



BULLETIN

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

Clarks | PENSIONS

Welcome

to the 2023/24 newsletter for members of the C&J Clark Pension Fund.

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

I know that some of you will be concerned about the impact that inflation and interest rates are having on the Fund, and I wanted to take this opportunity to assure you that we are monitoring this closely. Although the increase in interest rates has reduced the overall value of the Fund's assets, it has also reduced the cost of providing members' pensions, and the Fund is estimated to have a funding surplus (i.e. the value of the assets is higher than liabilities).

Please remember that if you are concerned about the cost of living, there is help available. MoneyHelper (www.moneyhelper.org.uk) provides a range of helpful information on how to manage your money in these challenging times.

I'm pleased to tell you that a new pensions website has been launched, details of which are on [page 12](#). The website has lots of useful information, and once you are registered, you will be able to log in anytime to see details of your pension.

I hope you find this newsletter useful.

With my best wishes
Libby
Chair of the Trustee

Inside



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 2022	£1,169.2m
Money coming into the Fund	£6.9m
Money going out of the Fund	(£284.5m)
Value of the Fund* on 5 April 2023	£891.6m

* this includes both the CJC and Flexible Sections

A new Schedule of Contributions and recovery plan was completed with the Company in February 2023, where 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, the payments coming into the Fund directly have reduced in the financial year.

Detail

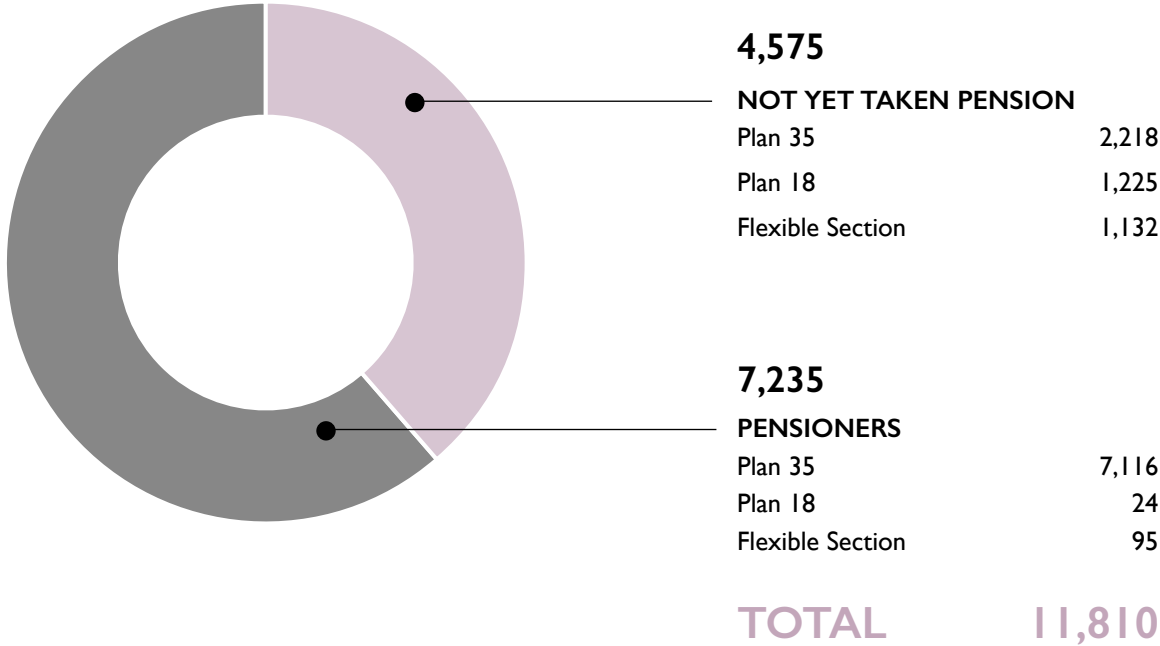
MONEY COMING INTO THE FUND	£'000
Employer contributions	6,352
Member contributions	-
Transfers from other plans	350
Other income	271
Increase in value of investments	-
Total	6,973

MONEY GOING OUT OF THE FUND	£'000
Benefits payable	(42,993)
Administration expenses	(3,265)
Decrease in value of investments	(234,790)
Transfers out	(3,487)
Total	(284,535)

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 CJC and Flexible Sections.



SPOTLIGHT ON... PLAN 35 *investments*

During the last financial year, the global economy experienced significant market volatility that was exacerbated by Russia's invasion of Ukraine and the uncertainty it created within the global food and energy markets. This translated to many developed economies experiencing high levels of inflation.

In a bid to combat soaring inflation, the Bank of England raised interest rates. Higher interest rates and rising inflation provided challenging market conditions for many assets.

Government bond yields, also known as gilts, steadily increased throughout 2022 and beyond. Increases in yields are generally good news for pension schemes, as the value of scheme liabilities fall. Bond yields spiked towards the end of September 2022 in response to the mini-budget, which caused significant challenges for the UK Liability Driven Investments (LDI) market. This led to the Bank of England intervening temporarily to restore market functionality and stability.

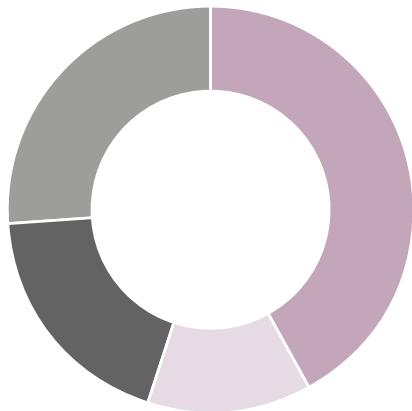
This forced UK pension funds to source liquidity (cash) to meet capital requests from their LDI portfolios. To meet the liquidity requirement for the Fund's LDI portfolio, the Trustee disinvested £100m from the AXA Buy and Maintain Credit portfolio and invested it in the BlackRock LDI portfolio.

The Fund's portfolio proved to be very robust against the recent and ongoing market volatility, leading to an increase in the funding level. At the beginning of the year, as part of the ongoing de-risking of the Fund assets, the Trustee instructed Alpha Real to disinvest 100% of holdings. There were no other changes made to the investment strategy during the reporting period.

The Fund's allocation to high-quality illiquid assets with secure, inflation-linked, contractual cashflows provides diversification within the strategy, as other return-seeking assets experienced large negative performance over the past 12 months.

Overall, the Fund's investments have decreased by £263.9m to £876.1m during the year (2022: decrease of £5.9m). The funding level as at 31 March 2023 was 98%.

As at 5 April 2023, Plan 35's assets were invested as follows:



Interest Rate & Inflation Hedging Portfolio*	42%
Alternative credit	13%
Buy & maintain credit	19%
Buy-in	26%

*includes secure income investments

INVESTMENT RETURNS

During the year, the CJC Section achieved an overall return on investments of -19.8% (2022: -3.2%). These negative returns were largely due to significant increases in gilt yields over the year which resulted in a fall in the market value of the LDI portfolio.

It is worth noting that the LDI portfolio is part of the strategy to help hedge the movements in liabilities so although the assets fell in value, the liabilities fell by a greater amount – leading to an improved funding level.

Please note that the returns achieved are reported for the year ended 31 March 2023 and not as per the Fund's year end (5 April 2023) because our investment managers provide month-end reports.

Performance over 1 year (%)	Average performance over 3 years (% p.a.)	Average performance over 5 years (% p.a.)
-19.8	-6.2	-1.0

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 pensioner members.

PIC's privacy notice explains how they process personal information. You can read it on their website, www.pensioncorporation.com – simply 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 contributions are invested as you approach your retirement age.

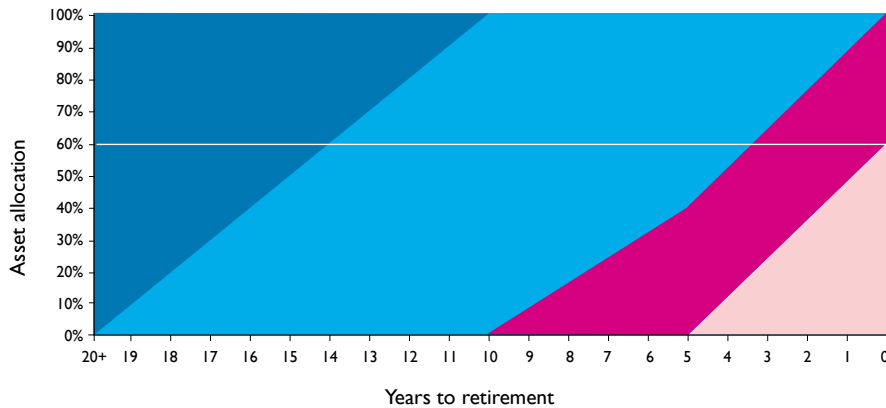
It invests in investments like equities while you are young, as these are expected to provide higher long-term growth, although they can be more volatile than other types of investments. Over time, the Lifestyle strategy gradually moves your investment into other types of investments with the aim of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

Around 10 years from retirement, more than half of your savings will be invested in the Cash Fund. This gives you the option to take some cash at retirement and to keep the balance invested to take it out as you need it.

The Trustee last reviewed the Lifestyle strategy in 2022 and concluded it was still appropriate, and no changes were made. The Trustee also reviewed the range of Self-select funds you can choose from. Overall, it was happy that there was a good range of choices and no changes were made to the fund range.



HOW THE LIFESTYLE FUND WORKS



When you reach retirement, 40% of your Pension Account will be invested in the Retirement Income Multi-Asset Fund.

When you reach retirement, 60% of your Pension Account will be invested in the Cash Fund.

- All World Equity Index Fund
- Diversified Fund
- Retirement Income Multi-Asset Fund
- Cash Fund

FUNDING UPDATE

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'. 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 6 April 2020.

The actuary is currently carrying out a new valuation as at 5 April 2023. The Company and the Trustee are in the process of agreeing the terms of the valuation, and the final reports will then be completed.

The Trustee of the C&J Clark Pension Fund is required to issue a Summary Funding Statement once a year to tell you about the financial security of the Fund. This statement will be issued separately once the ongoing valuation is complete.

This statement will provide an update on the funding position of each section of the Fund, details of the money paid into the Fund and information on what happens if the Fund is wound up. Note if you are a member of Plan 18 only, this statement will not apply to you.

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 www.clarkspensions.co.uk/resources

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.

DC BENEFITS WITH DB UNDERPIN: A REMINDER FOR PLAN 18 MEMBERS

If you are a member of Plan 18 (the DC section of the Fund), and you were in pensionable service between April 1992 and April 1997, your DC benefits will have the benefit of a 'GMP underpin'.

This means that, when you take your Plan 18 benefits, the Trustee will check whether your DC pot is sufficient to cover your guaranteed minimum pension (GMP) at GMP age (65 for men and 60 for women). A GMP is the minimum level of pension the Fund must provide to you as a result of the Fund having 'contracted out' of part of the State Pension before April 1997.

If your DC pot is sufficient to cover your GMP when you retire, your benefits in your pot will remain the same.

If you wish to retire before Plan 18's Normal Retirement Age (65) and your DC pot is not sufficient to cover your GMP at GMP age, you will need to wait until GMP age to draw your pension.

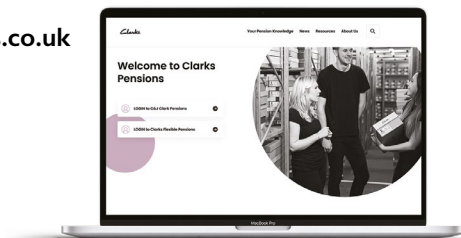
If you have any questions about this Plan 18 benefit, you can contact the Administration Team.

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

The new Clarks pensions website is now live. It's secure and simple to navigate, making it easier for you to manage your pension. It will take only a couple of minutes to register online if you haven't already, and you'll have instant access to all of your pension information.

Simply visit www.clarkspensions.co.uk and select the section you are a member of:

- **C&J Clark Pensions; or**
- **Clarks Flexible Pensions**



You'll need to enter your surname, date of birth, National Insurance number, phone number and personal email address to register.

Through the website, 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 enquiry requests online.

You can also find lots of useful information about the Fund that you can access without logging in, 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)
- Leaflets that explain how the Fund works
- The Internal Disputes Resolution Procedure (which explains what to do if you have a complaint).

To access any of the above resources, simply visit www.clarkspensions.co.uk/resources

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, please contact the Administration Team, whose contact details are on the [page 20](#).

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** send your **full** NI number)
- your postcode.

You should normally hear back within two working weeks.

New transfer rules

As noted in the last newsletter, the government has introduced new regulations which may require us to ask for some additional information when you request a transfer. In some cases, you may have to book an 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, so 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

In March this year, the Chancellor announced significant changes to the Lifetime Allowance (LTA) and Annual Allowance (AA).

LTA

Although the standard LTA remains frozen at £1,073,100 for the 2023/24 tax year, the changes announced mean that no LTA charges will apply on or after 6 April 2023. Instead, certain benefits which would previously have been subject to the LTA charge will be subject to income tax at a member's marginal rate. The LTA is expected to be abolished completely from 6 April 2024.

Draft legislation regarding the abolition of the LTA (including the consequences for tax-free lump sums) has been published, but the full impact of the changes is not yet clear.

We will provide an update when the final legislation is available.

AA

For the 2023/24 tax year, the standard AA was increased from £40,000 to £60,000. Tapering of the AA for high earners continues to apply but only if your 'adjusted income' is more than £260,000 (up from the previous threshold of £240,000).

If your income is £360,000 or more, your AA will be tapered down to £10,000.

If you are unsure whether these changes will affect you, you may want to consider getting advice from an independent financial adviser.



PENSIONS DASHBOARDS

Pensions dashboards are a government initiative that aims to help people access all their UK pensions through a single portal.

As you can imagine, this is an immense undertaking, involving thousands of pension schemes and multiple service providers. The government has recently set a new deadline for schemes to be connected to the dashboards by 31 October 2026 (although the Fund may connect sooner).

There will be a significant amount of work to be done, and it is possible that the Fund administrators will need to contact some members to update incorrect or missing data. We will keep you updated as work on this progresses over the next couple of years.



BEWARE OF PENSION SCAMS

There has been an increase in pension scams, with scammers exploiting people's financial vulnerability during the cost-of-living crisis to trick them into taking money out of their pension pots.

The tactics that scammers use are evolving all the time, but there are some red flags you can 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 pressured or rush into anything – during the current climate, you may be worried about the security of your pension. It's important you don't rush into a decision, as criminals try to take advantage of any fears you may have. If you do make any decisions, take your time and do your research.

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. You can also review the FCA warning list to check out a pension or investment opportunity to make sure the company is legitimate and authorised by the FCA.

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

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.

If you have concerns about becoming a victim of a pension scam, or if you would like to find out more, then you should visit the MoneyHelper website:
<https://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.

RISE IN NORMAL MINIMUM PENSION AGE (NMPA)

NMPA is the lowest age that you can access your pension scheme benefits without incurring an unauthorised payments tax charge. It will increase from 55 to 57 on 6 April 2028. Anyone who reaches age 57 by this time will not be affected. Certain members who are entitled under the Fund's rules to take their benefits from age of 55 (without employer or Trustee consent), will continue to be able to do so, provided certain conditions are met.

Subject to legal advice provided to the Trustee, including regarding any protections and transitional issues, we will provide an update in due course.



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 current term of office ends on 31 December 2023.

Deirdre has indicated she is willing to stand again, and the Trustee is happy to reappoint her for another term of office.

If you have any objection to Deirdre's reappointment, please contact Nick Ramsdale by 31 December 2023 via nick.ramsdale@wtwco.com



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

Alcentra Global High Grade CLO Debt Fund PCC Ltd

Alpha Real Capital LLP

AXA Investment Managers (invested 8 December 2021)

BlackRock Advisors (UK) Ltd

Equitix Investment Management

Greencoat Solar II LP

Legal & General Assurance (Pensions Management) Ltd

The Equitable Life Assurance Society

Towers Watson Investment Management (from 1 December 2021)

Wellington Management International Ltd (until 25 January 2022)

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 by post at:

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

Or by using the details below:

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

Email: clarks@hymans.co.uk

You can also visit www.clarkspensions.co.uk to download forms and find out more about Clarks pensions.

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.

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. You can obtain an application form by emailing trustgrants@Clarks.com, by speaking to the Trust Manager, Susie Mercer, on 0117 240 5583 or by writing to: 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.