Newsletter

QUARTER ENDING 31ST DECEMBER 2024

Welcome to your latest Pension Update

A message from the Chair of the Trustee Board

Happy New Year to all our members!

We hope you find this newsletter helpful and informative. Your feedback is incredibly valuable to us, and we'd love to hear your thoughts on the Scheme to help us improve. Don't forget to visit our website for more information and feel free to contact the administration team if you need any assistance.

Wishing you a prosperous and secure year ahead!

Andy Cheseldine
Chairman of the TLWPT Trustee Board

WORLD MARKET OVERVIEW

A brief overview of world markets and current world events.

Read more

DEFAULT FUND PERFORMANCE

The default portfolio fund performance to 31st December 2024.

Read more

IMPORTANT CHANGE TO NOMINATIONS

The UK government has announced significant changes to the taxation of unused pensions and death benefits, which will come into effect on 6th April 2027.

Read more

Performance Figures

The performance figures to **31st December 2024** for the Default and Model portfolios are:

Portfolio	1m	3m	6m	1y	3y	5y
Lewis Default Portfolio 1	**-0.88%**	**2.47%**	**3.72%**	**13.04%**	**25.59%**	**49.37%**
DP 1 Benchmark	-1.76%	3.14%	2.77%	14.21%	20.48%	48.86%
Lewis Default Portfolio 2 (for ages 60 +)	-0.50%	2.91%	3.87%	11.61%	23.04%	32.79%
DP 2 Benchmark	-1.10%	2.25%	2.50%	11.05%	17.20%	35.32%
Lewis Default Portfolio 3	0.00%	2.08%	3.04%	8.80%	17.59%	23.75%
DP 3 Benchmark	-0.46%	1.76%	2.48%	8.49%	14.52%	24.69%
Lewis Default Portfolio 4 (for ages 64 +)	0.33%	1.11%	2.43%	5.30%	12.11%	12.58%
DP 4 Benchmark	0.30%	1.05%	2.38%	5.31%	11.19%	11.31%
Lewis Cautious Portfolio (for any age)	-1.83%	-0.13%	1.40%	3.35%	-4.25%	9.60%
Cautious Benchmark	-1.49%	-0.73%	0.96%	2.51%	-8.07%	-1.67%
Lewis Moderate Portfolio	-1.23%	0.72%	1.60%	9.44%	11.35%	39.58%
Moderate Benchmark	-1.38%	3.16%	3.69%	11.76%	12.48%	36.05%
Lewis Speculative Portfolio	-0.66%	1.02%	2.02%	10.75%	17.06%	49.01%
Speculative Benchmark	-1.28%	4.36%	4.60%	14.48%	18.32%	47.15%
Lewis Responsible Investing Portfolio	-1.90%	7.20%	7.20%	16.40%	22.20%	42.00%
Lewis Sharia Portfolio	2.50%	9.10%	7.00%	29.40%	37.4%	111.00%

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

Written by Kristan Ward

It is pleasing to report the continued success of the various TLWPT portfolios, with strong investment returns produced during 2024. Despite a year dominated by political events, our stock market holdings benefitted very positively from the prevailing conditions.

It was estimated that over 50% of the global population were eligible to vote at a national election in 2024, meaning less focus on economics. Despite the political uncertainty and weak economic growth, our stock market holdings performed exceptionally well.

Geopolitical tensions gradually edged higher through the year with no immediate resolutions expected in Ukraine or the Middle East, although Donald Trump has claimed to be able to resolve some when he returns to the White House. Our portfolios have remained resilient despite this added layer of complexity and volatility.

During 2024, global inflation rates declined, however in some regions, like the UK, have seen a recent uptick. On the back of declining inflation, central bank base rates also started to fall, although the rate of decrease will slow in 2025.

UK

The main change during 2024 was, of course, the general election, with Labour's victory in July resulting in a large majority. Focus then switched to the Budget in October. Our view is that the Budget did little to boost the economic prospects of UK plc, with corporate profits likely to weaken with the increase in taxation and National Insurance.

With a weakening economy and a slowing number of job creations, inflation has risen again in recent months, meaning the outlook is less favourable. The tax increases are seen as inflationary, so although we still anticipate interest rate cuts in 2025, the expectation is that there will be fewer and slower to fall.

The UK's latest CPI inflation rate for November (published 18th December) increased slightly to 2.6%, with the Bank of England base rate remaining on hold at 4.75%.

Eurozone

The challenges in the eurozone persist, with Germany's stagnating economy burdened by poor productivity, high energy costs, and weak export demand, particularly from China. Trump has implied new trade tariffs will be levied in 2025, which could dampen the growth prospects within the eurozone. Although borrowing costs have lowered with interest rate cuts by the ECB, the general outlook remains weak and for sluggish GDP growth.

United States

With Trump winning the presidential election and due to take office in January, the election result has introduced uncertainty around tariffs and immigration. Market friendly policies like tax cuts and deregulation provide encouraging signs, with markets reacting positively post-election, although future trade tariffs and a strict immigration policy could be seen as inflationary. The Federal Reserve has continued with rate cuts, although the December reduction by 25 basis points and announcement that there would be less reductions during 2025 resulted in a pre-Christmas market selloff.

The U.S. economy has shown resilience despite various challenges throughout the year. According to the Bureau of Economic Analysis, third-quarter real GDP growth was at a healthy 2.8% pace, slightly lower than the second quarter's 3.0%.

Inflation has fallen into the low 2% range, and the unemployment rate remains low at around 4%. However, the economy's interest-rate-sensitive sectors are still hurting due to the Fed's year-long effort to bring down inflation with high interest rates.

The focus for 2025 will be on managing the balance between supporting economic growth and controlling inflation, while navigating the uncertainties introduced by the new administration's policies.

Japan

Japan's inflation is likely to stay near the Bank of Japan's 2% target, with the economy expected to perform relatively well in 2025, supported by greater personal consumption as wages rise and government economic policies help increase household disposable income. The equity market is likely to benefit from increased tourism and rising real wages, with the service sector being the main beneficiary.

The Japanese government released its 2025 economic package, which includes plans to raise the annual earnings threshold for income tax and provide subsidies to low-income households.

Overall, the Japanese stock market is expected to see continued growth in 2025, driven by a combination of monetary policy normalisation, increased personal consumption, and supportive government policies.

China

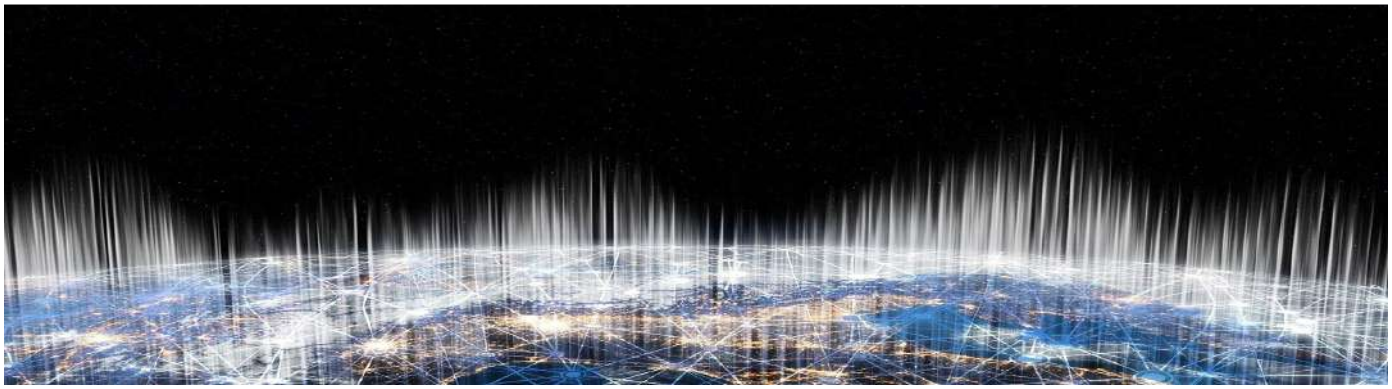
China continues to struggle with deflation and weak consumer confidence, and recent stimulus measures remain underwhelming. The Chinese government has decided to intensify stimulus measures to boost private spending, stabilise the property market, and build new growth drivers. While this will prop up growth, its sustainability hinges upon advancing structural reforms.

Summary

Investment returns during 2024 were very pleasing, despite a lacklustre ending in December. We anticipate global inflation rates will continue to ease in 2025, albeit slowly, with a resulting expectation for further interest rate cuts.

Although we do not anticipate strong economic growth during 2025, global conditions are supportive of positive investment returns. However, with uncertainty surrounding policy decisions, such as the Trump trade tariffs, this could translate into a more volatile market environment, particularly for goods that flow through Chinese supply chains, could pose risks to global economic stability.

The investment committee remain in agreement that the best long-term investment strategy is to invest predominately in global stock market equity funds.



An Important Change Affecting Nominations

The UK government has announced significant changes to the taxation of unused pensions and death benefits, which will come into effect on 6th April 2027. However, these changes are subject to a two-year consultation, so there could be some amendments along the way.

At present, under the new rules, unused defined contribution (DC)[1] pension pots and lump sum death benefits will be included in the deceased member's estate and subject to inheritance tax (IHT) of up to 40% of the total fund. This marks a departure from the current system where most death benefits and unused pensions are excluded from IHT. The standard exemptions for inheritance tax will still apply, including the common exemption for transfers between legal spouses or registered civil partners, which are generally free from inheritance tax. However, this exemption does not extend to common-law partners (unmarried couples who live together). If a common-law partner inherits pension benefits or other assets, those will generally be subject to IHT, as they are not legally recognised as spouses or civil partners under UK law.

For the nomination of beneficiaries, this change has implications.

It is now more crucial than ever to ensure that up-to-date and clearly defined nomination of beneficiaries or expression of wish forms are in place for any pension arrangements you have. This ensures the trustees are guided by your preferences while managing tax efficiency.

TLWPT nominations can be completed either on the e-Member Portal (where you view valuations/annual statements, etc), downloaded here or contact the Lewis Workplace Pension team on 01202 738650 for a hard copy of the form.

For any other arrangements please contact the scheme directly.

Once completed all you need to do is make sure it is updated should your circumstances change; you can change it as many times as you like.

[1] It should be noted that the changes apply equally to Defined Benefit (DB) arrangements.

Stay Alert to Pension Scams

The Financial Conduct Authority (FCA) has raised concerns that the cost of living crisis could make you more vulnerable to scams.

Beware of:

- Pressure when making a decision, particularly a time limit on a ‘great’ deal
- Unexpected contact, calls or emails offering a ‘free pension review’
- Unsolicited calls from IFAs who try to start a discussion about a transfer
- Promises of ‘investment deals’ and ‘early access’ to your pension before age 55

Pensions Regulator website which offers advice on preventing scamming, **for more information visit: The Pension Regulator website.**

A Poem by Nicola Emery

Don’t be taken for a ride

Listen to this simple guide.

To keep your benefits protected

Beware of calls that are unexpected

If an offer’s made out of the blue

It’s likely too good to be true.

You don’t know what someone is concealing

Make sure you check with whom you’re dealing

What sounds like an amazing deal

Could turn out to not be real.

Take time for investigation

Get impartial information

Don’t feel pressured, stop, keep calm

Don’t let someone twist your arm.

Step back from the web they weave

Fraudsters practise to deceive

A lie, a ruse a wild invention

Don’t let a scammer take your pension.

e-Member Portal

Provides details of your funds, transactions and other useful information including your annual benefit statement.

Should you need any help accessing your e-Member Portal contact employee support on

+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.

Also remember we welcome your feedback if you have difficulty finding any information, please let us know at

mypension@TLWPT.co.uk

Frequently Asked Questions

Why not visit our dedicated webpage with the most commonly raised questions about the scheme.

We hope this will help you find answers to your questions quickly and easily, without needing to contact us.

Our team are of course still here to help and assist you with your queries, however, our office is only staffed Monday to Friday from 9am to 5pm. We appreciate that from time to time you may have a query outside these hours and while you are welcome to drop us an email with any questions you may have, we would encourage you to browse the FAQ's page as you may get an answer straight away.

You can scan the QR code to visit our website for both the Members and Employers FAQ Pages. Other ways to contact us:

Email us at: mypension@TLWPT.co.uk

Or call on: 01202 738650

https://lewismastertrust.co.uk

TLWPT

Scan me

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#

Pension Wise

Before pension benefits can be accessed members will be offered an appointment with Pension Wise, if this is not taken up we will need to obtain an "opt-out" confirmation; without this we will be unable to proceed. This change was introduced by The Pensions Regulator to ensure pension savers know enough to make informed decisions about their pension pot.

https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

New Year Housekeeping

We encourage our members to perform the following four quick checks annually, or whenever their circumstances change, to safeguard their benefits.

☑ Check Your Portal Access

Log in to the Member Portal and check your access to your transaction history and documents. The Scheme website provides a link to the login page and password reset instructions.

☑ Update Your Details

To avoid missing important messages about your account, ensure your details - home address, phone number and email – are up to date. Log in to the Portal and visit the 'My Details' page to update your email and phone number. To change your address, notify your employer to update the Company Pension Schedule or complete the change of details form available in the Members FAQ section of the Scheme Website.

☑ Stay Secure Online

Protect your account with a strong, unique password and never share it. If you suspect it's compromised, update it immediately on the Portal's 'Preferences'. Use a mix of letters, numbers and symbols. Remember, we'll never ask you for your password by phone or email.

☑ Passing on your Pension

In the event of your death, your savings can go to your loved ones. To ensure your wishes are known, log in to the Member Portal and complete a form on the 'Nominations' page. This allows us to pay a lump sum according to your instructions, subject to the usual checks.

We encourage members to 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

Let us know

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

Regards

Trustees of The Lewis Workplace Pension Trust