

Spring 2019

Balfour Beatty

Simply Pensions

Balfour Beatty Pension Fund Annual Newsletter

For members of the Defined Contribution Section

Pension terms explained



Benefit Value

This represents the contributions you make or those made on your behalf through SMART Pensions, the Company contribution and any returns on your investments less any charges. It's the value of your investments in the BBPF.



Company

References to 'the Company' mean Balfour Beatty.



Target Benefit Date

Your 65th birthday, or the date you have told the Pensions Centre that you intend to take your benefits from the DC Section (must be between your 55th and 75th birthday).



Defined Benefit Section

This section of the BBPF comprises all of the sections where the value of a member's benefits is linked to earnings and service and is calculated by reference to a formula defined in the Rules.



Defined Contribution Section

This is the section of the BBPF where the value of a member's benefits is their benefit value.



Trustee

The governing body of the BBPF. At present, it is made up of the Chairman, three company nominated trustee directors and three member nominated trustee directors.

Membership breakdown as at 31 December 2018

Defined Contribution Active

4890



Defined Contribution Deferred

8692



A message from Adam Walker on behalf of the Trustee

Welcome to the first edition of Simply Pensions, a newsletter for members of the Defined Contribution (DC) Section of the Balfour Beatty Pension Fund (BBPF). If you also have benefits in the Defined Benefit (DB) Section of the BBPF, please also read the Autumn 2018 DB newsletter that can be found here: www.balfourbeatty.com/pensions2018.



Due to an increase in the DC membership, a DC sub-committee, which I chair, has been formed by the Trustee. Heather Dervin also sits on the DC sub-committee, and we work closely with the Trustee's professional advisers on matters relating to the DC Section.

Investment Review

The DC sub-committee is currently undertaking a review of the DC Section's investment strategy. The review will assess whether the existing investment options remain appropriate following the introduction of more flexibility around how you can take your DC benefits.

We'll tell you more about the changes being considered in future communications.

'UK Pensions' on 360

If you're still employed by Balfour Beatty, you'll have access to 360 where you can now find lots of information about pensions and can download forms and selected scheme documents. There's more about this on page 7.

Chair's Statement

The law requires the Chair of the Trustee to make an annual statement available to members outlining the steps taken to meet its governance requirements. A copy of the Chair's Statement is available to download from 'UK Pensions' on 360 if you have access, or from the Pensions Centre using the contact information shown on the back page of this newsletter.

Investing in the BBPF

Information about how the DC investment funds have performed overall can be found on page 4. On page 5, there's a reminder of how the Lifestyle and Self Select investment approaches work.

Using your BBPF savings

What you do with your BBPF DC savings is a big decision. We've included a reminder of your options and the support available to you on page 6.

Pension forms

We've also included two forms with this newsletter to make it easy for you to change your investment options or your nominated beneficiaries. If you need copies of these forms in future, you'll be able to download them from 'UK Pensions' on 360 if you have access or get them from the Pensions Centre using the contact details shown on the back page of this newsletter.

Feedback

We hope you enjoy your newsletter. If you'd like to send us feedback, we'd love to hear from you. To give us feedback, please contact the Pensions Centre using the contact details shown on the back page of this newsletter.

Adam Walker
Chair of the DC sub-committee

Your Trustee Directors

Adrian Mathias, Chair (Company nominated)
Paul Raby (Company nominated)
Adam Walker, (Chair of DC sub-committee, Company nominated)
Christina Brown (Company nominated)
Heather Dervin (Member nominated – active members)
Andrew Gilpin (Member nominated – active members)
John Tansey (Member nominated – pensioners)

The Defined Contribution Section investments

To meet the needs of all DC members, the Trustee provides a range of investment options, across various asset classes. The investment funds provided by the Trustee are managed by Legal and General Investment Managers (LGIM).

The table below summarises the percentage change in the value of each of the investment funds and the indices against which they are measured over three separate periods. However, please note that past investment performance is not a guide to future performance.

When reviewing the performance of the investment funds, it's worth remembering that most of the funds offered by the BBPF aim to track their respective index, and they've achieved this over the periods shown.

Global asset markets have recently experienced increased volatility due to a number of factors, including the potential for escalation in the trade tensions between the US and China, continued uncertainty around Brexit, EU budget negotiations and a significant decline in oil prices at the end of 2018.

The equity funds have delivered negative returns over the last quarter and 12 months, although longer term returns remain strong. The BBPF's bond and gilt funds delivered modest growth over the last quarter and were broadly flat over the year.

The Diversified Growth Fund (DGF) aims to produce equity like returns over a market cycle but with lower volatility and manages risk by investing in a number of different asset classes. Whilst the DGF is measured against a long-term benchmark in the same way as equities, its performance may vary significantly from the benchmark over a shorter time period. Although both the DGF and equity markets fell in the last quarter of 2018, the DGF fell significantly less than equity funds over the same period.

LGIM investment fund name	Quarter Performance 01.10.18-31.12.18		1 Year Performance 01.01.18-31.12.18		3 Year's Performance 01.01.16-31.12.18	
	BBPF Performance %	Index Performance %	BBPF Performance %	Index Performance %	BBPF Performance %	Index Performance %
UK Equity Index Fund	-10.21	-10.25	-9.42	-9.47	6.32	6.13
World (ex-UK) Equity Index Fund	-10.94	-10.96	-2.64	-2.73	12.92	12.86
World Emerging Markets	-3.90	-3.90	-7.80	-7.85	14.35	14.56
Diversified Growth Fund+	-4.39	-12.30	-3.05	-5.64	8.47	9.12
Over 5 year Index-Linked Gilt Index Fund	2.03	2.03	-0.40	-0.40	9.18	9.17
Corporate Bond All Stocks Index Fund+	0.62	0.53	-0.99	-0.99	4.15	4.16
Inflation-linked Annuity Protection Fund	1.37	1.29	-0.56	-0.65	6.81	6.75
Cash Fund	0.18	0.15	0.55	0.46	0.39	0.29

This table shows the returns for each fund compared with the total return of the relevant market index or comparator. All fund returns shown are before the deduction of charges except those marked +.

Lifestyle and Self Select explained

The investment options currently available to you in the DC Section include a Lifestyle investment approach and a range of eight 'Self Select' investment funds. Read on for a summary of the key features of each approach.

Lifestyle

If you don't want to make investment decisions, choosing Lifestyle is the simplest approach. Once you've made the decision to take the Lifestyle approach, all other investment decisions are taken for you.

Your benefit value and any future contributions will be invested together in funds that have been pre-selected to follow a specific investment profile. You'll be in return-seeking investments until you enter the switching period twenty years before your target benefit date.

During the automated switching period, your investments will gradually move to less volatile funds over time. Automated switching takes place once each quarter, usually early in January and late in March, June and September.

Self Select

As the name suggests, this option allows you to choose where your benefit value is invested, from a range of eight investment funds offered by the Trustee.

You can choose the investment funds that reflect your attitude to risk and works best for how you ultimately intend to use your savings. You're able to make changes once each quarter, usually early in January and late in March, June and September.

If you don't want to monitor your investments and/or aren't confident making your own investment decisions this approach is unlikely to suit you.

More information

Please refer to the booklet 'Your Guide to Investing in the BBPF' for more information about the individual investment funds and for an explanation of how the pre-selected lifestyle investment profile works. If you've misplaced your booklet and need a new copy, you can download one from 'UK Pensions' on 360 if you have access, or can get one by contacting the Pensions Centre using the details shown on the back page of this newsletter.

You can also find information about the investment funds on the LGIM website at www.lgim.com/clientsite. You will need to log in to the website using the following details:

UserID: mem-balfour

Password: bb-489279 (case sensitive)

Managing your investment approach/funds/target benefit date

It couldn't be easier to make changes to your investment approach, fund choices or target benefit date. A DC Investment Switching Form is enclosed with this newsletter for your convenience. Further copies can be downloaded from 'UK Pensions' on 360 if you have access or you can get one by contacting the Pensions Centre using the details shown on the back page of this newsletter.

What will I be able to do with my BBPF Defined Contribution savings?

You can usually take your benefits at any time between your 55th and 75th birthdays.

Since the government changed the rules on defined contribution savings in 2015, you have more choice over how you use your savings. Knowing what your options are can be very helpful when deciding how to manage your investments, so it's worth starting to think about them as soon as possible. Read on to find out more about the help that's available.

Your options

If you want to take all your BBPF DC savings as a cash lump sum, we can pay this directly from the BBPF. You should bear in mind that for income tax purposes most of the cash lump sum will be considered part of your annual income in the tax year that you take it and you may pay more tax than if you were to take your benefits as a regular income over time.

If you want to receive a regular income either as an annuity or income drawdown, you will need to arrange this through another provider. We will work with your new provider to transfer your pension savings to them from the BBPF.

Total freedom to choose how you use your pension savings was only introduced in 2015. This means that it's a developing market and other ways to use your pension savings may become available in the future.

Help with your decision

The government-run Pension Wise website www.pensionwise.gov.uk is a great place to keep up to date with the different options you have for using your pension savings. The website is available to everyone, and if you're over 50, you can get personalised guidance about your options.

The Hargreaves Lansdown Retirement Service is also available free of charge to help you understand your options. They can offer you valuable guidance through the decision making process. Hargreaves Lansdown has a dedicated website for BBPF members at www.retirementsservice.co.uk/balfourbeatty. It's easy to use and allows you to:

- Read useful tips to help you prepare for retirement
- Obtain more details on the options available to you
- Use an online planner which lets you input your own details and figures to create a personalised plan
- Generate live quotations, 24 hours a day.

You can also speak to a member of the Hargreaves Lansdown Retirement Service team Monday–Saturday on 0117 314 1798.

Your questions answered

I'm still at Balfour Beatty and making contributions. How can I increase my savings in the BBPF?

The first thing to do is make sure you're getting the maximum Company contribution. If you're contributing less than 5%, you can increase your contribution rate to 5% and the Company will then pay in 7%.

If you're already paying 5%, you could consider paying additional voluntary contributions (AVCs) to the BBPF. You can pay up to an additional 15% and your AVCs will benefit from the same tax concessions as your ordinary contributions. Please note however, you won't get any extra money from the Company towards your AVCs. If you'd like to start paying AVCs, you can download a Contribution Amendment Form from 'UK Pensions' on 360 or get one from the Pensions Centre using the contact details shown on the back page of this newsletter.

How safe are my investments in the BBPF?

The Trustee regularly reviews the security of the assets invested with the BBPF's DC fund managers. We do this so we're aware of the risks to members' funds, in the unlikely event of the insolvency or fraud of a fund manager.

The majority of the BBPF's DC investments are held with Legal & General Investment Managers (LGIM), which is owned and operated by Legal and General Group plc. Having reviewed LGIM's arrangements to protect its investors and having taken legal advice on this, the Trustee concluded that in the event of a problem, DC members are exposed to a low degree of risk. This is based on the way in which Legal & General is structured and regulated as an insurance company and because the Financial Services Compensation Scheme should be available if it were to become insolvent.

Your questions answered

Can I take multiple cash withdrawals from the BBPF?

If you wish to take multiple cash withdrawals throughout your retirement, you'll need to arrange a transfer of your pension savings out of the BBPF and arrange your choice of benefits from another provider. Please see page 6 for a summary of your options and where you can obtain guidance to help make your decision.

Money Purchase Annual Allowance

If you take or have taken any flexible benefits from a UK registered pension arrangement since April 2015, you will be subject to the Money Purchase Annual Allowance (MPAA). This restricts the DC pension contributions that you and your employer can make to a registered pension scheme in a tax efficient way. You can find out more about the MPAA at <https://www.moneyadvice.service.org.uk/en/articles/money-purchase-annual-allowance>.

Can I manage my investments online?

Whilst you're not currently able to manage your investments online, we're working with our software provider to facilitate this and we'll keep you updated on progress. In the meantime, the Pensions Centre can provide you with an up to date fund valuation and any forms you need to help you manage your investments. Contact details for the Pensions Centre can be found on the back page. If you're still employed by Balfour Beatty you can download copies of most of the forms you'll need to manage your investments from 'UK Pensions' on 360.

You can look up the daily prices of the Self Select investment funds online by visiting the Balfour Beatty pages of LGIM's website at www.lgim.com/clientsite. Login details are provided on page 5.

The latest news

New 'UK Pensions' pages on 360

If you're still employed by Balfour Beatty, you'll have access to the Company's new pensions pages on 360. You can find the 'UK Pensions' homepage under Group Functions in My World or Our World.

The new site contains lots of information about the BBPF, pensions in general, and links to other organisations who can provide further help and information. There's also a library where you can view or download selected scheme documents and most of the forms that you'll need to manage your contributions and investments.

Protecting your personal data

New regulation effective from 25 May 2018 has broadened the rights you have to manage the way your personal information is used. The EU General Data Protection Regulation (GDPR), alongside the UK's Data Protection Act 2018 (the Data Protection Laws), regulate how your personal data is collected, processed, stored and transferred. The Trustee remains committed to safeguarding your information and protecting your rights under the Data Protection Laws. We only hold such personal information as is necessary for the effective management of the BBPF.

In the last combined DB/DC edition of Simply Pensions, we told you where to find a copy of our Privacy Notice. We have recently updated the Privacy Notice, and you can find the updated version on www.balfourbeatty.com/pensions2018, download one from 'UK Pensions' on 360 if you have access or you can obtain a copy from the Pensions Centre using the contact details shown on the back page of this newsletter.

Keeping your pension savings safe

New ways for you to use your pension savings have brought new opportunities for scammers – unscrupulous people who want to swindle you out of your pension savings. You should look out for:

- Unsolicited calls, texts and emails about pension offers (Government-backed bodies would never contact you for a pension review). Cold calling about pensions is now illegal in the UK
- Phrases like 'one-off investment opportunity' and 'legal loopholes'
- 'Time limited offers' that pressure you into making a quick decision
- Financial advisers who aren't on the FCA's Financial Services Register.

This is not a complete list, but if you spot any of these signs, or think you might have been targeted or scammed, call Action Fraud on 0300 123 2040 to report it. You can also find out more about pension scams by visiting <http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx> or by clicking on the 'individuals' button at: www.pension-scams.com.

See the back page for details of how to check the FCA's Financial Services Register.

Brexit

At the time this newsletter was sent to print, the United Kingdom was still negotiating the terms of its exit from the European Union. We are monitoring the situation and will update you in the next annual newsletter.

Contacting the Balfour Beatty Pensions Centre

Our experienced and professional pensions helpdesk team are here to help you.

If you need a scheme document or a form, have questions about your BBPF benefits, would like an estimate or a large print copy of this newsletter, please contact the pensions helpdesk:

📞 **Call 0151 482 4664**

✉️ **Email bbpensionshelpdesk@balfourbeatty.com**

✍️ **Write to Balfour Beatty Plc Pensions Centre, Kings Business Park, Kings Drive, Prescott, Merseyside L34 1PJ**

When contacting the Pensions Centre, please include your full name and date of birth to help us locate your record.

'UK Pensions' on 360

Don't forget, if you're currently employed by Balfour Beatty you'll have access to 'UK Pensions' on 360 and can access a range of information and download selected scheme documents and forms to help you manage your pension online. You can find the 'UK Pensions' homepage under Group Functions in My World or Our World.

Changes to your personal details

If you no longer work for Balfour Beatty, we need you to let us know in writing about any changes to your personal details e.g. change of address or a change of name. If you still work for Balfour Beatty, you should inform Employee Services of any changes and they will pass this information on to us.

Nomination forms

You can help the Trustee decide who should receive any lump sums due from the BBPF in the event of your death by sending in or updating your nomination.

We recommend completing a new form every time your family circumstances change for example marriage, divorce or the birth of a child, even if you don't want to make any changes. There's a Nomination Form enclosed with this newsletter for your convenience. If you need another copy in the future you can download one from 'UK Pensions' on 360 if you have access or get one from the Pensions Centre as detailed above.

Need more information?

The following documents can be downloaded from 'UK Pensions' on 360 if you have access, or are available on request from the Pensions Centre:

Statement of Investment Principles

More about the investment options available to you and how the Trustee considered the investment risk.

Annual BBPF Report and Financial Statements

This shows the BBPF's income and expenditure over the year to 31 March each year, and includes the Chair's statement setting out the steps taken by the Trustee to meet governance standards in a number of key areas.

Schedule of contributions

This gives details of the contributions expected to be received into the BBPF.

Need financial advice or to search the FCA's Financial Services register?

By law, neither the Trustee nor the Company can give you financial advice. If you need more help, you should consider speaking to an FCA regulated financial adviser. You can find details of a local financial adviser or check the FCA Financial Services register at <https://register.fca.org.uk>.

Please note

This newsletter is produced for information only. If there is any conflict between the information here and the Rules of the BBPF, the Rules take precedence.