



## Sopra Steria Group Personal Pension Plan Governance Committee Report 2015

# Sopra Steria Group Personal Pension Plan

## – Governance Committee Report 2015

### Welcome to the annual report of the Sopra Steria Group Personal Pension (“the GPP”) Governance Committee.

As you will be aware, Groupe Steria SCA merged with Sopra Group SA towards the end of 2014, with the newly merged entity being renamed Sopra Steria Group SA. All new eligible Sopra Steria UK employees are able to join the GPP whilst legacy Sopra UK employees remain in their existing Sopra pension arrangement, which is not within the remit of this Committee.

The GPP is a valuable staff benefit which Sopra Steria UK makes available to the majority of its employees. In line with good practice the GPP Governance Committee was set up jointly by Sopra Steria and representatives of its employees to oversee the running of the GPP.

The purpose of this report is to keep you informed about the GPP’s activities and to provide you with information on the current pension environment.

Undoubtedly one of the biggest changes during the year has been the introduction of the new freedom and choices at retirement. These changes were announced in the March 2014 Budget, initial information was included in the 2014 Newsletter, with the changes introduced from 6 April 2015.

We recently launched the Sopra Steria GPP dedicated pensions website which allows you to access information about the Sopra Steria GPP and related pensions issues. The website can be found at:

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

The Committee sees the website as a very important aid to help members plan for their retirement. It compliments Orbit, the online member portal which allows you to manage your Sopra Steria pension.

Over the coming months the Committee will be assessing to what extent members are engaging with the site and may well contact you for feedback as to what you like about it and what you think might be improved, to ensure you find it valuable. This will allow us to look at appropriate developments in the future to ensure it provides maximum benefit to members.

It is clear from the July 2015 Budget that pensions, and particularly Defined Contribution pension arrangements such as the Sopra Steria GPP, will be subject to many changes over the coming years, and it is therefore important you are aware of how these changes might affect you. I strongly recommend you look at the information available on the website so you understand these changes and plan accordingly.

In this edition you will also find information relating to:

- **The structure and members of the Governance Committee**
- **Some key facts and figures about the GPP**
- **Topical issues which may affect the GPP or your pension provisions in general**, including;
  - **Freedom and Choice at Retirement**
  - **Annual Allowance** – there are some important changes from April 2016 (the introduction of a Tapered Annual Allowance) that might affect you.

- **Lifetime Allowance**
- **Pension Charges**
- **Pensions Scams**
- **Is Your Nomination Form up to date?**

Details of your own benefits are accessible through the Lifestyle online platform from any internet browser at <https://orbit.orbitbenefits.com/login/login.html>, and following the link to the pensions section. Through this web address you will be able to access your personal pension record, a library of useful documents and your current pension value. You will also be able to switch funds or set up ‘pensions tracking’ (regular emails or texts that keep you up to date with the value of your pension), which I hope will help you in your retirement planning.

The annual report is held on the pensions website and includes links through to other areas on the site regarding important issues that might affect you.

I hope that you find both this newsletter and the new website interesting and helpful.

Yours sincerely



David Woods  
Chairman, Sopra Steria GPP Governance Committee

# Governance Committee Report 2015

---

## Governance Committee

The role of the GPP Governance Committee is to monitor aspects of the working of the scheme to ensure it is operating as intended and in line with best market practice. Some of the matters we monitor are:

- the range of Scottish Widows investment funds available to the GPP members, taking into account matters which may affect their differing needs and circumstances and are reported to the Committee (e.g. age and salary ranges);
- important aspects such as the speed and accuracy with which contributions, once paid by the company and the employees, reach Scottish Widows and are invested in the members' chosen funds;
- the performance of those funds to ensure that the Scottish Widows investment activities remain market competitive;
- major communications to members;
- the manner in which accurate and timely information is given, or made available to our employees;
- the processes by which members who reach retirement are able to set up, and begin to receive their pensions, and
- whether the Plan is being governed in accordance with the Pension Regulator's best practice.

We also seek to stay abreast of what is happening elsewhere in the market so that we can be certain that the Scottish Widows product offering remains appropriate. Due to the contractual relationship described above, the Committee has no direct decision making powers, but through its monitoring activities we can provide assurance to the Company that the GPP is operating as intended or make proposals to take corrective action within the terms of its contractual arrangements. We can also alert both Capita and Scottish Widows to issues where things are not working as they should and monitor the result. The Committee was established by Steria in 2009 and meets four times a year.

Over the last year we primarily focused on:

**Contributions payments** – at every meeting the Committee receives details of the timings of the actual payment of contributions as well as the different stages leading up to their payment. Time frames have remained consistent despite the additional administration processes faced by Sopra Steria around the Auto Enrolment requirements. Over the last year the Committee has been specifically monitoring how long after contributions have been received by Scottish Widows members have been able to view the investment of contributions through Orbit as there have often been long delays in the past. Contributions have always been invested from the date they are received by Scottish Widows from Sopra Steria and this is the date which is posted on Orbit, however until members have visibility the Committee appreciate they do not know contributions have been invested.

We are pleased to advise the time periods have generally improved but we continue to monitor this closely and look for further improvements where practical.

**Investment performance/default fund** – the default fund is a selection of investment funds into which members' contributions are invested unless they make another selection. After receiving appropriate advice the Committee recommended to Sopra Steria the introduction of a new default lifestyle fund. This was accepted by the Company and put in place from 1 January 2014. The new default fund has applied to all new members of the GPP since that date and existing members are able to select it by logging onto the Orbit platform. As the majority of members are

# Governance Committee Report 2015

---

invested in either the current or previous default funds we monitor performance of the investments in these funds at each meeting. More information is included later in the Report.

**Service performance of Capita and Scottish Widows** – representatives of Capita attend and make regular reports to all our meetings. Representatives of Scottish Widows are also invited to attend from time to time. Capita provide specific reports on activity through the Lifestyle Helpdesk, whilst Scottish Widows can only report on overall Service Standards not those specific to the Sopra Steria GPP. The Sopra Steria HR Helpdesk and Reward team continue to monitor specific concerns raised by members and will make the Committee aware of any specific concerns.

**Governance** – the Pensions Regulator has introduced six guiding principles in establishing a governance framework which is now a legal requirement for occupational money purchase schemes to abide by. It is not a legal requirement for Personal Pensions Plans such as the Sopra Steria GPP at this time, but good Governance has always been a priority for the Committee and therefore we have adopted the guiding principles.

Information about the Committee may also be found in the “People Pages” on Sterianet. The members who served on the Committee during the year were as follows:

## Company Nominated

David Woods (Chairman)  
Bryan Kelly (Head of Employee Relations)  
Chris Greenhalgh (Reward Manager)  
Jon Taylor (Head of Tax)  
Peter Cashmore (Legal Director and Company Secretary)

## Employee Nominated

Rosemary Cook (Senior Business Analyst)  
Brian Terry (NATO LOGFS Configuration Manager)

## Employee Nominated (Trade Union representatives)

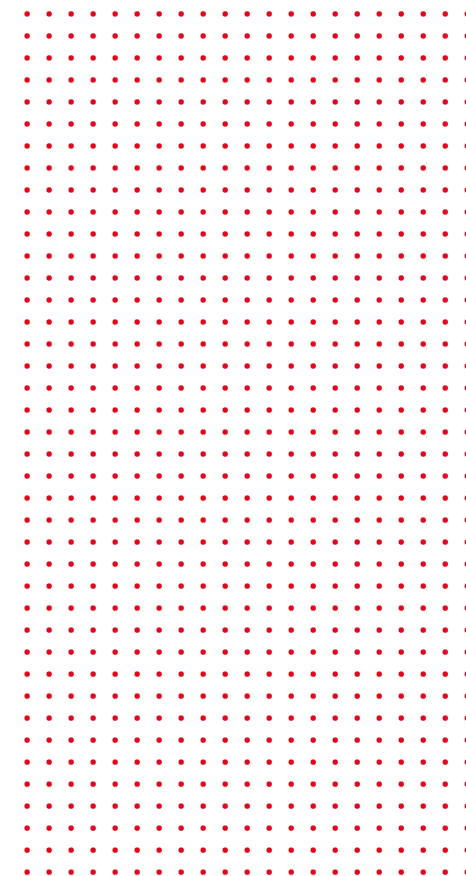
Ben Marshall (Prospect Assistant General Secretary)  
Chris Martin (Convenor for Unite)

## Secretary to the Governance Committee

Susanne Minocha (Assistant Company Secretary)

## Advisers to the Governance Committee

Capita Employee Benefits (Consultants)  
Scottish Widows (Pension Provider)



# The Sopra Steria GPP – at a glance

At 30 June 2015, active membership stood at 2,993 employees (2,932 at 30 June 2014). Total funds invested increased from £82.9 million at 30 June 2014 to £98.3m at 30 June 2015.

The top funds by total fund value at 30 June 2015 were:

Fund	Total Fund Value	%	No of Members invested in Fund
Consensus Fund*	£78,299,229	79.65	2,122
Pension Protector Fund*	£ 4,426,079	4.50	216
SW SSgA 50:50 Global Equity Index Fund**	£ 2,211,931	2.3	570
SW SSgA Index Linked Gilts Over 5 Years Index Fund**	£1,059,715	1.1	575
SW SSgA Non Gilts Stirling Corporate Bond All Stocks Index Fund**	£ 799,208	0.81	564
SW Invesco Perpetual High Income Fund	£ 749,054	0.75	39
Cash Fund***	£ 600,648	0.61	90
SW BlackRock Smaller Companies Fund	£ 523,099	0.53	26
North American Fund	£ 508,899	0.52	27
SW SSgA UK Conventional Gilts Over 15 Year Index Fund**	£ 491,274	0.49	63
SW Invesco Perpetual Distribution Fund	£ 491,026	0.50	20
UK Fixed Interest Tracker Fund	£ 454,435	0.46	18
Fixed Interest Fund	£ 413,122	0.42	10
Progressive Portfolio Fund	£ 319,830	0.33	4
SW Invesco Perpetual Managed Fund	£ 284,461	0.29	15
SW SSgA North America Equity Index Fund	£ 281,374	0.28	10
SW Fidelity South- East Asia Fund	£ 258,776	0.25	27
Others (94 funds)	£ 6,116,588	6.21	550
<b>Total</b>	<b>£98,288,748</b>	<b>100.00</b>	<b>4,946</b>

\*funds used in the 6 year Lifestyle Investment Approach

\*\*fund used by the default 10 year Lifestyle Investment Approach

\*\*\*fund used by both Lifestyle Investment Approaches

# The Sopra Steria GPP – at a glance

If you log on to Orbit you can access details of your individual fund value and the fund(s) you are invested in.

Fund performance figures as at 1 August 2015 for funds that make up the two Lifestyle Investment Approaches:

6 Year Lifestyle Investment Approach Funds	Performance Change over period %			Annualised Compound Return %			
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	10 Years
Consensus Fund	5.1	27.6	40.9	5.1	8.5	7.1	5.6
Pension Protector Fund	8.1	12.3	36.0	8.1	3.9	6.3	4.9
Cash Fund	-0.4	-1.4	-1.9	-0.4	-0.5	-0.4	1.2

Default 10 Year Lifestyle Investment Approach Funds	Performance Change over period %			Annualised Compound Return %			
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	10 Years
SSgA 50:50 Global Equity Index Fund	5.5	38.1	52.7	5.5	11.4	8.8	N/A
SSgA Non Gilts Sterling Bond All Stocks Index Fund	5.7	15.0	33.1	5.7	4.8	5.9	N/A
SSgA Index Linked Gilts Over 5 Years Index Fund	15.9	24.0	59.6	14.0	6.5	8.5	N/A
SSgA UK Conventional Gilts Over 15 Years Index Fund	14.8	13.5	53.3	14.8	4.3	8.9	N/A
Cash Fund	-0.4	-1.4	-1.9	-0.4	-0.5	-0.4	1.2

\*The 10 Year Default Lifestyle Investment Approach has only been available to members from 1 January 2014

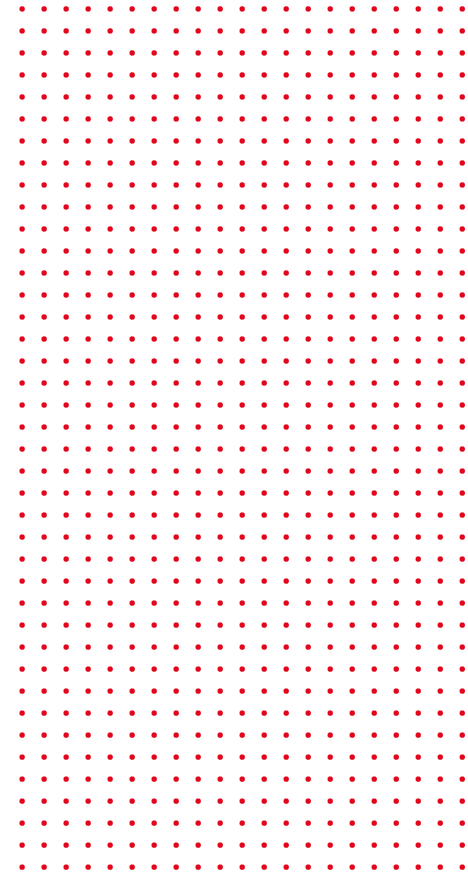
# Governance Committee Report 2015

---

Continually updated performance information is available for all funds offered by Scottish Widows by logging onto the Orbit online platform (<https://orbit.orbitbenefits.com/login/login.html>) and choosing the 'Find fund information' link on the 'Knowledge Centre' page. The 'Library' Section on Orbit contains fact sheets on both the 10 Year default and 6 Year Investment Approaches.

If you wish to change the investment funds you are invested in this can be done through Orbit. If you are at all unsure as to how to access or use Orbit you can contact the Helpdesk at [lifestyle@orbitbenefits.com](mailto:lifestyle@orbitbenefits.com). As past performance is no guarantee to future performance it is strongly recommended that you seek independent professional advice if you are thinking of changing your investments.

You may also elect to receive investment alerts from the Orbit site to advise you, either by text or email, when your selected investment funds increase or decrease by a percentage, which you can select. Further details can be found under in the pensions section under 'Pension Tracking'. You may select and cancel investment alerts at any time.



# Topical Issues

---

## Freedom and Choice at Retirement

April 2015 saw the introduction of the new flexibilities regarding drawing of benefits at retirement. This means that when you decide to draw your pension benefits there are more options available to you. However if you wish to take advantage of some of the new flexibilities then you may need to transfer out of the Sopra Steria GPP. Transferring is not right for everyone, but at the same time the options offered by Scottish Widows might not necessarily be in your best financial interest. You are strongly recommended to discuss your options with an independent financial advisor before taking a decision.

More information can be found at [www.mysoprasteriapension.co.uk/en/retirement](http://www.mysoprasteriapension.co.uk/en/retirement) which includes Questions and Answers on the new flexibilities along with details of what Scottish Widows can offer.

### Guidance from Pensions Wise

A new duty is in place that requires all pension schemes to let members of any Defined Contribution pension arrangement know that free guidance is available to them to help them choose what would be best for them when taking their retirement benefits. This guidance, Pensions Wise, will be supplied by Money Advice Service and Citizens Advice. It's a free and impartial service that aims to help you understand the options available and the tax implications and is available to anyone aged 50 and over. Visit [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) to find out more.

You may wish to combine this with independent financial advice.

## Annual Allowance

### Carry forward

The Annual Allowance is the maximum amount that can be paid into a pension arrangement which will qualify for tax relief, and is currently 100% of your earnings or, if your earnings are higher, £40,000 per year. This includes any contributions being invested on your behalf by your employer. Any contributions above this level will be subject to an Annual Allowance tax charge, which negates the normal income tax savings on pension contributions.

If you wish to make a larger contribution than £40,000 in a particular year, it may be possible for you to carry forward any unused Annual Allowance from the previous three tax years. You should contact the Capita Employee Benefits Helpline if you need details of your contribution history.

### Impact of Freedom and Choice on retirement from April 2015

To avoid members over 55 diverting salary into money purchase arrangements, obtaining tax relief, then immediately withdrawing 25% tax free, the Government created a new money purchase annual allowance (MPAA) of £10,000 which applies to individuals under any of the following circumstances:

- Taking income from Flexible Access Drawdown (FAD).
- Receiving an Uncrystallised Funded Pension Lump Sum (UFPLS).
- Conversion of capped drawdown to FAD and taking income.
- Taking income from pre 6 April 2015 flexible drawdown fund (which has automatically converted to FAD).
- Electing a flexible annuity.
- Receiving a stand-alone lump sum where entitled to primary protection and protected lump sum rights in excess of £375,000.

More information on the freedom and choices available since April 2015 can be found at [www.mysoprasteriapension.co.uk/en/retirement](http://www.mysoprasteriapension.co.uk/en/retirement) The Question and Answer guide provides more information on the MPAA.



# Topical Issues

---

## Tapered Annual Allowance

The Government intends to introduce a taper to the Annual Allowance, which limits the amount of tax-relieved pension saving that can be made by an individual or their employer each year.

The 'Tapered Annual Allowance' will be introduced from 6 April 2016 and legislation will be included within the Finance Bill 2015. For every £2 of 'adjusted annual income' of over £150,000 in a tax year, an individual's Annual Allowance will be reduced by £1, subject to a minimum Annual Allowance of £10,000. See [www.mysoprasteriapension.co.uk/en/news](http://www.mysoprasteriapension.co.uk/en/news) for more information.

Both Sopra Steria and the Governance Committee are currently considering the full impact of these changes and further communications will follow as appropriate.

## Lifetime Allowance

As well as the restrictions on annual contributions to a pension, the Government has set a limit on the maximum pension value that can be accrued before retirement. This maximum value, or Lifetime Allowance ('LTA'), is currently £1.25million, but is reducing to £1.00million from 6 April 2016.

- For any defined contribution or money purchase pension arrangements such as the Sopra Steria GPP the fund value at the point benefits are taken count towards the LTA.

For any defined benefit or final salary arrangements in which you have accrued benefits (this could be with Sopra Steria or a previous employer) the calculation of the value of that accrued benefit is different to a defined contribution or money purchase arrangement. You need to multiply the deferred benefit by a factor of 20 to give you the value of that benefit towards the LTA.

- So for example if your deferred pension is £15,500 per annum the value of the benefit would be £15,500 x 20 = £310,000.

Once the LTA is exhausted any further benefits are subject to a tax charge at the point the benefits are taken. If the excess is taken as a lump sum the tax charge would be 55% of the excess. If taken as a regular income (which is taxed in the same way as earnings) the tax charge would be 25%.

If you have had a reasonably long period of employment where you were a member of a defined benefit scheme it is easier than you think to exceed the LTA by the time you have taken all your retirement benefits from all arrangements. If you think this might affect you, especially if you might have total benefits valued over £1.00million by April 2016, you are strongly recommended to seek independent financial advice.

If you think the combination of existing benefits and anticipated future benefits that might be earned before you retire will exceed the LTA it might be appropriate for you to structure future pension savings so that the LTA is not intentionally exceeded. Again you are recommended to seek independent financial advice.

## Pension Charges – The Sopra Steria GPP

The Government introduced legislation regarding maximum pension charges from April 2015 by setting a maximum charge level of 0.75% per year applying to the fund or funds that make up a scheme's default investment approach. The Annual Management Charge for the Sopra Steria GPP default investment approach is currently 0.32%. This charge also applies to a range of other funds and means that each year, for every £100 invested in your Scottish Widows pension 32p is deducted to pay for the costs of running the GPP. This means the current charge under the Sopra Steria GPP is less than half the new charge cap.

Some funds available under the Sopra Steria GPP have a charging structure which may be higher than the 0.32% standard charge. Higher charges are likely to be the case if you choose funds that are managed by external fund managers. Details of all the funds available and charges applicable are held on the Orbit site within the 'Fund Centre' section of the 'Knowledge Centre' and also in the Library under the 'Pension' section.

Currently if you leave employment (or opt out of the Sopra Steria GPP) and pension contributions cease, the base Annual Management Charge increases by 0.30% to 0.62% per annum. This higher charge is still well below the charging cap being introduced. You can avoid this increase by electing to continue to contribute a minimum of £20.00 per month before tax relief. If contributions cease Scottish Widows will write to you advising you of the increase in the Annual Management Charge and how you can set up an ongoing contribution of £20.00 per month if you so wish to maintain the lower charge.

# Topical Issues

---

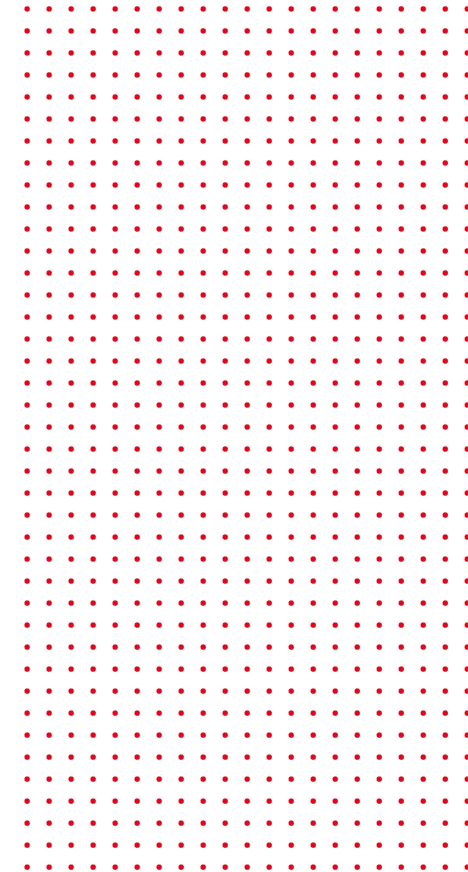
## Pension Scams - don't get stung!

There have been recent increases in the number of companies sending unsolicited texts or emails with titles such as 'take out a pension plan' 'unlock your pensions', 'pension releases' or 'free your frozen pension'. This is known as Pension Liberation. Regrettably the incidences of these scams are increasing, particularly in light of the new pension flexibilities and members should always be vigilant.

More information can be found at [www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams](http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams).

A few simple rules are good practice for most financial matters;

- Be wary of anyone offering an unsolicited service, particularly if by text or if using high pressure sales techniques, for example a cash incentive to 'act now'.
- Be aware of who you are dealing with. The Financial Conduct Authority Register contains details of all regulated companies so check that the entity you are dealing with is on the register, which can be found at [www.fca.org.uk/register](http://www.fca.org.uk/register).
- Companies House will also indicate how long the business has been established and where it is registered. See [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk). Consider carefully companies that have only recently come into existence or which are based a long way from your locality.
- If in doubt, speak to your Pension Provider. Most Pension Providers have been briefed with regard to Pension Liberation and will look out for this type of activity. If you are suspicious give them the details of your case – they may be able to put you at ease or prevent you from receiving an unexpected bill. Capita Employee Benefits are always on the lookout for this activity and will be able to assist you in relation to the Sopra Steria GPP.



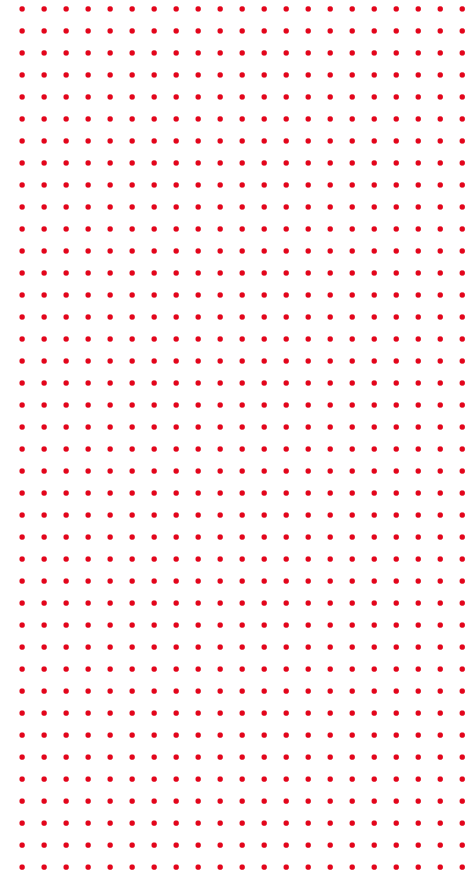
# Death Benefits: Is your Nomination Form up to date?

---

If you die before drawing your pension from the GPP then the amount in your individual pension fund is available to be paid as a lump sum. Any payments do not form part of your estate and are therefore not subject to inheritance tax.

You can nominate any person or persons to receive this money by completing a nominated beneficiary form. As under the rules of the scheme this is only regarded as an expression of your wishes the trustee (Scottish Widows), which has a discretionary power to decide to whom payment should be made, does not have to follow them. Nevertheless, the trustees will take into account - and usually accord with - any beneficiary on a nomination form when making a decision, particularly if the form is recent, so it is worthwhile keeping your nomination(s) up to date.

If you cannot remember who you originally nominated or your personal circumstances have changed recently (e.g. through marriage or divorce or had children or grandchildren) we would urge you to check your nomination form and/or make a new nomination if required. You can make the nomination online through Orbit <https://orbit.orbitbenefits.com/login/login.html> or if you wish to complete a paper form this can be requested through the Helpdesk [lifestyle@orbitbenefits.com](mailto:lifestyle@orbitbenefits.com).



# Advisers to the Governance Committee and useful contacts for members

---

## Secretary to the Governance Committee

**Susanne Minocha**

Three Cherry Trees Lane  
Hemel Hempstead  
Hertfordshire  
HP2 7AH

## Consultants

**Capita Employee Benefits**

65 Gresham Street  
London  
EC2V 7NQ

## Pension Provider

**Scottish Widows**

PO Box 902  
15 Dalkeith Road  
Edinburgh  
EH16 5US

More useful Contact and links can be found at the following:

[www.mysoprasteriapension.co.uk/en/your-steria-pension/differentsteria](http://www.mysoprasteriapension.co.uk/en/your-steria-pension/differentsteria)

