

# Pensions Update



Boots Pension Scheme



Autumn 2021

# Welcome

**Welcome to the 2021 Pensions Update for members of the Boots Pension Scheme. While the last 18 months have been challenging for us all, we hope that you and your family are safe and well.**



During this time, the Boots pension team has adapted to working from home to ensure that pensions continue to be paid and requests dealt with. The funding level has also recovered strongly following the falls in the investment markets seen at the start of the pandemic.

You may have seen in the news that earlier this year, WBA sold the Alliance Healthcare business. The Trustee was in close contact with the Company during the sale to make sure that the interests of Scheme members were protected and has secured a replacement guarantee which provides support for the Scheme from the WBA group. This guarantee is great news for members as it ensures financial support will be available to the Scheme from the wider WBA group in the unlikely event that Boots is unable to meet its pension commitments.

When we assess whether the Scheme has sufficient funds to pay the promised pensions, we need to make a number of assumptions. Following the sale of the Alliance Healthcare business, as well as securing the guarantee,

we are carrying out a valuation of the Scheme as at 1 April 2021 to ensure that these assumptions remain appropriate. We will write to you with the outcome of the valuation once it has been completed – currently expected to be in the first half of 2022.

Although the financial markets continue to be volatile as a result of the pandemic, I am pleased to report that the actuary's most recent funding update shows the Scheme's estimated funding level has improved to 104% as at 1 April 2021 – although, this may change following the full valuation.

There have been several changes to the Trustee Board. We invited members to put themselves forward for selection as a Member Trustee and had a great response with very high calibre candidates – thank you to everyone who expressed an interest in this role. In February, we welcomed Rosemary Counsell as your new Member Trustee. We thank our out-going Member Trustee, John Yeates, for his hard work and service on behalf of

members over the last five years. In the spring, Richard Bradley and Mark Muller stepped down as Company-appointed Trustees. We thank them for their service and welcome Benjamin Horner and Bernadette Lavery to the Board.

Our thanks also go to David Thompson who steps down as a Member Trustee this autumn after 10 years of exceptional service. In his place, we welcome Adrian Brown.

Finally, we welcome Steve Jones, who joined the Boots pension team in May. Steve will oversee the operation of the pension department as well as acting as Secretary to the Trustee.

I hope you enjoy reading this issue of *Pensions Update* and find it useful. I would like to remind you that it is really important to let us know if you change your address so that we can continue to keep in touch with you. Our contact details are on the back page.

**Richard Openheim**  
Chairman of the Trustees

## What's inside?

<b>Noticeboard</b>	<b>4</b>
<b>Facts &amp; figures</b>	<b>6</b>
<b>Investment update</b>	<b>8</b>
<b>Who's who in the Scheme?</b>	<b>10</b>
<b>Useful information</b>	<b>11</b>
<b>Staying in touch</b>	<b>12</b>

## Thinking of retiring?

Our retirement support service provided by Origen offers free advice to members over age 55 to help you with your retirement choices. For more details, contact us at [group.pensions@boots.co.uk](mailto:group.pensions@boots.co.uk)

# Noticeboard

## Watch out for scams

In the wake of the pandemic, scams in general are on the increase. Unfortunately, pension savers continue to be a target for scammers, who are becoming ever more sophisticated in their approach and more determined. Pensions are a long-term investment and decisions don't need to be made in a hurry. Common pension scams include early pension release or pension reviews. You should:

- reject any unsolicited contact about investments
- check the Financial Conduct Authority's warning list
- avoid being rushed into making a decision
- get impartial advice.

Scammers don't just target the vulnerable, and anyone can be deceived. Not only can you lose your pension fund (benefits that you've built up over a long period of time), but you'll also be landed with a significant HMRC tax bill that could be more than half your fund size. The tax for an unauthorised payment is 55%.

You can find out more about pension scams and how to avoid them from the FCA's website at **[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)**

If you're considering a transfer, please be very careful and take independent financial advice about your options. If you're over age 55, you can use our retirement service provided by Origen to support you as you consider your choices.





## Is your Nomination Form up to date?

One of the most difficult issues for the Trustee is deciding how to pay benefits that may be due if a member dies before they retire without completing a Nomination Form. Your membership of the Scheme provides valuable benefits for your loved ones, so it is important that we know your wishes, especially if your situation is complicated.

An up-to-date Nomination Form tells the Trustee who you would like them to consider when paying your benefits. It means that benefits can be paid without delay or additional distress to your family. You can change your nomination at any time by logging into your account via the Scheme website **[www.ahb-ukpensionportal.co.uk](http://www.ahb-ukpensionportal.co.uk)**

## Equality in pensions - progress report

As we have reported in previous issues of *Pensions Update*, new legislation means that Guaranteed Minimum Pensions (GMPs) must be made equal for men and women. Work on this complex process of checking and adjusting pension benefits is still in progress. If it affects you, we will be in touch to let you know. No one's benefits will decrease but please note that if an adjustment is needed, it is likely to be relatively modest.

# Facts & figures

## Financial highlights

The information on these pages has been taken from the Scheme's formal report and accounts. The table shows a summary of how much money has been paid into and out of the Scheme in the year to 31 March 2021, compared with the previous year.

	2020/21	2019/20
<b>Value of the Scheme's assets at the start of the year (1 April)</b>	<b>£6,897.6m</b>	<b>£7,088.3m</b>
Company contributions	+ -	+ -
Investment income	+ £95.1m	+ £98.0m
Change in the market value of the Scheme's investments	+ £403.6m	- (£16.4m)
Benefits paid to members	- (£230.8m)	- (£272.3m)
<b>Value of the Scheme's assets at the end of the year (31 March)</b>	<b>£7,165.5m</b>	<b>£6,897.6m</b>

If you would like to see a copy of the full report and accounts, you can find it on the pensions website at:  
[www.ahb-ukpensionportal.co.uk](http://www.ahb-ukpensionportal.co.uk)

## Membership

At 31 March 2021, you were one of 54,970 members of the Scheme. The table below shows the change in membership compared with the previous year.

	2020/21	2019/20
Pensioners and dependants (those members who are currently receiving their Scheme benefits)	<b>29,032</b>	<b>28,857</b>
Preserved pensioners (those members who have benefits in the Scheme to take at a later date)	<b>25,938</b>	<b>26,958</b>
<b>Total</b>	<b>54,970</b>	<b>55,815</b>



# Investment update

During the year, the Trustee has revised its investment strategy. The Scheme now targets approximately 75% of the Scheme's investments in assets that broadly match the characteristics of the Scheme's liabilities, with the remaining 25% in a portfolio invested predominantly in return-seeking (growth) assets. The actual asset allocation may drift from this target from time to time as a result of market movements.

This policy is set out in a formal document called the Statement of Investment Principles (SIP). If you would like to see a copy of the SIP, you can find it on the Scheme website.

The matching portfolio includes corporate and government bonds, swaps and other interest rate and inflation derivatives, asset backed contribution structures (the PFPs) and cash. The growth portfolio includes equities and property.

Although the Trustee is responsible for investing the Scheme's assets, it delegates the day-to-day management of assets to the appointed fund managers, who are experts in their field. The fund managers are also required to take into account social, environmental and ethical considerations when selecting investments on behalf of the Trustee.

## How are the assets invested?

As at 31 March 2021, the Scheme's assets were split across the following types of investment.



### Matching portfolio

● Credit-screened bonds	4.5%
● Active UK bonds	12.7%
● Swaps & Gilts	31.2%
● Global credit	15.8%
● Emerging market bonds	4.7%
● PFPs & cash	3.6%

### Growth portfolio

● Equities	16.0%
● Property	5.7%
● Illiquid assets	5.8%



## Investment performance

The Trustee's Investment Committee continues to review the Scheme's long-term strategy, in consultation with the employer.

The Investment Committee monitors the performance of the Scheme's investments regularly against funding levels and benchmarks. The performance of the assets over the one-year and three-year periods to 31 March 2021 are shown in the table:

Performance to 31 March 2021	One year (%)		Three years (% p.a.)	
	Fund	Benchmark	Fund	Benchmark
<b>Growth portfolio</b>				
LGIM – Diversified Multi-Factor Equity	36.39	41.54	7.68	10.53
Schroders – Property	5.70	3.14	6.05	2.99
<b>Matching portfolio</b>				
LGIM – Private Bonds	9.99	n/a	7.01	n/a
LGIM – Passive Bonds	0.76	n/a	2.12	n/a
LGIM – Active UK Credit	9.89	9.02	4.89	4.48
LGIM – Swaps	5.27	n/a	6.31	n/a
LGIM – Global Credit*	n/a	n/a	n/a	n/a
Wellington – Global credit	10.56	8.75	5.17	4.39
GSAM – Emerging Market Debt	13.78	11.46	4.59	4.97

\*Performance is not shown for the three-year period because the funds were not invested over the full period.

# Who's who in the Scheme?

The Scheme is run by a Trustee company called Boots Pensions Limited. There are seven directors, known as the Trustees, who are either appointed by the Company or nominated by the members.

## Member nominated

Rosemary Counsell ♦♣ (from February 2021)

Angela Farrell \*

David Thompson ♠♣\*

John Yeates ♦ (to February 2021)

## Appointed by the Company

Richard Oppenheim (Chairman) ♠♠

Richard Bradley ♦ (to March 2021)

Benjamin Horner ♦♣ (from March 2021)

Bernadette Lavery (from July 2021)

Mark Muller ♠♣ (to July 2021)

Michael Snape ♠\*

The Trustees attend regular Board meetings and also participate in various sub-committees which focus on dealing with specific issues. The sub-committees are:

- ♠ Investment Committee
- ♣ Valuation Committee
- \* Audit Committee
- ♦ Ill-health Committee



# Useful information

**If you would like more general information on pensions and saving for retirement, you may find the following websites a useful resource:**

**[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)**

The government's free financial guidance service, providing information on all money matters including pensions, financial planning and debt advice.

**[www.unbiased.co.uk](http://www.unbiased.co.uk)**

If you are thinking of transferring from the Scheme, you should consider getting independent financial advice. If your transfer value is over £30,000, it is a legal requirement that you take financial advice. You can use this website to find an independent financial adviser in your local area.

**[www.gov.uk](http://www.gov.uk)**

The State pension age is gradually increasing. You can use the government's website, which includes a section 'Working, jobs and pensions', to check your State pension age using the online calculator.

# Staying in touch

If you have any questions about your benefits or any of the topics covered in this newsletter, please get in touch with us:

**Email:**

[group.pensions@boots.co.uk](mailto:group.pensions@boots.co.uk)

**Post:**

Boots Pensions  
Nottingham NG90 7GP

**Call the helpline:**

0115 959 1670

**Go online to the Scheme website:**

[www.ahb-ukpensionportal.co.uk](http://www.ahb-ukpensionportal.co.uk)

## Remember to tell us!

Please help us keep in touch with you by telling us if you change address. You can do this by completing the change of address form on the Scheme's website (details above).



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[www.wordshop.co.uk](http://www.wordshop.co.uk)