



BULLETIN

THE NEWSLETTER FOR MEMBERS OF THE C & J CLARK PENSION FUND
(incorporating the merged Clarks Flexible Pension Scheme)

Clarks | PENSIONS

Welcome

to the 2024/25 newsletter for members of the C&J Clark Pension Fund.

We last wrote to you in December 2023, and I hope that since then you and your families have been keeping well.

You may recall that in 2022, a buy-in transaction was completed with Pension Insurance Corporation (PIC), covering approximately £276 million of the Fund's liabilities (and about 2,000 members). Since then, aligned with the Trustee's strategy to significantly mitigate risk within the Fund, we have explored further opportunities and are pleased to announce the completion of a second buy-in with PIC. This latest transaction ensures that nearly all of the Fund's liabilities are now covered by an insurance contract, thereby substantially reducing exposure to market fluctuations and enhancing the security of members' benefits. This achievement marks a significant milestone for our Fund. More information about this, and a link to the Privacy Notice on PIC's website, can be found on page 6.

When we last wrote to you, we had seen a return to more 'normal' market conditions following the turmoil seen in

late 2022. Nonetheless, we know that some people might still be worried about living costs, so please remember that help is available from MoneyHelper (www.moneyhelper.org.uk). MoneyHelper offers a wealth of information on managing your money, so please think about using this service if you need support.

Finally, don't forget to check out our new member website. Launched in 2023, it's packed with valuable information (and you'll find links scattered throughout this newsletter). Once you've registered, it offers a handy way to view your personal pension details. We've included some usage stats on page 12 to show you how the website can work to your advantage.

I hope you find this newsletter useful.

With my best wishes

Libby
Chair of the Trustee



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FUND FINANCES

Overview

The Trustee produces a full set of financial accounts each year to show how much money has been paid into and out of the Fund. The accounts are audited by Evelyn Partners.

Value of the Fund* on 6 April 2023	£891.6m
Money coming into the Fund	£33.7m
Money going out of the Fund	(£130.4m)
Value of the Fund* on 5 April 2024	£794.9m

* this includes both the CJC and Flexible Sections

A new Schedule of Contributions and Recovery Plan were agreed with the Company in February 2023, whereby the deficit recovery contributions for Q4 2022 and 2023 were paid into an escrow account. Details of this arrangement are described in the revised Schedule of Contributions available on the pensions website. As such, there were no contributions paid into the CJC Section during the Scheme year to 5 April 2024. Employer contributions of c£0.5m were, however, paid into the Flexible Section in the period.

Detail

MONEY COMING INTO THE FUND	£'000
Employer contributions	500
Member contributions	-
Transfers from other plans	102
Other income	33,073
Increase in value of investments	-
Total	33,675

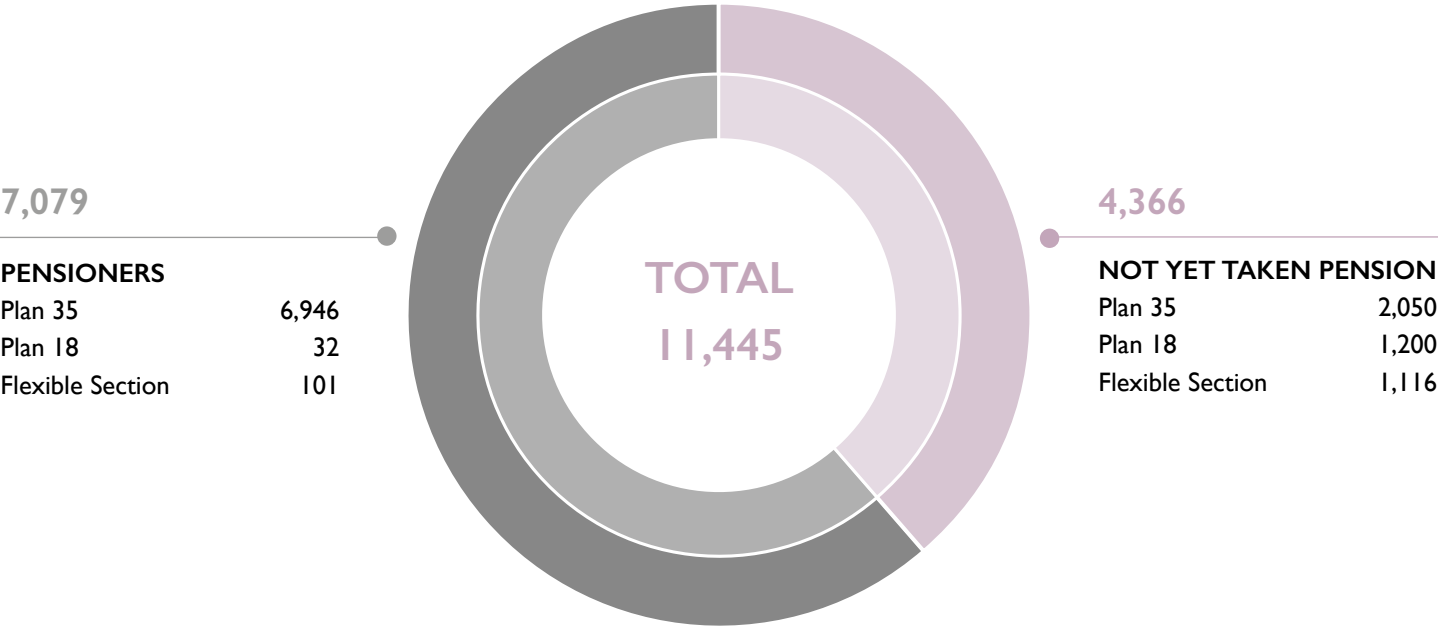
MONEY GOING OUT OF THE FUND	£'000
Benefits payable	45,362
Administration expenses	4,334
Decrease in value of investments	79,731
Transfers out	1,001
Total	130,428

The full Report & Accounts on which this summary is based is available on the pensions website, www.clarkspensions.co.uk

MEMBERSHIP

The Fund closed to future accrual on 31 July 2018, so the Fund's membership now comprises entirely of pensioners and deferred members.

On 6 April 2020 (after the year-end), 1,262 members of the Clarks Flexible Pension Scheme transferred into the Flexible Section of the Fund. The figures below are for both the CJC and Flexible Sections.



SPOTLIGHT ON... PLAN 35 *investments*

As at 31 March 2024, Plan 35's assets totalled c£757.1m in value and were invested as follows:

Interest rate & inflation hedging portfolio	39%
Alternative credit	13%
Buy & maintain credit	21%
Buy-in	26%

Note: totals may not total 100% due to rounding.

Due to the decision to proceed with a full buy-in, the Fund gradually de-risked its investment strategy over several months. This approach ensured that by the time the buy-in was set to occur, the Fund's asset allocation closely aligned with the insurer's underlying portfolio.

This included a full redemption from the Fund's Alpha Real investment, with proceeds received in September 2023, and the sale of the Fund's £20m Equitix investment, with proceeds received in December 2023. Additionally, the Trustee instructed Equitix and Greencoat to disinvest all remaining holdings, with funds settling in Q3 2024, to be held in interest rate & inflation hedging assets for buy-in support.

During the third and fourth quarters of 2024, the Fund has continued to redeem its alternative credit holdings.

The proceeds from these redemptions were used to acquire more interest rate & inflation hedging assets in line with buy-in pricing. In Q4, the great majority of the Fund's assets were transferred to Pension Insurance Corporation (PIC) to finance the second buy-in (see below). A modest balance is being retained to cover any remaining member benefits and fund administration costs.

The Fund also made minor disinvestments from time to time during the year, from various funds, in order to pay members' pensions from the Trustee Bank account.

BUY-IN WITH PIC

In May 2022, the Trustee invested in an insurance policy with Pension Insurance Corporation (PIC). This policy pays the Fund a monthly income equal to the amount which needs to be paid for a specific set of CJC Section pensioner members. In November 2024, the Trustee invested in a further insurance policy with PIC. This policy pays the Fund another monthly income equal to the amount which needs to be paid for the remaining CJC Section pensioner members and the Flexible Section pensioner members, plus any future CJC or Flexible Section retirees who are currently non-pensioners. PIC's privacy notice explains how they process member data and is available on their website, www.pensioncorporation.com – search for 'buy-in privacy notice'.

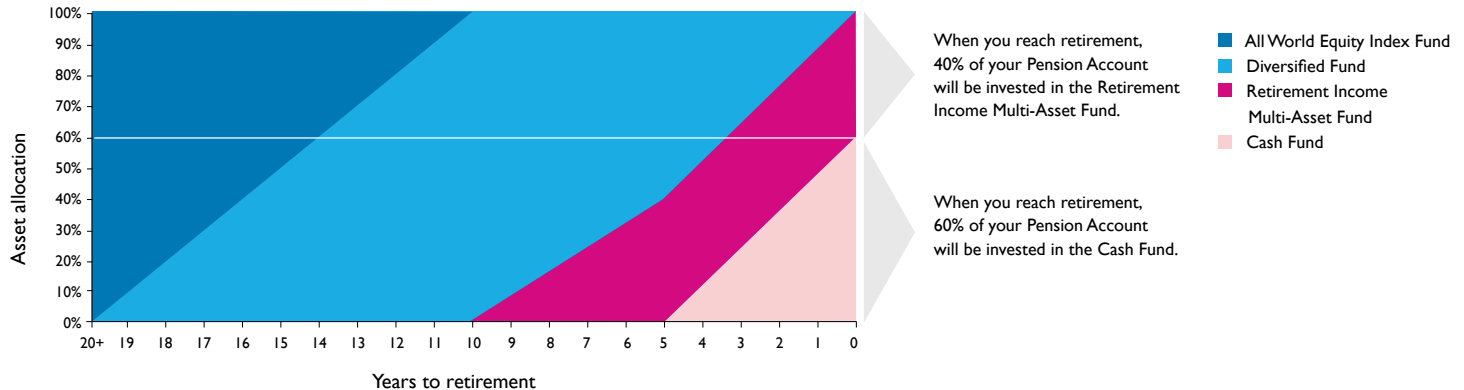
SPOTLIGHT ON... PLAN 18 AND AVC *investments*

Most members with Plan 18 or AVC investments use the Fund's Lifestyle fund for their investments. This is an investment strategy that automatically changes the way your account is invested as you approach your retirement age.

It invests in assets like equities while you are young, as these are expected to provide higher long-term growth, although they can be more volatile than other types of investments. Over time, the Lifestyle strategy gradually moves your account into other types of investments with the aim of reducing volatility.

The Trustee's expectation is that most members will want to take some cash at retirement and keep the balance invested, to take out as they need it. For this reason, around 10 years from retirement, your investments will start to move into a broader mix of assets, including cash. By the time you reach retirement age, more than half of your savings will be invested in the Cash Fund.

HOW THE LIFESTYLE FUND WORKS



SUMMARY FUNDING STATEMENT

The Trustee of the C & J Clark Pension Fund issues this statement once a year to tell you about the financial security of the Fund. This statement relates to the funding position as it stood in April 2024 (for both the CJC and Flexible Sections).

We recommend you take some time to read it, since the Fund's financial security could affect the benefits you will ultimately receive. We will send you a similar statement each year to update you on this important issue. Note: if you are a member of Plan 18 only, this statement does not apply to you.

HOW IS THE FUND'S FINANCIAL SECURITY MEASURED?

The estimated cost of providing the benefits you and other members have earned to date is known as the Fund's 'liabilities'. This includes the benefits of members who have left the Company or retired.

Monies that have been paid into the Fund in past years, historical investment returns, and any new contributions from the Company are invested in a general fund, known as the Fund's 'assets', to provide your benefits. Past contributions to Plan 18 and AVCs are held in members' individual accounts with insurance companies and invested in accordance with their wishes, but all other contributions are held in a general fund.

To check the Fund's financial security, we look at its financial position and compare the value of its liabilities with its assets. If the Fund has fewer assets than liabilities, it is said to have a 'shortfall' or 'deficit'. If the assets are more than the liabilities, there is said to be a 'surplus'.

We carry out an in-depth look at the Fund's finances at least once every three years. This is called an actuarial valuation. We ask a qualified, independent professional, known as an actuary, to do this. The last completed valuations were carried out as at 5 April 2023.

Between the formal valuations, the actuary is required to check the financial security of the Fund more regularly. These are at least annual updates and are less detailed than the full valuation and are only estimates of the position. The table on the next page shows the results of the 2024 update.

HOW HAS THE FUND'S FINANCIAL POSITION CHANGED SINCE THE LAST SUMMARY FUNDING STATEMENT?

At the 5 April 2023 valuation, the funding position for each section was as follows:

	CJC Section (2023)	Flexible Section (2023)
Assets	£854m	£17.2m
Liabilities	£843m	£19.2m
Surplus/(Shortfall)	£11m	(£2m)
Funding level	101%	90%

As at 5 April 2024, the funding position for each section was as follows:

	CJC Section (2024)	Flexible Section (2024)
Assets	£754m	£15.8m
Liabilities	£762m	£17.3m
(Shortfall)	(£8m)	(£1.5m)
Funding level	99%	91%

The funding level for the CJC Section has decreased from 101% to 99% since 5 April 2023. This is because the value of the assets have fallen by a greater amount than the fall in the value of the liabilities. Some of this was due to changes in investment strategy to prepare for insurance transactions aiming to improve the security of the benefits.

The funding level for the Flexible Section has improved from 90% to 91% over the year to 5 April 2024. This is thanks to better-than-expected performance of the investments, which has helped reduce the shortfall.

The figures on the left do not include assets and liabilities in respect of Plan 18, which are equal to each other, so do not affect the Fund's funding position.



HOW MUCH MONEY IS PAID INTO THE FUND EACH YEAR?

Until 31 July 2018, active members and the Company paid contributions to the Fund. Following the Fund's closure to future accrual, the Company continued to pay deficit contributions into the Fund (as required and agreed with the Trustee), to meet the cost of the benefits that have been promised to members. The Company's contributions will be reviewed after each full valuation.



IS MY PLAN 35/FLEXIBLE SECTION PENSION GUARANTEED?

Our aim is for there to be enough money in the Fund to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay into the Fund.

If the Company were to become insolvent or decide to stop paying into the Fund and to 'wind it up', it is expected that the Company would then be required (to the extent it could, from the assets available to satisfy its obligations to the Fund) to pay the Fund enough money to buy all the benefits built up by members from an insurance company.

This is known as the Fund being 'wound up'. The comparison of the Fund's assets to the cost of buying the benefits from an insurance company is known as the 'solvency position'.

WHAT IS BEING DONE ABOUT THE SHORTFALL? (FLEXIBLE SECTION)

The 2023 valuation revealed a funding shortfall of £2m. Accordingly, the Company has agreed with the Trustee to continue supporting the Fund by making contributions of £0.3m from April 2023 to December 2023. From January 2024, the Company will contribute £0.7m per year (paid quarterly) until 31 December 2026. This agreement is based on the Recovery Plan agreed as part of the 2023 valuation, and the shortfall is expected to be removed by 31 December 2026.

WHAT HAPPENS IF THE FUND IS WOUND UP AND THERE IS NOT ENOUGH MONEY TO PAY FOR ALL MY BENEFITS?

If the Fund is wound up without enough money to buy all the benefits with an insurer then, unless the employer can afford to pay the difference, you are unlikely to receive the full pension you were expecting. To help members in this situation, the government set up the Pension Protection Fund (PPF).

If the Fund were to be wound up and go into the PPF following an insolvency of Clarks, the value of the benefits you would receive from the PPF may be less than the full value of the benefits you have earned in the Fund (and the amount of the pension you would receive from the PPF may depend, in particular, on your age and when your benefits were earned).

Further information and guidance is available on the PPF website at www.ppf.co.uk or you can write to the Pension Protection Fund, PO Box 254, Wyomondham NR18 8DN.

IS THERE ENOUGH MONEY IN THE FUND TO PROVIDE MY FULL BENEFITS IF THE FUND WAS WOUND UP?

For the CJC Section, the actuarial valuation at 5 April 2023 indicated that there would be a shortfall of £33m – equivalent to a solvency funding level of 96% if the Fund had wound up at that date and the benefits of members had to be purchased from an insurance company. For the Flexible Section, the shortfall was £3m, and the solvency funding level was 85%.

By law, we are also required to tell you if any payments have been made from the C & J Clark Pension Fund (other than in respect of administration expenses) to the Company over the past year. We can confirm that no such payments have been made and there is no history of such payments. We can also confirm that the Fund has not been modified or made subject to directions or a schedule of contributions by the Pensions Regulator under section 231 of the Pensions Act 2004.

If you would like copies of any of the documents listed below, you can download them from the Clarks pensions website or contact the Hymans Pensions Team:

- The Statement of Investment Principles
- The Schedule of Contributions
- The Annual Report and Accounts of the C & J Clark Pension Fund (including the Chair's statement)
- The formal Actuarial Valuation Report as at 5 April 2023
- The C & J Clark Pension Fund member booklets.

FUND NOTICEBOARD

STATEMENT OF INVESTMENT PRINCIPLES (SIP)

The SIP is a written statement which sets out the Trustee's investment policy for the Fund. Following new regulations, the Trustee is required to publish the SIP on a public website. It is available on the Clarks pensions website.

The Trustee also has to include certain information in the SIP concerning how it considers environmental, social and governance (ESG) issues when choosing investments, among other things. The Trustee reviews the SIP regularly, to make sure that the investment strategy is still helping the Fund achieve its objectives.



THE CLARKS PENSIONS WEBSITE: YOUR ONE-STOP SHOP FOR FUND INFORMATION

We mentioned in last year's newsletter that the new Clarks pensions website had gone live, giving you access to your individual pension record. Since then, over 1,500 members have registered, and cumulatively, they've logged in over 4,000 times and completed more than 5,500 tasks!

We thought it might be useful for you to see the sorts of things your fellow members have been using the website for:

Updating personal details	3,211
General enquiries	237
Retirement quotes	221
Transfer out quotes	121
Online modeller	1,722

If you haven't already registered, please take a couple of minutes to do so – and you'll have instant access to all of your pension information.

Visit the Clarks pensions website www.clarkspensions.co.uk and then choose the section of the fund you were a member of – either the C&J Clark Pension Fund or the Clarks Flexible Pension Scheme.

You'll need to enter the following information: your surname, date of birth, national insurance number, personal mobile telephone number (if you don't have a mobile phone, you can enter a landline number instead) and personal email address.

Once you register and log in, you can:



View and update your contact details



View and update your expression of wish form



View basic information about your pension



View payslips and P60s



Tell us how you prefer us to contact you



Submit general enquiries online.

The pensions website has lots of useful information about the Fund, including:

- The Statement of Investment Principles, which sets out the principles the Trustee applies when choosing investments
- The Implementation Statement, which shows how these principles are applied in practice
- The Annual Report and Accounts of the C & J Clark Pension Fund (including the Chair's statement)
- The formal Actuarial Valuation Report as at 6 April 2023
- The Schedule of Contributions
- Explanatory leaflets and member booklets, which explain how the Fund works
- The Internal Disputes Resolution Procedure, which explains what to do if you have a complaint
- The latest climate change report.

You can get all this information without logging in. Just select 'Resources' from the menu at the top of the home page. Check it out at www.clarkspensions.co.uk

WANT TO KNOW HOW MUCH YOUR PENSION IS WORTH?

A retirement quote will be sent to you around four months before your Normal Retirement Age. If you'd like an early retirement quote or a transfer value, then please contact the Administration Team at clarks@hymans.co.uk, whose contact details are on the back page.

When emailing or writing to the team, don't forget to provide the following information (for security purposes):

- Your month of birth
- The last four characters of your national insurance (NI) number (please don't use the full NI number)
- Your postcode.

You should normally hear back within two working weeks.

As noted in the last newsletter, the government has introduced new regulations which may require us to ask you for some additional information when you request a transfer. In some cases, you may have to attend a pension safeguarding guidance appointment with MoneyHelper before a transfer can be made. Although the additional steps we're required to take are now embedded into administration processes, it's possible the end-to-end process will take longer than in the past. Please remember that these new requirements are designed to protect members from scammers, whose tactics have become more sophisticated in recent years.

DISCOUNT CARDS

From time to time we are contacted by members asking about Discount Cards. We would like to emphasise that these are issued at the discretion of the Company and not the Trustee. If you do have any questions about these, please contact the Company at HRsupportcentre@clarks.com. There have been no changes to Discount Cards since the last communication from the Company.

PENSIONS NEWS

LIFETIME AND ANNUAL ALLOWANCES

Beginning 6 April 2024, the Lifetime Allowance (LTA) was abolished, and pensions will now follow standard income tax regulations. Despite this change, there will still be a cap on the maximum tax-free cash withdrawal permitted. For most members, this remains at 25% of the value of their benefits, with an overall limit of £268,275 across all pension schemes. Some members who have LTA protections under previous HMRC rules may have a higher limit.

When the above lump sum allowance is completely exhausted, and the member is eligible for additional benefits from the Fund in the form of a lump sum, this cash payment (subject to taxation) is referred to as a 'Pension Commencement Excess Lump Sum'. For further information, please reach out to the Administration Team; their contact details are on the back page.

For the 2024/25 tax year, the standard Annual Allowance (AA) is £60,000, unchanged from the previous tax year. Reductions to the AA continue to apply but only if your adjusted income is more than £260,000; if your income is £360,000 or more, your reduced AA will be £10,000.

If you're unsure about how these changes will affect you, you may want to consider getting advice from an independent financial adviser.

STATE PENSIONS

You now have until 5 April 2025 to plug any gaps in your national insurance record going back to 2006.

Generally, you are only able to fill gaps in your national insurance record for the past six tax years. However, with the 2016 launch of the new state pension system, the government permitted backfilling of gaps dating back to 2006 through 'transitional arrangements'.

Originally set to end on 5 April 2023, these measures, aimed at offering individuals additional time to accumulate the necessary 'qualifying' national insurance years for the complete new state pension, have now been extended until 5 April 2025.

PENSIONS DASHBOARDS

As we mentioned in last year's newsletter, pensions dashboards are a government initiative designed to help individuals access information about all their UK pensions through a single portal. The government has established deadlines for pension schemes to prepare their data and systems to connect to pensions dashboards (referred to as the 'connection date'), and for our Fund, this deadline is 31 August 2025. The government has not yet announced when individuals will be able to see their own information on the pensions dashboards, and this may not be until 2026.

Preparing the data will take significant effort, and the Administration Team might need to contact some members for corrections or additional information. Before the Fund appears on these dashboards, standard communications like benefit statements and retirement documents will be updated, and members might receive extra communications.

GENERAL CODE

The Pensions Regulator's General Code, effective from 28 March 2024, sets regulatory expectations for trustees in scheme governance. Combining ten existing codes, it introduces new requirements to enhance governance and administration, including an 'Effective System of Governance', Risk Management protocols and regular 'own risk assessments'.

The Trustee, with the help of its advisers, has conducted a 'gap analysis' to assess and compare the Fund's current processes against the Code. We're pleased to report that the Fund is functioning well with no major issues. However, some actions are necessary due to new requirements. This project is expected to continue into 2025, and we'll provide more updates in the next newsletter.



BEWARE OF PENSION SCAMS

Fraudsters are always finding new ways to trick people out of their retirement savings, but there are some red flags to look out for to avoid falling victim to a pension scam.

Reject unexpected offers – if you're contacted out of the blue about a financial opportunity, it's likely to be high risk or a scam. If you receive a marketing call about your pension, the best thing you can do is hang up. Also watch out for text messages or emails with misleading links.

Don't be rushed or pressured – take the time to make all the checks you need. If a deal sounds too good to be true, it probably is.

Always check who you are dealing with – the Financial Services Register will tell you if the company contacting you is registered by the Financial Conduct Authority (FCA). Also be wary of 'clone' companies using a similar name. If in doubt, check the register and use the contact details shown there – not the ones given to you. Review the FCA warning list to check out a pension or investment opportunity, to make sure that the company is authorised by the FCA and it's not a scam.

Get help and advice – if you are considering moving your pension, consider getting financial guidance or advice from either MoneyHelper or an independent financial adviser before you make any final decision.

ScamSmart is an FCA-regulated website providing information on how to avoid investment and pension scams. Visit www.fca.org.uk/scamsmart for more information. The MoneyHelper website also has a page with lots of helpful pointers about scams: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam?

If you think you may already be a victim of a pension scam, contact Action Fraud at www.actionfraud.police.uk or call 0300 123 2040.



LOOKING AFTER *the Fund*

CURRENT TRUSTEE DIRECTORS

The C & J Clark Pension Fund is looked after by a Board of Trustee Directors, who have a legal duty to protect the benefits payable from the Fund. The Trustee Directors are:

Elizabeth Moss (Libby Edwards) (Chair)

Dr John Keeling (Independent Director)

Peter Drew

Richard Forde

Andrew Mundy

Richard Shave

Deirdre Kane (Member-Nominated Trustee Director)

Mike Metcalfe (Pensioner-Nominated Trustee Director)

Paul Stacey (Pensioner-Nominated Trustee Director)

Deirdre Kane's term was set to end on 31 December 2023, but the Board extended it for four more years starting 1 January 2024 due to ongoing and upcoming significant projects (such as the buy-in with PIC mentioned earlier in the newsletter). These are expected to take a few years to complete, and the Board felt that any changes now would be counterproductive. Mike Metcalfe and Paul Stacey's terms end in 2025, but their terms might also be extended for similar reasons.



OUR ADVISERS

The Trustee Directors have appointed the following professional advisers to help them run the Fund:

ADMINISTRATOR

Hymans Robertson LLP

ACTUARY

Richard Shackleton, Hymans Robertson LLP

AUDITORS

Evelyn Partners

INVESTMENT ADVISERS

WTW

INVESTMENT MANAGERS

Alpha Real Capital LLP (until 31 August 2023)

AXA Investment Managers

BlackRock Advisors (UK) Ltd

Equitix Investment Management (until 31 March 2024)

Greencoat Solar II LP

Legal & General Assurance (Pensions Management) Ltd

Towers Watson Investment Management

LEGAL ADVISER

Travers Smith LLP

COVENANT ADVISERS

Penfida Limited

SCHEME SECRETARY & PENSIONS MANAGER

WTW



GET IN TOUCH

If you have any general questions, or would like any further information, you can contact the Administration Team at:

C & J Clark Pension Fund
Hymans Robertson LLP
PO Box 27169
Glasgow
G2 9NE

Helpline: 0121 212 8122
(phone lines are open from 9am to 5pm)

Email: clarks@hymans.co.uk

You can also visit the Clarks pensions website at www.clarkspensions.co.uk to download forms and find out more about your pension.

THE C&J CLARK 1922 EMPLOYEES TRUST

The C&J Clark 1922 Employees Trust is a charity set up to support employees and ex-employees with the cost of further education and in cases of hardship and sickness.

The Trust gives grants to Clarks pensioners to fund such things as mobility aids, stairlifts and small adaptations like walk-in showers to make daily living easier following illness or disability. It also provides grants to the children of pensioners who are attending university to study for a first degree.

So, if you need financial assistance to take part in continuing education, to keep you mobile and independent or have another need that we may be able to help with, do please get in touch. If you know someone else who used to work at Clarks who may need help, please pass this information on to them.

For an application form, please email trustgrants@clarks.com or call the Trust Manager, Susie Mercer, on 0117 240 5583. You can also write to us at: C&J Clark 1922 Employees Trust, 40 High Street, Street, Somerset BA16 0EQ.

HELP US TO HELP YOU

In order to run the Fund efficiently and pay your pension on time, the Administration Team needs to keep accurate records. Here's how you can help: if you've moved recently and haven't told us your new address, or if you've changed your bank account details, please do remember to tell us as soon as possible. Please note: we can only accept change of address or bank details in writing.