

AUTUMN 2019



MEMBER BRIEFING

For members of the Mitchells & Butlers Pension Plan



Welcome to our new-look 2019 newsletter, bringing you up to date with what's been happening in the world of pensions. We're aiming to refresh our Plan communications to help members better understand their benefits and options at retirement.

As a start, we've introduced Me2 for active members of the Plan, while our Plan website has undergone a makeover, as the article on the next page explains. This is just the beginning, so look out for more improvements in due course.

We know that pension planning can be one of those things that is easily put off for another time, so in this issue we focus on taking control of your retirement savings. Your pension is one of your most valuable workplace benefits and our article on successful retirement saving (pages 4-5) gets to grips with making the most out of your Plan membership.

As you may know, the Defined Contribution Section (DC Choice) has a new administrator, Legal & General. They took over the running of the Plan in spring 2018, and we're pleased to say the move went smoothly. Their contact details are on page 20, if you have a question about your DC pension account.

Let us know what you think of this newsletter. Has it helped you understand pensions a little better? If there's anything you still don't 'get', get in touch!

Jonathan Duck
Chairman of the Trustees

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OUR NEW-LOOK PLAN WEBSITE

If you've visited the pensions website recently (www.mbplcpensions.com), you'll have noticed that it's been updated and refreshed.

The Trustee had some clear aims when it came to developing a new pensions website. It needed to be easy to understand and user friendly, with information arranged in a way that makes it easy for you to find the details that are relevant to you. The site also needed to provide easy access to our various member self-service areas: Me2 for active DC Choice members; Manage Your Account for deferred DC members; and Mercer OneView for members with benefits in the DB Section.

The new site is written in plain English and designed with a fresh new look. We hope you find it useful. Please let us know what you think – your feedback will help us ensure the website continues to make your pension information as accessible as possible.

DC CHOICE NOTICEBOARD

WHAT ARE YOU SAVING FOR?

If retirement seems a long way off and saving seems like something that can wait, you might find it helpful (or nicer!) to think not about saving for retirement but more in terms of buying your retirement. Rather than your DC Choice contributions being a deduction from your salary, think of them as buying a bit of your future.

In the way that you might spend money on your summer holiday in advance – buying your flights early to get the best deal, booking your accommodation to get what you want and have a good choice, and setting aside a bit of spending money to take with you for those nice little holiday extras – retirement saving can also be thought of like this. It has the added advantage too that it happens over a much longer

time period, so you don't need to take such a big financial hit all at once. Little by little, the amount in your pension account quietly builds up as a fund that you will use to buy your retirement.

Remember, if you're an active member, Me2 can help you plan for your future.

What are your aims for your retirement saving?

How much you spend now on buying your retirement will have an impact on what you can do with your account when you come to take your benefits. Knowing how much to save can be tricky so it's helpful to think about what sort of retirement you want to buy:

- **buying the basics:** an income for essentials – will your retirement savings cover your daily living costs when you are no longer working? The current State Pension provides an income for people who've built up enough National Insurance credits (currently 35 years for the full amount), but it really is a very basic income – and if this is all you have to rely on, at times you may have to choose between eating and heating...
- **buying extras:** money for extras like holidays and hobbies, or running a car so you don't have to rely on public transport. Do you want to buy a retirement that allows you to indulge in a few luxuries and fund your leisure activities?

- **buying time off or stopping work earlier:** do you find it hard to imagine a time when you don't come to work or are you already counting the years, months and weeks until you can put your feet up? Although the default retirement age is currently 65, you can take your savings from the Plan any time after the age of 55.

How could this affect you?

Find out how different situations could work for you, based on your circumstances, by using the tools and budget planner on Me2 (for active DC Choice members) or otherwise those on Legal & General's website. You can put in your details and see how making changes to your contributions or Selected Retirement Age could affect your benefits.



DC CHOICE NOTICEBOARD CONTINUED

DC UPDATE

The impact of investment charges over a lifetime of saving

The companies that administer and invest your pension take a fee for their services direct from your pension account. New legislation says that pension schemes like ours have to show the impact of these costs and charges on members' retirement savings, as over time, they can build up to be a substantial amount.

This year, for the first time, the DC governance statement (which is part of the full Report and Accounts) includes a section on the impact of charges. It includes a number of examples of members investing in the Default Pathway Fund and also the alternative Pathway Funds. It shows how the charges would affect the value of these members' built-up retirement savings over their lifetime.

We'll make this information available on the pensions website, www.mbpplcpensions.com, so please do take a look.

Top three tasks

Active members can use Me2 to manage their Plan pension, while deferred members can log into Legal & General's Manage Your Account website. The top three tasks to complete are:

1. Update your nomination

This lets the Trustee know your wishes in respect of any money paid out from the Plan on your death. While this remains a Trustee decision, a nomination form is something that the Trustee will take into account when making its decision. Not providing an up-to-date nomination can delay the payment of this benefit.

2. Update your address

If we can't get hold of you when it's time to pay out your retirement savings, we'll struggle to pay you!

3. Choose your retirement age

This is especially important if you use a Pathway Fund, as it's set up to work according to how many years you have left to retirement.



Security of assets

Any type of investment has its risks, so the Trustee works with professional advisers to make sure that the money you and the Company pay into your pension account is as safe as it can be.

The investment funds we make available for you are currently provided through an insurance policy with Legal & General Assurance Society Limited (L&G). In practice, the investment funds provided through L&G are either managed by another company in the L&G group or by third-party investment management companies that L&G has agreements with. This is a common way for UK defined contribution pension schemes to invest and helps provide easy access to a range of investment funds. The Trustee is satisfied that the current arrangements are in line with good market practice.

It's highly unlikely, but if an insurance company should fail, one of the main protections for pension schemes in such situations is the government-backed Financial Services Compensation Scheme. (The FSCS also protects your personal savings if, say, your bank fails.)

However, if a particular investment performs badly, then this is considered part of normal investment risk and you wouldn't have protection through the FSCS. The advisers who help us choose the investments are all experts, which reduces the risk that this would happen.

DC CHOICE INVESTMENTS

PATHWAYS TO YOUR FUTURE

As we mentioned in last year's Member Briefing, a new default investment strategy and range of investment options called Pathway were introduced when we moved the administration from BlackRock to Legal & General.

WATCH IT

Find out more about the Pathway Funds in this short video: <https://www.legalandgeneral.com/workplacebenefits/campaigns/pathway-funds/>

READ THE GUIDE

If you prefer to read about the Pathway Funds, check out the guide at: <https://www.legalandgeneral.com/retirement/saving-for-retirement/workplace-pensions/funds/pathway-funds/>

The majority of the Plan's members are invested in the Default Pathway Fund. This fund provides flexibility in the way you access your retirement savings and is designed for those people who want to have the option of a regular or occasional retirement income.

Your retirement savings stay in the Default Pathway Fund up until retirement and beyond, depending on your circumstances.

You can choose a different Pathway Fund at any time through Manage Your Account, Legal & General's service website. Active members can access Manage Your Account through Me2.



You don't need to do anything else until you get closer to your Selected Retirement Date. You might decide to move your money into a different type of Pathway Fund – such as one that is targeted towards taking your retirement savings as cash or another that targets buying an annuity (a set income over a period of time).



Selected Retirement Age (SRA)

The Plan's default retirement age is 65. This is the age we assume you will want to draw your benefits, and it is also the age targeted by the Pathway Funds. But if this isn't the age you've got in mind, then the Pathway Funds may not work in the way they're supposed to.

If you want to take your benefits at a different age, whether earlier or later, you can change your 'Selected Retirement Age' through Manage Your Account – and don't worry, if you're still working for Mitchells & Butlers, we won't share it with the Company.

Active members

If you're an active member, you can use Me2 to model the impact that changing your retirement age would have on your final Plan benefits. Me2 holds all your up-to-date DC Choice information in one place.

MONEY MATTERS

The following table summarises the Plan's key sources of income and how that money has been paid – as benefits to members and as fees to advisers.

The Trustee publishes its financial accounts once a year, which are audited by Crowe LLP. The auditors have confirmed that the 2018/19 financial statements are a true and fair reflection of the Plan's income and expenditure.

	DC Section	DB Section	Total Plan
Value at 1 April 2018	£56.6m	£1,861.6m	£1,918.2m
Plus money in	£62.6m	£36.6m	£99.2m
Less money out	£81.4m	£75.3m	£156.7m
Plus the rise in the value of investments	£2.0m	£90.3m	£92.3m
Value at 31 March 2019	£39.8m	£1,913.2m	£1,953.0m

FIND IT ON THE WEBSITE

www.mbplcpensions.com

You can download the Plan's full Report & Accounts.

MEMBERSHIP AS AT 31 MARCH 2019

DC SECTION



DB SECTION



PENSIONS NEWS

An update on tax allowances

The Money Purchase Annual Allowance (MPAA) applies to you if you have already accessed your retirement savings flexibly but are continuing to pay into another DC pension arrangement. It limits the amount of tax relief you can receive on your (and the Company's) pension contributions and savings to £4,000 a year.

Just taking your tax-free cash lump sum or using your pot to buy a guaranteed non-reducing income for life (annuity) will not trigger the MPAA. However, if you elect to take more cash or drawdown an income, it will be triggered. For further information visit www.gov.uk/tax-on-your-private-pension.

Lifetime Allowance increases

The Lifetime Allowance (LTA) is the maximum amount of retirement savings that you can have at retirement from all pension schemes without facing an additional tax charge.

The LTA increases in line with inflation, as measured by the Consumer Prices Index, so in April it went up to £1,055,000.

Changes to State Pension Age

The State Pension Age for both men and women is increasing to 66 and then to 67.

The government has announced plans to bring forward the increase in the State Pension Age to 68, which was supposed to happen between 2044 and 2046. The government now wants it to take place seven years earlier, between 2037 and 2039. People born between 6 April 1970 and 5 April 1978, currently aged between 41 and 49, will be affected by this proposed change.

Please note that State Pension Age is later than the Plan's default retirement age (65), and many people may choose a different retirement age in any event. When you're planning your retirement, it's important to consider any gap in income between when you take your Plan benefits and when your State Pension comes into payment. You can find out what your State Pension Age is and how much you could get on this website: www.gov.uk/check-state-pension.

DB SECTION NOTICEBOARD

Update on the Court case

The Court case between the Trustee of the Plan and Mitchells & Butlers plc (the Company) in relation to the power under the Plan's rules to decide the rate at which pensions in payment are increased and deferred pensions are revalued to combat inflation (both referred to as 'pension increases') is ongoing.

A trial is due to take place in London starting during the week commencing 8 June 2020 and will last for three weeks.

You may recall from previous communications that there is a Court-approved interim arrangement in place (pending resolution of the Court case) for pension increases for October 2018 and October 2019 to be by reference to the Consumer Prices Index instead of the Retail Prices Index (still capped at 5%) and that your pension will be retrospectively topped-up if the Trustee is successful in the Court case. This interim arrangement will need to be extended later in the year to cover pension increases for October 2020, as we are unlikely to have a judgment from the Court before the October 2020 pension increases need to be applied.

Your options in the Plan

If you're a deferred member of the Plan (in other words, you haven't started to receive your pension), then you can log into Mercer OneView to see how much your pension from the Plan could be worth at age 65.

Mercer will write to you seven months before you reach age 65 to let you know what your options are. Here's a brief overview of your options for taking your benefits in the Plan:

- **Take a lump sum**

You can choose to take a tax-free lump sum – subject to the maximum allowed by HMRC. This would reduce the amount of pension you get each year from the Plan.

- **Take it earlier...**

You can ask to start receiving your pension earlier than our Normal Retirement Date, in which case it's payable at a lower rate as it has to be paid for longer.

- **Or take it later...**

You can delay the start of your pension in which case, when it starts, you'll get full back payments.

DB SECTION NOTICEBOARD CONTINUED

2019 valuation

This year's newsletter does not include a Summary Funding Statement. This is because we have been working on the 31 March 2019 valuation for the last few months and it has just been completed.

The headline result from the valuation is that the funding shortfall is calculated to be £255 million at 31 March 2019, compared to £268 million at 31 March 2018 as shown in last year's Summary Funding Statement. We have agreed with the Company that they will continue to pay contributions to the Plan in line with the current schedule of contributions.

The Summary Funding Statement setting out full details of the results of the valuation will be made available on the pensions website (www.mbplcpensions.com). You will need to click on 'About us' and then 'Summary Funding Statement' to select the 2019 update. If you would like to receive the Summary Funding Statement by post, please contact the Pensions Department at Mitchells & Butlers plc, 27 Fleet Street, Birmingham B3 1JP.

Pension payment dates

Pensions are typically paid in advance on the first working day of each month. For example, the pension you received on 1 September is to cover the period from 1 September to 30 September.

When the first of the month falls on a bank holiday or weekend, pensions are paid on the first working day of the month. In 2020, pensions will be paid on the first of the month except for 3 February, 2 March, 3 August and 2 November. Your January 2020 pension instalment will be paid on 20 December 2019.

Equality of the sexes

A recent High Court ruling means that some members may get a small top-up to their pension. You may have heard about this in the news – it's called 'GMP equalisation'.

GMP (Guaranteed Minimum Pension) is a minimum pension entitlement for members of pension schemes like ours. The court case related to the Lloyds Banking Group pension scheme but the ruling will impact lots of pension schemes, including ours. The ruling requires affected schemes to consider the steps they need to take to remedy any inequality between men and women arising from the provision of GMP benefits. As a result, anyone who was paying into the DB Section between 17 May 1990 and 5 April 1997 may get an increase to their pension. Not everyone who was paying in at that time will get a top-up and your pension may be unchanged, but no one will be worse off as a result of the ruling. Any pension top-up is expected to be relatively small in most cases.

Although the High Court has made its ruling, there is still some uncertainty about how and when the GMP

equalisation will take place. The Trustee is working with its advisers to consider what the decision means for the Plan and how we implement it. It's very complex and might take a while to finalise. We'll update you as and when we can.

Pension increases

Pensions in payment and deferred pensions (in excess of the Guaranteed Minimum Pension) will be increased on 1 October by 2%, in line with the change in the Consumer Prices Index (CPI) in the year ending 31 May.

The reason why this year it's a CPI-based increase was set out in the letter you should have received dated May 2018. It is part of an interim arrangement whilst Court proceedings are under way as to the correct basis for determining pension increases and revaluation in the Plan. This interim arrangement has now been approved by the Court, but it in no way affects the Trustee's ability to make its case in the main Court proceedings. Please refer to that letter for more detail. **We will update you further once the Court timetable has been fixed.**

DB SECTION INVESTMENTS

The DB Section's assets are invested in the Mitchells & Butlers Common Investment Fund (CIF), which is available to all the Company's defined benefit pension plans.

The CIF invests in a range of traditional assets, including equities (both publicly-traded companies and privately-owned companies), bonds and property. Splitting the assets between different types of investment helps to smooth out some of the ups and downs of the market.

As at 31 March 2019, the assets were split as follows: 62% invested in liability-matching assets (government and corporate bonds) and 37% in return-seeking assets, such as equities, and 1% in cash.

The table below shows the investment return over the last 12 months, three years and five years.

Period to 31 March 2019	Actual Fund return	Benchmark return
1 year (%)	5.0%	8.9%
3 years (% p.a.)	9.1%	7.7%
5 years (% p.a.)	9.1%	9.1%

MANAGING THE PLAN

The Plan is run by a Trustee Board that is made up of nine Trustee directors, three of whom are nominated by the members. The Trustee Board is made up of the following Trustee directors:

NOMINATED BY THE MEMBERS

Eamonn Lavin – appointed 6 April 2019

Rita Mitchell

Clair Slevin

Andy Gordon – resigned 5 April 2019

APPOINTED BY THE COMPANY

AAA Trustee Limited

20-20 Trustee Services Limited

INDEPENDENT

Jonathan Duck (Chairman)

Martin Thomas

Law Debenture Pension Trust Corporation plc

Chris Edger

Meet our new Trustee

Our new Trustee, Eamonn Lavin, has been a member of the Mitchells & Butlers Pension Plan for 23 years. Until recently, he was a general manager at O’Neills Liverpool (a £3.5 million business and one of Mitchells & Butlers most profitable pubs). He’s now moved across to Nicolsons Philharmonic Dining Rooms in Liverpool, ready to face fresh challenges.



Eamonn has won the General Manager of the Year Award several times and was sent by the Company to Chicago for the National Restaurant Show.

As well as having two degrees – a BEng and BSc – Eamonn also works as a trustee for the Liverpool Irish Festival and is involved in several other local groups, including the Liverpool Pub Watch scheme, where he speaks with council representatives and police to address issues in the area. He wanted to become a Trustee as he believes he can help to safeguard the interests of all beneficiaries of the Plan, using his experience to ensure it remains well governed.

PENSIONS SCAMS

DON'T HANG ON... HANG UP!

People have lost their entire retirement savings by falling for scams where they're promised high or guaranteed returns, or that they can get hold of their pension earlier than normal without any problems.

Very often, these scammers seem totally believable. They may have high quality marketing materials, a great website and knowledgeable salespeople, and it may be hard to tell they're fake. Here are some of the warning signs:

Take the ScamSmart quiz to find out if you'd fall for scammers' tricks: <https://www.fca.org.uk/scamsmart/pensions-scam-quiz>

If you suspect a scam, report it:

- Call the Financial Conduct Authority's (FCA) Consumer Helpline on 0800 111 6768 or using the reporting form at www.fca.org.uk
- Call Action Fraud on 0300 123 2040 or go to www.actionfraud.police.uk



They contact you out of the blue (pensions cold-calling is illegal now, so it's best just to hang up)



They promise high or guaranteed investment returns



They offer you a 'free' pensions review



They claim you can get hold of the money in your pension before age 55 (they don't tell you that you'll have to pay 55% tax)



They say you need to act quickly!

DO YOU NEED EXTRA SUPPORT?



The Licensed Trade Charity has been helping pub, bar and brewery people for over 200 years. They offer support to people currently working in or retired from the licensed trade – whether you've been in the trade for three days or 30 years.

They have a website with around 60 free downloadable help-sheets and a helpline that is available 24/7, 365 days a year, offering practical advice and emotional support. Callers from the trade can access six free telephone counselling sessions if they need to.

The charity also offers financial grants* to people who have been in the trade for at least five years and are either still working in it or have retired from it. They can help with everything from the purchase of a washing machine to travel costs when undergoing hospital treatment, house adaptations, and rent arrears or rent deposits.

The charity has partnered with Anchor Hanover and is able to offer priority nominations for over-55s accommodation.

If you live alone and are feeling a little isolated, the charity offers a telephone befriending service. Their goal is to help people in the trade get back on their feet.

*Financial grants are means tested.

Visit their website to find out more about them and how they can help: www.licensedtradecharity.org.uk
Telephone: 0808 801 0550

KEEPING IN TOUCH

DB SECTION

Please note that any changes to the information held by Mercer or requests for details about your DB benefits must be provided in writing and should include your full name, address, date of birth and National Insurance number and must be signed. A change of address should also include your previous address.

If you prefer to report a change of address via email, please include the information stated above. For your email to be accepted, your email address must include your name or detail that enables the administrator to identify that the email has been sent by you.

Mitchells & Butlers Pensions, Mercer, 52 Westgate,
Chichester, West Sussex PO19 3HF

Telephone: 0345 850 0981

Email: mbplc@mercer.com

Mercer OneView: www.merceroneview.co.uk/mab

DC SECTION

If you have any questions about your benefits in the DC Section (DC Choice), please contact the administration team at L&G:

Legal & General Assurance Society Limited, 6th Floor
Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB

Telephone: 0345 070 8686

Email: employerdedicatedteam@landg.com

Manage Your Account: www.legalandgeneral.com/mya

Me2: logon.me2.world

The benefits provided by the Plan are governed by the Plan's Trust Deed and Rules (copies of which are available on request). Nothing in this Member Briefing confers any right to benefits save as provided by the Trust Deed and Rules and in the event of any inconsistency between this Member Briefing and the Trust Deed and Rules, the Trust Deed and Rules prevail. This Member Briefing does not constitute legal advice or financial advice and should not be relied upon as such. The description of legislation in this Member Briefing is intended as a basic guide only, not a comprehensive or exhaustive guide to the legislation.