TLWPT

The Lewis Workplace Pension Trust

31st March 2022

Welcome to our quarterly newsletter

Inside you'll find a brief stock market overview and performance update in relation to our Auto Enrolment pension funds for the quarter ending 31st March 2022.

State Pension Age

There is no longer a default state retirement age forcing people to retire at 65. The law has changed and now there are pension ages, at which you can access your state pension and any other pensions you may have.

The age at which you can access your state pension is currently set to 66 for everyone and is planned to rise to 67 between 2026 and 2028 and possibly even 68 at the next review in July 2023. These changes are mainly due to life expectancy, as people continue to live longer.

You will see that the default portfolio ages have been amended to reflect this change.

Why are there different Default funds?

When you are enrolled into the scheme you are automatically invested into a portfolio of funds, referred to as the Default Portfolio. The Trustees with their advisers monitor the performance of these funds to ensure they provide a good return, while balancing the risk, to help your pension pot grow over the long term. However, as you approach your retirement it is advisable to reduce the risk of any unanticipated reduction in value prior to you taking your pension.

Lifestyling is the word used to describe the process of gradually, over a number of years or at a certain age, reducing the risk exposure by automatically switching to lower risk funds to protect your pension in preparation for your retirement.

We will be in contact with you as you approach each stage of this process to keep you informed and would encourage you to raise any questions you may have about this process when an adviser visits your workplace.

If you have chosen to swich your pension portfolio from the default to one of the available model portfolios, this process will not happen automatically. You should discuss how to achieve a similar result with your adviser at your annual review.

Performance Figures

The performance figures to **31st March 2022** for the Default and Model portfolios are:

Portfolio	1m	3m	6m	1y	3y	5y
Lewis Default Portfolio 1 (for ages up to 60)	5.00%	-1.20%	3.92%	14.12%	31.06%	44.08%
DP 1 Benchmark	3.53%	-0.92%	5.45%	13.95%	25.05%	31.48%
Lewis Default Portfolio 2 (for ages 60 +)	3.77%	-0.32%	3.92%	11.51%	18.00%	26.15%
DP 2 Benchmark	2.35%	-0.39%	4.03%	9.80%	14.33%	17.84%
Lewis Default Portfolio 3 (for ages 62 +)	2.06%	-0.16%	2.13%	6.29%	10.59%	15.58%
DP 3 Benchmark	1.33%	-0.17%	2.35%	5.62%	9.72%	12.51%
Lewis Default Portfolio 4 (for ages 64 +)	0.15%	0.19%	0.39%	0.79%	1.44%	2.63%
DP 4 Benchmark	0.09%	0.19%	0.48%	0.75%	0.95%	1.67%
Lewis Cautious Portfolio (for any age)	0.38%	-2.77%	0.23%	4.63%	16.03%	23.82%
Cautious Benchmark	0.82%	0.38%	2.31%	4.55%	6.32%	8.13%
Lewis Moderate Portfolio (for any age)	3.41%	-0.19%	4.69%	10.53%	33.78%	49.01%
Moderate Benchmark	2.86%	-0.80%	4.31%	11.16%	25.50%	32.73%
Lewis Speculative Portfolio (for any age)	3.87%	-0.55%	3.70%	9.76%	37.07%	51.27%
Speculative Benchmark	3.43%	-1.20%	4.71%	12.81%	31.01%	39.85%
Lewis Responsible Investing Portfolio	7.40%	-4.00%	6.50%	19.90%	28.00%	37.80%
Lewis Sharia Portfolio	7.50%	-3.40%	7.70%	20.70%	73.10%	106.30%

Past performance is no guarantee of future performance and the value of your investment may be less than originally invested. Source: FE Trustnet

World Market Overview

BY KRISTAN WARD

The first quarter of 2022 has been deeply upsetting following the events unfolding in Ukraine and the thoughts of everyone associated with TLWPT and Lewis Investment are with those being affected by the outbreak of the war.

The recent headlines about the Ukraine/Russia situation, coupled with increasing inflation and rising interest rates, have spooked global equity markets and made investors worried. It is at times like these, that it is probably better giving a brief perspective on market trends over the longer term, rather than focusing solely on the now.

With the war in Ukraine, inflation increasing each month along with rising commodity prices and with further looming interest rate rises, it seems there are many reasons not to invest in the markets. But the fact is, there is always a reason not to invest in the markets, irrespective of what time frame you look at, as there is always something going on that could present a threat to financial markets.

In a recent article, over the past 95 years, the US S&P 500 Index has ended the year positive a staggering 74% of the time and generally it is better having time in the market, rather than trying to time the market. Yes, there will always be moments of time when investing may not seem the sensible thing to do, but as investment advisers and members of the same pension scheme, we are happy to commit and reaffirm our belief that investing predominately in equities is the best course for long-term capital growth.

At the time of writing, it is estimated that 11.2 billion vaccine doses have now been administered, which means 58.1% of the world population is fully vaccinated.

Turning to regional sectors, the UK had one of the better performing quarters to 31st March 2022, with the FTSE100 Index posting one of the few positive returns for Q1, although most indices have bounced back strongly over the past few weeks.

The majority of FTSE100 companies generate their revenue outside of the UK and with higher commodity prices and financial stocks benefitting from higher interest rates, with our relatively low exposure to tech stocks, we expect the UK to outperform other major indices in the short-term.

The UK's latest CPI inflation rate for February (published 23rd March) increased again, to 6.2%, with the Bank of England increasing interest rates by a further 25bps to 0.75%. We previously reported that the expectation was for inflation to peek in the first half of 2022 and then moderate. However, one of the outcomes that we now expect with the war in Ukraine, is that commodity and energy prices will continue to rise. This will likely lead to further inflationary pressures, with the resultant peek in inflation pushed further back into 2022 and potentially now into 2023. There is also a general shortage of workers in the UK and with rising household expenses, this will lead to an increase in wage inflation.

The Eurozone has had a greater impact from the Russian invasion of Ukraine, although

World Market Overview continued

markets have proven to be resilient. **We should mention that we do not hold any direct investment in Russian securities.**

Economic data from the Eurozone is now expected to slow, with a high degree of uncertainty given the region's dependency on Russia's natural gas and oil supply. The main beneficiary held within our Moderate and Speculative portfolio's is a commodity fund, which has benefitted from rising costs, producing returns of 29% in just 3 months.

In the US, markets continued to perform inline with expectations. The Federal Reserve raised interest rates for the first time since 2018, by 25bps, as the central bank struggles with soaring inflation, the impact of the war in Ukraine and coronavirus. They also signalled a number of further rate rises over coming months.

Asian markets have remained muted but we expect a number of economies to improve as parts of the supply bottlenecks begin to abate, although China has imposed renewed lockdowns following a rise in Covid cases.

The Japanese Nikkei index rallied late on in the quarter, similar to other indices but they are an importer of energy products and food, so will be exposed to higher costs, plus one of their largest export markets is China. If China don't achieve ambitious growth targets or new lockdowns continue to last longer, then this will negatively impact Japan's stalling economy.

The economic outlook for 2022 is now less certain following the Russian invasion into Ukraine and much will depend on how that develops, with any further escalation or geographical movement into neighbouring countries having a negative impact on equity markets. Whilst NATO has proven so far to be unilateral, should that change, then it could lead to further volatility. Equally, if Putin does decide to pullback on his attacks and even enter peace keeping talks, then markets will see that as a positive.

There will be more challenges ahead during 2022 with a number of important issues still to be resolved; Ukraine/Russia, rising inflation; rising commodity and energy costs; rising interest rates. Despite these uncertainties and the lingering supply chain issues, we think a global recession is unlikely—a great deal of households still have a large pool of excess savings built up during lockdowns; Government's are expected to try to ease the burden of rising fuel costs; China announced an ambitious growth target of 5.5% for 2022 which suggests more policy easing to come. And the US is no longer quite the energy importer that it once was, so is now better positioned to handle the oil price rises. If hostilities ease, energy prices should then stabilise and we would then expect global growth to continue, albeit at a lower rate.

The one positive from the Ukrainian tragedy may be for an acceleration away from fossil-fuel dependence into more environmentally friendly energy solutions.

How is the retirement journey changing?

From June 2022 our regulator require us to offer to book a Pension Wise appointment for any member wishing to access their pension benefits.

It will also be necessary to obtain an "opt-out" confirmation from members who have chosen not to take up an appointment; their application will not be able to proceed without this or confirmation that they have received guidance.

This change is intended to make sure pension savers know enough to make informed decisions about their pension pot.

TLWPT Trustees believe that regulated investment advice is at the heart of good pension planning and appointed an advisor for all members right from inception of the Scheme.

We encourage you to make use of the Scheme Review Visits at your workplace, the Scheme advisers are here to answer any questions you may have.

How can I increase my pension fund?

As you know, both employers and employees contribute at least minimum requirements into the member's workplace pension.

If a member wishes to increase their regular contribution, this can easily be actioned by contacting TLWPT. Remember, the more you can contribute into your pension, the bigger the pension pot will be, providing you income in retirement.

The majority of our schemes have been established under a salary exchange basis. This basically means that you exchange part of your salary for a pension contribution which results in you paying less Income Tax and National Insurance. Just with the Basic Rate Income tax saving alone, personal contributions are boosted by 20%, with Higher Rate taxpayers benefiting further.

As an example of making additional contributions, if the increase is an extra £50 per month, over a 30 year term and assuming annualised investment returns of 5%, the investor would have over £40,000 extra in their pension fund, which under current legislation, will mean over £10,000 can be withdrawn tax free (assumed as gross personal contributions only).

If a member wishes to increase their contributions, please contact us on 01202 738650 **or** by email at mypension@TLWPT.co.uk

e-Member Portal

Where you can find details of **your funds**, **transactions** and **other useful information.**

Members should have received an email advising their new registration details. This will allow you to register for the new e-Member Portal.

If you have not received this communication contact employer support

+44 (0) 0330 912 8571 or

via email lewis@optionspensions.co.uk

You should ensure personal details and your home email address are kept up to date; you can change your email online via the portal but will need to advise any change of your postal address in writing. The portal shows a history of contributions and how they are invested, including any important correspondence issued.

Pension Scammers wreck lives

That's why we're pledging to **raise awareness of the risks, educate ourselves** and **protect members.**

The Trustees of TLWPT would like to remind everyone that The Pensions Regulator is concerned about the rising number of fraud cases in relation to pension scamming. We would therefore ask you to **forward this email to all members of staff**, not only as we want them to engage in their retirement savings but the newsletter also provides a link to The Pensions Regulator website which offers advice on preventing scamming and fraud. For more information visit:

The Pension Regulator website

Our pledge to combat pension scams

Explore the Scheme website to find more information about the Scheme Structure, the Trustees or visit the Members Section to find the answers to many frequently asked questions.

We also encourage our members to give us feedback or make suggestions about how we can improve our services.

Useful Links

State Pension Forecast

Your State Pension is a regular payment you can claim from the government once you reach State Pension age. You can get a State Pension online forecast to tell you how much you might receive, when you can claim it, along with details of any shortfalls in previous NI contributions.
https://www.gov.uk/check-state-pension

The Pension Tracing Service

The Department of Work and Pension's online Pension Tracing Service helps reunite people with their lost pensions, giving details of providers to help people track them down.

https://www.gov.uk/find-pension-contact-details

Retirement Budgeting

A budget shows you how much money you have coming in and what you spend it on. It makes it easier to create your own spending plan which will put you in control of your money in retirement.

https://www.moneyhelper.org.uk/en/everyday-money/budgeting/budget-planner?source=mas#

Let us know

If you have any questions concerning this newsletter, or any other matter, or have any suggestions, please do not hesitate to contact the Workplace Pension Team.

Regards

Trustees of The Lewis Workplace Pension Trust