetime allowance; and
- The new State pension – including how to work out your State pension age and get an estimate of your State pension at retirement

on the Government's State benefits website, called 'GOV.UK':
www.gov.uk

Dashboard

Member profile

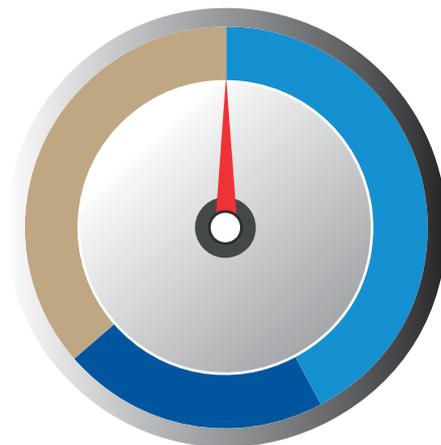
The Defined Contribution Section of the Scheme is made up of three smaller sections. At 31 March 2016, the Section overall had a total of 22,460 members – and these charts show you who goes where.



Active members

(still building up savings in the Section)

■ Retirement Savings Section	228
■ Auto-Enrolment Section	9,818
■ Pension Builder Plan	5,230



Deferred members

(with savings left in the Section to receive at a later date)

■ Retirement Savings Section	3,042
■ Auto-Enrolment Section	1,536
■ Pension Builder Plan	2,606

Accounts snapshot

£000

Section assets at
1 April 2015 **142,818**

What came in
(contributions and
transfers) **25,678**

What went out
(benefits to members) **(10,027)**

Change to investment
values **(4,010)**

Section assets at
31 March 2016 **154,459**

Please note that the full audited Annual Report and Accounts are available upon request.

Investment update

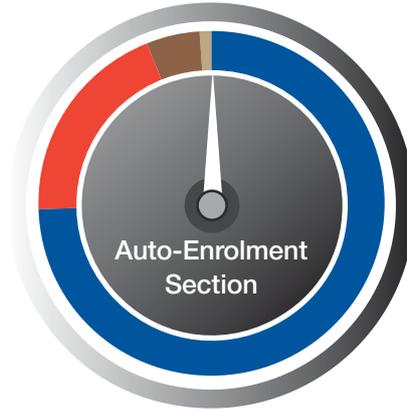
As a Defined Contribution Section member, you decide how to invest your pension account – either by choosing a Lifestyle option, or – if you belong to the Pension Builder Plan – making your own selection from the range of funds available. We have selected a number of different funds which we hope will make the decision process easier for those who prefer to choose their own individual funds – while still making sure there is a wide enough range to cover all members' investment needs.

Here are the current funds in the range – with their performance figures for both the year to 31 March 2016 and the yearly average over the three years to 31 March 2016, to give you a better idea of how the funds are doing over the longer term. As you can see, difficult economic conditions have meant some funds have given relatively low or negative returns over the single year – but in the last three years, this has averaged out to give positive returns overall. If you would like more information about any of the individual funds, please contact Capita (their details are on page 19).

Fund	1 year to 31 March 2016 (% investment return)	3 years to 31 March 2016 (average % investment growth each year)
UK Equity Fund	-4.0	3.7
30/70 Global Equity Fund	-3.9	7.0
Market Advantage	-0.7	2.7
Corporate Bonds	-1.4	6.6
LGIM Pre-Retirement	1.2	6.1
Cash Fund	0.4	0.4
Fixed-Interest Gilts	4.1	8.6
Index-Linked Gilts	1.9	5.6

Asset spread

These dials show how members of the three sections were investing their pension savings at 31 March 2016:



30/70 Global Equity Fund	60.1%
Market Advantage	32.3%
LGIM Pre-Retirement	6.4%
Cash	1.2%

30/70 Global Equity Fund	74.7%
Market Advantage	19.2%
LGIM Pre-Retirement	5.2%
Cash	0.9%

UK Equity Fund	1.6%
30/70 Global Equity Fund	58.7%
Market Advantage	27.7%
Fixed-Interest Gilts	0.2%
Corporate Bonds	0.7%
Index-Linked Gilts	0.1%
LGIM Pre-Retirement	9.1%
Cash	2.0%

Please see below a split of the current membership in terms of which investment option their contributions are invested in:

	Retirement Savings Section	Auto-Enrolment Section	Pension Builder Plan
Cash at Retirement Lifestyle Option	11%	47.6%	24.9%
Income at Retirement Lifestyle Option	2.4%	5.6%	6.8%
Self-Select funds	0%	0%	1.7%

The Funds available for self-select are the 8 funds shown in the Pension Builder Plan pie chart on page 16.

The Cash at Retirement Lifestyle option is the default option should members not make a decision on where to invest their contributions. This option is used for members who wish to take their fund value as cash when they retire. The funds utilised for this option are the 30/70 Global Equity Fund, Market Advantage Fund and the Cash Fund.

The Income at Retirement Lifestyle Option is used for members who wish to receive a regular income when they retire. The funds utilised for this option are the 30/70 Global Equity Fund, Market Advantage Fund, LGIM Pre-Retirement Fund and the Cash Fund.

All Funds with the exception of the LGIM Pre-Retirement Fund, are provided via an investment manager called BlackRock.

Security of Assets

Your contributions that are invested in BlackRock and LGIM funds are held separately from their own assets. Neither BlackRock nor LGIM can use your investments for its own purposes. In the unlikely, but not impossible, event of BlackRock or LGIM becoming insolvent and being unable to meet its obligations, members are likely to be protected by the Financial Services Compensation Scheme.

Our DC governance statement

In April 2015, the Pensions Regulator introduced a new series of governance standards for defined contribution pension schemes. The rules require our Chair of the Trustee Board to prepare a statement – which is printed in the Scheme’s Annual Report and Accounts – outlining how we meet these standards in four main areas.

Here is a summary of the statement we published in 2016:

Our investment approach – The Trustee Directors are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme’s default arrangement. We have chosen the Cash at Retirement Lifestyle Option as our default arrangement. Details of the investment strategy and investment objectives of the default arrangement are recorded in a document called the Statement of Investment Principles. This document is available to any member on request from Capita, the Scheme’s administrators.

Charges and costs and value for money – We are required to explain both the charges (i.e. the underlying costs incurred by the investment managers in running the funds in which your money is invested) and the transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members rather than the employer. We are also required to determine whether our scheme offers value for money to members. As you may know, the employer pays many of the costs of running the Scheme. These include the administration costs and the costs incurred by the Trustee Board such as the costs of the advice the Trustee Directors take from their advisors. The Trustee Directors concluded that your scheme does offer good value for money.

Financial transactions – The Trustee is required to report to you about the processes and controls in place in relation to the “core financial transactions”. The law specifies that these include the following:

- Investing contributions paid into the Scheme
- Transferring assets related to members into or out of the Scheme
- Transferring assets between different investments within the Scheme
- Making payment from the Scheme to or on behalf of members.

Your Trustee Board must ensure that these important transactions are processed promptly and accurately. In practice, we delegate responsibility for this to the Scheme Administrator, Capita, and receive regular reporting from them to ensure this happens. To date, nothing has come to our attention in these areas which needs to be reported to members.

Making contact

Please get in touch if:

- You have any queries about your Scheme benefits, or anything you have read in this newsletter.
- You would like to see any of the Scheme's official documents (for example, the formal Annual Report and Accounts).
- You need to let us know about any change to your personal details – especially if it affects your 'nomination of beneficiary form' (see below).

Phone: **0345 122 2032**

E-mail: **wincantonpensions@capita.co.uk**

Or write to: **Wincanton plc Pension Scheme
Capita
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL**

Knowledge and understanding –

The law requires the Trustee Board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. We take our training and development responsibilities very seriously and keep a record of the training completed by each member of the Board.

This training record is reviewed annually to identify gaps in knowledge and understanding across the Board as a whole. This allows us to work with our professional advisors to fill any gaps.

You can read the full statement in the Scheme's latest formal Annual Report and Accounts which is available upon request.

Nomination of beneficiary form

This is the form you use to tell us who you would like to receive any benefits from the Scheme payable after your death. As the Trustee, we have the final decision over where to settle the benefits, but we would aim to follow your wishes unless there was good reason to do otherwise.

If you have a major life change – in particular, if you get married or become a parent – it is likely to affect who you name on your form. Please check regularly that it's up to date. You can find a blank form on the website and send us a new one at any time – it will immediately replace any form we have from you already.

Exploring further

Here are some other websites you might find useful when planning your finances – both now, and for retirement.

Money Advice Service

A wide range of information and guidance on general financial planning.

www.moneyadvice.org.uk



Pension Wise

A special service for anyone looking for help with choosing between the new flexible retirement options.

www.pensionwise.gov.uk



The Pensions Advisory Service

Further support focusing solely on pensions, including help with a number of possible issues, like guarding against pension scams.

www.pensionsadvisoryservice.org.uk



Unbiased

A portal that includes a search tool for you to find an independent financial adviser in your area.

www.unbiased.co.uk



GOV.UK.

The Government's website bringing together all the available information about State benefits – including State pensions.

www.gov.uk

