



FUTURE FOCUS

Looking towards your future.....

WELCOME TO YOUR ANNUAL NEWSLETTER

1. Statement from the Chairman

Dear members, welcome to FutureFocus 2021, the annual newsletter for members of the Thales UK Pension Scheme. 2021 was another year dominated by the global pandemic and I trust that you and all your loved ones are all healthy and well following this difficult time.

Overall the scheme has adjusted successfully to the new working environment forced on us by the pandemic. However I am aware that, during the year, some members have faced delays in getting responses from our administration team. This has been due to a combination of increased staff turnover and disrupted working arrangements as a result of the pandemic. I apologise that the service has sometimes not been to the high standards that we expect to deliver. I can assure you that the Trustees are working with our administrator to strengthen performance and to overcome the current backlog of applications.

We are now in the final stages of the 2020 actuarial valuation. While the funding position has deteriorated since the last valuation in 2017 I can report that the Trustees are focussed on discussions with Thales to secure a long term funding solution for the scheme. Once the valuation is finalised we will share all the results with you.

The scheme has always been very careful in selecting our investments but over the last couple of years and going forward we have been increasing our focus on ensuring that all our fund managers invest in environmentally and socially sustainable ways. We are planning to increase our monitoring and reporting of these aspects. Over the next couple of years this will result in increased visibility to you of how we are investing in a sustainable way.

During 2021 the work relating to GMP Equalisation and increasing member options has continued I expect to be able to share more details on these projects during 2022.

I hope as ever, that you find the information in this newsletter informative. I would encourage all members to visit the scheme web site (thales.xpmemberservices.com), where you will find further information which is updated throughout the year.

I wish all of our members a healthy and prosperous 2022

Yours Sincerely
Peter Rowley

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2. The 31 December 2020 Valuation

The Trustees carry out an in-depth examination of the Scheme's finances at least every three years. This is called an actuarial valuation. The Trustees ask a qualified, independent professional, known as an actuary, to help to undertake this task.

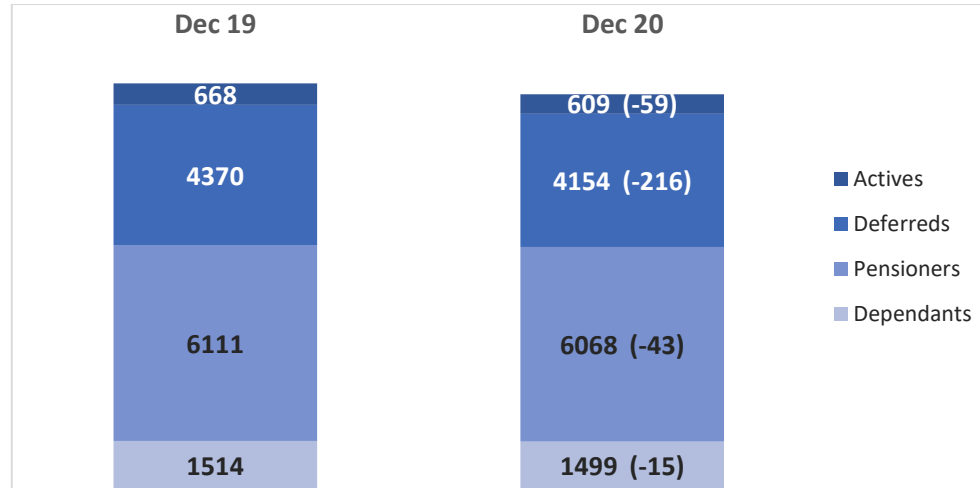
The estimated cost of providing the benefits that you and other members have earned to date is known as the Scheme's "liabilities". To check the Scheme's (and each Section's) financial position we compare the value of its liabilities to its assets. If the Scheme/Section has fewer assets than liabilities, it is said to have a "deficit".

The formal actuarial valuation of the Scheme commenced in December 2020. The Trustees and Scheme Actuary are working with the Sponsoring Employer to finalise the valuation. The final results are not expected until March 2022.

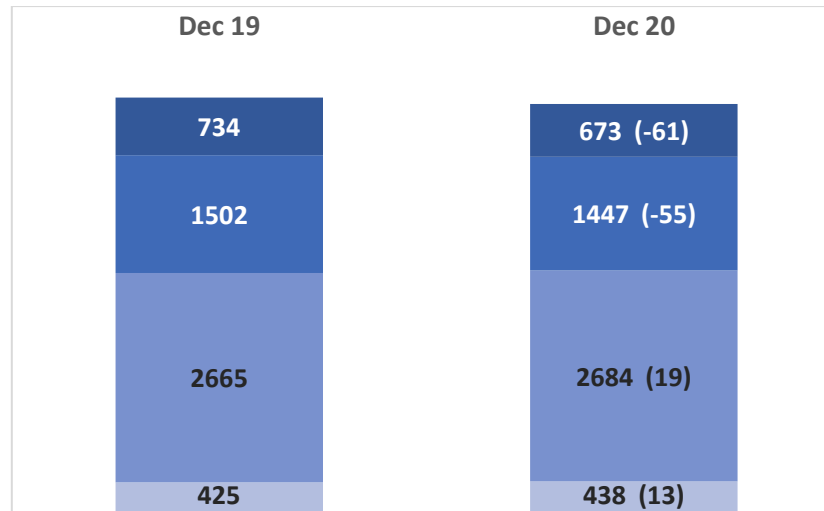
The outcome of the valuation forms part of your "Summary Funding Statement" which you will receive separately once the valuation process is concluded.

3. Membership Details

Section 1



Section 2



4. Scheme Accounts as at 31 December 2020

	(£'000)	(£'000)	(£'000)
	Section 1	Section 2	Total
Net assets at 31 December 2019	2,003,524	718,005	2,721,529
Contributions & Other Income	74,838	27,944	102,782
Benefits and expenses	112,322	31,613	143,935
Net additions (reductions) from dealings with members	(37,484)	(3,669)	(41,153)
Net returns on investments	105,165	33,917	139,082
Transfers between sections	(3)	3	-
Net increase in the fund during the period	67,681	30,248	97,929
Net assets at 31 December 2020	2,071,202	748,256	2,819,458

These assets include AVC and defined contributions investments and exclude the value of certain insurance policies.

5. Employers participating in the Scheme

During the year, one employer that participated in the Scheme ceased to employ any active members in the Scheme, due to Thales Ground Transportation Systems UK Limited merging into Thales Transport & Security UK Limited. As a result, Thales Ground Transportation Systems UK Limited ceased to be an employer participating in the Scheme. Arrangements have been put in place to so that Thales Transport & Security UK Limited assumes the Scheme liabilities attributable of the exiting employer.

6. Beware Pension Scams

Pension scams can rob you of your future, literally! They are not to be taken lightly. According to Action Fraud, **up to £1.8 million was lost to pension fraud in the first quarter of 2021**, which represents nearly a **45% increase compared to similar fraud in quarter one of 2020**. But it's not just your pension savings that scammers want.

Criminals are taking advantage of more people staying at home, and the result is an increase in cold calls and online scams.

The ScamSmart website operated by the Financial Conduct Authority suggests four ways to protect yourself from fraud:

1. Reject unexpected pension offers whether made online, on social media or over the phone.
2. Check who you are dealing with before changing your pension arrangements – check the FCA Register at <https://register.fca.org.uk> or call the FCA helpline on **0800 111 6768** to see if the company you are dealing with is authorised by the FCA.
3. Don't be rushed or pressured into making any decision about your pension.
4. Consider getting impartial information and advice.

The website (www.fca.org.uk/scamsmart) has quizzes and resources to help you spot a scam and a warning list of companies to watch out for.

Please visit The Pensions Regulator's website www.thepensionsregulator.gov.uk/pension-scams for more information and useful tips to help avoid falling victim to pension scams.

If you are thinking of transferring your pension benefits from any pension scheme of which you are a member, you should always make sure the person/company you are dealing with is registered with the Financial Conduct Authority (FCA).

You can check this on the FCA website at <https://register.fca.org.uk> or call the helpline on **0800 111 6768**.

www.fca.org.uk/scamsmart



7. Staying Safe Online

It's not just your pension savings that scammers want. Scammers are approaching people online more than ever. Internet use is an everyday occurrence for most people, from email, to shopping to banking, and virtually everything in between. Unfortunately this means that there are people who will try to take advantage of your online activity. Here are a few common ways that can be used to hack your personal information:

- **Computer viruses** – Also known as malware (malicious software), these programs can steal your information and spread from one device to another (PCs, tablets and smartphones) via messages or emails.
- **IT phone scams** – In this type of scam, a fraudster will call claiming to be from your IT department, mobile phone or broadband provider, or a company that makes your devices to try to get you give away your passwords or other information, or install malware on your devices.
- **Fake websites** – By creating a website that looks genuine, such as a bank, scammers can steal passwords and codes.
- **Email scams** – Known as 'phishing', a genuine-looking email is sent in the hope that you will click the links in it that takes you to a page that will try to get your personal details.
- **SMS scams** – Similar to email phishing, text messages claiming to be from a legitimate firm will try to get you to follow a link to get your information.

Whether online or on the phone, criminals are always looking for new ways to trick people. If you think you are being targeted, or think you may have been the victim of a scam, you should report it straight away.

Thankfully, staying safe online is easy when you know how. We have put together the following tips to help.

1. **Use strong passwords.** They should include a mix of letters, numbers and special characters and should be different for each site you use.
2. **Do not write your passwords down.** A secure password manager is a far better way to keep track of your passwords. Your paper record could fall into the wrong hands.
3. **Keep your browsers and devices up to date.** Updates keep the security of your devices up to date.
4. **Keep your antivirus, firewall, and any other security software up to date, too.** You can set these programs to automatically update themselves.
5. **Check for the padlock** a secure website will have a padlock icon next to their address on your web browser.
6. **Never click on links or open attachments** from emails claiming to be from financial companies. **Hover the mouse over emails** to check the address is valid. Call the company directly if you are worried about anything you have read.

If you think you have been a victim of fraud (or you have been targeted) report it immediately

Action Fraud will give you advice on what to do next. You can reach them on **0300 123 2040**.

Find out more about Action Fraud at www.actionfraud.police.uk

8. Pensions Tax

Pension contributions are generally tax-free within certain HMRC allowances.

However, if you go over these allowances, you may be subject to tax charges. Here are some tax limitations that you should be aware of in relation to your pension contributions for the 2021/22 tax year:

Lifetime allowance

This is the total amount you can build up over your lifetime, from all UK pension arrangements, excluding State Pensions, without incurring a tax charge. This is currently set at £1,073,100 for 2021/22.

You may have been advised that the Lifetime Allowance was to increase to £1,078,900 in April 2021, however the decision was made to freeze it at the 2020/21 rate until April 2026.

Annual allowance

This is the amount you can save in all of your registered pension arrangements (from both your own and your employer's contributions) over a tax year before incurring a tax charge. This is set at £40,000 for the 2021/22 tax year. If you exceed this allowance, you would be responsible for paying any charges by 31 January the following tax year.

Money Purchase Annual Allowance

If you have taken any benefits from any of your pension arrangements using the flexible retirement options, such as taking one-off or regular cash lump sums, your Annual Allowance may reduce from £40,000 to £4,000 per year.

Tapered Annual Allowance

If you earn more than £200,000 per tax year, the Tapered Annual Allowance could result in your Annual Allowance down to a minimum of £4,000. More information can be found on the government website at www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

The income threshold that reduces the amount high earners can contribute to a pension rose from £110,000 to £200,000. Any individuals who earn more than £240,000 a year (the threshold amount, plus the Annual Allowance) will see their Annual Allowance reduce from the standard amount of £40,000 a year. For more information, visit www.gov.uk/guidance/who-must-pay-the-pensions-annual-allowance-tax-charge

You can find more information on tax charges at www.moneyadvice.service.org.uk/en/articles/tax-relief-on-pension-contributions

9. Taking Control of your Retirement

The picture of retirement has certainly changed for many over the years. People want more from retirement than simply enjoying the peace and quiet and not having to go to work. And they may not want to wait until they're in their sixties to do it.

Whether you are thinking about retirement, or if you have already retired, there is a lot to think about.

What will your perfect retirement look like?

One thing that a lot of new retirees haven't perhaps considered, is just how much free time they will have.

If you have spent the majority of your adult life working, the idea of having nothing to do can sound blissful, and it probably will be for the first few weeks. However, for many that can become the most difficult part so it's important to have things in place to fill your time.

It is important to remain active, both physically and mentally, if you want to be able to enjoy those post-work years. So how will you keep yourself occupied? Maybe you want to volunteer, focus on your hobbies or travel?

There are plenty of places for you to get ideas, but if you need a starting point or inspiration, here are a few websites that you might find useful:

www.ageuk.org.uk/information-advice/worklearning/retirement/

www.ageuk.org.uk/services/information-advice/guides-and-factsheets

www.bhf.org.uk/informationsupport

www.volunteermatters.org.uk/press/volunteering-a-key-part-of-a-happy-retirement

Thinking about the money

Knowing how much income you'll have is essential when it comes to taking control of your retirement.

It's great knowing what you want to do with your free time, but the question is "Can you afford it?" The Pensions and Lifetime Savings Association (PLSA) published UK Retirement Living Standards with the aim of giving people an idea of what retirement will cost, so people know what to aim for.

They estimate that a couple would need a minimum income of £15,700 per year to cover basic living expenses and low-cost social and leisure activities.

Visit www.retirementlivingstandards.org.uk for more information about the expected cost of your retirement, depending on what you hope to do.

If you haven't started taking your pension yet

If you are still a member of the scheme, you will receive a statement each year estimating your pension at your retirement age.

If you are no longer an active member of the scheme, you should have received a statement shortly after you left estimating what your pension would be at retirement. If you didn't receive this, or you have misplaced it, you can ask the administrators for a copy.

The Money Helper service provides free retirement budget planning resources online to help you understand how much you might need in retirement. Visit www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot for some helpful information.

Your State Pension

As well as the income you receive from the scheme, you may also be entitled to a State Pension, depending on what National Insurance contributions you have paid.

To get an estimate of what your State Pension will be, you can:

- Check your State Pension **online** at www.gov.uk/check-state-pension
- **Call** the Pensions Service Centre on **0800 731 0175**
- **Submit a BR19 form** online at www.gov.uk/government/publications/application-for-a-state-pension-statement

Track down your old pensions

If you've worked at several places over your lifetime, you may have old pensions that you have forgotten about, or that you have lost the contact information for.

The government's Pension Tracing Service can help you track down any old or lost pensions for free. Visit www.gov.uk/find-pension-contact-details for more information.

Your retirement is personal

If you're uncertain about any aspect of your retirement planning, you may wish to speak with an independent financial adviser to discuss your specific situation. For details of a local adviser, you can visit www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser. You should always check the charges and specialist areas of an adviser before appointing them.

Remember, it's never too early to start planning for your retirement.

10. Climate Change

Trustees of most Defined Benefit pension schemes already have duties in relation to climate change, which include:

- Trustees of schemes with 100 or more members are required to set out in their statement of investment principles (SIP) their policies on stewardship and on financially material environmental, social and governance considerations, including climate change; and
- Trustees of these schemes must publish their SIP (on or before 1 October 2021) and their implementation statement on a publicly accessible website.

On 1 October 2021, new regulations came into force requiring larger pensions schemes (starting with occupational schemes that have £5 billion or more of assets, plus authorised master trusts) to put in place appropriate governance, reporting and publication arrangements in connection with climate-related risks and opportunities. These requirements will be extended on 1 October 2022 to schemes with £1 billion or more of assets, which will include the Thales UK Pension Scheme. These new requirements reflect the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The climate change governance and reporting framework aims to:

- improve climate-related data quality
- increase focus on climate change
- enable more informed decisions
- provide a consistent framework for comparison.

In addition to these requirements, The Pensions Regulator (TPR) has set out clear expectations that trustees of all defined benefit pension schemes should consider the impact of climate change on valuation assumptions, investment strategy and covenant.

How could climate change impact my pension?

The Trustee believes that environmental, social and corporate governance (ESG) issues including the impact of, and potential policy response to climate change, can be financially material to long-term investment portfolios (and consequently the security of your benefits within the scheme) and should therefore be considered as part of the Scheme's investment process.

What is the Scheme doing in respect of climate change?

The investment advisor and ISC perform an evaluation of how the Fund's active managers identify and manage material ESG risks including climate change as part of the ongoing appraisal of manager performance. The ISC is satisfied that all investment managers have complied with the Scheme's ESG policies.

What is "net zero"?

Net zero means achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. Pension schemes can do this by reducing emissions from the Scheme's portfolio and investing assets that will support the transition towards a low carbon economy.

11. Scheme Details

List of Trustees

Peter Rowley (Chairman)

Helen Depree (OSC – Section 2 Trustee)

John Twigg (OSC – Section 2 Member-nominated Trustee)

Joelle Dumetz (GSC – Section 2 Member-nominated Trustee)

Phil Naybour (GSC – Section 1 Trustee)

Ken McSweeney (ISC – Section 2 Trustee)

Nigel Baldwin (ISC – Section 2 Trustee)

Niall Mitchell (ISC – Section 2 Member-nominated Trustee)

Steve Murray (OSC – Section 1 Trustee)

Robert Preston (GSC – Section 1 Member-nominated Trustee)

Ronald Fardell (OSC – Section 1 Trustee Member-nominated Trustee)

Alison Hexter (GSC – Section 1 Trustee Member-nominated Trustee)

OSC – Operations Sub-committee

GSC – Governance Sub-committee

ISC – Investment Sub-committee

Service Providers

EQUINITI PENSION SOLUTIONS – Scheme Administrator
– based in Crawley

GOWLING WLG (UK) LLP – act as the legal adviser to the
Scheme – based in London

MERCER LIMITED – Actuaries and Consultants (Christian
Hardy – Scheme Actuary) – based in Birmingham

MOMENTUM INVESTMENT SOLUTIONS & CONSULTING
– Investment Advisers – based in Windsor

DELOITTE LLP – Scheme Auditor – based in Birmingham

Pensions Department

Philip Cameron – Secretary to the Trustees

James Carrell – UK Pensions Manager

These two employees of Thales provide in-house support for the Trustees.

12. Expression of Wish Form – a reminder

A completed Expression of Wish form indicates to whom you wish any lump sum death benefit to be paid in the event of your death.

If you are unsure if you have completed an Expression of Wish form in the past, or if you think a previously completed form may no longer reflect your current circumstances, you should complete and submit a current form which would supersede any previously completed form. A blank form for completion is available to print from the Scheme website (under “Member Info” then “Member Forms”) at

<http://thales.xpmemberservices.com/Member-Info/Member-Forms>.

Alternatively, a form can be supplied on request by Equiniti, the Scheme administrator, whose contact details are shown at the end of this Newsletter. The original signed form should be submitted to Equiniti by post (e-mailed copies are not accepted).

13. Changes of Address

Do our administrators hold your correct address?

If you have moved since you last notified us of your address, please contact our administrators, Equiniti, using the contact details at the end of this newsletter.

14. WHO TO CONTACT

In the event of a query regarding your benefits please contact Equiniti the helpline number is **0203 8902128**, or alternatively by email at thales@equiniti.com.

If you would prefer to contact them by post then please write to:

Thales UK Pension Scheme
C/o Equiniti
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

You can also access Member Web directly via <http://thales.xpmemberservices.com>. Follow the link for My Pension and you can login using your membership number as your username.

If Equiniti are unable to answer your query, or you are in any way dissatisfied with the service you have received, please contact the Secretary to the Trustees at:-

Thales UK Pension Scheme
C/o Philip Cameron
350 Longwater Avenue
Green Park
Reading
Berkshire
RG2 6GF

15. Useful Information

There are lots of resources available for you to get information about pensions, and where to go to get retirement guidance and advice. We have listed some of these resources below.

MoneyHelper

MoneyHelper is a service that offers impartial help on all aspects of money, including benefits, savings and pension choices. It is backed by the government and free to use. You can find out more at www.moneyhelper.org.uk

MoneyHelper combines Pension Wise, the Money Advice Service and the Pensions Advisory Service to form a single financial guidance service. Further help can be found in the below websites:

Pension Wise

Designed to give guidance to help members of defined contribution pension schemes understand their options; it can also be used by people with defined benefit pensions who want to look into flexible retirement options.

It is available to people aged 50 and over. Visit www.pensionwise.gov.uk or call **030 0330 1001** for more information.

The Money Advice Service

Free and impartial advice about pensions and finances, included budget calculators, debt advice and benefits. Go to www.moneyadvice.org.uk to see more.

The Pensions Advisory Service

Offers free advice to people with workplace and personal pensions. See more at www.pensionsadvisoryservice.org.uk

The Money and Pensions Service (MaPS)

The above services are provided by The Money and Pensions Services (MaPS). www.moneyandpensions.org.uk

The Trustee, Company and their advisers are unable to offer you financial advice that is specific to your personal circumstances. You should seek financial advice if you are in any doubt.

Department for Work and Pensions (DWP)

DWP's website outlines government initiatives and information about retirement and pension benefits, including all you ever wanted to know about the State pension scheme. www.gov.uk/government/organisations/department-for-work-pensions

Age UK

Age UK is a charitable organisation that provides help and assistance to older people. It offers advice on finances, and ways to keep active and healthy, and avoid loneliness into old age.

Find out more by visiting www.ageuk.org.uk

Gov.uk

The Government's website where you can find information about everything relating to tax, pensions and the State Pension. Pages you might find useful are:

State Pension – for people who reached their State Pension Age before April 2016

www.gov.uk/state-pension

New State Pension – for people who reach their State Pension Age after 2016

www.gov.uk/new-state-pension

Find out when your State Pension Age is expected to be

www.gov.uk/state-pension-age

Trace an occupational pension scheme but have lost their information

www.gov.uk/find-pension-contact-details