



## CNC Newsletter #5

Fighting for UK Pensions  
16<sup>th</sup> April 2021



### RRUKPF Share of Fund Transfer Values (SOFTV)

Most pension schemes in the UK pay transfer values only on a CETV (the statutory “Cash Equivalent Transfer Value”) basis. In 2016 the CNC negotiated an enhanced transfer value (SOFTV) for members in certain circumstances.

We know that transfer values are an issue of much discussion and concern for people close to a retirement decision and we have been concerned that members are making decisions about leaving employment based solely on SOFTVs.

The transfer figures from the RRUKPF are large and very tempting; however, it is important to note that transferring out passes the risks and costs of investment management to individuals for the rest of their lives. The decision to transfer should not be taken lightly. Accepting a transfer means you will be giving up a regular guaranteed income payable from the RRUKPF. You are legally required to take independent financial advice; we therefore strongly recommend members seek advice. This can be facilitated by Workplace Solutions Advisory (WPSA) who are familiar with the RRUKPF.

### Extension of SOFTVs

The Company previously communicated that SOFTVs would not continue beyond 31<sup>st</sup> December 2021 and that normal leavers would need to apply before 30<sup>th</sup> September 2021. **This no longer applies.**

We have been in negotiations with the Company since October 2020 and are pleased to announce that after long and sometimes difficult discussions we have agreed an extension to the SOFTV availability.

## **SOFTVs will continue to be available until at least 31<sup>st</sup> December 2024**

SOFTVs beyond 2024 will be based on a set of criteria/tests to be agreed between the Company and Trustees at the 2023 triannual valuation review.

### Change to SOFTV basis

Even though the CNC have had negotiations with the Company on the change to the basis of how SOFTVs are calculated, this requires agreement between the Company and the Trustee of RRUKPF and is still under discussion.

The CNC acknowledge the balance that needs to be made to a ‘closed scheme’ to ensure that the basis is fair for eligible members across all sections of the RRUKPF and also that RRUKPF remains adequately funded for members who don’t transfer and instead draw their pension from RRUKPF when they retire.

Once the new basis is agreed, the pension team will re-programme the pension system. All eligible members will be able to model their SOFTVs on the new basis from August onwards. From the second half of 2021 the system will also be able to produce 2022 quotations. The pension team is also looking at what further self-service quotations can be made available from the online system.

## Guarantee periods

Once you have a confirmed leaving date you will be provided with a guaranteed CETV (including SOFTV uplift where applicable). If you are between two and seven months away from your agreed retirement date, you will be able to lock into this value; this will provide you with certainty that your value will not go up or down. If you do not lock in, the value will be recalculated each month to reflect changes in market conditions. Once you are within two months of your agreed retirement date (and you have not already locked in) the CETV (including SOFTV where applicable) will automatically be locked at this date using the market factors applicable at this time. In all circumstances, the guarantee period will extend to 3 months after your leaving date.

## Other Potential benefit improvements in RRUKPF under discussion.

We can update you from our previous newsletter a number of principles have been agreed between the Company and the CNC on the following for active members at the 31<sup>st</sup> December 2020.

- Pension improvement 'uplift' in 2021,2022 and 2023
- With consent Early Retirement Factors for Active Deferred members beyond 31<sup>st</sup> December 2023

The detail behind these 'principles' are still under discussion between the Company and the CNC.

Please be aware even if the Company and CNC agree it will then need the Company to discuss and agree these with the Trustees which has yet to happen. Therefore, it will probably be June before a final position is reached.

## Defined Contribution (DC).

In our last CNC Newsletter #4 we reported that discussions on agreeing financial triggers for entering into detailed consultation on the competitiveness of the Total Reward – Retirement Saving/Share Plan arrangements are continuing. Whilst subject to affordability, it is our primary target over the coming years.

Thank you for your continued support.

## Pensions CNC Subcommittee

Mahf Khan	Tony Reilly	Steve Hibbert
Ian Wilson	Bryan Huish	John Firth
Jon Hopkins	Jess Sangha	Anthony Woodcock
John Ballard	Ollie Pass	

All our communications can be seen using the following Link:

<https://unitetheunion.org/campaigns/rolls-royce-play-your-part-in-rebuilding-our-economy-don't-slash-jobs/>

