

# THE METAL BOX PENSION SCHEME

# METAL BOX NEWSLETTER

*Members' Report  
Winter 2019/2020*



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- Pension scheme changes
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# Welcome

## Welcome to your Members' Report from the Trustee of the Scheme.

It's been a year of change for the Metal Box Pension Scheme (the Scheme). As many of you will already know, the Scheme's Defined Benefit (DB) and Defined Contribution (DC) Sections closed to future accrual earlier in the year. **Pension benefits you have already built up in the DB Section are protected and pensions already in payment are not affected.** You can read more about this on page 3.

The Trustee, the Company and I have been busy introducing the new pension scheme for current employees and transferring accounts in the DC Section and the AVC Plan to the new scheme. We've also been working on an Enhanced Transfer Value Exercise for deferred members (see page 4).

There has also been some change to the Trustee Board this year. Neil Davis has replaced David Powell as a pensioner Member Nominated Director. The Board has thanked David for his hard work and dedication to the Scheme and extended a warm welcome to Neil.

You'll find the funding and investment update on pages 5 to 7. This includes the results of the triennial valuation as at 31 March 2019.

**Please remember to let the Scheme administrator, Equiniti, know if you change your address. This is important because they need to stay in touch with you about your pension in the Metal Box Pension Scheme. If Equiniti loses touch with you, your pension may not be able to be paid when it is due. Please also read the article about nomination forms on page 9.**

I hope you find your newsletter useful. If you have any queries about your pension benefits, please contact Equiniti in the first instance. Their contact details are on the back page.



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UK Pensions Manager

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You can download copies of this newsletter from the website at [metalboxpensions.co.uk](http://metalboxpensions.co.uk)

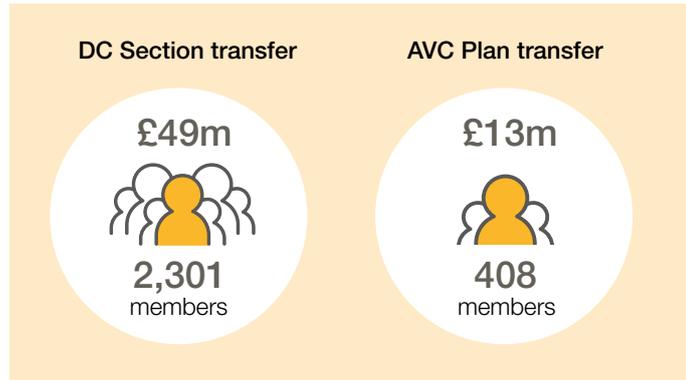
# Pension scheme changes

Following a consultation with employees, the Scheme (DB and DC Sections) and AVC Plan were closed to future accrual with effect from 31 March 2019.

All members building up benefits at the time of closure became ordinary deferred members of the Scheme.

From 1 April 2019, a new workplace pension scheme called The Crown Packaging Section of The Aon MasterTrust (AMT) was made available by the Company to employees.

Savings in the DC Section were transferred to the AMT in June 2019, and savings in the AVC Plan were transferred to the AMT in July 2019. Savings transferred to the AMT from the AVC Plan are ring-fenced and available to transfer to the Scheme at retirement.



## Membership numbers

DB Section	31 March 2019	31 March 2018
Active	0*	525
Deferred	3,641	3,744
Pensioner	12,342	12,559
DC Section		
Active	0*	1,564
Deferred	2,379**	659
AVC Plan		
Active	0*	249
Deferred	479**	297

\*Following the closure of the Scheme and AVC Plan on 31 March 2019, there are no longer any active members of the Scheme.

\*\* Following the bulk transfers to the AMT in June and July, there are no deferred members in either the DC Section or AVC Plan.

# Enhanced Transfer Value exercise

In 2018, the Company started a programme of Enhanced Transfer Value offers for deferred members.

An Enhanced Transfer Value (ETV) is an option to transfer benefits out of the Scheme to another pension arrangement and receive a one-off enhancement (an increase) to the ordinary transfer value.

The Company is making these offers because when members accept an ETV, this reduces the size and level of risk in the Scheme and may improve its funding level. At the same time, an ETV provides members with a higher transfer value than would otherwise be available to them from the Scheme.

The Trustee has agreed to support the Company in making these ETV offers, provided they are accompanied by appropriate financial advice to help members make an informed decision.

Members who received an ETV offer have been provided with access to free independent financial advice.

**The Company ran the exercise in three phases:**



This offer was not available to:

- deferred members whose ordinary transfer value is less than £10,000; or
- members resident outside the European Union.

# Funding and investment update

## What is a valuation?

The Trustee's role is to make sure that there is enough money in the Scheme to pay members' benefits, both now and in the future. This depends on a number of different factors such as future inflation, investment returns and life expectancy, all of which are uncertain. Every three years the Scheme Actuary carries out a formal valuation to check how well placed the Scheme is to meet its commitment to beneficiaries. This full valuation determines what contributions, if any, the Company needs to pay to the Scheme. The Trustee monitors the funding level regularly and the Scheme Actuary also carries out interim valuations every year to check how the Scheme is doing, although this does not determine the contributions payable.

## The Scheme's funding position

The chart below outlines the funding position of the Scheme at the most recent actuarial valuation at 31 March 2019, the previous full valuation at 31 March 2016 and the interim valuation at 31 March 2018.

	2019	2018	2016
<b>Liabilities</b>	£2,518m	£2,539m	£2,369m
<b>Assets</b>	£2,442m	£2,472m	£2,105m
<b>Funding level</b>	97%	97%	89%
<b>Shortfall</b>	£76m	£67m	£264m

The figures to the left include Defined Contribution (DC) Section assets and liabilities of:

2019	2018	2016
£49m	£42m	£28m

### Why are the DC Section figures included?

The DC Section figures need to be included for accounting purposes, because the DC Section was part of the Scheme at the relevant date. However, this does not affect the funding position of the DB Section. Following the transfer of DC Section assets out of the Scheme to the AMT, the valuation will not include the DC Section assets and liabilities in future years.

# Funding and investment update (continued)

## How has the funding level changed?

The funding level of the Scheme at 31 March 2019 has improved significantly since the last full valuation at 31 March 2016. It has improved from 89% to 97% over the three-year period. This means that the Scheme's funding shortfall has reduced from £264m to £76m (this is the difference between the value of the liabilities and the value of the assets).

The main reason for this improvement is the contributions made to the Scheme by the Company, including the advance payment of £181m in December 2017.

The last newsletter update reported on the interim valuation as at 31 March 2018. Over the year to 31 March 2019, the funding level has remained the same at 97% but the shortfall has increased slightly from £67m to £76m. This is primarily due to changes in the assumptions.

Even so, the Scheme is ahead of the recovery plan agreed by the Company at the 2016 valuation and it is now expected to be 100% funded slightly earlier (see page 7).



For more information about how the Scheme is funded, head to the Documents area on the Scheme website at [metalboxpensions.co.uk](http://metalboxpensions.co.uk)  
Alternatively, you can request a copy of the financial documents from the UK Pensions Manager.

## How are the assets invested?

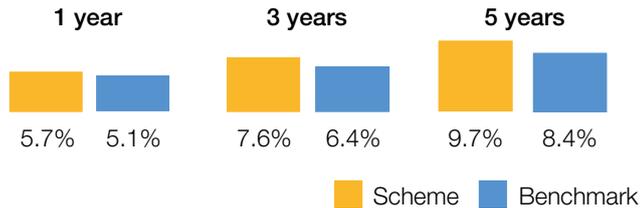
To help improve and maintain the funding level of the Scheme, the Trustee invests money into different funds and assets.

### As at 31 March 2019, the DB Section investments were split as follows:

	£m	%
Liability matching assets – gilts, swaps, inflation linked bonds, cash	1227.3	51.2%
Investment grade credit	99.7	4.2%
Alternative credit	284.5	11.9%
Developed equity	178.7	7.5%
Private equity	47.9	2.0%
Hedge funds	213.1	8.9%
Alternative betas – re-insurance, volatility premium, merger arbitrage, momentum, multi-asset value, home equity conversion mortgages	176.2	7.4%
Property	95.7	4.0%
Infrastructure	17.2	0.7%
Other – short term cash, legacy holdings, currency hedge, current assets and current liabilities	52.7	2.2%

## How are the investments performing?

The Trustee has compared the return the assets have achieved with a benchmark return (a measure which it aims to beat over time). The performance of the DB Section assets per annum against this benchmark is shown below:



## What is being done to further improve the funding level/ What contribution does the Company pay?

The Company and Trustee has agreed an updated deficit recovery plan to address the remaining shortfall. Under this plan, the Company will recommence contributions as planned in January 2023.

The Company also contributes towards the administrative costs of running the Scheme. It also covers the cost of the Pension Protection Fund (PPF) levy, which was £44,449 in 2019.

The improvement in the funding level since the 2016 valuation means that it is now expected that the shortfall will be paid off 19 months earlier than expected, by September 2025. It has also enabled the Trustee to agree a plan to gradually move the assets to lower risk investments.

## What would happen if the Scheme were to wind up?

As part of each valuation, the Scheme Actuary is obliged to consider what the position might be if the Scheme were to wind up. This is an estimate of the amount of money the Scheme would need to buy members' benefits in full from an insurance company and is called the solvency level. It is a test that has to be done even if there are no plans to wind up the Scheme.

The Scheme Actuary has estimated that had the Scheme started to wind up on 31 March 2019, there would have been a solvency shortfall of £367m. This is the difference between the value of the assets and the amount that would have been needed to ensure that benefits were bought in full from an insurance company.

It is important to understand that if there is a solvency shortfall, benefits cannot be passed to an insurance company unless all the sponsoring employers are insolvent.

In the unlikely event that all the sponsoring employers become insolvent, the Scheme's assets could be passed to an insurance company or the Pension Protection Fund (PPF) could be asked to assist. As there is currently a solvency shortfall, under this scenario, members would currently be likely to receive amounts that are less than the full benefits earned through the Scheme.

## Is there anything else I need to know?

We are required to tell you that there haven't been any payments to the Company in the past 12 months and the Scheme has not been modified by The Pensions Regulator (TPR) nor is it subject to directions from or bound by a schedule of contributions imposed by TPR.

# Summary of the Report and Financial Statements

The financial information is taken from the Trustee's Report and Financial Statements.

You can find a copy of this online at [metalboxpensions.co.uk/db/documents](http://metalboxpensions.co.uk/db/documents)

<b>Financials for the DB Section</b>	<b>2019 £ thousands</b>	<b>2018 £ thousands</b>
<b>Value of DB Fund at start of the year</b>	2,430,187	2,365,838
<b>Money into the DB Section</b>		
Member contributions (not paid via Salary Exchange)	167	189
Member contributions (paid via Salary Exchange)	1,502	1,743
Employer contributions	1,071	208,979
Transfers in (from the Metal Box AVC Plan)	4,187	5,613
<b>Total money in</b>	<b>6,927</b>	<b>216,524</b>
<b>Net returns on investments</b>	<b>128,996</b>	<b>11,730</b>
<b>Money out of the DB Section</b>		
Pensions and retirement lump sums	(97,555)	(97,694)
Death benefits	(433)	(303)
Transfers out and Annual Allowance tax charges	(72,602)	(63,024)
Administration expenses	(2,313)	(2,204)
Pension Protection Fund and other levies	(88)	(680)
<b>Total money out</b>	<b>(172,991)</b>	<b>(163,905)</b>
<b>Value of DB Fund at end of the year</b>	<b>2,393,119</b>	<b>2,430,187</b>

# Death benefits and nominations

As a member of the Scheme, your loved ones may be entitled to death benefits should you pass away.

## Deferred members

If you die before you retire and haven't transferred out of the Scheme, the following benefits are payable:

- A lump sum equal to one year's deferred pension;
- A pension for your spouse or civil partner, calculated as 50% of your deferred pension; and
- A child's allowance for dependent children.

If no pension or child allowance is payable, the lump sum is increased to an amount equal to three years' deferred pension.

## Pensioners

If you die after your pension from the Scheme has started being paid, a pension for your spouse or civil partner is payable, calculated as follows:

- 50% of the pension from the Scheme that you would have been receiving at your date of death, had you not taken any tax-free cash at retirement; plus
- 50% of any joint life pension purchased from AVCs/DC switchback.

A child's allowance may also be payable for dependent children.

## Nomination forms

To ensure that any cash lump sum can be paid free of inheritance tax, the Trustee has total discretion to decide who should receive it. All deferred members, including those who are married or in a civil partnership, should complete a Nomination for Lump Sum Death Benefit form to let the Trustee know who you would like to receive this money.

A survivor's pension is automatically paid on death before and after retirement if you're married or in a civil partnership (unless you are a female member who left the Scheme before 1986 and did not pay additional contributions to purchase this benefit).

The Trustee has discretion to pay a dependant pension to someone who, in its opinion, was financially dependent on you at the date of your death, for example a long-term partner. You can let the Trustee know if you would like someone to be considered for such a pension by completing a Nomination for Dependant's Pension form. You do not need to complete this form if you are married or in a civil partnership.



You can find the nomination forms at [metalboxpensions.co.uk](https://www.metalboxpensions.co.uk) or you can request a paper copy from Equiniti – contact details are on the back page. Please update these if your circumstances change (e.g. you have a child, get married or get divorced).

# Watch out for scammers



The Pensions Regulator recently reported that, on average, victims of pension fraud lose £91,000 of their pension savings. Don't be at risk of losing your hard-earned money to fraudsters.

Scammers will come up with new ways to trick you into handing over your savings to them. Even once you are retired, you could be subject to someone trying to take your money unlawfully.

**Look out for these warning signs:**

1

## **Cold calls to sell pension products**

Cold calling to sell pension products is illegal, so hang up the phone if someone calls trying to sell a product. Be cautious of unsolicited texts or emails selling you pensions, or any other form of investment product.

2

## **Calls from your 'bank' or other providers**

Scammers may call you pretending to be from your bank, HMRC or broadband provider asking you to give them your details or using fear tactics to get you to hand over money. None of these institutions will ever ask you to confirm details of your account or ask you to move money to a 'secure account', so never do so. Be aware that if you transfer money out of your bank account to a fraudster, banks are not required to compensate you for the money lost.

3

## **Quick turnaround**

To get you to agree to a pension transfer or other investment opportunities, scammers will try and entice you with 'limited-time offers', gifts for going ahead or offering unrealistic returns (the Pensions Advisory Service defines this as anything over 8% a year). They may also send you paperwork via a courier, pressuring you into signing papers quickly. Always take the time to read over documents and ask questions if you are unsure.

## **Other warning signs**

Offers may include free pension reviews or help to release cash from your pension when you are under age 55. Pension scams can involve unusual and unregulated investments such as overseas properties, renewable energy bonds, forestry, parking or storage units. There may also be high risk, complicated structures where it's not clear where your money will end up, and arrangements involving several parties all taking a fee.



## Cyber fraud



Scammers are finding new ways to access your details online through viruses or convincing looking emails and websites. They may send you an email pretending to be well-known companies or organisations, with either an enticing or threatening message pointing you to a link. This link could download a virus to your computer or ask you to input personal details which a scammer then has access to.

Always check the email address that a message has come from and contact the company separately to verify the message if you are unsure. You should also make sure that your computer is up to date with the latest anti-virus software which will help protect it.

### What to do if you are concerned

Always check that any firm you are dealing with is registered on the Financial Services Register at [register.fca.org.uk](https://register.fca.org.uk)

Don't feel pressured into making decisions quickly. Always take the time to read over documents. If you have agreed to a financial transaction that you now suspect to be a scam report it to Action Fraud on 0300 123 2040.

Find out more about cyber fraud and other types of financial crime at [actionfraud.police.uk](https://actionfraud.police.uk)

# Pension payment dates

Pensions are paid on the 11th working day of each month and cover the period from the beginning to the end of the month.

The payment dates are shown below, together with the last date amendments can be made to payroll (e.g. bank account changes).

Payment date	Last date for amends	Payment date	Last date for amends	Payment date	Last date for amends
17 April 2020	3 April 2020	15 September 2020	3 September 2020	15 February 2021	3 February 2021
18 May 2020	5 May 2020	15 October 2020	5 October 2020	15 March 2021	3 March 2021
15 June 2020	3 June 2020	16 November 2020	4 November 2020		
15 July 2020	3 July 2020	15 December 2020	3 December 2020		
17 August 2020	5 August 2020	18 January 2021	6 January 2021		

## Keeping in touch

### Equiniti

#### Write to:

The Metal Box Pension Scheme  
c/o Equiniti  
Sutherland House  
Russell Way  
Crawley, RH10 1UH

**Email:** metalboxpensions@equiniti.com

**Tel (deferred members):** 01905 613133

**Tel (pensioner members):** 0345 293 8051

**Tel (overseas pensioners):** +44 (0) 1293 572 750

Equiniti aims to respond to requests within five working days. In the majority of cases, a response is sent by letter to your home address. If you haven't received a response within two to three weeks, please telephone Equiniti.

## Tax queries - pensioner members

If you have any queries regarding the taxation of your pension once it is in payment, please contact the Scheme's tax office, quoting the reference 064/HA54605 and your National Insurance number, at the following address:

### Pay As You Earn

HM Revenue & Customs  
BX9 1AS

**Tel (UK):** 0300 200 3300

**Tel (overseas):** +44 (0)135 535 9022

## Who looks after the Scheme?

Metal Box Pension Trustees Limited (the Trustee) is responsible for stewardship of the Metal Box Pension Scheme.

### Employer-Nominated Trustee Directors

**Gary Fishlock (Chairman)** Retired

**Paul Browett** Vice President and Treasurer,  
CROWN Europe

**Howard Lomax** Retired

**John Riley** Director, Production Engineering,  
Food North America

### Member-Nominated Trustee Directors

**Neil Davis** Pensioner

**Peter Young** Project Manager, Crown Technology



**Scheme website**  
**metalboxpensions.co.uk**

You'll find information about the Scheme and useful documents here.