

# THE METAL BOX PENSION SCHEME

# METAL BOX NEWSLETTER

*Members' Report  
Winter 2020/2021*



*In this issue...*

- Update on Guaranteed Minimum Pensions
- Get to know your State Pension
- The latest Scheme finances and funding update
- And more...

# Welcome

## Welcome to your Members' Report from the Trustee of the Metal Box Pension Scheme (the Scheme).

2020 was a challenging year for many of us. The coronavirus pandemic has changed the way we live our lives, but fortunately, myself, the Trustee of the Scheme and Equiniti have been able to continue running and administering the Scheme as normal. Trustee meetings have been held online and Equiniti's staff have been working from home. You can read more about this on page 3.

In this newsletter, you'll also find the usual funding and investment updates, as well as an update on what the Trustee is doing to equalise Guaranteed Minimum Pensions (GMPs). There's also further pensions news on pages 9 and 10, and important information for our pensioner members on page 11.

In last year's newsletter, we told you about the Enhanced Transfer Value (ETV) offers that the Company began making in 2018\*. By May 2020, the exercise had concluded. Over the course of the three phases, 830 members accepted an ETV offer and transferred their benefits to another pension arrangement.

I hope you enjoy reading your newsletter and find it useful. If you have any questions about your pension benefits, please contact Equiniti in the first instance. You'll find their details on the back page.

*Cathy*

Mrs Cathy Aston  
UK Pensions Manager

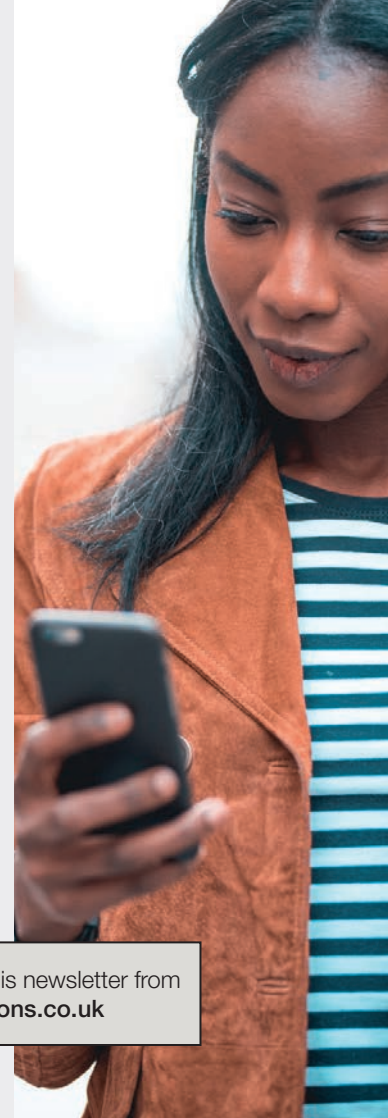
Email: [catherine.aston@eur.crowncork.com](mailto:catherine.aston@eur.crowncork.com)

Tel: +44 (0)1872 555840

\*The ETV offer was not available to anyone who lives outside the European Union or whose ordinary transfer value was less than £10,000.



You can download a copy of this newsletter from the website at [metalboxpensions.co.uk](https://www.metalboxpensions.co.uk)



# Coronavirus: an update from the Trustee

As I'm sure many of you are aware, the coronavirus pandemic has caused a great deal of economic uncertainty – markets fluctuated throughout most of 2020 and continue to do so.

The Scheme is a Defined Benefit (DB) pension arrangement, which means that the amount of pension you receive is **not affected** by fluctuations in the stock market.

Part of the Trustee's job is to make sure that the Scheme's investment strategy is appropriate and to ensure that the Scheme remains well funded, so that it can pay benefits to members. We're pleased to report that the Scheme's investments are performing well despite market volatility, and the Trustee is keeping a very close eye on the Scheme's funding level which is holding up well.

Pensioner members will continue to receive their pensions as normal. Equiniti's staff can work from home and we do not expect that the coronavirus pandemic will affect our ability to pay pensions in the future.

All members can still contact Equiniti in the usual ways, but please use email in the first instance if you are able to. The helplines are open, but are operating with reduced capacity, so you may find that responses to some queries take a little longer than usual. Thank you for your patience and understanding.



# Guaranteed Minimum Pensions (GMPs)

The Trustee of the Scheme has written to all members whose pension includes a GMP to explain some proposed changes that will be made to their pension. If your pension does not include a GMP, you are not affected.

## What is a GMP?

Until 6 April 2016, the Scheme was “contracted out” of the Additional State Pension (also known as the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P)). This meant that members earning benefits in the Scheme paid a reduced rate of National Insurance contributions.

Whilst the Scheme was “contracted out” between 1978 and 1997, it had to provide a GMP that was equivalent to the pension that would have been payable by the Government under the Additional State Pension for that period, had members paid full rate National Insurance contributions.

## Why are changes needed?

In the past, pensions from company pension schemes were often payable at different ages for men and women. In 1990 the law changed and this was no longer possible for pensions earned after 17 May 1990.

Also, in the past, the Government paid State Pensions to men and women at different ages which meant that the GMP earned by men and women was sometimes different. Currently, GMPs are payable from GMP age which is 60 for females and 65 for males.

In 2018, a court case clarified that pensions earned between 17 May 1990 and 5 April 1997 which include a GMP must be equal for men and women. Making the benefits equal is called “GMP equalisation”.

## What are the proposed changes?

The proposed changes will convert all GMPs into non-GMPs and ensure that the overall value of benefits earned between 17 May 1990 and 5 April 1997 is equal between men and women. The Trustee is required by law to consult with affected members before GMP can be converted into non-GMP. This is why the letters mentioned above have been issued. The proposed changes would mean:

- for deferred members whose pension includes a GMP, the way that their pension increases in the future before and after retirement will change. Also, the current rate of their deferred pension may receive an uplift.
- some pensioners whose pension includes a GMP will also receive a small uplift to their pension, although for many it will stay the same. The way pensions increase in the future could change, and some pensioners will also receive a one-off lump sum payment.

# Summary of the Report and Financial Statements

This page outlines the change in the value of the Scheme's assets over the year to 31 March 2020. You can find a copy of the full Trustee Report and Financial Statements at [metalboxpensions.co.uk/db/documents](http://metalboxpensions.co.uk/db/documents)

\*The Scheme closed to future pension build up on 31 March 2019 so members are no longer making contributions to the Scheme.

	2020 (£000s)	2019 (£000s)
<b>Value of the Fund at the start of the year</b>	<b>2,393,119</b>	<b>2,430,187</b>
<b>Money in</b>		
Member contributions (not paid via Salary Exchange)	N/A*	167
Member contributions (paid via Salary Exchange)	N/A*	1,502
Employer contributions	349	1,071
Transfers in (from AVC Plan savings)	2,433	4,187
<b>Total money in</b>	<b>2,782</b>	<b>6,927</b>
<b>Net returns on investments</b>	<b>208,662</b>	<b>128,996</b>
<b>Money out</b>		
Pensions and retirement lump sums	(95,999)	(97,555)
Death benefits	(145)	(433)
Transfers out and Annual Allowance tax charges	(233,235)	(72,602)
Administrative expenses and State Scheme premiums	(2,981)	(2,313)
Pension Protection Fund levy and other levies	(90)	(88)
<b>Total money out</b>	<b>(332,450)</b>	<b>(172,991)</b>
<b>Value of the Fund at the end of the year</b>	<b>2,272,113</b>	<b>2,393,119</b>

# Membership numbers

Membership of the Scheme as at 31 March 2020 is shown here, along with the numbers as at 31 March 2019 for comparison.

	31 March 2020	31 March 2019
Deferred members	2,940	3,641
Pensioner members	12,086	12,342

# 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. So, every three years, the Scheme Actuary carries out a formal valuation to check how well placed the Scheme is to pay those benefits. The Actuary measures the money the Scheme has (assets) against the value of the benefits expected to be paid over the life of the Scheme (liabilities). The level of assets and liabilities depends on several factors, such as future inflation, investment returns, and life expectancy, all of which are uncertain. Where the liabilities are greater than the assets, the Scheme is in deficit.

This 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 opposite shows the Scheme's funding position as at 31 March 2020, which is the date of the most recent interim valuation. It also shows the funding position as at 31 March 2019 (the last full valuation).

	2020	2019
<b>Liabilities</b>	£2,259m	£2,518m
<b>Assets</b>	£2,272m	£2,442m
<b>Funding level</b>	101%	97%
<b>Surplus / Shortfall</b>	<b>£13m (Surplus)</b>	<b>£76m (Shortfall)</b>

Note that the figures as at 31 March 2019 included Defined Contribution (DC) Section assets and liabilities of £49m. These savings were transferred to the Crown Packaging Section of the Aon MasterTrust in June 2019.

## How has the funding level changed?

The funding level of the Scheme is estimated to have increased to 101% from 97% since the previous valuation. This corresponds to a change from a deficit of £76m to a surplus of £13m. This is mainly due to the investment performance of the Scheme being higher than assumed over the year.

# Funding and investment update (continued)

## What is the obligation for the Company to support the Scheme now that there is a surplus?

The Company and Trustee agreed a deficit recovery plan after the last full valuation as at 31 March 2019 to address the shortfall remaining at that time, with deficit contributions payable from 2023. The Trustee also agreed a plan to gradually move the assets to lower-risk investments.

This plan remains in force until it is reviewed at the next valuation (due 31 March 2022).

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 £43,000 in 2020.

## 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 the Scheme Actuary must carry out, 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 2020, there would have been a solvency shortfall of £142m. 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 benefits cannot be passed to an insurance company if there is a solvency shortfall, 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 PPF could be asked to assist. As there is a solvency shortfall at the moment, under this scenario, members would currently be likely to receive amounts that are less than the full benefits earned through the Scheme.

## What else do I need to know?

We are required to tell you that there haven't been any payments from the Scheme to the Company in the past 12 months. In addition, 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.



For more information about how the Scheme is funded, head to the Documents area on the Scheme website at [metalboxpensions.co.uk/db/documents](https://metalboxpensions.co.uk/db/documents)

Alternatively, you can request a copy of the financial documents from the UK Pensions Manager, using the contact details on the back page.

# Funding and investment update (continued)

## How are the Scheme's assets invested?

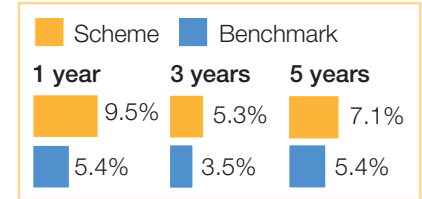
To help improve and maintain the funding level of the Scheme, the Trustee invests money into different funds.

The table below shows how the Scheme's investments were split as at 31 March 2020.

	£m	%
Liability matching assets – gilts, swaps, inflation-linked bonds, cash	1,264.9	55.7
Investment grade credit	108.3	4.8
Alternative credit	232.0	10.2
Developed equity	145.9	6.4
Private equity	36.5	1.6
Hedge funds	174.3	7.7
Alternative betas – re-insurance, merger arbitrage, home equity conversion mortgages, alternative risk premia	156.2	6.9
Property	23.6	1.0
Infrastructure	56.8	2.5
Other – short-term cash, legacy holdings, currency hedge, current assets and current liabilities	73.6	3.2

## How are the investments performing?

The charts below show the return the Scheme's assets have achieved over one, three and five years, compared with the benchmark. The benchmark is the level of return that the Trustee aims for the investments to achieve.



## What is the Trustee doing to make sure its investments are sustainable?

We're all becoming more aware of the impact our lifestyle choices have on the environment and our society, and that's no different for the Scheme. The Trustee, together with the Investment Consultant, has reviewed the investment portfolio and investment managers' positions in relation to sustainable investment approaches. The Trustee recognises that an investment's long-term financial success is influenced by a range of factors including Environmental, Social and Governance (ESG) issues, so the Trustee expects the investment managers to take those issues into account. The Trustee's Investment Consultant assesses each investment manager's approach to sustainable investment (including engagement) before making recommendations to the Investment Committee. The Trustee also takes into account the impact on the climate of any portfolio changes in its decision-making process. The Trustee reviews the Scheme as a whole, and its individual managers, every year to ensure it is monitoring the sustainable investment characteristics of the Scheme.



# Have you visited the Scheme website?



You can access our website 24 hours a day, seven days a week, where you can find:

- Useful information about your Scheme benefits and your options at retirement
- Our modeller\*, which helps you forecast how much pension and tax-free cash you may receive at your chosen retirement age
- Scheme documents and forms
- Links to other resources where you can find help and advice about your pension

## From January to October 2020:

- There were 2,800 visits to the website
- There were over 900 documents downloaded
- Over 500 members used the modeller

[metalboxpensions.co.uk](https://www.metalboxpensions.co.uk)

\*Please be aware that the modeller does not take into account the proposed changes to GMP outlined on page 4.

# Death benefits and nominations

A survivor's pension is automatically paid on death before and after retirement to your spouse or civil partner (unless you are female and you left the Scheme before 18 July 1986 and did not pay additional contributions to purchase this benefit). Child Allowances may also be payable.

The Trustee has discretion to pay a survivor's pension to someone who, in its opinion, is 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.

If you die before retirement, a lump sum is also payable. The Trustee has discretion to decide who receives this payment. If you're a deferred member, you should complete a Nomination for Lump Sum Death Benefit form to let the Trustee know who you would like to receive this money.

Please go to [metalboxpensions.co.uk/db/documents](https://www.metalboxpensions.co.uk/db/documents) to download the relevant form.

You can read about death benefits that may be payable at [metalboxpensions.co.uk/db/benefits/other-benefits](https://www.metalboxpensions.co.uk/db/benefits/other-benefits)

# Get to know your State Pension

If you're not yet receiving your State Pension, did you know that you can get a State Pension forecast quickly and easily online? Go to [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension) to get started. If you don't already have a Government Gateway ID, you'll need to verify your identity.

Once logged in, you'll be able to see how much State Pension you could receive and when it will be paid. You can also view any gaps in your National Insurance record.

The State Pension age is now age 66 for anyone born between 6 October 1954 and 5 April 1960. It will increase gradually to age 67 between 2026 and 2028 and further increases are planned. You can check your State Pension age at [gov.uk/state-pension-age](https://www.gov.uk/state-pension-age) – you just need to enter your date of birth.

## Stay alert to scams

Sadly, there has been a significant increase in the number of attempted scams since the coronavirus outbreak started.

These scams are not all pension related and could include fraudulent links to items such as face masks or hand sanitiser, or to lists of people affected by coronavirus in your area. You may be contacted by people claiming to be well-known organisations, such as HMRC, your bank or other service providers. Don't take these messages at face value. Don't click links in any suspicious-looking emails or texts, and never respond to any unsolicited messages that ask for your personal or financial details. If you're buying something from a company you don't know, do some research first to make sure it's legitimate.

In relation to your pension, be aware that **any** unexpected call you get about your pension **will** be a scam. Neither Equiniti, the Trustee nor the Company will call you out of the blue about your pension. If somebody calls you claiming to be us and you are not expecting a call, just hang up, and call us back using the numbers on the back page if you are worried. **Be extra careful to make sure you keep your pension safe.**

Find out more about staying scam smart at [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)

# 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. Below you will find the payment dates, and the last date that amendments (e.g. bank account changes) can be made to payroll.

PAYMENT DATE	LAST DATE FOR AMENDS
19 April 2021	7 April 2021
18 May 2021	6 May 2021
15 June 2021	3 June 2021
15 July 2021	5 July 2021
16 August 2021	4 August 2021
15 September 2021	3 September 2021
15 October 2021	5 October 2021
15 November 2021	3 November 2021
15 December 2021	3 December 2021
18 January 2022	6 January 2022
15 February 2022	3 February 2022
15 March 2022	3 March 2022

# 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.

**Write to:** Pay As You Earn  
HM Revenue & Customs  
BX9 1AS

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

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

## Keep in touch

For queries about this newsletter or your Scheme benefits, please contact Equiniti. Due to the coronavirus pandemic, Equiniti's staff are working from home and its helplines are operating with reduced capacity. Please send an email if you can. If you're unable to contact Equiniti via email or your query is very urgent, please telephone in the usual way, but do bear in mind that phone lines may be busy and responses to some queries may take a little longer than normal. Thank you for your patience.

### Write to:

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

**Email:** [metalboxpensions@equiniti.com](mailto:metalboxpensions@equiniti.com)

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

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

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

## Who looks after the Scheme?

This newsletter refers to 'the Trustee' of the Scheme. The Trustee is Metal Box Pension Trustees Limited and is responsible for the stewardship of the Scheme. The Trustee is made up of six Trustee Directors:

### Employer-Nominated Trustee Directors

**Gary Fishlock (Chair)** - 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 Member

**Peter Young** - Pensioner Member



### Don't forget

You can find lots of useful information about the Scheme, including documents and forms, on our website at [metalboxpensions.co.uk](http://metalboxpensions.co.uk)