

# Coronavirus and the ICI Pension Fund (the Fund) – a message from the Trustees



As well as the health and social impact of the Coronavirus around the world, stock markets have also been reacting to it. In recent weeks we have seen hugely increased volatility, including some sharp falls in global stock markets. Whilst there are no easy answers, we thought we should remind you how the Fund works, give our thoughts on its position and who to contact for help with your pension.

## **Will my pension be paid?**

YES - As your pension is linked to your salary and years of membership, your pension is not directly affected by market falls and the cash flow to pay pensions is carefully managed.

## **How are market falls affecting the Fund?**

In March 2019, following the completion of the 2017 actuarial valuation and the acceleration of the sponsor payments, the Fund did not need to generate any excess return, and started to sell the remaining return-seeking assets (assets which aim to provide positive returns). In March 2019, the Fund held about 97% of its assets in buy-in contracts and gilts, which move closely in line with the liabilities, and only 3% in return-seeking assets. At the end of April 2020, the Fund held 99.6% in buy-in contracts and gilts and had only a very modest amount in return-seeking assets.

## **In view of the current position of the Fund, the current market volatility will have had minimal impact on the funding level.**

For further information about the Trustee's investment strategy, please see page 3 of the November 2019 edition of Pensions News. This can be found at [icipensionfund.org.uk/library-and-forms](http://icipensionfund.org.uk/library-and-forms).

## **Help with your pension during this time**

Our Administrators, Willis Towers Watson are still available to help you. They have business contingency plans in place to change working arrangements and comply with any public health guidance. As part of these plans, they will focus on critical processes. This means prioritising bereavements, payments and investment switches. All enquiries will be logged and tracked, but please bear with us as there will be delays if your enquiry is not a priority case. During this time, it will help our Administrators if you email them (at the usual address below), please include your Month of Birth, Post Code and the last four characters of your National Insurance number in your email.



[ici@willistowerswatson.com](mailto:ici@willistowerswatson.com)

If you can't send Willis Towers Watson an email, please call on +44 (0)800 916 8021 or +44 (0) 1737 227 521 if outside the UK (between 9am & 5pm, Monday to Friday). Please bear in mind waiting times may be significantly longer than normal.

## Additional Voluntary Contributions (AVCs)

The Fund used to allow members to pay AVCs. This stopped in 2006. There are around 75 members who are invested in the Clerical Medical AVC arrangement, a further ten who are invested with Prudential, mainly in the with-profits fund, and there are about 50 members who are currently held in a cash fund with Utmost Life, following the wind-up of Equitable Life.

If you have AVCs with Clerical Medical, its value may have fallen recently, depending on how it is invested. Assets like shares and diversified growth funds are likely to have suffered big falls, whilst bonds or cash are unlikely to have fallen. If you are invested in a with profits plan and you decide to move your plan, the value may be adjusted if the value of the underlying assets is less than the value of your plan including all bonuses.

Seeing falls is uncomfortable – particularly if you're close to retirement, but you should bear a few factors in mind:

- 1 **Don't panic** – while it's sensible to know how your AVCs are performing, these investments should be viewed as a **medium to long-term investment**. Stock markets have had big falls in the past, but recovered strongly after;
- 2 If you're invested in a **Lifestyle strategy** then that aims to reduce volatility as you get closer to retirement. These strategies automatically move money out of equities and into bonds and cash as you approach retirement;

### Need advice?

If you are considering retirement or taking action as a result of market volatility, you should consider taking independent financial advice. To find a financial adviser, visit:

[moneyadvice.service.org.uk/en/categories/financial-help-and-advice](https://moneyadvice.service.org.uk/en/categories/financial-help-and-advice)