

THE BEACON

MEMBER NEWSLETTER AUTUMN 2023



BATTEN DOWN THE HATCHES

WELCOME FROM THE CHAIR

Batten down the hatches:

(nautical) Prepare for bad weather by securing the closed hatch covers with wooden battens to prevent water from entering.
(idiomatic) Prepare for trouble; take precautionary measures.

It certainly feels as though the financial markets have been battered by wave after wave of stormy conditions over the past few years. However, the preparations the MNOFP have put in place to secure your pension means the Fund continues to weather the storms and hold a firm course.

MNOFP annual results

The end of year results for the MNOFP reflect the very challenging investment conditions that prevailed from 2022 into 2023, including the gilts' crisis and inflationary pressures. The key information from the 2023 Annual Report & Financial Statements is given on page 2, with the full report available to read in the 'Library' on the **MNOFP website**.

Funding level update

Many years of steady progress resulted in the MNOFP reaching an important milestone in 2022 of being fully funded. However, the estimated funding level for the year ending 31 March 2023 has been checked back by poor investment conditions to 99% and the Fund therefore recorded a small deficit - the results of the latest funding update are given on page 3.

The most up-to-date estimation of the funding level shows that the small deficit has been reduced by the investment performance over the summer months. Additionally, I can report that all remaining contributions from past deficits have now been fully collected from participating employers – a milestone achievement for the MNOFP.

Climate change reporting

We have set ourselves a target to reduce the carbon footprint of the MNOFP to net-zero by 2050 or sooner and an interim 25% reduction in the carbon footprint by 2026 and are pleased to present our first climate change report.

We have made good progress in 2023, aim to improve our education, monitoring and reporting in the coming months, and are looking forward to sharing our progress again with you next year. More information on the report can be found on page 4.

Hi Pension card

In what is a first for UK pensions, I am excited to offer a trial group of pensioners a new, simpler way to access their MNOFP pension. The MNOFP Hi Pension card gives free access to your MNOFP pension anytime through using the global Mastercard network – find out more about this exciting voluntary pilot scheme on page 5.

Member webinars

Over recent weeks the MNOFP has hosted its 2023 series of wellbeing webinars with some familiar faces such as Adrian Chiles, Ed Balls and the Reverend

Kate Botley. These popular webinars are greatly appreciated by members, and I would encourage you, if you have not already done so, to visit the website where all the webinars are now available to view. There's more information on page 5. In response to questions from several members, I can confirm these webinars have been sponsored by Pension Insurance Corporation so they have not been paid for out of your pension fund.

I also hope you will be able to join me for the next MNOFP Member Webinar on **6 December** (the details are on page 5) where I can give you all the latest information about the MNOFP, the Journey Plan, and other Fund news. In the meantime, please be reassured the Trustee is committed to reaching the Fund's long-term goals and your pension remains secure.

Please do continue to stay on the lookout for pension scams – there are some useful reminders to help you spot a scam on page 6.

I wish you and your family good health and wellbeing for the year ahead.

With warmest wishes,

Rory Murphy
Chair of MNOFP Trustees Limited



Annual Accounts & Fund Finances | Funding Update |
Journey Plan Progress | Climate Change Report | Member News

MNOPF ANNUAL ACCOUNTS

1 APRIL 2022 TO 31 MARCH 2023

**£2,106
million**

of assets



**£154
million**

**paid in benefits to
our members and
their beneficiaries**



21,936

**members in the
MNOPF, of
which 17,572 are
pensioners or their
dependants**



FUND FINANCES

AT 31 MARCH 2023

FUND FINANCES for the year ended 31 March 2023	Total £m
Opening balance (of net assets) on 1 April 2022	2,956.8
Less expenditure and member benefit payments	(158.3)
Less net return on investments	(692.2)
Equals closing balance (of net assets) at 31 March 2023	£2,106.3

You will notice that the value of MNOPF liabilities and assets has significantly reduced since 1 April 2022. This fall has been caused by higher inflation and interest rates and similar reductions have been experienced by all pension funds.

You can view the full Annual Report and Financial Statements at www.mnopf.co.uk

ANNUAL FUNDING UPDATE

Every three years the MNOPF's Actuary carries out a full evaluation of the Fund; the last being in 2021. In the intervening years, we ask the Scheme Actuary to carry out an annual check of the value of assets within the Fund and see how this compares to the amount needed to pay benefits to members now and in the future (the Fund's liabilities). This is known as the funding level on a 'technical provisions' basis. The results of the latest review of the funding position are shown below:

MNOPF funding level progress

31 March	2022	2023
Estimated amount needed to provide benefits (including reserve for expenses and GMP equalisation)	£2,887m	£2,117m
Market value of assets	£2,957m	£2,106m
Surplus (Deficit)	£70m	(£11m)
Funding level	102%	99%

What do the interim results show?

The latest review of the funding position shows the estimated level has decreased to 99% (from 102% at 31 March 2023). The main factors contributing to this change are:

- Significant rises in gilt yields over the year to 31 March 2023 which have led to a reduction in the liabilities. In particular, there was a period of significant volatility in gilt yields following the UK government's mini-budget in September 2022, which impacted on pension funds' liability matching investments and led to intervention by the Bank of England to try to bring market stability.
- This has been offset to a degree by high inflation over the year, which has increased the guaranteed pensions payable to members, particularly to deferred members.
- However, the Fund's liability matching investment strategy has meant that the value of the assets has also reduced over the period, though by more than the liabilities, leading to the reduction in the funding level.

Other important information

The MNOPF is run on behalf of its members and does not make any payments to participating employers. The Fund has not received any financial support directions or contribution notices relating to the Fund from the Pensions Regulator.

What is the solvency position of the Fund?

We are required by law to tell you how well the MNOPF is funded, as at the most recent valuation, if it were to wind up. At the last full actuarial valuation, at 31 March 2021, the Scheme Actuary estimated that if the MNOPF were to be closed, and no further financial support was available from employers, the assets of the Fund would have been sufficient to cover 99% of the liabilities (up from 92%) at the previous full valuation in 2018).

JOURNEY PLAN UPDATE

The Journey Plan aims to achieve a funding level of at least 103% of members' benefits by 30 June 2026.

The estimated funding level of the MNOPF at 30 June 2023 has improved slightly from the position at 31 March 2023 (99%) such that the small deficit shown at that date has reduced. The Fund is currently slightly behind the funding trajectory to achieve its Journey Plan objective.

CLIMATE CHANGE REPORT

As we reported in the Autumn/Winter 2022 edition of The Beacon, the Taskforce for Climate-Related Financial Disclosure (TCFD) has developed a framework to help organisations, such as the MNOPF, more effectively disclose climate related risks and opportunities. To comply, the Trustee must disclose the actual and potential impacts of climate risks on the Fund's investment and funding strategy each year.

New regulations (putting in place the TCFD disclosures) apply to the MNOPF for the first time this year and the Trustee is pleased to announce it has published its climate change report for the Fund year-ending 31 March 2023.

“We believe that Sustainable Investment has a material financial impact on investments and is therefore integral to successful mission delivery for our members. Our Journey Plan timeframe is rapidly decreasing but, given the importance of this topic, we consider the possible impacts on Fund investments, the benefits we expect to pay to members, and the support participating employers can provide to ensure those benefits are paid”.

The climate change report can be viewed on the **MNOPF website**, in the library under 'Publications and Reports' or via the links on the MNOPF Home Page **www.mnopf.co.uk**

HI PENSION CARD



The Trustee is really pleased to announce a new pilot scheme for around 2,500 MNO PF members. Under the pilot, the new MNO PF Hi Pension card will allow you free access to your pension anytime you want – your Hi Pension card will be loaded with your monthly pension savings on a cumulative daily basis which you can access for unexpected expenses or just to treat yourself without having to wait for your next monthly pension payment - and a convenient online app will make managing your pension savings even easier.

The Trustee is delighted to be offering a select group of MNO PF pensioners use of this free card for a trial period – if you have been selected for the trial, you will be sent details about how to sign-up for your Hi Pension card should you wish to take part (sign-up is entirely voluntary and there is no extra cost to members). We are working hard to get the cards issued soon and, if the trial is successful, it is hoped that the MNO PF Hi Pension card will be rolled out to a wider group of MNO PF pensioners in due course.

If you have changed your email address and need us to update our records, please contact myMNO PFpension using the information at the bottom of the back page.

MNO PF MEMBER WEBINAR

The 2023 Member Webinar will include all the latest information about the Journey Plan, pension increases, the new Hi Pension card and much more. It will also give you the opportunity to ask questions of the people who run the MNO PF on your behalf.

Date for your diary

All members are invited to join the MNO PF for the online webinar on **6 December 2023 at 11.00am**. The details will be emailed to all members for whom we hold an up-to-date email address shortly and sign-up will also be via the Events section of the MNO PF **home page**.

2023 WELLBEING WEBINAR PROGRAMME NOW AVAILABLE ONLINE

The 2023 programme of webinars, delivered by the MNO PF, Wellbeing People and PIC has been designed to keep you up-to-date with MNO PF news and developments, explain some of the complexities and wider aspects of pensions, and to bring helpful and fun content from Wellbeing People.

This year we were joined by a host of famous faces, including Adrian Chiles (shown below) who shared their own personal experiences with our members.



If you have missed any of the latest series, or wish to re-watch any of the webinars, video recordings of the webinars are available to view for a limited time.

Please visit the MNO PF website **www.mnopf.co.uk** and follow the link from the Events section on the **Home Page**.

“The Steve Brown talk was absolutely amazing; so emotional and inspiring and refreshingly honest”.

Member feedback from the latest MNO PF Wellbeing Webinar series.

STAYING SCAM AWARE

How can I avoid pension scams?

The Age UK website has some useful things that you can do to help avoid pension scams:

- **Stay calm:** If you get calls offering 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.
- **Listen to your doubts:** If you think an offer sounds too good to be true, it probably is.

If you have been approached to transfer your pension, and something doesn't feel right, contact myMNOPFpension through the usual channels. Useful websites to help avoid being scammed are:

Age UK

www.ageuk.org.uk

ScamSmart

www.fca.org.uk/consumers/pension-scams

CONTACT US

Please contact myMNOPFpension in the following ways:

Email: enquiries@mymnopfpension.co.uk

Call: 01372 200200 (9am to 5pm, Monday to Friday, excluding bank holidays)



TRACING 'LOST' MEMBERS

The MNOPF is currently searching for any deferred members whose address is not known to the Trustee.

As you can appreciate, maintaining accurate contact details is vital for members to access their pensions when they are due.

Please make sure your contact details are correct – if you need to update them, please contact myMNOPFpension – and if you know of friends or ex-colleagues who may have lost touch, please do encourage them to contact us with their details.

GMP EQUALISATION UPDATE

Following a court judgement in 2018, all pension benefits between men and women must be equalised in respect of Guaranteed Minimum Pensions (GMPs) for those members who had contracted-out of the State Earnings Related Pension Scheme (SERPS) after 17 May 1990.

The MNOPF is currently equalising Guaranteed Minimum Pensions for those members who were contracted-out after 17 May 1990.

Affected members will be contacted by Mercer and any subsequent adjustments to pensions that need to be made will take place in the Spring of 2024.