

# The BASF UK Group Pension Scheme

Newsletter 2021



 **BASF**

We create chemistry



## “The new normal”

### Welcome to the BASF UK Group Pension Scheme newsletter

It has certainly been a challenging year or so for all of us, but things are beginning to look brighter as more of the population is vaccinated and the country begins to open up again.

I would like to thank the team for their hard work and dedication through such a difficult period. I am pleased to confirm that all the Scheme’s operations continued successfully throughout the pandemic. This has been partly due to the previously prepared business continuity measures that came into action when the UK lockdown restrictions commenced in March 2020 and partly due to the professional way the team and the Scheme advisers responded to the situation. Important administration functions such as preparing benefit quotations, issuing benefit payments, investing monthly contributions and updating member records continue to be processed promptly by the administrator, and all monthly contributions have been paid on time throughout.

During lockdown lots of us became more accustomed to being online and doing things ‘digitally’, so please do remember to register on, or log in to the Pension Portal. It’s great for accessing Scheme documents, viewing your pension and making any changes to your personal details. Just visit [www.buckhrolutions.co.uk/basfpen](http://www.buckhrolutions.co.uk/basfpen). Chemetall Section members will be able to access the Portal later in the year.

This year we welcomed James Blackman to the team. Please see more information on James and the team to the right.

We hope you enjoy this newsletter, where you’ll be able to find out more about the Scheme’s funding levels, updates to the Scheme and how to spot a pension scam. As always, we welcome your feedback, so please get in touch with us. We’d love to know if there is anything you’d like covered in future editions too; just use the contact details on the back page.



Alison Wilkins — UK & Ireland Pension Manager  
**For and on behalf of BASF Pension Trustee Ltd**



## Who’s who?

### Your Trustee Board

BASF Pension Trustee Ltd is the Trustee of the Scheme and the current Trustee Directors are:

#### Company-Nominated Trustee Directors

- Ross Trustees (Chair\*) replaced BESTrustees in May 2021
- D Welsh
- PB Wilson
- O Hoerner
- PC Wormald
- M Newbould

#### Member-Nominated Trustee Directors

- R Portman
- G Thomson
- K Crabtree

\*Independent Trustee represented by Shehzad Ahmad

The law requires that members of pension schemes should be given the opportunity to nominate and select at least one-third of the trustees of their pension scheme. The role and responsibilities of all members of the Trustee Board is the same in every respect.

#### In-House Pension Team

- Alison Wilkins — UK & Ireland Pension Manager
- James Blackman — Pension Specialist
- Julie Godsell — Pensions Officer
- Sharon Bedford — Pensions Administrator

James joined the team in November 2020 and has more than 15 years’ experience in the pensions industry. Through his previous roles, he has built up a strong reputation in the pensions management world and brings a wealth of technical knowledge and experience to BASF. James will be responsible for ensuring that the Pension Scheme continues to meet industry expectations and legal obligations now and into the future.

### Advisers

Managing the Scheme is a complex task, to ensure compliance with current pensions legislation so that members’ interests are best protected. To assist in this task, the Trustee calls upon the services of independent advisers, with whom the Trustee Directors work closely, to ensure that the Scheme runs smoothly.

**Buck** undertakes the day-to-day administration of members’ benefits on behalf of the Trustee.

The Scheme Actuary, who advises on the funding of the Scheme, is **G Connolly of Willis Towers Watson**.

**ARC Pensions Law** are the Trustee’s legal advisers, and are independent from the legal advisers used by the Company.

**PricewaterhouseCoopers LLP** continue to audit the Scheme’s accounts and are independent from the auditors used by the Company.



## Changes in the membership

Combined Sections DC	At 1 January 2020	At 31 December 2020
Active members	821	705
Deferred members*	2,591	2,611

Group Section DB	At 1 January 2020	At 31 December 2020
Deferred members*	987	912
Pensioner members (including insured pensioners)	2,140	2,113

BPP Section	At 1 January 2020	At 31 December 2020
Deferred members*	1,688	1,654
Pensioner members (including insured pensioners)	1,932	1,927

Chemetail Section	At 1 January 2020	At 31 December 2020
Deferred members*	188	185
Pensioner members (including insured pensioners)	176	178

\* Deferred members are those no longer paying contributions, but with benefits left in the Scheme to be taken at a later date.

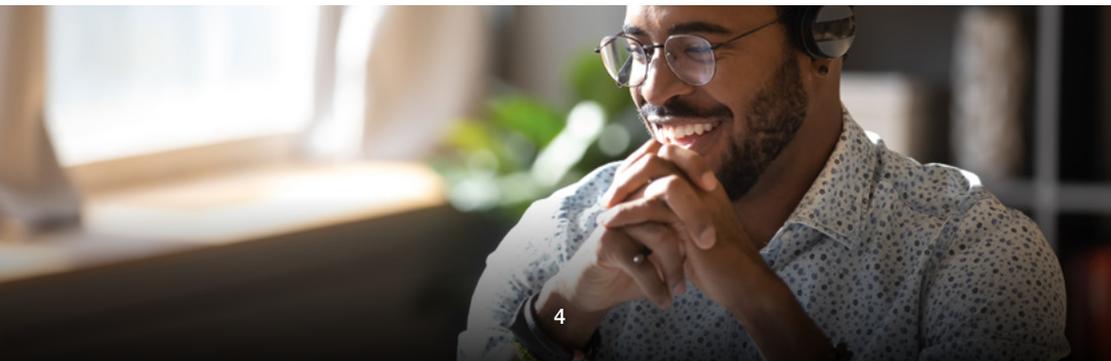


## Scheme highlights from the 2020 Annual Trustee Report & Accounts

The Trustee produces a formal report and financial statements each year, including full details of all the money coming into and going out of the Scheme.

The following table is a snapshot of the financial statements for the Scheme year ended 31 December 2020.

	31 December 2019 £'000	31 December 2020 £'000
Value of the Scheme at the beginning of the year:	1,756,940	1,886,121
<b>Income (money coming in):</b>		
Employer contributions	8,446	7,218
Employees' contributions	72	41
Transfers in	220	43,215
Other income	177	16
<b>Total income:</b>	<b>8,915</b>	<b>50,490</b>
<b>Expenditure (money paid out):</b>		
Pensions paid	(54,330)	(55,113)
Expenses	(49,096)	(34,443)
<b>Total expenditure:</b>	<b>(103,426)</b>	<b>(89,556)</b>
Net returns on investment:	223,692	235,804
<b>Value of the Scheme at the end of the year:</b>	<b>1,886,121</b>	<b>2,082,859</b>





## View your benefit statement

In September we sent you your annual benefit statement. The statement provides an update regarding the value of your pension savings and your projected benefits at retirement helping you make informed choices about your future. You can view your statement online by logging into [www.buckhrsolutions.co.uk/basf](http://www.buckhrsolutions.co.uk/basf)

Viewing your statement is important as it helps you to understand the potential value of your pension in retirement.

### If you are a pensioner member you can:

- Update your contact information; and
- View and print off your payslips.

In October, members of the Chemetall Section of the Scheme can expect to receive a welcome letter from the Buck admin team, who'll be looking after the administration as of 11 October this year. Later in November, you will also be able to access the BASF Pension Portal.



## Welcome to the Scheme, Chemetall

You may be aware that in December 2016, BASF acquired Albemarle's global surface treatment business, Chemetall. Chemetall is now a global business unit of the Coatings division of BASF.

On 30 November 2020, the Chemetall UK Pension Scheme was merged into the BASF UK Group Pension Scheme as

a third segregated section, the 'Chemetall Section'. During October 2021 the administration of this section will transition to Buck, to ensure consistency across the Scheme.

We would like to extend a warm welcome to the DB Chemetall Section members of the Scheme.



## Visit the Pension Portal, personalised for you!

Don't forget to log into the BASF Pension Portal, where you can achieve a better understanding of your pension savings and the individual decisions you need to make during your membership. Visit [www.buckhrsolutions.co.uk/basf](http://www.buckhrsolutions.co.uk/basf)

You will need your National Insurance Number in order to register.

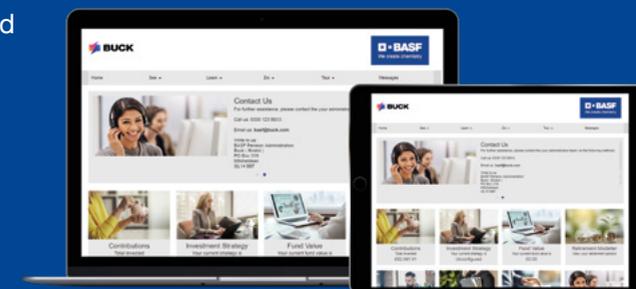
### If you're a DC Active or Deferred member, you can:

- View your personal information and membership details;
- Update your contact information;

- Access your annual benefit statements;
- Track the current value of your Pension Account, which is updated daily, and see how it is split between the different investment options;
- Review and request changes to your investment instructions;
- Obtain an up-to-date statutory projection of your Pension Account to your chosen retirement date;
- View Scheme Booklets and communications;

- Link to other useful pension-related websites;
- Use the Retirement Modeller, which helps you to explore your retirement options and model the impact of changing variables such as your retirement age and your investment strategy; and

- Access useful risk and income questionnaires, to help you explore your attitude to risk and the retirement income you may be most suited to.





### DC Investment change — Growing your money through responsible investment

We are pleased to confirm that changes have been made to the three risk-profiled funds available to members Moderate, Adventurous and Cautious funds. The Moderate Fund is used as the growth fund in the “default” option (the fund that your money is invested in if you don’t pick your own Scheme investments).

As part of a recent review, close consideration was given to how environmental, social and governance factors, including climate change, could be integrated within the funds

available to members. In August 2021, a portion of each of the Moderate Fund, Adventurous Fund and Cautious Fund was moved into an equity (company shares) fund that favours investment in companies around the world that score well on environmental, social, and governance measures. These measures include carbon emissions, business ethics, and board diversity, to name just a few examples.

There is no increase to the charges that apply to the funds.



### Financial Conduct Authority (FCA) ScamSmart

Unfortunately, pension scams are still rife, especially with the introduction of pensions flexibilities. It’s easy to be fooled, scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Don’t let a scammer enjoy your retirement, make sure you’re familiar with the common warning signs of a pension scam:

- Contact out of the blue;
- Promises of high / guaranteed returns;
- Free pension reviews;
- Access to your pension before age 55; and
- Pressure to act quickly.

Find out more on how to avoid pension scams at FCA’s ScamSmart web hub, [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



### Guaranteed Minimum Pension (GMP) explained

GMP is a minimum level of pension earned between April 1978 and April 1997 to ensure you did not lose out when the Scheme contracted-out of the additional State Pension.

Until recently, the GMP payment age was 65 for men and 60 for women, and often retirement from workplace pensions was taken at the same time. This meant that men and women built up different amounts in their GMP pot, causing inequalities between the amounts paid.

The courts have ruled that it is unfair to pay people different amounts of pension based on different retirement ages, and so pension schemes must equalise pension amounts in respect of GMP for everyone.

As a result, there will be some people who will be owed additional money and some who have been paid too much. Those who have paid too much will not be asked to repay, and those who have not been paid enough will receive an uplift, however, in reality this is likely to be small.

We are busy working out the calculations for equalising the GMP, which is a complex process, and will update those affected in due course.

The Trustee has reviewed, with their advisers, the implication of these rulings on the Scheme in the context of the rules of the Scheme and consider the total liability to be immaterial to the financial statements.



### Funding update

**The Trustee is responsible for making sure that the Scheme has sufficient money necessary to provide all the benefits promised to members.**

Every three years the Scheme Actuary checks the Scheme’s ongoing funding position in a formal exercise known as a triennial valuation.

The previous valuation was carried out as of 31 December 2017 and the Summary

Funding Statements can be found on the pension website <http://ukpensions.basf.co.uk>

The current actuarial valuation as at 31 December 2020 is underway and once finalised, Summary Funding Statements will be issued and made available on the pensions website.



### Savings limits for 2021/22 tax year

#### 1. The annual allowance (AA)

This is the amount you can add to your pension benefits each year without incurring a tax charge. For the 2021/22 tax year, most people will have an AA of £40,000.

If you are a high earner (e.g. if your income excluding pension costs is over £200,000 per year), you may have a lower, tapered AA. You can check if this applies to you at [www.tax.service.gov.uk/pension-annual-allowance-calculator](http://www.tax.service.gov.uk/pension-annual-allowance-calculator)

You can also carry forward any unused AA for up to three years. This allows you to have pension savings in excess of the AA in a certain year and pay no tax. The AA for the current tax year must be used before any previous years' AA is carried forward.

#### 2. The lifetime allowance (LTA)

This is the total amount of retirement savings you can build up over your working life without incurring an LTA charge.

It includes the value of the benefits you build up in all registered pension schemes, and not just the benefits in the Scheme. The State Pension does not count towards the LTA.

In the 2021/22 tax year, the standard LTA is £1.0731 million, and it was announced this will be frozen until 2026. If your pension savings exceed the LTA, this could result in a tax charge of 55% on the excess (25% if you take the excess as income). Few people are likely to be affected by this, but if you think you are, you can find out more on the HM Revenue and Customs website at [www.gov.uk/tax-on-your-private-pension/lifetime-allowance](http://www.gov.uk/tax-on-your-private-pension/lifetime-allowance)

#### 3. The money purchase annual allowance (MPAA)

If you have started to access any DC retirement benefits flexibly elsewhere, such as through flexible drawdown, and want to continue paying contributions to the Scheme, your MPAA will reduce to £4,000.

You may wish to consider taking advice from a professional financial adviser. If you need help in finding a financial adviser then please visit the [register.fca.org.uk](http://register.fca.org.uk) website.



### Changes to the State Pension

The Basic State Pension and the Additional State Pension have been replaced by a new single-tier State Pension, for individuals reaching their State Pension age after 6 April 2016. Any ability for pension schemes to contract out of the additional State Pension ceased at this date.

The full level of new State Pension is payable at a rate of £179.60 per week (for 2021/22). Individuals will need 35 years of National Insurance contributions (or credits) to qualify for the full level of pension, and a minimum level of 10 years to qualify for any entitlement. The pension must increase at least in line with earnings and the new system is designed to simplify the provision of the State Pension. However, many people, particularly those with past periods of contracted-out employment, will not be eligible for the full new State Pension.

Further information on the new State Pension can be found on the Department for Work and Pensions' website: [www.gov.uk/government/organisations/department-for-work-pensions](http://www.gov.uk/government/organisations/department-for-work-pensions)

From here you will be able to find out your State Pension age, request a statement of what you might expect to receive when you reach that State Pension age, and find out how you can claim your State Pension online.

#### Minimum Pension Age

The minimum age for drawing a personal pension in the UK is currently 55, this is to rise to 57 in 2028. Please take this into consideration when planning for your retirement.



### Expression of wish form

In the event of your death, the Trustee is responsible for deciding to whom any discretionary death benefits should be paid. You can help the Trustee with this decision by completing an expression of wish form. This is the most effective way to ensure your loved ones receive your benefits when you die.

Your personal circumstances may change over time and, also therefore, who you would like to receive your benefits when you die. It is important that you keep your expression of wish form up to date at all times. This should be done via the Pension Portal [www.buckhrolutions.co.uk/basf](http://www.buckhrolutions.co.uk/basf). There is also a facility to add any additional information you feel would be relevant for the Trustee to know when determining your beneficiaries.

Out of date information, that does not match up with your wishes when you die, can cause lengthy investigations by the Trustee into who should receive any death benefits. This can in turn cause delays in paying these benefits.

Make sure all your personal information is up to date, so we can ensure you are provided with accurate information about your pension and to help us to pay your benefits on time.



## Contact us

If you have any questions or wish to update your personal details, please contact us using the details below. Please note, any changes to your bank account details must be provided in writing.

**BASF UK Group Pension Scheme  
Pensions Administration  
Buck (Bristol)  
PO Box 323  
Mitcheldean  
Gloucestershire  
GL14 9BL**

Telephone: **0330 123 0647**  
Email: **basf@buck.com**

**Chemetall Section**  
(up to 10 October 2021)  
**BASF UK Group Pension Scheme  
Aon  
PC Box 198  
Huddersfield  
HD8 1EJ**

Email: **chemetall.pension@aon.com**



## Useful websites

You can get useful information about pensions and retirement planning from the following websites:

**[www.yourpension.gov.uk](http://www.yourpension.gov.uk)**

For government initiatives and information about retirement and pensions. You can also get help finding pension contact details for previous pension schemes you have lost contact with, through the Pension Tracing Service, and find out information about what State Benefits you might receive.

**[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)**

MoneyHelper makes it quick and easy to find the right help when you need it, bringing together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Open to everyone, you can find information on clearing debt, making the most of your income, tips for building up your pensions savings and lots about your options at retirement. You can get free guidance on money matters over the phone, online and face-to-face.

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