

PENSION matters

November 2022



Hello & welcome

Welcome to this year's newsletter. Inside you'll find news and information about the Scheme, as well as the wider world of pensions.

Getting online

Over 1,300 of you have already registered on our secure portal which is great news. If you haven't, you can find out why it's important and how you'd benefit from getting registered on **page 4**. I hope you take the time to get yourself sorted online as it will make your life so much easier when you want to do something with your pension – or simply want to check your payslips, P60, pension increases, change your details or update your Nomination form.

Member Nominated Trustees

I'm delighted to let you know that both Nigel Deeks and John Norbury – who have served as Trustees for many years – have been re-appointed as Member Nominated Trustees for a further term of office of up to six years.

This is good news for the Trustee board as it means we can continue to benefit from all the experience and knowledge they've amassed over the years. They both bring a different perspective to the discussions and we appreciate their valuable contribution to all the decisions we make on your behalf.

I hope to see many more of you registering for the secure online portal and exploring the website where you can find out pretty much everything you need to know about your pension with Raytheon.

Steve Southern

Independent Chair of the Trustees

Help with the cost of living

For most pensioners, your annual pension will increase by a certain amount each year up to set limits that will help your pension to keep its value. However, these increases have to be in line with the Scheme rules, so the amounts are not necessarily in line with inflation at any given time – especially at the moment when inflation has gone beyond what anyone had anticipated.

There are differences in how much your pension may increase depending on when you were a member of the Scheme and which section you were a member of. You will have had a letter earlier in the year telling you about your pension increase and there is also information on the secure portal at **www.raytheonpensions.co.uk** where you can log in or register to see your personal information.

We know that the increases the Scheme can give fall short of the actual rise in the cost of living that we are now experiencing. There are, however, Government initiatives that should hopefully help you to deal with some of these cost increases over the coming months.

Winter fuel payment

The Government recently announced a new price guarantee on energy that started on 1 October. There will be a cap on standing charges and unit rates for the next two years which should help with the escalating costs.

In addition, the Government will be increasing the winter fuel payment to pensioners. If you were born on or before 25 September 1956 you could get between £250 and £600 to help with your heating bills. How much you get depends on your circumstances during the week of 19 – 25 September 2022. You only qualify for the payment if you were living in the UK for at least one day during that week. It's called the 'qualifying week'. The amounts in the table below include a 'pensioner cost of living payment' of between £150 and £300 which you'll only get this Winter.

	Born between 26 September 1942 and 25 September 1956	Born on or before 25 September 1942
You qualify and live alone (or none of the people you live with qualify)	£500	£600
You qualify and live with someone under 80 who also qualifies	£250	£350
You qualify and live with someone 80 or over who also qualifies	£250	£300
You qualify, live in a care home and do not get certain benefits	£250	£300

Most payments will be made automatically in November or December and you'll receive a letter telling you how much you'll get.

For further help or information you can contact the following organisations:

Age UK helpline: 0800 678 1602 (Open 8am – 7pm every day)

Or visit: www.ageuk.org.uk

Your local Council who may be able to tell you if you qualify for Pension credit:

<https://www.gov.uk/find-local-council>

Your local Citizens Advice:

www.citizensadvice.org.uk

Get yourself online

Join over 1,300 of your fellow Scheme members and take advantage of being more in control of your pension and your personal information online.

If you do it now, then you'll have your pension information to hand whenever you need it – rather than having to phone up about it or trying to dig out letters you've received in the past.

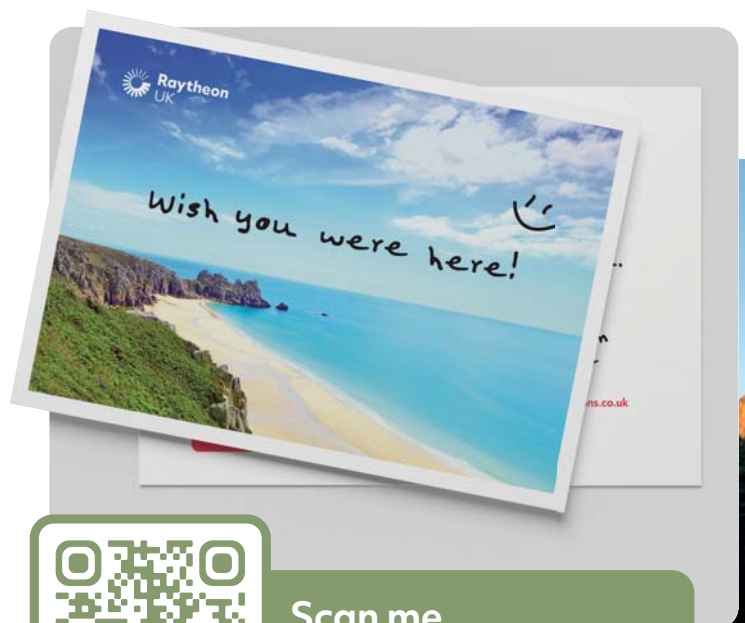
Here's what you can see and do on My pension portal

1. See copies of your payslips, P60 and your pension increase letter.
2. Choose for us to email you so we can keep in more regular contact with you.
3. If you retired in the last five years, tell the Trustee who you want any lump sum death benefit to be paid to. We're trying to move away from using paper forms, so please get yourself online to update your Nomination form there. If you really don't want to go online, you can contact Buck (details at the back of the newsletter) and ask for a new paper Nomination form.
4. Keep your personal details, like your address, up to date.

How to register

- Find the leaflet we sent you in August for your Unique ID code or if you can't find it, call Buck on 0330 123 0355 or email them at raytheonpensions@buck.com
- Go to www.raytheonpensions.co.uk and click on the red button 'My pension portal'
- Click first time user
- Enter your National Insurance number, date of birth and your Unique ID (you'll find this on the Wish you were here leaflet)
- Create your own log in and password
- Enter your email address – you also have the option to put in your mobile phone number

If you have any problems with the process of logging in, just get in touch with Buck – you'll find their contact details on **page 12**.

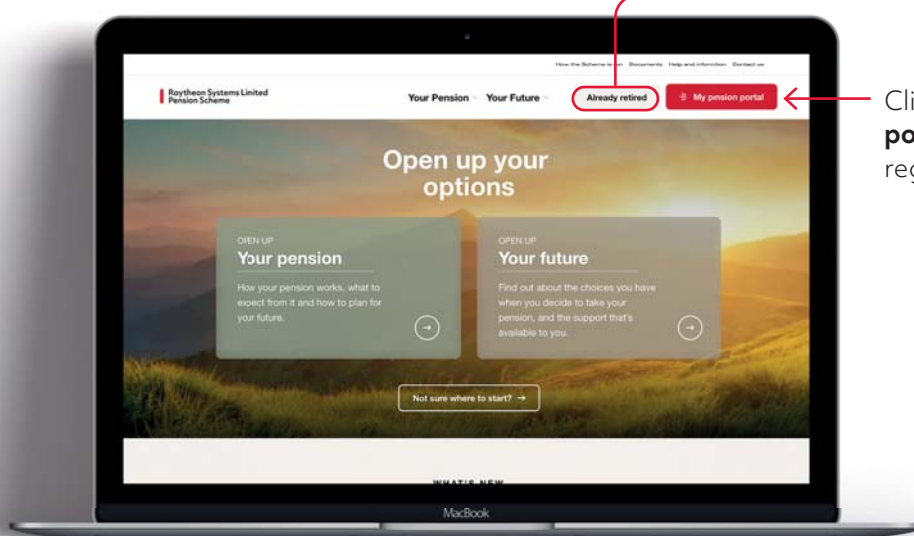


Scan me
www.raytheonpensions.co.uk

Get the answers to your questions online

You can also explore a whole load of information about your pension on the website without logging in to the secure portal. The key section for you is behind the button: **'Already retired'**. Here you'll find information about:

- Tax
- Pension increases
- What's paid when you die, and
- What should my next of kin do if I die?



Click on **My pension portal** to get yourself registered.

There are also sections on:

- Who to contact and how
- Other websites that can help you with your pension
- Information about how the Scheme is run and useful documents



How to make sure the right people get any death benefit from the Scheme

The Scheme provides your spouse or civil partner with a pension if you die before them in retirement. It may also provide a lump sum benefit if you die within five years of retirement.

It's really important that you let us know if you have a spouse or civil partner and if not, if there's anyone financially dependent on you who you would like this lump sum benefit to be paid to.

It can be one of the most difficult decisions we have to deal with as your Trustees, when these instructions aren't clear or are out of date as members' circumstances have changed. Not knowing this information can cause unnecessary distress to your loved ones and create delays in the benefit being paid.

To make sure this information is correct, please log in or register on My pension portal and click on Nomination form. You can complete this online and change it at any time with more up to date information if you need to. Or contact Buck asking for a new paper form to be sent to you.

Avoid pension and investment scams

As you're already receiving your pension from the Scheme, your pension is safe and isn't something that a scammer can get hold of.

However, if you have other savings or a defined contribution pension arrangement that's currently being invested, you need to be cautious and aware of the kinds of tricks these fraudsters will play on you.

It's so easy to be caught off guard by someone on the phone or online but there are things you can look out for – especially in relation to your savings and investments.

- Some scammers will offer high returns on investments to tempt you, often along with more realistic returns to make it seem more legitimate
- Those who offer or promote investment opportunities through search engines are often not regulated by the Financial Conduct Authority (FCA)

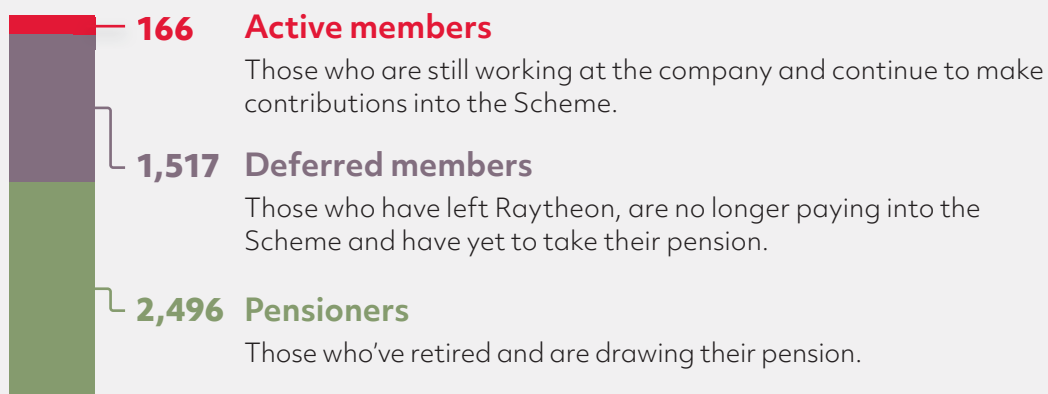
- Be wary if you're contacted out of the blue about an investment opportunity
- Don't be put under any time pressure for offers to be agreed by a certain date
- Never download software or an app that allows access to your device that's not from a legitimate source
- Always check the web address is correct – they often change one letter in an email address or web address so it looks right and always make sure there's a padlock sign at the beginning of any URL address

It may all sound obvious, but scammers are clever and know all the tricks to get you to hand over your savings.

Find out more about avoiding scams at www.fca.org.uk/scamsmart

Who's in the Scheme?

(As at 5 April 2022)



Opening up the finances

Here's our regular summary from the Scheme's Report and Accounts showing the income and outgoings for the Scheme during the financial year to 5 April 2022.

Year ending	5 April 2021 £s	5 April 2022 £s
Value at the start of the year	630,048,942	651,430,231
Income		
Employer contributions	3,059,794	2,915,160
Employee contributions	145,495	142,652
Other income	211,732	156,544
Total income	3,417,021	3,214,356
Outgoings		
Retirement and death benefits	(18,857,284)	(18,278,625)
Transfers out to other pension schemes	(4,387,794)	(7,378,103)
Premiums for life assurance	(783,123)	(1,320,957)
Scheme expenses	(1,473,653)	(1,537,727)
Total outgoings	(25,501,854)	(28,515,412)
Investment returns (net of expenses)	43,466,122	7,201,176
Value at the end of the year	651,430,231	633,330,351



What we're doing with investments

There are two main aims for the Scheme's investments:

- to ensure that current and future benefits can all be paid out to members when needed, and
- to keep the funding position on track.

With this in mind, we have been reducing the risk level of our investments by switching from higher risk areas like global equities (company shares) into lower risk areas like bonds in 'liability matching' investments. These types of investments tend to bring in a level of return that matches the cost of providing pension benefits – hence the name.

We've been able to do this because the Scheme's funding position is in good shape, and has continued to improve over time.

We also take into account environmental, social, and governance (ESG) considerations with our investments. For example, we'll discuss investment opportunities linked to the transition to a lower carbon world and we track the ESG ratings given to our fund managers and have seen these improve over recent months.

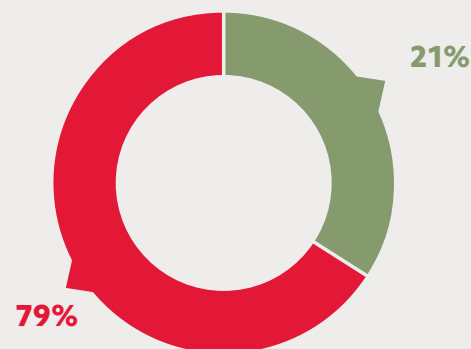
What's been going on in investment markets?

Concerns around the Ukraine crisis, inflation pressures, the ongoing impact of the pandemic, and more recently increases in interest rates have led to investment markets being extremely volatile – most types of investment have fallen in value over 2022 to date.

The good news is that whilst the Scheme is not completely immune from these events, our lower risk investment strategy has limited the impact.

For example:

- The Scheme no longer holds any investments in equities, so movements in the stock market don't hit the Scheme.
- An inflation protection strategy is in place whereby we have investments that "match" the inflation characteristics of your Scheme benefits, which largely mitigates the risks around higher inflation.



Growth assets

21%

These include hedge funds, real estate and higher risk types of credit.

Matching assets

79%

This category includes funds designed to match the inflation and interest rate changes that affect the Scheme's liabilities (members' benefits), along with bonds issued by governments and companies. We're also introducing a new investment fund, which invests in many different types of bonds aimed at generating attractive returns, with low risk and strong protection from market downturns.

Please note that the allocations shown are approximate, and they will vary with market movements.

Over the three years to 31 March 2022, a volatile period for investments, the Scheme's assets produced a return of 4.1% a year. Looking over the very long term, from 31 December 2002 up until 31 March 2022, a period of nearly 20 years, the assets returned 8.0% per annum.

Summary funding statement

The following information gives you an overview of the Scheme's financial health. It's a legal requirement that we share this information with you and we hope you will be suitably reassured by the Scheme's current funding level.

We have to report the valuation results to the Pension Regulator and inform them that we've communicated with you about the financial position of the Scheme.

The Scheme must have a full financial check (called a valuation) from an independent expert (called an actuary) at least every three years. Our most recent valuation was carried out at 5 April 2021. The actuary also has to carry out annual updates.

How's the Scheme doing?

Assets

The money the Scheme has now

2021 valuation
£649m

2022 update
£633m

The Scheme's assets have decreased over the year to 5 April 2022, mainly due to the benefits paid.

Liabilities

The estimated costs of providing members' benefits now and in the future

2021 valuation
£588m

2022 update
£552m

The value of the liabilities has decreased over the year to 5 April 2022. This was mainly due to a rise in government bond yields.

Shortfall / Surplus

The difference between the assets and the liabilities

2021 valuation
£61m surplus

2022 update
£81m surplus

With the value of the liabilities reducing by more than the assets, the Scheme's surplus has improved as at 5 April 2022.

Funding level

The assets as a percentage of the liabilities

2021 valuation
110%

2022 update
115%

As the Scheme had a surplus at the 2021 valuation, the Company is not currently expected to pay any further additional contributions.

Is my pension secure?

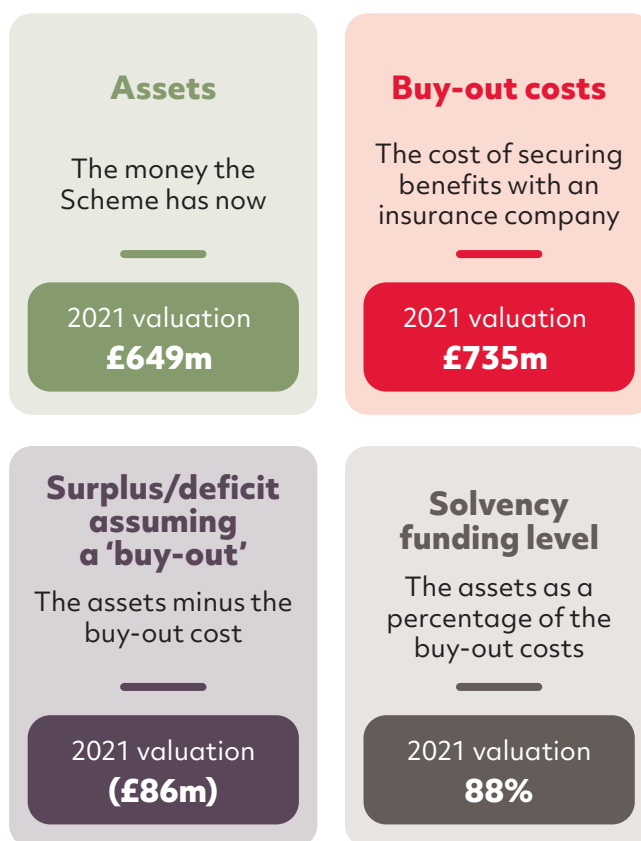
Our aim is to have enough money in the Scheme to pay pensions and other benefits to members. With the current funding level at over 100%, your benefits are expected to be paid in full when they become due.

The Actuary also works out how much money the Scheme would need if the Scheme was wound up and we then secured members' benefits by buying an insurance policy. Securing benefits in this way costs more than the Trustees' estimate of paying the benefits – when an insurance company takes on responsibility for paying members' benefits it cannot go back to the Trustees or Raytheon for more money in the future, and so it will invest in 'low risk' assets (with low expected future investment returns) so that it can be sure that it will be able to pay benefits. It also has to hold additional reserves to demonstrate they have enough money to pay out the benefits. This is why the buy-out cost numbers and funding level differ from those on the previous page.

At the 2021 valuation, the estimated position for buying members' benefits with an insurance company was as shown on the right. In the same way as the position on the previous page improved from 5 April 2021 to 5 April 2022, the buy-out position is also expected to have improved.

We are required by law to give you this information about Scheme wind-ups.

If there was not enough money in a scheme to buy out all the benefits with an insurance policy, the company would have to make up the shortfall. For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. You can find out more about the PPF on its website: www.ppf.co.uk. To contact them please email: information@ppf.co.uk or call **0345 600 2541** (International callers: **+44 (0)20 8633 4902**).



Insuring your future

The calculation above estimates the cost of providing the promised benefits if the Scheme ended on 5 April 2021 and the responsibility of paying the benefits was transferred to an insurance company. It's important to work out the Scheme's funding level on this basis so that the Trustees can feel confident about the future funding of members' benefits under all circumstances.

Trustees will sometimes secure members' benefits with an insurance company without winding up the Scheme. This works like an insurance policy where the trustees and the company are ultimately responsible for meeting all members' benefits but the insurance policy carries the risk of things like inflation or investment returns affecting the cost of benefits. It helps make schemes more secure and ensures that there are always sufficient funds available to pay the benefits due.

A scheme can only take out an insurance policy like this - called a buy-out - when it's in a strong financial position. Given that the Scheme is now in a strong financial position, this is something the Scheme is starting to consider in conjunction with Raytheon.

And finally

Legally, we have to confirm that the company has not taken any surplus payments out of the Scheme in the last 12 months. We can also confirm that The Pensions Regulator has not intervened to change the way that benefits build up, the way valuations are calculated, or the way the funding shortfall is met.

The people behind your pension

The Scheme is managed on your behalf by us, your Trustees. We work with a range of professional advisers to ensure that the investments, administration of your benefits, communication and financials are all well run.

To ensure we have a good team and in keeping with the requirements of the Trust Deed and Rules, we make sure that we have regular training so that we maintain a good understanding and grounding in pensions and keep up to date with any changes in legislation that may impact you or the Scheme.

Your Trustees are:

20-20 Pension Services Limited
(represented by Steve Southern)

INDEPENDENT TRUSTEE CHAIR
Company appointed

Andrew Hosier

COMPANY APPOINTED
Commercial Director

Sharon Richards

COMPANY APPOINTED
Tax and Financial
Reporting Manager

Nigel Deeks

MEMBER NOMINATED TRUSTEE
Lead Engineer, Mechanical
Systems Design

John Norbury

MEMBER NOMINATED TRUSTEE
Retired Configuration
Data Controller

Secretary to the Trustees

David Pert

Head of Benefits,
Compensations and Pensions



Who to contact and when

If you have a question about your pension in the Scheme, you've changed address or you need to update your Expression of Wish form:

Log on to My pension portal by clicking on the red button at www.raytheonpensions.co.uk

If you want to register on the portal but have lost your letter with your Unique ID or you want to speak directly to the administrators, please:

Email: raytheonpensions@buck.com

or call the Helpline: **0330 123 0355**

If you have a complaint about the Scheme that can't be resolved by Buck (the Scheme administrator), the Trustees or Raytheon, contact the Pensions Ombudsman:

Tel: **0800 917 4487**

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk