

# **REFLEXOAK EXECUTIVE PENSION SCHEME**

## **Scheme Review & Benefits Statements**

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# 1. Introduction

I am pleased to enclose our new look annual trustees report for your scheme.

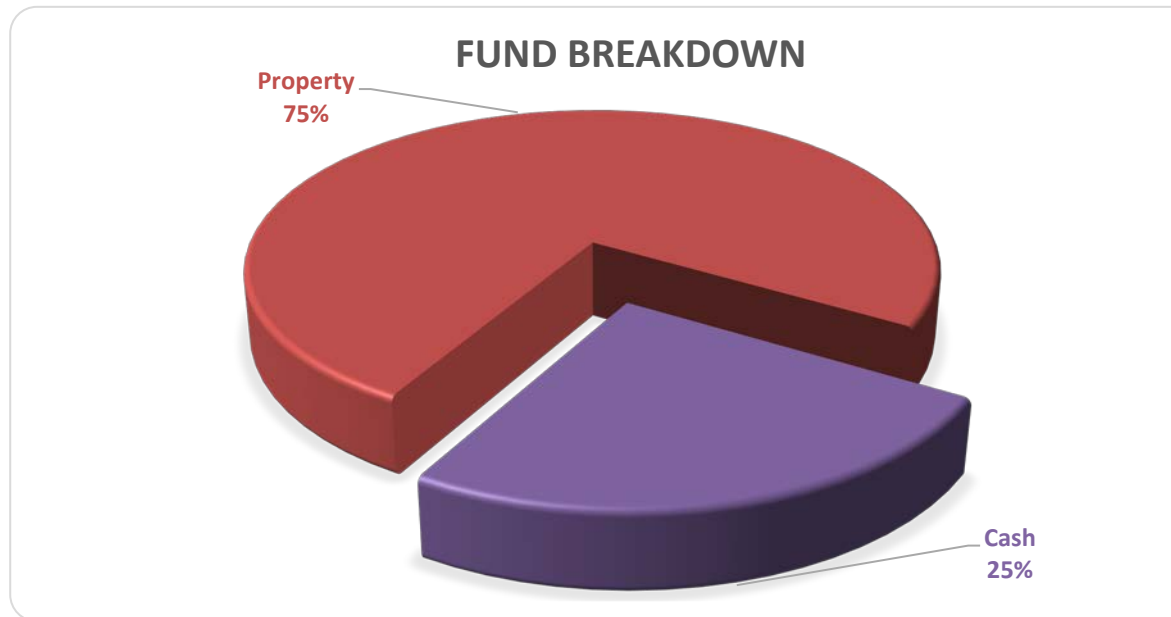
This report has changed it's focus from previous years by being more specific to the day to day requirements of the scheme and we have cut the content of investment and inflation outlook data.

We have prepared benefit statement for each member and can of course tailor this according to your needs and planning requirements.

We also attach with our compliments our most recent newsletter, which contains our latest thinking and articles around both pension and protection planning.

Finally, thank you for choosing us to act as the Practitioner for your pension scheme.

## 2. Fund Composition



The two assets of the pension scheme are cash and property – the property held generates a rental yield of 15.36%.

### 3. Scheme Tax Return

Below is a copy of our tax report submission and HMRC return for the period ending 5 April 2017 and our supporting comments.

The scheme reporting is one of the most important aspects of scheme management as the data submitted may be reviewed by an Inspector in connection with scheme fund movements. It is particularly important that where transactions are undertaken which may involve the scheme connected to persons or businesses associated with either the scheme members or the employer that we report that information in the correct format.

It is important that clients notify us in advance of any transactions involving either a scheme member, a close connected company or someone connected to a scheme member, such as a relative or business partner.

During this period, was the aggregate of payments to and from the scheme greater than £100,000?	No
Specify the aggregate of payments to and from the scheme	£54706
At the end of this period, did the scheme have assets with a total value before pension liabilities greater than £400,000?	No
Total value of assets before pension liabilities at the end of the period	£237607

#### Connected Parties

At any time during the period from 06/04/2016 to 05/04/2017 did the scheme either directly or indirectly own assets that it had acquired from either: a. a sponsoring employer or any person connected with that employer? or b. a person who was a director of or a person connected to a director of a close company that was also a sponsoring employer? or c. a person who was either a sole owner or partner or a person connected with the sole owner or partner of a business which was a sponsoring employer? or	No
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d. a member or person connected with a member?

### Outstanding Loans

Total amount outstanding at the end of the period	£0
Total amount of any loans made	£0
Total amount of any loans repaid	£0
Total amount of interest received	£0

### Cash and Bank Information

Total amount of all cash and bank balances at the beginning of the period	-
Total amount of all cash and bank balances at the end of the period	£60227
Total amount of interest credited to these accounts	£0

### Connected Party

Connected party covers both the Company sponsoring the scheme and the scheme members. If you are unsure of the connected status of the scheme's holdings please let us know and we will ensure that you are covered.

### Arms Length Transactions

Arms length transactions is any person, body or firm that falls outside of the connected part definition given above. It is possible to change from connected party to arms length and vice versa. If you are unsure of the arms length status of the scheme's holdings please let us know.

There were no event reports submitted to HMRC during the scheme year and there were no audit enquiries made to the scheme in the same period. A return to the Pensions Regulator will be made in the 2018/19 scheme year.

## 4. Benefit Statements

Statement for **John Savva**  
For uncrystallised rights

Estimated Retirement Fund at age 75: £62,956

Tax Free Cash Sum: £15,739

Pension Income: £4,563

Estimated Retirement Date: 70

We have made the following assumptions:

1. Investment growth is a net rate of 5%
2. Inflation is 2.5% p.a.
3. Pension will not increase in retirement
4. All figures take account of inflation at an assumed rate of 2.5%
5. The estimated annual retirement income is based on current annuity rates.

The figures are a guide and not guaranteed. Your final pension fund and the income available will depend on factors including the growth your fund achieves, contributions you make in future, charges, inflation, your retirement age, annuity rates at the time and the annuity options you choose.

Statement for **Andros Ktorides**

Estimated Retirement Fund at age 70: £135,317

Tax Free Cash Sum: £33,829

Pension Income: £7,603 p.a.

Estimated Retirement Date: 70

We have made the following assumptions:

1. Investment growth is a net rate of 5%
2. Inflation is 2.5% p.a.
3. Pension will not increase in retirement
4. All figures take account of inflation at an assumed rate of 2.5%
5. The estimated annual retirement income is based on current annuity rates.

The figures are a guide and not guaranteed. Your final pension fund and the income available will depend on factors including the growth your fund achieves, contributions you make in future, charges, inflation, your retirement age, annuity rates at the time and the annuity options you choose.



Statement for **John Savva**  
For uncrystallised rights

Value of Fund : £89,828

Pension Income: £8,354

We have made the following assumptions:

1. Inflation is 2.5% p.a.
2. Pension will not increase in retirement
3. The estimated annual retirement income is based on current GAD rates of 2%.

On death all funds the balance of the funds can be distributed to your estate.

4. The figures are a guide and not guaranteed. Your final pension fund and the income available will depend on factors including the growth your fund achieves, contributions you make in future, charges, inflation, your retirement age, annuity rates at the time and the annuity options you choose.

## 5. Inflation and Interest Rate Outlook

Bank's Monetary Policy Committee (MPC) set a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government's economic policy, including its objectives for growth and employment

The MPC's central projection in the November Report was for four-quarter GDP growth to pick up from early 2018 and settle around 1¾%.

Consumption growth was projected to remain subdued, while strong global growth, together with the lower level of sterling, was expected to support net trade and business investment. Inflation was projected to rise a little further above the 2% target in the near term before falling back over 2018.

Conditional on the path for Bank Rate implied by market interest rates prevailing at the time, inflation was projected to end the forecast period slightly above the 2% target. That central projection was also conditioned on the Term Funding Scheme, and on the stocks of purchased gilts and corporate bonds remaining at £435 billion and £10 billion respectively.

At its meeting ending on 13 December 2017, the MPC noted that the recent news in the macroeconomic data had been mixed and relatively limited. Global growth had remained strong, while some indicators of domestic activity in Q4 had softened a little. The measures announced in the Autumn Budget would lessen the drag on demand from fiscal consolidation, relative to previous plans.

The labour market remained tight, and the latest surveys suggested this would continue. The impact of November's rise in Bank Rate on the interest rates faced by households and firms had been consistent with previous experience, but it was too early to form a comprehensive view of its effect on the economy.

CPI inflation had risen to 3.1% in November, slightly higher than the MPC had anticipated at the time of the November Report. The MPC continued to judge that inflation was likely to be close to its peak, and would decline towards the 2% target in the medium term.

All Committee members judged it appropriate to leave the stance of monetary policy unchanged. The MPC was of the view that, were the economy to follow the path expected in the November Report, further modest increases in Bank Rate would be warranted over the next few years, in order to return inflation sustainably to the target.

Any future increases in Bank Rate were expected to be at a gradual pace and to a limited extent. We expect a further increase of 0.25% of interest rates in 2018.

## 6. General Data Protection Regulation

The **General Data Protection Regulation (GDPR)** is a regulation intended to strengthen and unify data protection for all individuals within the European Union. It will be effective on 25 May 2018 and replaces the data protection act. It is the biggest shake up in generations to data use, privacy and business impact. It covers anyone who is engaged in data use and storage.

Small self administered schemes have a unique relationship in that the employer sponsoring the scheme, the members and trustees are generally connected. Your scheme will be affected by GDPR. To assist, you will shortly receive a resolution from us to be appointed to handle much of the new requirements of GDPR in respect of your scheme.

If the sponsoring employer is a trading company and holds personal data it will be affected by the regulations and as such, our GDRP service can by extension help your business comply.

*'Personal Data' means any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person. It is all encompassing.*

Our newsletter, which is enclosed fully explains how GDPR affects your business. The new GDPR rules come into effect from May this year and like auto-enrolment, non-compliance is not an option and the fines are even higher than those imposed by the Pensions Regulator.

We have recently added new qualified GDPR Practitioners who are qualified to advise on GDRP and this is being headed by Merle Oper. You can email Merle at [merle@pensionpractitioner.com](mailto:merle@pensionpractitioner.com) for more information or assistance.

## 7. New Independent Trustee Service

Historically, small self administered schemes had a legal requirement for an independent trustee that acted as an oversight on behalf of HM Revenue and Customs to ensure that there was no improper termination of the trust.

Since 2006, this was no longer a legal requirement but recent changes to the rules surrounding pensions maybe useful for your scheme.

We can offer an independent trustee service via our trustee company and have structured this to give clients full flexibility on the remit needed. It is designed around protection to ensure that in the event of the demise or serious ill-health the distribution of benefits are in accordance with your wishes, impartially and with understanding of the rules that underpin pension schemes.

### **Controlling Investments**

Our independent trustee company signs a delegation letter, whereby the power of investing remains in the hands of the clients as trustees of their own funds.

This way, we are not party to investment decisions and investment choices made by clients. However, if you require our independent trustee to be party to investment decision making, this can be facilitated on a case by case basis.

### **Dealing with disputes**

Members of small self administered schemes are usually related through bloodline or business association. Disputes do arise where one person wants to go their separate way or there is a disagreement over investment choice.

The independent trustee can through our appointment have the final say as arbitrator. This is because our trustee company is independent of all the members, has no beneficial interest in the scheme and are required under appointment to act independently, fairly and judiciously.

### **Ill-health benefits**

This is perhaps where most of the need arises. Small self administered schemes have benefited significantly from the increased flexibility of distribution of funds either on death or serious ill-health.

The risk of developing cancer for all invasive cancer sites is one in two for males and one in three for females in the western world. This is a lifechanging condition and depending on the condition and type, your SSAS can be distributed to meet medical and income replacement requirements.

The emotional strain on families and the affected person is significant – having an independent trustee to take on the responsibility of benefit distribution ensure that this is undertaken with integrity and consideration.

### **Death benefits**

In the absence of a surviving trustee, your beneficiaries are required to go to court for a trustee to be appointed which can be a very expensive and time-consuming process.

Children can be admitted to the pension scheme to benefit funds to be distributed at key anniversary dates. You can also arrange for your family to inherit the fund allowing the scheme to become a family trust.

An independent trustee can ensure that both the need for a court appointed trustee is avoided and your instructions are passed down and enacted by the independent trustee to avoid any family dispute that can often arise with family members as appointed trustees.

For more information on this please contact your dedicated scheme administrator, Emily McAlister who will arrange a consultation via email on [emilym@pensionpractitioner.com](mailto:emilym@pensionpractitioner.com)

## 8. 2018 Action Plan

I propose the following action plan in 2018.

- 1) Update the nomination of beneficiaries for the scheme reflecting the changes to the tax rules concerning death benefits.
- 2) The Trustees need to consider whether a third party independent trustee should be appointed to the scheme.
- 3) Implement a GDPR process for the scheme for conformity with the new data act regulations effective from 23 May.
- 4) Prepare a tax return for the scheme to HMRC to ensure conformity with the tax regulations.