



YOUR PARTNERSHIP PENSION ANNUAL REPORT

YEAR ENDED 31 MARCH 2023



JOHN LEWIS
PARTNERSHIP
PENSIONS TRUST

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GETTING THE TERMINOLOGY RIGHT

There are two sections in the pension scheme and, over time, the pension you get from membership of each section has been called different things.

Defined Contribution section – your pension from this section has been called your DC pension pot, Defined Contribution pension, DC pension, pension pot, or voluntary pension. We refer to your DC pension pot in this report to keep it consistent.

Defined Benefit section – your pension from this section has been called your DB lifetime pension, Defined Benefit pension, DB pension, lifetime pension or final salary pension. We will refer to your Defined Benefit pension.

The official name for the Partnership's collective pension scheme arrangement is the John Lewis Partnership Trust for Pensions. We'll just refer to it as the Scheme. Also, the Scheme is held separate from the Partnership in a trust. The board of Trustee Directors is responsible for looking after the Scheme and making sure that pensions get paid. Again, to keep it simple, we refer to them as **Trustees**

COULD YOU GROW YOUR PENSION SAVINGS FASTER?

ARE YOU A CURRENT PARTNER?

If you are, remember that the Partnership will match what you pay into your DC pension pot up to 8% of your ranking pay, so your DC pension pot could receive a 16% of ranking pay contribution to it in total. After 3 years of service the Partnership will pay in another 4%, regardless of how much you are paying in. That means if you pay in 8% you get 20% of your ranking pay into your DC pension pot every year!

While we know that saving for retirement is important, we also know there is a cost of living crisis. So please remember that you can change your pension contributions to suit how much you can afford. Save what you can, knowing that you can change it in the future.

It may feel like a period of falling stock markets is not a good time to contribute to a DC pension pot, because of the worry that the money paid in will lose value. That could happen, but on the other

hand it may not, this is because when stock markets are low your contributions can buy more investment units than at other times. So, it can still be a really good idea to keep up pension contributions even in uncertain times. Only you can decide what is right for your own circumstances though and you should seek professional advice or guidance if you are unsure about what to do as neither the Partnership nor the Trustees can provide this.

Go to the Pension Hub on the Partner Intranet to find out how to change the amount you're saving. You can also use the Partnership's Ready Reckoner to find out how changing what you save could give you more when you retire.

Annual Benefit statements generally provide a snapshot of the value of your pension pot as at 31 March of the year they are issued. To see a current value of your DC pension savings held with Legal and General you can log on to 'Manage Your Account' on the L&G website at any time at: <https://www.legalandgeneral.com/workplace/j/jlp/>



A NOTE FROM THE CHAIR



**VENETIA TRAYHURN
IS THE CHAIR OF THE
PENSION SCHEME.
HERE SHE TELLS US
ABOUT SOME OF THE
WORK THE TRUSTEE
HAS BEEN DOING
OVER THE YEAR.**

Welcome to this year's Annual Report, and thank you for taking the time to read about what's going on with your Scheme and the world of pensions. I'm honoured to have taken over leadership of the Scheme as Trustee Chair from 1 August 2023, having been a member of the Trustee Board for the last four years. On behalf of the Trustee Board, I would like to thank Sarah Bates, the former Trustee Chair, for her tremendous service to the Scheme over a challenging three-year period.

This has been another extremely busy year managing the Scheme's investments during a period of market volatility, high inflation and increasing interest rates. At the time of writing the Bank of England base interest rate has increased to 5.25%, which will impact many of us in a variety of ways. We have been working hard to maintain a stable funding position for the Defined Benefit Section, complete the Actuarial Valuation, and to ensure appropriate funds are being used to support the investment of your DC pension pot in the Defined Contribution section.

We are also looking at improving ways of communication with you and giving you easier access to information and tools to help you plan for your retirement in the future. This is an exciting development for the Scheme, so please look out for details in the coming months!

Rebecca Law resigned as a Partnership Nominated Trustee in October 2022 and we welcomed back Andrew Ingram to the Trustee Board in her place. Sam Shaerf has also recently resigned as a Member Nominated Trustee. We'd like to thank Rebecca and Sam for their work on the Trustee Board. There is an election process under way to consider two Member Nominated Trustee Director positions of the Scheme for Sam Shaerf and for George Sergent as her term of office is due to expire at the end of October.

I hope you find this Report useful and informative. I wish you the best for the coming year.

For your Defined Contribution pension.

Our Defined Contribution Committee has been working with its advisors to review the suitability of investment options for our members and ensure that the information available, such as fund fact sheets, are kept up to date so that members can make informed decisions. We continue to look at the options that can be made available to members and to help members understand the impact of their choices. We are also tasked with updating our statutory documents, such as the Statement of Investment Principles (SIP) as and when needed. Copies of this and other such documents can be found on the internet.

For your Defined Benefit pension.

Our Defined Benefit Committee has been hard at work reviewing and monitoring the assets which underpin the Defined Benefit pensions. We have also been very busy working with the Scheme Actuary and the Management team at the Partnership on the triennial Actuarial Valuation which looks at the value of the Defined Benefit assets held compared with the liabilities (pension promises) of the Scheme. This comparison is as at 31 March 2022 and further updated for the position a year later as at 31 March 2023. Details of the results can be found on pages 13 and 14.

For our members (current and former Partners).

Our Membership Committee has been working to improve member communications and experiences. We are establishing a new Communication Strategy to cover long and short-term goals to improve communication lines and make information more easily accessible. We have also been working to update the policies used to run the Scheme for smoother administrative practices. In order to maintain accurate member data an address trace exercise was carried out, so you may have heard from one of our agents, such as ITM. Please ensure that you either respond to them, or to our scheme administrator directly.

Investing responsibly.

We have also been working on our responsible investment policy and particularly on how we report the impact of climate change on the investments and liabilities of the fund. We provided more detail on this within our annual accounts and also continue to think about the wider implications of climate change for our portfolio and for our Scheme as a whole.



PENSION NEWS

MONEYHELPER

The government provides a service called MoneyHelper which brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise, where you can find money, debt and pensions information all in one place. Find out more at www.moneyhelper.org.uk

INCREASE TO THE MINIMUM PENSION AGE

The Government has introduced legislation (The Finance Act 2022) which will increase the earliest age a member's pension can be claimed from age 55 to age 57 with effect from 6 April 2028. There are certain circumstances where a member may retain a right to retire earlier which can depend on a combination of when the member joined the pension scheme and how the pension scheme rules are written. Consequently, this affects individual members differently. Further information will be issued to members in due course.

STATE PENSION AGE INCREASES

The Government has announced that the State Pension Age is increasing. It is currently 66, for both men and women, and will increase to 67 between 2026 and 2028. The Government has indicated it wishes to bring forward the increase to 68, which was originally planned to happen by 2046, to 2037.

TRANSFER OUT RULES

The Pensions Regulator introduced tighter rules to be applied when people choose to transfer their benefits. This requires people to either contact the Government's MoneyHelper service to obtain advice, or Opt-Out of the requirement to take this advice. This is intended to ensure that people make an informed decision when looking at transferring from one pension scheme to another. Find out more at www.moneyhelper.org.uk

These additional checks which need to be made by administrators may take more time, so please make sure that you factor this into your retirement plans.





PENSIONS DASHBOARD

The Government is working to implement a one-stop portal which will allow individuals to securely check whether they have any pension benefits built up over their working life. Work is underway and we expect this to be available online from the end of 2026.

ANNUAL ALLOWANCE AND LIFETIME ALLOWANCE CHANGES FROM 6 APRIL 2023

The Chancellor's March 2023 budget provided for the following changes:

- The Annual Allowance (the maximum tax-free contributions which can be made to your pension savings in a single year) increased from £40,000 to £60,000.
- The Lifetime Allowance (£1,073,100 for 2023/24) is a limit on pension savings that you can build up across all of your pension savings and take out over your lifetime without paying an additional tax charge. From 6 April 2023 the tax charge on pension savings in excess of the Lifetime Allowance was removed. Instead, they will be subject to the same rate of income tax (at your marginal rate) as your other pension benefits.

PENSION SCAMS

Your pension scheme administrators are alert to the risks of the various types of pension liberation scams, with their processes being developed to try and reduce the likelihood of such scams being successful.

The following text is reproduced courtesy of the Pensions Regulator and is primarily targeted at those members who have not yet claimed their pension:

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. Scam tactics include:

- contact out of the blue
- free pension reviews
- promises of high/guaranteed returns
- access to your pension before age 55
- pressure to act quickly



Four steps to protect yourself from pension scams

- 1. Reject unexpected offers.** If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam.
- 2. Check who you're dealing with.** Check the Financial Services Register (<https://register.fca.org.uk>) to make sure that anyone offering you advice or other financial services is FCA-authorised. If you don't use an FCA-authorised firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you. Be ScamSmart with your pension. Check for known scams and who you are dealing with www.fca.org.uk/scamsmart
- 3. Don't be rushed or pressured.** Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

4. Get impartial information and advice:

You can get help from:

MoneyHelper (www.moneyhelper.org.uk) – Provides free independent and impartial information and guidance.

Pension Wise – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options at www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

Financial advisers – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

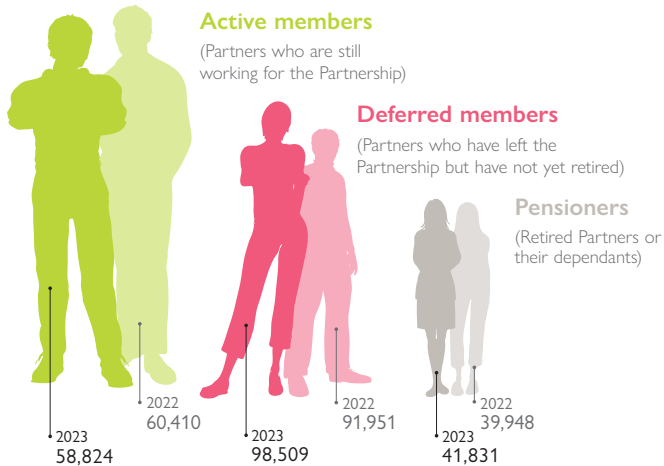
If you suspect a scam, report it

- Report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on 0800 111 6768 or using the reporting form at www.fca.org.uk
- Report to Action Fraud on 0300 123 2040 or at www.actionfraud.police.uk
- If you're in the middle of a transfer, contact your provider immediately and then get in touch with MoneyHelper at www.moneyhelper.org.uk

FACTS AND FIGURES

WHO'S IN THE PENSION SCHEME?

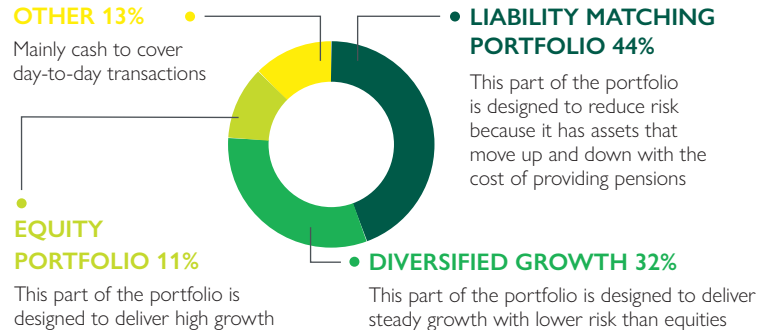
As at 31 March 2022 and 31 March 2023 the different groups of members can be summarised as follows:



HOW BIG IS THE PENSION SCHEME?

Between 31 March 2022 and 31 March 2023 the value of the total assets in the pension scheme reduced by £2.4billion to £5.9 billion. £1.5 billion of this is held separately in individual pension accounts (The Defined Contribution section). The rest which is the majority, is for the Defined Benefit section.

The chart below shows how the Defined Benefit section assets are split.



The large reduction in the value of the Defined Benefit section's assets was mainly caused by the rapid rise in interest rates to tackle very high inflation. Over this period, the Bank of England raised interest rates on eight occasions, from a low of 0.75% to 4.25%. This caused a very large reduction in the value of the Liability Matching Portfolio, which invests in UK government bonds. However, it also resulted in sharply reducing the cost of providing pensions and so the Scheme remains in a strong funding position. Therefore, the Trustees remain confident the Scheme has sufficient assets to cover the cost of paying pensions now and in the future.

WHO LOOKS AFTER YOUR PENSION

The pension scheme is held in a trust, separate from the Partnership, and is looked after by The Trustee Board. These Trustees have a legal duty to act in the best financial interests of everyone in the pension scheme.

We are currently reviewing the Trustee Board to replace the former Trustees Sam Shaerf and Sarah Bates who we thank for their huge contribution to the work of the Trustees.

Three of the Trustees are current or former Partners who were elected by Partnership Council.



GEORGE SERGENT

Current Partner; Appeals Manager



SHALABH BAIJAL

Current Partner, Accounting Lead



MATTHEW DAY

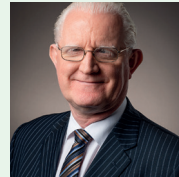
Current Partner, Wellbeing Manager

Two of the Trustees are completely independent, bringing in their experience from other pension schemes.



VENETIA TRAYHURN

Independent Trustee



IAN MAYBURY

Independent Trustee

Two of the Trustees are current Partners who were appointed by the Partnership.



ANDREW INGRAM

Current Partner, Insurance Lead



ANNA TEE

Current Partner, Commercial Planning Director, Waitrose & Partners

ACTUARIAL VALUATION RESULTS

As part of our legal duties, we are required to give you this technical information. It's called the summary funding statement and it's so that you have information about the funding of the pension scheme.

- The last actuarial valuation of the pension scheme was carried out at 31 March 2022, where a surplus of £320 million was identified. This means that the pension scheme had 105% of the assets needed to pay for pensions. This compared with a deficit of £58 million at the last valuation when the pension scheme had 99% of the assets needed to pay pensions.
- The main reason for the improvement in the Scheme finances was due to the positive investment performance of the Scheme's assets between 2019 and 2022 and changes in actuarial assumptions used for the valuation. These factors were only slightly offset by an increase to the rate of inflation and the change in how the Government calculates RPI (retail price index) inflation noted in the prior Summary Funding Statement.





- Given the surplus position, the Trustees have agreed with the Partnership to stop paying the £10 million a year contributions that were due to be paid up until 31 March 2026. The Trustee has however been provided with greater security by the Partnership and a retention of the existing provisions negotiated at the prior valuation.
- The most recent formal update, at 31 March 2023, showed a surplus of £84m. This means that the pension scheme had 102% of the assets needed to pay for pensions. The main reason for the fall in the Scheme's finances was due to a rise in interest rates which reduced the amount of money set aside to pay for these pensions.
- The next actuarial valuation will take place as at 31 March 2025. At this time the results may look different to now. This is because we have to take into account what's happened between 31 March 2022 and 31 March 2025. Before then we will provide you with an update of the position at 31 March 2024 next year.
- If pensions were secured by buying insurance policies, rather than being provided by the Partnership, then as at 31 March 2022 the pension scheme had 74% of the assets needed to do this. This was an improvement since the 31 March 2019 valuation when the figure was 65%, with the position continuing to improve during 2022 and 2023. We are required by law to give you this information, but the Partnership does not currently intend to secure pensions with insurance policies. Whilst this position was calculated at 31 March 2022 the position is expected to have improved since that date.
- There have been no payments from the pension scheme's assets to the Partnership since the last summary funding statement. The Pensions Regulator has not modified the scheme or imposed any directions/Schedules of Contributions.

ANNUAL REPORT

The Trustees are required under pensions law to prepare an annual report and financial statements for the pension scheme.

Each year we prepare an Annual Report which includes the financial statements for the pension scheme. Like all other years, the Annual Report will be audited and signed by the end of October, after which you can get a copy from the Partner Intranet or Pension Operations.

As we're sending this report out before the Annual Report has been signed, the numbers given on pages 13 and 14 are not final and could change.

Full details of the pension scheme are set out in a document called the Trust Deed and Rules. If there are any inconsistencies with the descriptions here and the Trust Deed and Rules, the Trust Deed and Rules will always have priority. You can get a copy of the Trust Deed and Rules by contacting Pension Operations.



STAYING IN TOUCH

It is important to keep the pensions administrators up to date with key details such as changes to Name, Address, Marital Status, email address, and Bank Details (for pensioners). Where the pensions administrators get any returned post from the address held on their records, they will suspend the pension in payment immediately to protect the pensioner. Once confirmation of the correct address is verified the pension can be re-started and paid via the next pensioner payroll run. This could mean that a pensioner may have to wait more than four weeks before receiving the suspended payment/s and restarted amount.

It is also important to ensure your death nomination form is kept up to date, so that in the event of your death, the Trustee is aware of who you might like them to consider awarding any payment to.

Active Partners can update their nomination via Workday. Deferred and Pensioner members can contact Pension Operations for a form to complete.

JOHN LEWIS PARTNERSHIP PENSIONS TRUST

CONTACT DETAILS

IF YOU HAVE ANY QUESTIONS ABOUT YOUR PENSION THEN PLEASE USE THE CONTACT DETAILS BELOW.

EMAIL: pension.operations@johnlewis.co.uk

We aim to respond to your enquiry within 3 working days.

INTRANET:

You can find more information about your pension on the Pension Hub of the Partner intranet: www.PartnerConnect.co.uk

MAILING ADDRESS:

Pension Operations, 5th floor, 171 Victoria Street, London, SW1E 5NN

TELEPHONE: 020 7592 5227 (Internal 777-5227)

Opening hours between 9:30 and 17:30.

LEGAL & GENERAL DEFINED CONTRIBUTION BENEFITS –
CONTACT INFORMATION SPECIFICALLY FOR
JOHN LEWIS PENSION SCHEME MEMBERS:

WEBSITE: <https://www.legalandgeneral.com/jlp>

EMAIL: jlppensions@landg.com

HELPLINE: 0345 070 4059 (Opening hours between 8:30 and 19:00.)

Members can also access our Virtual Assistant chat bot and live webchat via their online account once they have logged in.