

## Heller Machine Tools Ltd/ Scottish Widows Pension Scheme MS17

Chairs Report - Scheme Year 01/02/2022 to 31/01/2023.

Governance requirements apply to Defined Contribution (DC) pension schemes such as the Heller Machine Tools Ltd pension scheme. The Trustees of the scheme are responsible for the smooth running of the scheme and ensuring the schemes suitability for the members. The following information is designed to help members have a better understanding of their pension. Further information can be obtained by contacting the Trustees at Heller Machine Tools Ltd.

### DEFAULT ARRANGEMENT - Statement of Investment Principles (SIP)

The pension scheme has been closed to new entrants since 1996. There have been no new scheme joiners since 1996.

The scheme is not utilised for Auto Enrolment purposes due to it not meeting the "Qualifying" requirements.

Therefore, no "default fund" fund exists which would require a Statement of Investment Principles.

Since the scheme started all employees have been offered the assistance and advice of a regulated IFA, whether Active members or Deferred members.

The advisers currently are Hazelton Mountford Jefferies Ltd (FCA No. 513178). Hazelton Mountford Jefferies Ltd are independent. Hazelton Mountford Jefferies Ltd have permission under Part 4A of the Financial Services & Markets Act 2000, or resulting from any other provision of that Act, to carry on the regulated activity in article 53E of the Financial Services & Markets Act 2000 (Regulated Activities) Order 2001.

### CORE FINANCIAL TRANSACTIONS

The process of collecting and paying over the employee's and Employed s contributions follows the procedure laid out in the appropriate Regulations. The relevant amount for each member is listed on a main schedule and paid over to Scottish Widows before the 19th of the month following the month in which they were due and collected.

All active members are contacted at each scheme year end to establish what amounts they wish to contribute during the following year and a record is kept.

The scheme is externally audited by MHA Macintyre Hudson using the annual scheme information provided by Scottish Widows and the records kept by Heller Machine Tools Ltd.

Each year end Scottish Widows issue the "Trustee Annual Disclosure Notice" for each member. The statement is checked by our designated pension's individual and then forwarded to the member.

Due to the age of the scheme (started 1980's) there is no specific "Service Level Agreement" (SLA) between Scottish Widows and the Trustees. Therefore, the Trustees keep a constant check on the information supplied by Scottish Widows. There has been several instances where information supplied by Scottish Widows has had to be sent back to be corrected.

### SCHEME CHARGES

As previously mentioned, the scheme was closed to new members in 1996.

For the members who joined between 1980 and 1996 there would have been a choice between a With Profit fund, which had no explicit charge structure and a limited number of unit linked funds which did have explicit charges. From outset the scheme had special terms negotiated with the advisers and Scottish Widows which kept charges within the 1% range long before Stakeholder schemes introduced the 1% norm.

Scottish Widows have confirmed that, from July 2017, all charges will be capped at 1% for all members.

The scheme has been kept in place for the long standing members because of the Guaranteed Annuity Rate (GAR) of 11.1% at 65 and because of the occupational rules allowing higher Tax Free Cash (TFC). These benefits were felt to balance out any downside to the scheme given the longevity of investment for the original members and therefore give good value. This has now been borne out as we see these members taking their benefits.

All members are encouraged to contact the IFA for advice if they have any queries.

Again, due to the decreasing membership, the Trustees felt that it continues to be beneficial for all members, whether Active or Deferred, to individually go through their benefits with the Adviser, Jim Vernall. The discussion covered the Guaranteed Annuity Rates available, specifically for that member, and the ability to take a "Buddy Transfer"\* out of the scheme whilst enough members remained. This covered all members still employed by Heller Machine Tools Ltd. The same meeting was available to Deferred members if requested.

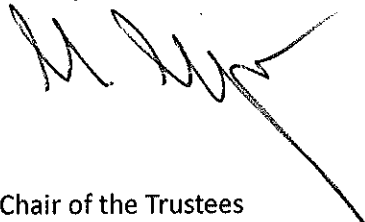
TRUSTEE KNOWLEDGE AND UNDERSTANDING

Heller Machine Tools Ltd has always employed the services of qualified pensions advisers and scheme auditors. Our designated staff have many years of experience working with the scheme and have full access to The Pension Regulator's website and help lines and the Trustee Toolkit.

Trustee meetings which take place are recorded in the Trustee file. In most cases the advisers attend the meetings.

I consider the above to be a true and fair statement.

M Meyer

A handwritten signature in black ink, appearing to be 'M Meyer', written over a horizontal line.

Chair of the Trustees

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