

(The Prudential) Lindum Group Ltd Retirement Benefits Scheme

Chair's Statement

Scheme Year ended 30-11-24

NOTE:

This document relates to an occupational pension scheme run by Lindum Group Ltd that was closed to new members in 1991.

The vast majority of current employees belong to the company's current group personal pension workplace scheme with Royal London.

To find out information about your policy in that scheme, log in to the Royal London website or the Royal London Pension App.

Introduction

The trustees of the Lindum Group Ltd Retirement Benefits Scheme (The Scheme) present their annual Chair's Statement on governance (the Statement) as required under regulation 23 of the Occupational Pension Schemes (Scheme Administration regulations) 1996 as amended ("the 1996 Regulations"). The Statement covers the year to 30 November 2024.

The Statement is for members, to detail the work undertaken by the Trustees and others to meet the governance standards that apply to Occupational Trust Based Defined Contribution (DC) pension arrangements.

Background, governance and queries

The Scheme began in the late 1970's as a collection of individual policies with the scheme provider Scottish Amicable which in the mid 1980's came under the umbrella of a group money purchase contract. On 30th January 1987 a formal scheme was established under trust by Lindum Construction Company Ltd, the principal employer (later updated to Lindum Group (Holdings) Ltd and on a later change of name to Lindum Group Ltd, to manage the scheme.

In 1991 the scheme was closed to new members. Throughout the period to 1997, contributions were invested in the Scottish Amicable (SA) with profits fund, which became a ring-fenced fund under the terms of the de-mutualisation in 1997 when it was taken over by Prudential plc.

In this context, the scheme is wholly insured with all assets invested in various classes of With-Profits funds. Each member's benefits are earmarked for their entitlement and can be invested in multiple classes of With-Profits funds.

Employees were encouraged in 1995 to consider the suitability of participating in a group personal pension arrangement offered by the employer which by 2007 was with Friends Provident and became the employers' main scheme until December 2009 when Scottish Widows became the main scheme. Some employees chose to remain in the Prudential scheme.

In 2014 the employer introduced an auto-enrolment workplace scheme with Scottish Widows that was open to all employees and was used to satisfy the statutory requirement to provide such a scheme. Those members who continued to invest in the Prudential scheme were again given the option to move to the new employer scheme with Scottish Widows. A further change

occurred in 2017 when the employer changed its auto enrolment scheme provider to Royal London, another group personal pension scheme which is now the employers' main workplace scheme (with 500+ active members).

By 2024 there was only one active member and seven deferred members remaining in the Prudential scheme, for which this report is compiled, all of whom are over 55 years of age. Over the years the trustees have continued to support those members remaining in the scheme, including the offer of no cost initial advice from an independent financial adviser whilst still in employment with Lindum Group Ltd.

If you have any questions or require any further information, please contact the trustees (Chairman – Frank Williams) c/o Lindum Group Ltd, Station Road, North Hykeham, Lincoln LN6 3QX, email: frank_williams@lindumgroup.co.uk

Processing of core financial transactions

The requirements of regulation 24 of the “1996 regulations” have been met and pension contributions have been processed promptly and accurately by Prudential plc, our scheme provider. As trustees, we confirm all payments have been deducted from pay and paid over to the scheme no later than the 22nd of the following month. We have also reviewed to ensure Prudential have allocated contributions to members' plans as at the date of receipt.

Contributions have been made in accordance with the schedule provided by the Trustees to Prudential as part of the annual review of the scheme. An independent audit has been carried out each year within the statutory seven months of the year end to confirm what contributions have been made in the scheme year and to confirm that those contributions have been made in accordance with the schedule of contributions provided at the start of the scheme year.

The Plan's investment arrangements

The Plan is not used as a qualifying scheme by any sponsoring employer to meet its auto-enrolment duties on a DC basis.

The Plan has no default investment arrangements for the purposes of Scheme Administration Regulations. As there is no default arrangement, the requirement for a Statement of Investment Principles (SIP) prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005 does not apply.

Members are invested in a combination of the following funds :

- Prudential With Profits Pension Fund 2 (ex SA)
- Prudential With Profits Pension Fund 3A (ex SA)
- Prudential With Profits Pension Fund 5 (ex SA)
- Conventional With Profits Plan (Superplan Money Purchase)

Historically there has been only one With Profits Fund offered at any one time for contributions made, so the longest contributing members may have a mixture of all of the above funds. The With-Profits Funds selected aim to maximise growth over the medium to long term by investing in UK and international stocks and shares, property, fixed interest securities, cash and corporate and government bonds. Bonuses are added to the Plan in a way that smooths out investment returns over the life of the Plan. Performance of funds is monitored on an annual basis to ensure their continuing suitability for members with particular reference to providing

positive growth at a suitable risk level for balanced investors. Please refer to the appendix for more information regarding how growth and bonuses are applied to this type of investment fund.

Charges in relation to the Plan

The TER (Total Expense Ratio) for the scheme for the plan year was 1.13% p.a. This is a measure of the total cost of the fund to an investor. The additional transaction costs incurred within the Plan Portfolio over the plan year was 0.00% p.a.

Detailed Assessment of Value for Members

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. The charges are reviewed annually with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme.

The tables within the appendix compare the returns that might be achieved if recent returns (over the last five years) were maintained up to the Selected Retirement Date (SRD) for our members. An eleven-year time span has been selected to cover the period remaining to SRD for our youngest members to enhance relevance to existing members. The Prudential With-Profits Funds are being compared here with the default investment funds in two other available schemes which reduce risk as the retirement date approaches at the expense of absolute returns.

Value for members

Regulations require the Trustees to assess the extent to which the charges and transaction costs borne by members in the Plan provides value for members. These member-borne deductions cover the cost of providing the investment management services for the funds and also the administration services and communications for the providers. No other charges are deducted from the members plan.

The Trustees were satisfied with the performance of the Plan Portfolio during the plan year.

The Trustees believe that value for members is being achieved as a positive return has consistently been achieved that exceeds the standard industry inflation norm of 2%pa after policy charges have been deducted.

Only regular bonuses on the with-profits scheme are included in this analysis as only those bonuses can be guaranteed if the member stays in the scheme until their normal retirement date. Additional final bonuses are likely to enhance those values further. If the level of current final bonuses was maintained the value of funds on retirement would be 100% higher than reported above for the Prudential funds. Final bonuses are not a feature of the other schemes.

The schemes used as comparators have experienced higher returns over the last five years but there are no guarantees as to future performance. As all remaining members in the Prudential Scheme are within eleven years of their normal retirement date, the ability to further enhance their outcomes on retirement through a different scheme is limited. Lower risk is generally considered preferable as the retirement date approaches which is normally associated with lower returns.

Service levels of pension provider

There are concerns about the service levels provided by Prudential during the plan year. Instances of unacceptable delays in providing information and that information being on occasion incomplete has led to the Trustees and their advisors making official complaints which are yet to be fully resolved. This state of affairs has led the Trustees to explore the possible winding up of the scheme in the interests of its members.

Trustees' Knowledge and Understanding

The Trustee Board comprises of no less than 2 trustees, all of whom are not directors but are employees of the sponsoring employer.

In the scheme year, 1 trustee has retired (Mr Shaun Skepper) and 2 trustees have been appointed to the scheme (Mrs Emma Sherlock & Mr James Gamgee), two of whom are nominated by the members.

One of the appointed trustees, Mr Frank Williams, is the chair.

The administration of the Plan is supported by O'Connor & Co (Financial Services) Limited. Investment Monitoring and Operational Governance Reports together with the performance of the plan are solely the responsibility of the trustees .

The requirement under section 247/248 of the Pensions Act 2004 has been met during the scheme year through access to the Trustees Toolkit via the pension regulators website on a periodic basis. (Recently appointed trustees will complete this year).

Trustees are to keep up to date on legislative changes and scheme specific information through no less than 6 hours of CPD each year including the Annual Review of the scheme in line with The Pension Regulator requirements

The combined knowledge and understanding of the Trustees, together with the advice which is available to them (including that from our financial advisors) enables them to properly exercise their functions as Trustees by:

- Keeping the best interests of the members at the forefront of their actions at all times
- Reducing management risk for the scheme, members and employer
- Ensuring the Scheme continues to provide Member Value for money, remains fit for purpose and legally compliant
- Monitoring the employer to ensure they are complying with their employer duties
- Taking appropriate action should changes need to be made to the scheme in line with the best interest of the members.

Signed for and on behalf of the trustees of Lindum Group Ltd Retirement Benefits Scheme by
Frank Williams

Frank Williams

..... Chair of Trustees

Date 2nd May 2025

Appendix

Tables for comparison

Prudential Scheme

Year	Average annual return	Charges	Net return	Effect on average fund value
2024	3.50%	1.13%	2.37%	£66,981
2025	3.50%	1.13%	2.37%	£68,626
2026	3.50%	1.13%	2.37%	£70,253
2027	3.50%	1.13%	2.37%	£71,918
2028	3.50%	1.13%	2.37%	£73,622
2029	3.50%	1.13%	2.37%	£75,367
2030	3.50%	1.13%	2.37%	£77,153
2031	3.50%	1.13%	2.37%	£78,982
2032	3.50%	1.13%	2.37%	£80,854
2033	3.50%	1.13%	2.37%	£82,770
2034	3.50%	1.13%	2.37%	£84,732
2035	3.50%	1.13%	2.37%	£86,740

Royal London – existing sponsoring employers qualifying scheme

Year	Average annual return	Charges	Net return	Effect on average fund value
2024	5.12%	0.46%	4.66%	£66,981
2025	5.12%	0.46%	4.66%	£70,103
2026	4.76%	0.46%	4.30%	£73,120
2027	4.41%	0.46%	3.95%	£76,008
2028	4.05%	0.46%	3.59%	£78,739
2029	3.70%	0.46%	3.24%	£81,288
2030	3.34%	0.46%	2.88%	£83,631
2031	3.24%	0.46%	2.78%	£85,959
2032	3.15%	0.46%	2.69%	£88,267
2033	3.05%	0.46%	2.59%	£90,550
2034	2.95%	0.46%	2.49%	£92,803
2035	2.85%	0.46%	2.39%	£95,018

NEST- Generic trust base scheme

Year	Average annual return	Charges	Net return	Effect on average fund value
2024	8.13%	0.30%	7.83%	£66,981
2025	8.13%	0.30%	7.83%	£72,226
2026	7.51%	0.30%	7.21%	£77,435
2027	6.89%	0.30%	6.59%	£83,020
2028	6.28%	0.30%	5.98%	£87,981
2029	5.66%	0.30%	5.36%	£93,239
2030	5.04%	0.30%	4.74%	£97,658
2031	4.42%	0.30%	4.12%	£102,287
2032	3.80%	0.30%	3.50%	£105,871
2033	3.19%	0.30%	2.89%	£109,581
2034	2.57%	0.30%	2.27%	£112,066
2035	1.95%	0.30%	1.65%	£114,608

There are currently two types of bonuses:

Regular bonus

This is added during the term of the Plan. When rates of regular bonus are decided, expected future returns are taken into account. Some of the return is held back with the aim of paying a proportion of the proceeds as final bonuses. Once a regular bonus is added to the Plan it increases the guaranteed minimum payout on your normal retirement date or on death.

Final bonus

This is an additional bonus which is expected to be paid when money is taken from the Plan. If the investment return has been low over the lifetime of the Plan, a final bonus may not be paid. Final bonuses may vary and are not guaranteed.

When a valuation is produced for a member, it will show separately the fund value including regular bonuses (which are given some protection) and an indicative value of the final bonus that would be paid on the valuation date if the funds were taken out of the Plan at that date.

A transfer value is given which is the sum of regular bonuses and the final bonus less any Market Value Reduction (MVR). The purpose of the MVR is to align the value of the underlying assets of the Plan with the total of the regular bonuses and the final bonus at that time. The transfer value is used when for example the funds are moved out to a different pension plan with another pension provider.

The Conventional With-Profits Plan is an older type of Plan which also relies on bonuses being added during its term up to the member's SRD. Any transfer value will be based on bonuses added up to the valuation date. But potentially, and more importantly, members invested in this Plan can benefit from a Guaranteed Annuity Rate (GAR) that may be significantly better than annuity rates available in the open Market at the SRD. The member can normally only access this benefit if it is taken when they reach their SRD (and not if they leave their Plan invested beyond that date). Transferring the Plan to another provider will also normally mean losing this benefit. Advice from a qualified Financial Advisor is recommended prior to reaching SRD to determine the best outcome for the member.