

MEMBERS' REPORT 2024

COMMONWEALTH WAR
GRAVES COMMISSION
SUPERANNUATION SCHEME

|||||
COMMONWEALTH
WAR GRAVES
|||||



DEAR MEMBER

Welcome to the 2024 Trustees' Report to Members which provides members with information on the progress of the Commonwealth War Graves Commission Superannuation Scheme over the last year and other news and information which we trust you will find of interest.

This report provides a summary of the work performed on your behalf during the period, and we hope it will give you a greater understanding of key issues governing the progress of the Scheme. A copy of the full Trustees' Annual Report and Accounts is available from the Scheme's administrators, Capita, whose address can be found at the back of this report.

Cover Image: Lichtjesceremonie
Leopoldsborg War Cemetery, Belgium

The Trustees' work over the last year has focussed on a number of important issues, including:

- **Finalising the triennial actuarial valuation of the Scheme as at 31 March 2024.** The triennial actuarial valuation for the Scheme has been completed and details appear later in this report. An annual funding update as at 31 March 2024 has also been completed and a Summary Funding Statement detailing the outcome of both the valuation and the funding update can be found in the pocket at the back of this report. Following the conclusion of the valuation, the Trustees are now undertaking an investment strategy review.
- **New DB Funding Code.** A new defined benefit (DB) funding code will apply to actuarial valuations with an effective date on or after 22 September 2024. Under the new legislation, trustees of DB schemes must agree a long-term funding and investment strategy that targets, as a minimum, low dependence on the sponsoring employer by the time the scheme is 'significantly mature.' These new requirements will apply to the Scheme's next triennial valuation in 2026.
- **New General Code of Practice.** The Pensions Regulator has published a new general code of practice to help trustees run their schemes effectively. The code, which came into force at the end of March 2024, outlines that trustees must have in place robust policies and procedures covering governance, risk management and operations. More detail is provided later in the report.
- **Pensions Dashboards.** Pensions dashboards will enable individuals to access their pensions information online, securely and all in one place. The dashboards will provide clear information about an individual's various pension savings, including their State Pension. Further details regarding the implementation of pensions dashboards can be found on page 21.

- **GMP Equalisation.** The Trustees have continued to work through the many complex and technical issues associated with GMP equalisation with their advisers. Following consultation with the Commission, the GMP equalisation method has now been agreed which has enabled the planning for this complicated project to be progressed. The project will take some time to complete and will be overseen by a GMP sub-committee formed by the Trustees.
- **Annual Report to the CWGC Finance Committee.** The Trustees have prepared a report for the Commission's Finance Committee which provides a panoramic review of the Scheme and the Trustees' activities for the 12 months ending on 31 March 2024.
- **Pension Scams.** The need for continued vigilance to protect members from pension scams. Please be aware of the dangers and know the warning signs to look out for. Read more on page 22.
- **Member Website.** Documents relating to the Scheme can be viewed on the Commission's website via the following link: www.cwgc.org/who-we-are/pension-scheme

If you would like further information about the Scheme or any of the issues covered in this report, then please contact Capita or the Secretary to the Trustees. I would also like to encourage any members with any specific issues or concerns relating to the operation of the Scheme to contact myself and/or the Scheme Secretary; we can then more closely manage the provision of the required information to you and deal with any queries that you may have. All relevant contact details are included on the final page of this report.

Finally, I would like to wish all members a very healthy and prosperous 2025.

Chris Farrell
Chair of the Trustees

THE TRUSTEES

The responsibility for overseeing the running of the Scheme rests with the Trustees. The Scheme is set up as a trust and it is a fundamental duty of the Trustees to administer the Scheme in line with the provisions of the Scheme’s Trust Deed and Rules. The Trustees therefore work closely with the Commission to ensure that, with the help of professional advisers, the Scheme is run in accordance with the Trust Deed and Rules and the legislation governing UK pension schemes, and that ultimately there will be sufficient funds available to pay members’ benefits.

In total the Trustees met seven times during the year. This consisted of four routine meetings to discuss matters relating to the administration and investment performance of the Scheme and three special meetings to consider the Scheme’s investment strategy and funding position. The Trustees also regularly attend seminars and training sessions in order to remain up to date on pensions issues and legislative changes.

Under the Pensions Act 2004, trustees are required to ensure that at least one third of a scheme’s trustees are nominated and selected by the members. The Scheme is currently administered by five Trustees - of these three were nominated by the Commission and two are Member Nominated Trustees (MNTs).

One of the Commission nominated Trustees is Capital Cranfield Trustees Limited which is an independent trustee company represented by Paul Watson. Another of the Commission nominated Trustees, Martin Duffy, is an experienced Trustee who is fully independent from the Commission as he has no link through employment or as a beneficiary of the Scheme. The third Commission nominated Trustee is Anna Longley who is the Commission’s Finance Manager for Africa and Asia Area.

The current MNT arrangements allow all eligible deferred and pensioner members to stand as MNTs and to nominate and select other members to act as MNTs.



Vevey (St Martin’s) Cemetery,
Switzerland

The current Trustees of the Scheme are:

Commission Nominated

Martin Duffy
Independent Trustee

Anna Longley
Commission Employee

Capital Cranfield Trustees Limited
Independent Trustee

Member Nominated

Chris Farrell
Pensioner Member of the Scheme and Chairman of the Trustees

Bernard McGee
Pensioner Member of the Scheme

Secretary to the Trustees

Sue Kettle
Capita Pension Solutions

The current MNTs are Chris Farrell who is serving his third term of office as an MNT and Bernard McGee who is serving his second term. The current term of office for both MNTs runs for 5 years until 31 August 2028.

Chris Farrell was appointed by the Trustee Board as Chairman of the Trustees with effect from 10 January 2018 and continues in this role.

SCHEME MEMBERS

The following table shows how the membership of the Scheme changed over the year to 31 March 2024:

	31 March 2024	31 March 2023
Members with Deferred Benefits	210	223
Pensioners	390	393
Total	600	616

Following the Scheme’s closure to future accrual on 31 March 2016, all active members became deferred members of the Scheme from 1 April 2016.

Bretteville-sur-Laize Canadian War Cemetery, Normandy



THE TRUSTEES’ ADVISERS

Although the Trustees have overall responsibility for running the Scheme, they have appointed professional advisers to assist in the management of the Scheme. The Scheme’s current advisers are:

Actuary

Matt Gurden from the Government Actuary’s Department (GAD). Working closely with the Trustees and the Commission, the Actuary keeps the financial health of the Scheme under review.

Investment Adviser

Capita Pension Solutions provides investment advice to the Trustees.

Administrators

Capita Pension Solutions maintains the records and carries out the administration of the Scheme.

Investment Managers

Schroder Investment Management Limited
BNY Mellon Investment Management
Insight Investment
Legal & General Assurance (Pensions Management) Limited
Threadneedle Asset Management Limited

Legal Adviser

DLA Piper UK LLP provides legal advice to the Trustees. The Legal Adviser reviews and updates the Trust Deed and Rules to reflect decisions made by the Trustees as well as legislative changes introduced by the Government.

Auditors

Cooper Parry Group Limited were appointed as the Scheme’s auditor in place of Mazars LLP with effect from 2 May 2024. This change was made following the acquisition of Mazars’ pensions business by Cooper Parry on 29 February 2024. The auditor carries out an annual audit of the Scheme.

Bankers

Royal Bank of Scotland plc

INVESTMENTS AND FUND PERFORMANCE

INVESTMENT STRATEGY

The Trustees have produced a Statement of Investment Principles (SIP), which sets out the Trustees' policies on investments. The current investment strategy was implemented in May 2023. The Trustees agreed to adopt a dynamic approach to asset allocation whereby the investment strategy was dependent on the return required to achieve full funding on a Low Dependency basis by 31 March 2037. Specifically, the Trustees agreed set trigger levels for reducing the allocation towards return-seeking asset classes when market conditions were favourable and increasing the amount of liability hedging. The de-risking triggers were hit twice during the Scheme year (in December 2023 and January 2024) following which the asset allocation was moved to more appropriate lower risk portfolios.

The de-risking framework is currently suspended whilst a further review of the investment strategy is carried out following the completion of the triennial valuation as at 31 March 2023. Any changes to the strategy will be communicated in next year's report.

Explanation of terms

- *Low Dependency* is where a scheme's funding and investment strategies are such that there is a low chance of requiring further employer support and, to the extent that such support is required, the amount of support is low relative to the size of the scheme.
- *Liability hedging* aims to reduce the volatility of a scheme's assets relative to the present value of its liabilities.



All of the Scheme's assets (except for the Threadneedle property fund) are managed through the LGIM investment platform. This approach provides ongoing cost savings as a result of reduced annual asset management fees, along with simplified and more efficient future asset transfers, reducing both risk and costs.

The Trustees are required to produce an implementation statement which provides details about the extent to which the stewardship and engagement policy has been followed during the year and details of the voting behaviour of the Scheme's investment managers. A copy of the latest implementation statement can be viewed on the Commission's website at www.cwgc.org/who-we-are/pension-scheme

Karasouli Military Cemetery, Greece

MONITORING OF PERFORMANCE

Together with their Investment Adviser, the Trustees supervise and closely monitor the performance of the managers and ensure that the specific asset allocations and strategy agreed with the Trustees, have in fact been complied with to manage investment risk relative to the Scheme liabilities.

The Trustees have delegated the day-to-day management of investment to its appointed fund managers. The names of those who have managed the Scheme’s investments during the year are listed on page 5. A written agreement between the Trustees and each manager sets out the terms on which the manager may act.

The managers’ duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and corporate governance in relation to the Scheme’s assets. The Trustees have reviewed each of the investment managers’ policies on these issues and believe that the policies adopted by the managers are consistent with their own views.



The asset allocation of the Scheme’s investments at 31 March 2024 was as follows:

		*Actual Asset Allocation %	Strategic Asset Allocation %
LGIM All World Equity Fund		9.5	6.5
Threadneedle Property Unit Trust		5.3	6.5
LGIM Schroder Life Diversified Growth Fund		9.9	12.0
LGIM Insight Broad Opportunities Fund		9.9	12.0
LGIM BNY Mellon Real Return Fund		9.9	12.0
LGIM Synthetic Leveraged Equity Fund		5.6	4.5
Total Growth Assets		50.2	53.5
LDI	LGIM LDI Matching Core Long Fund - Nominal	49.8	46.5
	LGIM LDI Matching Core Short Fund - Nominal		
	LGIM LDI Matching Core Long Fund - Real		
	LGIM LDI Matching Core Short Fund - Real		
	LGIM Absolute Return Bond Fund		
Total Matching Assets		49.8	46.5
Total		100.0	100.0

*Totals may not sum to 100% due to rounding



SCHEME RETURN

The returns on the Scheme’s investment funds over the year to 31 March 2024 are shown below.

	Fund Return
LGIM All World Equity Fund	20.9%
Threadneedle Property Unit Trust	0.5%
LGIM Schroder Life Diversified Growth Fund	8.5%
LGIM BNY Mellon Real Return Fund	8.3%
LGIM Insight Broad Opportunities Fund	10.7%
LGIM Synthetic Leveraged Equity Fund	50.5%
LGIM LDI Matching Core Long Fund - Nominal	-24.8%
LGIM LDI Matching Core Short Fund – Nominal	-18.3%
LGIM LDI Matching Core Long Fund - Real	-22.0%
LGIM LDI Matching Core Short Fund - Real	-16.7%
LGIM Absolute Return Bond Fund	8.6%

The matching assets have been carefully chosen to mimic movements in the underlying liabilities so that the funding position remains stable. The LDI funds have similar characteristics to the underlying liabilities and hence, when the value of the liabilities falls, so do the LDI funds, as seen above.

THE SCHEME'S ACCOUNTS

Every year, the Trustees produce a full set of accounts, showing how much money has been paid into the Scheme and how much has been paid out. Below is snap-shot of the net assets of the Scheme as 31 March 2024.

Fund value at 1 April 2023	£73,126,617
Money going into the Scheme	
Commission contributions	£850,000
Other income	£1,362
Total income	£851,362
Money coming out of the Scheme	
Benefits payable (pensions and lump sum retirement and death benefits)	(£4,443,927)
Benefits payable to and on account of leavers	(£152)
Administrative expenses	(£51)
Total expenditure	(£4,444,130)
Investment income less expenditure	(£78,977)
Change in market value of investments	(£885,767)
Fund value at 31 March 2024	£70,498,593

Although the Scheme's fund value has fallen over the year to 31 March 2024, the value of the Scheme's liabilities has also fallen, with the Scheme's funding level remaining stable as a result of the Liability Driven Investment (LDI) hedging strategy in place (which helps the Scheme to match movements in its liabilities caused by changes in inflation and interest rates).

The Scheme accounts have been audited by Cooper Parry and received an unqualified opinion that they represent a true and fair view of the Scheme's financial transactions.



PENSION INCREASES

Your pension in retirement is increased each year to keep in line with the cost of living in the country in which you are based. The table below shows how pensions have increased over the last three years.

The table below shows how pensions have increased over the last three years.

	2023/24 %	2022/23 %	2021/22 %
United Kingdom	10.1	3.1	0.5
Canada	2.81	8.13	3.06
South Africa	5.66	7.41	5.07

Annual pension increases within the Scheme applied to pensions in payment for those based on UK conditions of service follow the statutory increases for Public Sector schemes.

ACTUARIAL REPORT

Every three years our Scheme goes through a detailed financial analysis called an Actuarial Valuation, at which an assessment is made of both our current and future assets and liabilities. Each year in between, an annual review is completed to check how the funding position has changed in the previous 12 months.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2023.

The valuation showed that over the three-year period to 31 March 2023, there had been an improvement in the Scheme’s financial position, with the funding level increasing from 87% as at 31 March 2020 to 91% as at 31 March 2023. This improvement was primarily attributable to the change in the discount rate used to convert the expected future benefit payments into a present value, which was largely driven by an increase in gilt yields, but partly offset by allowing for the de-risking of the investment strategy. The deficit contributions paid by the Commission since the 2020 valuation and changes to the mortality assumptions also contributed to the improved funding position. However, lower than expected returns on assets, higher than expected pension increases and a change in inflation assumptions had a negative impact on the Scheme’s funding level.

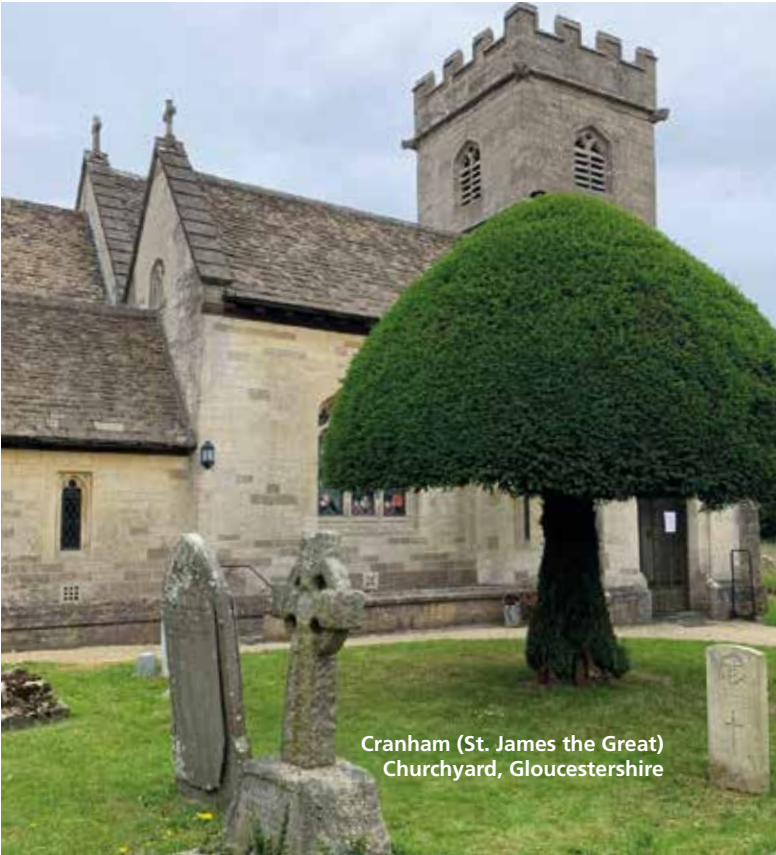
As a result of the shortfall identified by the 2023 actuarial valuation, the Commission agreed to pay additional contributions as detailed in the table opposite.

Year ending	Contribution (£)
31/03/2024	850,000*
31/03/2025	850,000
31/03/2026	850,000
31/03/2027	850,000
31/03/2028	850,000
31/03/2029	850,000
31/03/2030	850,000
31/03/2028	850,000
31/03/2029	850,000
31/03/2030	850,000

* This contribution has already been paid

These contributions together with the expected returns on the Scheme assets are expected to eliminate the shortfall by 31 March 2030, although the funding level is expected to fluctuate as market conditions change. The contribution requirements will be reconsidered following the next actuarial valuation which is due to be carried out as at 31 March 2026.

An interim funding update has been carried out as at 31 March 2024 and this shows that the Scheme’s funding level has increased over the year from 91% as at 31 March 2023 to 93% as at 31 March 2024. This improvement was largely attributable to the increase in gilt yields over the year which resulted in an increase in the discount rate used to calculate the liabilities, which in turn decreased the expected value of the liabilities. The deficit contributions paid by the Commission also contributed to the improvement. These positive factors were partially offset by lower than expected investment returns being achieved over the period since the 2023 valuation.



Cranham (St. James the Great)
Churchyard, Gloucestershire

EXCHANGING PENSION FOR A CASH LUMP SUM AT RETIREMENT

Whenever you draw your benefits, you are allowed to give up some of your pension in exchange for a cash sum which is currently tax free. The maximum amount you may exchange is calculated using a formula set out by HMRC and provides for around 25% of the cash equivalent of your pension to be taken as cash.

If you decide to take a cash sum, your pension will be reduced to reflect the value of the cash sum paid. The amount of the cash sum and pension exchanged to provide the cash sum are calculated based on factors which are reviewed from time to time by the Scheme Actuary. Following the latest review the factors will be updated with effect from 6 April 2025. The revised factors will result in a lower cash sum and a lower residual pension being payable at all ages than is currently the case. The decrease in the proposed factors is mainly due to the increase in expected return resulting mainly from higher gilt yields, and therefore an increase in the discount rates assumed, since the previous factor review.

If you would like a retirement quotation, please contact the Scheme Administrator whose contact details are included on the final page of this report.

Please note that the above does not apply to you if you are a deferred member who has benefits which were preserved in the Scheme prior to 1 April 1992 as you are automatically entitled to receive a defined cash lump sum in addition to a pension on retirement i.e. you do not have to exchange some of your pension for a cash lump sum.



Catania War Cemetery, Sicily

CURRENT ISSUES

Equalisation of GMPs

As noted in previous reports, a High Court ruling made at the end of 2018 in relation to Guaranteed Minimum Pensions (GMPs) confirmed that pension schemes must ensure GMPs built up between 17 May 1990 and 6 April 1997 are equal between men and women. A second judgement was issued on 21 November 2020 regarding the impact of GMP equalisation on historic transfers out. The judgement confirmed that schemes must top up historic transfer values calculated on an unequal basis.

The Trustees, in conjunction with the Scheme Actuary and their legal adviser, considered the impact of these judgements on the Scheme. Counsel's opinion was obtained which confirmed that members with a State Pension Age falling after April 2016 are subject to the HMT direction on the indexation of GMP which applies to public sector schemes. For members with a State Pension Age falling before April 2016, the HMT direction does not apply and therefore the range of GMP equalisation methods identified as being available to pension schemes in the High Court judgement needed to be considered. Following consultation with the Commission, the GMP equalisation method has now been agreed which has enabled the planning for this complicated and detailed project to be progressed. The project will take some time to complete and will be overseen by a GMP sub-committee formed by the Trustees.

CURRENT ISSUES

New General Code of Practice

The Pensions Regulator has published a new general code of practice to help trustees run their schemes effectively. It brings together 10 separate codes that set out how trustees should manage and administer their schemes.

The new code, which came into force at the end of March 2024, aims to provide more straightforward information about our roles and responsibilities as trustees, and the standards the Regulator expects us to meet when we carry out our duties.

The code covers trustee duties such as having an Effective System of Governance (ESOG) in place. A pension scheme's ESOG should include processes and procedures to ensure compliance across every aspect of governance, from management activities and organisational structure to investment matters and member communications. The ESOG also requires the trustees of pension schemes to regularly review every aspect of their governance and risk management systems, by carrying out an 'own risk assessment' (ORA).

Duties such as these ensure that we continue to manage the Scheme responsibly and that we maintain the high standards of governance already in place. The Trustees will be completing an analysis of the Scheme's current processes and procedures against the requirements of the new code, to identify any areas where additional documenting of processes is required and to prepare for the first ORA which the Trustees are required to complete by 30 December 2026.

If you would like to know more, the general code of practice is on The Pensions Regulator's website. Go to www.thepensionsregulator.gov.uk/en/document-library/code-of-practice



New DB Funding Code

A new defined benefit (DB) funding code of practice has been introduced which will apply to actuarial valuations with an effective date on or after 22 September 2024. The code introduces several significant updates aimed at strengthening the governance and financial resilience of DB pension schemes. Under the new legislation, trustees of DB schemes must agree a long-term funding and investment strategy that targets, as a minimum, low dependence on the sponsoring employer by the time the scheme is 'significantly mature.' The importance of employer covenant, which impacts investment strategy and compliance with the code, is emphasised.

The Trustees are aware of the new requirements which will apply from the next triennial valuation.

Pensions Dashboards

The Pensions Dashboards Programme (PDP) team is working to deliver an ecosystem which will enable savers to access all their pension information securely, online and in one place.

The deadline for all pension schemes to connect to the ecosystem is 31 October 2026, although it's not yet known when it will be available to the public.

Dashboards will provide clear information about all of an individual's pensions, including their State Pension. It will also help them to connect with any pensions where they have lost contact.

Once pensions dashboards are live, the expectation is that multiple organisations will provide access to them. These are likely to include Government-backed bodies such as MoneyHelper, pension providers and banks.

The PDP recently announced that, once live, pensions dashboards will use the Government's secure 'One Login' identity service to enable individuals to gain access to their information.

You can keep up to date with progress at www.pensionsdashboardsprogramme.org.uk

Watch out for Pension Scams

Make sure you’re keeping your pension safe from scams. You may think your pension is safe, or you won’t fall for a scam, but fraudsters are increasingly targeting the pension funds of UK savers.

The impact of losing some or all of your pension savings could mean that you’re unable to achieve the retirement you deserve. Often, there isn’t the time to recoup your losses, and this could mean that you have to change your plans, work for longer or face financial difficulty later in life.

How to spot a scam

It can sometimes be difficult to spot a scam - they come in lots of different formats: unsolicited phone calls, emails and letters, as well as cold callers to your home. When it comes to pensions, you need to be careful of:

- Pension liberation scams, that offer you access to your pension before the age of 55.
- Investment scams, that offer guaranteed or unrealistic returns on investments or tempt you with high risk or unregulated investments.
- Pension review scams, where you’re contacted out of the blue and offered a free review of your pension savings and investment returns.
- Advice scams, that offer free advice with the aim of finding out personal information.

Check out the ‘sender’

It’s always worth checking the ‘from’ email address. Scammers can change the name being displayed to make it look more like it’s from the company or organisation they are pretending to contact you from. However, to find out if it’s genuine you can hover your cursor over the ‘sender’ name, or right click on it and you can see the full email address. Make sure the details after the ‘@’ sign look like the company they say they are contacting you from.

Check out the content

It’s worth reading the content to check for any signs that the email is from a scammer. Sometimes scam emails will just say “Hi” and not include your name, other times your email address will be used after “Hi”. This can sometimes be a sign that all is not as it seems.

It is also worth checking spelling and grammar and seeing if the message makes sense and sounds like something you would receive from that company. Also check for consistency – are the contact details and dates correct for that business? If there are any details, links should be provided. If you hover over those links, you can see the web address without clicking on it. Does the website look genuine?

You can also compare the branding to make sure it matches any other correspondence you’ve had from that company or compare against their website.

WHERE TO GET HELP AND INFORMATION

You can find useful information online to help you spot and avoid potential pension scams on:

The Government’s National Cyber Security Centre:
www.ncsc.gov.uk/cyberaware

The MoneyHelper website: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

The Financial Conduct Authority’s ScamSmart area of its website: www.fca.org.uk/scamsmart

If you are a victim of cybercrime, report it online to Action Fraud, the UK’s fraud and cybercrime reporting centre. Go to www.actionfraud.police.uk



Cannock Chase War Cemetery,
Staffordshire

FURTHER INFORMATION

If you have any questions about the Scheme, or would like any more information, please contact the Scheme Administrator:

Commonwealth War Graves
Commission Superannuation Scheme
Capita Pension Solutions
PO Box 555
Darlington
DL1 9YT
Tel: **+44 (0) 333 222 0085**
Email: **cwgc@capita.com**

Jamie Guille in the HR Service Centre at the Commission runs the Commission's side of pension administration and can be contacted as follows:

Jamie Guille, Reward Supervisor
Commonwealth War Graves
Commission, 2 Marlow Road,
Maidenhead, Berkshire
SL6 7DX
Tel: **+44 (0) 1628 507131**
Email: **jamie.guille@cwgc.org**

You can also contact Sue Kettle, the Scheme's Secretary, at:

Capita Pension Solutions
Hartshead House
2 Cutlers Gate
Sheffield S4 7TL
Tel: **+44 (0) 7891 523172**
Email: **susan.kettle@capita.com**
Or you can contact Chris Farrell,
Chair of the Trustees, as follows:
Tel: **00 33 (0)607 156875**
Email: **chris.farrell@wanadoo.fr**

If you are unable to resolve a problem with the Scheme through these normal channels, you may wish to pursue a complaint through the Scheme's formal dispute resolution procedure. A copy of the procedure is available on request from the Secretary.

KEEPING US INFORMED

Keeping our records up to date is vital to the smooth running of the Scheme. Please therefore contact the Scheme Administrator whenever you:

- change your address or, if you are in regular receipt of a pension, you change your bank account details
- wish to change your death benefit nomination
- want information about the Scheme or your benefits

Also, we greatly value your feedback on the service being provided by the Scheme Administrator so if you have comments to make, please pass these to the Secretary.