



Saputo
Dairy UK

Important benefit information:

You are receiving this newsletter because you have benefits in the Fund.

PENSION NEWS

For members of the Dairy Crest Group Pension Fund

November 2024

WELCOME

I'm pleased to present this year's update from the Trustee of the Dairy Crest Group Pension Fund – your annual round-up of the latest news and developments from the Fund and the world of pensions.

This year's *Pension News* contains the usual summary of Fund accounts on page 8, detailing money going into and out of the Fund over the past year, and you'll find an overview of the Fund's investments on page 10. If you would like to see the full Report & Accounts, you can request a copy from the administrator using the details on the back page.

On page 6, you'll find the Fund's latest summary funding statement – an annual snapshot of the financial position of the Fund. The most recent update of the Fund was carried out as at 31 March 2024 and I'm pleased to report that the funding level has remained stable at 95%.

Our Fund noticeboard contains a wealth of useful information this year, including an update on the upcoming pensions dashboards system, some information on the new lump sum allowances and an article explaining how you can top up your State pension before the new deadline next year. You'll find all this and more on page 4.

It remains very important for you to do everything you can to protect yourself against pension scams. Criminals are becoming much more sophisticated in their approach, employing a range of techniques to deceive you into thinking that they are genuine, so please read our article on page 5 for some useful pointers.



I hope that you enjoy reading this newsletter. If there's anything you would like to know or see in a future issue, please get in touch using the details on the back page. We'd be very pleased to hear from you.

Daniel Barlow, Chair of the Trustee
The Law Debenture Pension Trust
Corporation plc

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HOW WE GOVERN THE FUND

The Fund is governed by a board of five Trustee Directors, including one independent professional trustee, two Company-nominated Directors and two member-nominated Directors.

TRUSTEE BOARD

- The Law Debenture Pension Trust Corporation plc – represented by Daniel Barlow (Chair of the Board, independent professional trustee)
- Kevin Ambanpola (Company-nominated Director)
- James Aspinall (Member-nominated Director)
- Roger Robotham (Company-nominated Director)
- Andrew Tredrea (Member-nominated Director)

The Trustee Board is supported by two committees, made up of three trustee directors.

Each committee operates under Terms of Reference that set out the role, responsibilities and any delegations from the Board:

- *Administration & Operations Committee* – responsible for overseeing the administration, annual audit process, member communications and discretions. This committee is chaired by Anna Eagles of The Law Debenture Pension Trust Corporation plc and is responsible for implementing projects such as GMP equalisation and Pensions Dashboards.
- *Funding & Investment Committee* – responsible for overseeing the implementation of the Board's funding and investment strategy, including monitoring investment performance and reviewing the investment managers. This committee is chaired by Daniel Barlow.

The Fund is also supported by its providers and advisers:

Fund actuary

Paul McGlone, Aon Solutions UK Ltd

Administrators

Isio Group Limited
Legal & General Assurance Society Ltd

Auditor

RSM UK Audit LLP

Investment adviser

Aon Investments Ltd

Secretary to the Trustee

Annie Cooper, ZEDRA Inside Pensions Ltd

Solicitor

Hogan Lovells International LLP

FUND NOTICEBOARD

CHANGES AHEAD FOR INHERITED PENSIONS

In the autumn 2024 budget, the chancellor announced that unused pension pots will form part of an individual's estate for inheritance tax purposes from April 2027.

This means that pension lump sums and death benefits from a pension can no longer be passed on tax free to your beneficiaries but will be added to the rest of your estate: property, money, possessions, etc. when working out if any inheritance tax is due.

The rules are complex, and a government consultation is under way to determine how this new approach will be put into practice.

NEW TAX ALLOWANCES

You can usually take up to 25% of your pension as a tax-free lump sum – and please note that if you do, then under the Scheme Rules you will have to start taking your pension at the same time. The new Lump Sum Allowance (LSA) limits this to a maximum of £268,275, unless you have previously applied to HMRC for Lifetime Allowance (LTA) protection (in which case a higher limit may apply). There is also the Lump Sum and Death Benefit Allowance (LSDBA), which restricts the amount of tax-free lump sums and lump sum death benefits that can be paid tax free from all registered pension schemes to £1,073,100 (unless you have LTA protection, in which case a higher limit may apply).

AN UPDATE ON PENSIONS DASHBOARDS

Last year it was announced that the timetable for launching pensions dashboards would be pushed back to give the pensions industry more time to get ready for this major project.

Since then, the Department for Work and Pensions has published new guidance setting out a staged timetable for pension schemes to connect to the pensions dashboards ecosystem. Our Fund is due to connect by August 2025. The go live date for the public to be able to search for pensions on the dashboard is yet to be announced.

When it's launched, the dashboard aims to provide a single place where you can get information about all your pension savings across all schemes, as well as track down any lost pension pots.

NORMAL MINIMUM PENSION AGE (NMPA) TO INCREASE

The NMPA is the earliest age most people can start withdrawing money from their personal and workplace pensions. It's currently 55, but this will increase to 57 from 6 April 2028.

STATE PENSION TOP-UP DEADLINE

Individuals with gaps in their National Insurance (NI) record now have until April 2025 to fill them. The opportunity is extended back to the 2006/07 tax year and could be worth thousands of pounds for people who live well into their retirement. Under the new State pension system, you will need at least 35 years of NI contributions or credits to qualify for the full payment of £221.20 a week. If you were contracted out of the State pension before April 2016, you may need more than 35 years to get the full rate.

You can check your NI record and find out how much it will cost to top-up your credits by visiting www.gov.uk/check-national-insurance-record

BEWARE OF PENSION SCAMS

There are many different ways that criminals may try to steal your pension, and these types of scams could mean you lose some or even all of your pension. Criminals know what buttons to push to get what they want – whether it's cold calls, emails, texts or fake websites. If you're approached by a potential scammer, it's important that you:

Stay calm: if you get calls offering free pension reviews or early access to your pension, don't feel rushed or pressured to respond.

Don't commit: always seek advice before making decisions.

Stop the call: if you feel pressured or if the caller won't take no for an answer, end the conversation. Don't be embarrassed to put the phone down or end the contact.

Listen to your doubts: if you think an offer sounds too good to be true, it probably is.

Don't forget: since January 2019 it is illegal to cold call anyone in relation to their pension savings, so if you weren't expecting the call, or have any doubts at all about its legitimacy, just hang up.



SUMMARY FUNDING STATEMENT

Every three years, the Fund actuary carries out a detailed assessment of the funding position, which is called an actuarial valuation. The actuary also carries out less detailed funding updates in the years between full valuations.

The most recent valuation of the Fund was carried out as at 31 March 2022 and the results are shown in the table below, along with the latest update as at 31 March 2024 and 31 March 2023.

	31 March 2024	31 March 2023	31 March 2022
	(£m)	(£m)	(£m)
Assets (excluding AVCs)	767.4	837.7	1,210.3
Amount needed to pay benefits (liabilities)	803.6	868.2	1,211.8
Shortfall	(36.2)	(30.5)	(1.5)
Funding level	95%	96%	100%

The financial position of the Fund has worsened slightly since March 2023. Rises in UK government bond yields over the year have resulted in a reduction in the amount needed to pay benefits (liabilities). However, the Fund's assets, which are designed to track the value of the liabilities, have similarly fallen over the period.

Overall, the assets have fallen by slightly more than liabilities, leading to a slight reduction in the funding level.

Please keep in mind the long-term nature of the Fund to meet payments to members over many years into the future. The financial position is a 'snapshot' which will change from year to year.

The next full valuation will be on 31 March 2025.

Don't forget, the information shown on these pages is designed to give an overview and will change from year to year. Please keep in mind the long-term nature of the Fund to meet payments to members over many years into the future.



THE IMPORTANCE OF DAIRY CREST'S SUPPORT

The funding target agreed for the Fund meets the requirements of the Pensions Act 2004 and is called the 'technical provisions'. It relies on Dairy Crest Limited (Dairy Crest) and its financial support to:

- make extra contributions if there is a funding shortfall
- put in more money if the investment returns are lower than expected.

As the Fund only had a small shortfall at the valuation date, no contributions were required from Dairy Crest at that time.

WHAT IF THE FUND WERE TO WIND UP?

The following is for information only. We don't intend to wind up the Fund, but we do check the impact on the Fund should Dairy Crest no longer be able to support it.

Under the hypothetical scenario that the Fund wound up on 31 March 2022, the shortfall is estimated to have been £164m. The Fund can only be wound up in limited circumstances and this figure would only crystallise if Dairy Crest became insolvent. Under the legal guarantee, Saputo Inc. would then be required to pay any shortfall not met by Dairy Crest. The current estimate of the winding up shortfall as at 31 March 2024 is £114m.

The shortfall on winding up, which is different from the ongoing shortfall shown in the table, assumes that all members' pensions would be provided by an insurance company. Insurers take a very cautious view of the future and they need to make a profit.

The ongoing position assumes that Dairy Crest will continue in business and carry on supporting the Fund. Over time, the Trustee's long-term aim is to reach a funding position where all benefits can be secured in full with a regulated UK insurer.

IS MY PENSION PROTECTED?

If the Fund were to wind up today, Dairy Crest would have to pay enough into the Fund to buy out all members' benefits with an insurance company. If Dairy Crest could not afford to cover this, Saputo Inc. would then be required to pay any shortfall not met by Dairy Crest. The Pension Protection Fund (PPF) was also established by the government to protect members' pensions when a company becomes insolvent (although it doesn't guarantee full benefits).

You can find out more about the PPF at www.ppf.co.uk

OTHER INFORMATION WE NEED TO TELL YOU

As required by law, we can confirm that there have not been any payments to Dairy Crest out of the Fund since the last summary funding statement was issued. We can also confirm that the Fund has not been modified by the Pensions Regulator and no directions or schedule of contributions have been imposed on it by the Regulator.

MONEY & MEMBERSHIP

The information on this page is a summary of the Trustee's formal Report & Accounts for the year to 31 March 2024 and shows you how much money has gone into and out of the Fund during the year.

FINANCIAL HIGHLIGHTS (rounded numbers)

Value of the Fund at 1 April 2023 (including AVCs)	£838.7 million
Money in less money out	(42.5)
Net returns on investments	(27.8)
Value of the Fund at 31 March 2024 (including AVCs)	£768.4 million

	Year ending 31 March 2024
	£m
MONEY IN	
Company contributions	-
Other income	-
TOTAL	-
MONEY OUT	
Benefits paid to members	40.8
Payments to leavers	0.5
Administrative expenses	1.2
TOTAL	42.5





WHO'S IN THE FUND?

As at March 2024, you were one of **12,186** members in the Fund.

4,117

8,069

12,186



+



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DEFERRED
MEMBERS

PENSIONERS

TOTAL

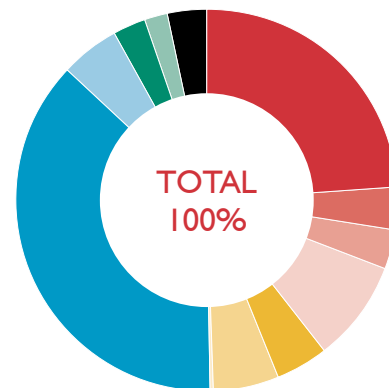
OUR INVESTMENTS

WHERE ARE THE ASSETS INVESTED?

The Trustee is responsible for the overall investment strategy, but it delegates the day-to-day management of investments to its appointed managers. During the year, these were:

- Legal & General Investment Management (until 2 May 2023)
- Pacific Investment Management Company (until 6 October 2023)
- Aviva Investors Jersey Unit Trusts Management
- AXA Investment Managers UK Ltd
- Robeco Institutional Asset Management
- Insight Investment Management
- Wellington Management Company
- Nephila Capital Ltd
- DRC Capital LLP
- Chorus Capital Management
- CVC Credit Partners Investment Management Ltd

On 31 March 2024, the Fund's assets were split between the following investments:



• Legal & General insurance policy	24.1%	• Insurance linked securities	0.3%
• Bank capital relief	3.6%	• Liability hedging	37.1%
• Cash	3.3%	• Multi-asset credit	5.2%
• Corporate bonds	8.6%	• Property	2.7%
• Direct lending	4.3%	• Property debt	1.8%
• High grade global ABS fund	5.7%	• Trustee bank account	3.3%

FUND PERFORMANCE

During the year to 31 March 2024, the total Fund performance was -4.5% compared with a benchmark of -3.8%.

This chart shows the performance over the one-year, three-year and five-year periods to 31 March 2024. Although negative, the Fund's performance is in line with expectations as liabilities have also fallen over these time frames and the assets are designed to move in line with the liabilities.



GET IN TOUCH

If you have any questions about the Fund or your benefits, please contact the appropriate Fund administrator:

For deferred members and pensioners (if Isio pays your pension)

Isio Pensions, PO Box 108, Blyth NE24 9DY

Email: dairycrest@isio.com

Call: 0800 122 3560

For pensioners (if Legal & General pay your pension)

Legal & General, Customer Payment Services, PO Box 809, Cardiff CF24 0YL

Email: paymentservices@landg.com

Call: 03450 778 778

UPDATING YOUR EXPRESSION OF WISH

An Expression of Wish tells the Trustee who you'd choose to receive your Fund benefits in the event of your death. We refer to these chosen individuals as beneficiaries. What you write on the form is a key influence for the Trustee, who will use this information to make a decision about these payments.

It's important you update your Expression of Wish regularly, especially if your personal circumstances change.

If you are unsure if you need to complete an Expression of Wish form, please call the Fund administrator who will help you.