

THE BEACON

MEMBER NEWSLETTER AUTUMN 2020



MOVING FORWARD WITH CONFIDENCE

WELCOME FROM THE CHAIR

When I wrote to you in late Spring, we were just seeing early signs of lockdown restrictions being eased and the world was trying hard to adjust to the new 'normal'. At that time, I reassured you that your pension is in safe hands and that the MNOFP was adapting well to the challenges posed by Coronavirus. Nothing has changed.

Steady progress

In this Autumn issue, I will share with you the reassuring end of year results for the MNOFP and give you updates on how the Fund is adapting and moving forward in today's world.

The Fund's annual highlights and financial summary are shown on page 2. If you would like to dive deeper into the numbers, the full Annual Report and Financial Statements can be found in the 'Library' on the MNOFP website at www.mnopf.co.uk

In a chaotic world the Fund continues to perform well

In March 2020 the Coronavirus pandemic radically affected the UK economy on every front and led to the shutdown of significant portions of the global economy.

Despite these extreme conditions investment performance and the funding level, have held up remarkably well thanks to the Fund's sophisticated investment strategy. The details are on page 3.

Future Member Forums

I'm sure you will appreciate that we remain unable to schedule Member Forums because of the ongoing Coronavirus restrictions. However, we will be holding an online 'virtual' Member Forum for those members who would have been invited to the Forums scheduled for 2020 - more details to follow!

The Beacon goes 100% online

In the last two editions of The Beacon we asked you to provide your contact details so that our records could be updated (whilst continuing to send printed copies to those members for whom we did not hold an email address).

In total, over 17,000 of you responded. This means we can now send all future editions of The Beacon and other MNOFP communications to you by email only.

Thank you – a fantastic result for reducing waste!

If you have not yet provided your email address, and would like to receive email notification of future editions of The Beacon, please contact myMNOFPpension using the information on page 4.

Making your wellbeing our priority

Many of you will have benefited from the MNOFP Wellbeing Webinar programme which ran throughout May, June and July. I have received emails thanking the MNOFP for its pro-active thinking and for providing such an engaging and useful programme of webinars. I am, therefore, delighted to announce a continuation of wellbeing events in 2020. More details are on page 4.

I wish you good health and continued resilience in these challenging times.

With warmest wishes,

Rory Murphy
Chair of MNOFP Trustees Limited



Financial highlights | Annual funding update | Fund performance
Member wellbeing programme | Impact of Coronavirus

MNOPF

1 APRIL 2019 TO 31 MARCH 2020

**£3,142
million**

of assets



**£24.5
million**

**of deficit
contributions due
from employers**



**£168.8
million**

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



23,447

**members
in the
MNOPF**



FUND FINANCES IN FOCUS

AS AT 31 MARCH 2020

You will see in the table below the total size of assets in the MNOPF has fallen by £83.4 million since 2019. This slight reduction, the third year in succession that the Fund size has fallen, is to be expected given that over 75% of the MNOPF's

membership are now retirees and, each year, more pensions are put into payment as additional members retire. In the last financial year alone, over £168 million of pension benefits were paid to, or on behalf of, MNOPF members.

FUND FINANCES to 31 March 2020	Total £m
Opening balance as at 31 March 2019	3,225.0
Plus Income during the year	24.7
Less Expenditure and member benefit payments	(174.4)
Plus Net return on investment	66.3
Equals closing balance as at 31 March 2020	£3,141.6

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

ANNUAL FUNDING UPDATE

A full actuarial valuation of the Fund is carried out every three years. 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 MNOFF continues to deliver results

The funding level increased from 98% to 100% over the year to 31 March 2020 despite extreme turbulence in worldwide equity markets at the start of 2020 as a reaction to the global Coronavirus pandemic. A large part of this increase was due to the c.£1.6 billion buy-in in February 2020, which gave the Fund additional protection from investment risk. A strong investment performance, despite considerable market volatility in the first quarter of 2020, and the ongoing collection of employer contributions have also helped to keep the funding level on track.

MNOFF Funding level progress

31 March	2019	2020
Estimated amount needed to provide benefits, including reserve for expenses	£3,298m	£3,146m
Assets	£3,225m	£3,142m
Gain (Shortfall)	(£73m)	(£4m)
Funding level	98%	100%

This positive result is undoubtedly good news for the MNOFF and its members. Reaching a funding level of 100% is a milestone to be proud of. However, it is just one important step towards the reaching the mission statement target the Trustee has set – that is, to secure at least 103% of member benefits. It is also important to note that the annual check carried out by the Scheme Actuary provides only an estimate of the updated financial position of the Fund since the last actuarial valuation and is based on a set of assumptions, in particular concerning the liabilities. Although the estimates provide a reasonable indication of how the funding position may have moved since the last valuation in 2018, the Fund continues to remain subject to a number of risks, including investment risk, that could impact the funding level in the future.

Other important information

The MNOFF is run on behalf of its members and does not make any payments to participating employers. Neither has the Fund 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 MNOFF is funded, as at the most recent valuation, if it were to wind up. At the last full actuarial valuation, in 2018, the Scheme Actuary estimated that if the MNOFF were to be closed, and no further financial support was available from employers, the assets of the Fund would have been sufficient to cover about 92% of the liabilities.

FUND PERFORMANCE HIGHLIGHTS



- Over the 12 months to 31 March 2020, the Fund's investments generated a return of 9.4%
- This is only slightly behind its target return (down 0.7%), despite a very tough first quarter of 2020
- Over the longer-term, the Fund has continued to outperform its liabilities by 0.1% pa over the past three years and 0.5% pa over the past five years

It is pleasing that, over a period of high market volatility, the funding level has remained relatively stable, showing once again the benefits of having a varied portfolio with a sophisticated risk-reduction programme.

Thinking of leaving the Fund?

Members are encouraged to think carefully before making a decision to transfer out of the Fund - moving your valuable benefits out of the MNOFF is a significant financial decision. If your transfer value is more than £30,000 then you are required by law to get independent financial advice. You can find Independent Financial Advisers local to you at www.unbiased.co.uk and free, impartial guidance from Pension Wise at www.pensionwise.gov.uk.

Please continue to be aware of scammers who are employing increasingly convincing ways to take advantage of pension savings and investments. The ScamSmart website has specific guidance relating to Coronavirus: www.fca.org.uk/scamsmart

MNOPF WELLBEING PROGRAMME

Wellbeing webinars

The MNOPF teamed up with Wellbeing People to present a series of free weekly webinars covering a wide range of topics designed to support members' mental, physical and emotional wellbeing. These popular webinars were watched live each week by an average of over 340 members, plus, in many cases, their partners and other family members.

Catch up on all the webinars

Videos of all 13 webinars are available to watch here: www.wellbeingpeople.com/mnopf. The password for access is 'mymnopf' and the videos are available to view until July 2021, so there is plenty of time to catch up or recap.

The MNOPF Wellbeing journey – next steps

The Wellbeing Webinars have provided a virtual way for hundreds of MNOPF members to 'meet up' with other members, share experience, and improve their wellbeing.

To build on the momentum created by the webinars and the wealth of positive feedback received, the MNOPF is delighted to be extending its collaboration with Wellbeing People to bring you two further wellbeing initiatives:

Virtual Optimal Wellbeing Retreat

This is a one-day wellbeing workshop for MNOPF members and their families. Once registered, you will be sent a preparation pack to guide you through a series of sessions focussing on physical, mental and emotional wellbeing. Participation is free for MNOPF members.

Recalibrate Wellbeing Programme

This new 12-week wellbeing webinar programme is designed to deliver a simple and sustainable approach to

naturally prevent and reverse lifestyle diseases. The Recalibrate Wellbeing Programme teaches people how to upgrade their mindset, nutrition, movement and lifestyle habits in an easy to follow process that fits into even the busiest of lives. As an MNOPF member, you will receive an exclusive 50% discount on the regular full price.

More information about these initiatives will be communicated directly to all members for whom e-mail addresses are held and, in addition, publicised on the MNOPF website.

What members said about the webinars:

"I joined every session and found them informative, motivating, and useful. I deeply appreciate the effort and endeavours administered by the MNOPF Pension Fund, to arrange and enhance the members' health and wellbeing over the past thirteen weeks. It was enlightening, and an admirable tool, to provide such a programme for members, especially those in retirement"

"I wish to express my admiration for your forward-thinking approach towards the MNOPF community and our wellbeing during these strange times"

"Thank you MNOPF – this series has been brilliant; really useful, interesting and accessible. Well done!"

"I have enjoyed this series and gained a lot from it. It has helped me through lockdown"



IMPACT OF CORONAVIRUS

On service levels

Mercer, the myMNOPFpension administrators, have continued to focus on critical tasks (namely paying pensions, processing new retirements and settling death benefits), to agreed service level standards, despite most staff working from home.

Mercer remain committed to maintaining regular response times to general enquiries. A fantastic effort! The best way to contact Mercer, for the time being, remains via email. The details are shown below.

On how the Fund is governed

The Trustee has continued to govern the Fund efficiently by using videoconferencing for meetings. Establishing a Coronavirus risk 'dashboard' to monitor the various aspects of the pandemic has enabled the Trustee to keep abreast of events that could potentially impact the Fund and to react swiftly if necessary.

Importantly, the Trustee is supported by a team of advisers and service providers who have been able to maintain operational resilience during the pandemic.

On employer contributions

Some employers have found the repayment of past deficits via agreed instalment amounts difficult as a consequence of business interruption caused by the pandemic.

The Trustee has been flexible in its approach to collecting the monies owed and has considered, and permitted, limited deferment of deficit payments in line with guidance from the Pensions Regulator and in accordance with MNOPF policy.

This action will help ensure the long-term sustainability of the affected employers and the overall employer covenant of the Fund.

Contact us

Due to the changed working practices caused by the ongoing impact of Coronavirus, the best way for myMNOPFpension to respond to your enquiry quickly is to contact us by email: enquiries@mymnopfpension.co.uk

Or you can call myMNOPFpension on **01372 200200** (9am to 5pm, Monday to Friday, excluding bank holidays).

