

The Arts Council Retirement Plan (1994)

Trustees' Report

October 2014 | Issue 14



Inside this issue

- A message from Chris Daykin
- In the news
- Introducing Michael Addison
- Review of the Annual Report and Accounts
- Contact us

A message from Chris Daykin



Welcome to the 14th edition of the Trustees' Report.

What's inside?

Update on the Plan's finances

In this edition, we provide you with an update of the latest Report and Accounts as at 31 March on page 6. You will see the Plan's finances are looking healthy. This is largely due to contributions paid in over the period and performance of investments.

Getting to know the Trustees

As you are probably aware, Michael Addison became a Member Nominated Trustee in September 2013. On pages 4 and 5 you can find out what he's been up to in his first year in the role. He also shares details about his job as Relationship Manager for the Midlands at Arts Council England and his hobbies outside of work.

In the news

We have made some changes to the benefits that the spouses / partners of members in same-sex marriages and civil partnerships are entitled to in the Plan. Further details are provided on page 3.

We also have more details about the 2014 Budget – find out how this affects you on page 3.

We are always interested in hearing from you. If you want to know more about any of the information provided in this Trustees' Report or any suggestions for future content please get in touch with the Administration Team.

Chris Daykin,
Chairman of the Trustees



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In the news

Same sex marriages and civil partnerships

The Marriage (Same Sex Couples) Act 2013 came into effect on 13 March 2014.

We are pleased to confirm that the benefits available from the Plan have been changed so that both same sex spouses and civil partners will now receive the same spouses' benefits that previously only applied to a spouse of the opposite sex.

2014 Budget update

In the July 2014 Trustees' Report we mentioned that the 2014 Budget included giving members of defined contribution (DC) pension plans more flexibility in how they use their pension savings at retirement.

We also outlined changes that may affect members of our Plan (which is a final salary plan).

We can now confirm the following:

Taking small pension pots from the Plan

When you're close to retirement we send you a retirement pack. If you have a small pension pot and can take it all as a cash lump sum – we'll tell you when we send your pack.

Transferring benefits to a DC pension scheme

In the past it has rarely been beneficial to transfer benefits from a final salary plan to a DC pension plan because of the significant guarantees given up. However, some members may feel that they would benefit from the new flexibility that a DC pension plan could offer them.

Transferring pension benefits between plans is highly complex and can incur hidden costs. You must seek financial advice before taking any action. You can find a financial adviser at www.unbiased.co.uk – you will be responsible for paying for any advice you receive.

Please think carefully before taking action and always check your own personal tax and financial situation before making any final decisions.

Jargon explained

Defined contribution plan

In this type of plan the member and employer make contributions into a pension account that the member is responsible for managing / investing amount of pension the member receives is based on:

- how much is paid in;
- how their chosen investments perform; and
- when they decide to retire.

Final salary plan

In this type of plan, you and your employer make contributions into a collective pot which is managed / invested by the Trustees. The amount you receive when you retire is based on:

- how long you've been a member of the plan; and
- your salary when you retire.

Introducing Michael Addison

We caught up with Michael Addison, Member Nominated Trustee to find out what he has been getting up to since he joined the Trustee Board last year. Here's what he told us:



You have been in the role for about a year now, what have you been involved with so far?

One of the first things I undertook was the Pensions Regulator's trustee training programme. This is mandatory for all new trustees and has been a substantial task. A number of the topics covered help you prepare for trustee tasks such as the actuarial valuation. This is an important process for the Trustees, which involves reviewing the Plan's financial health. I was lucky enough to join when the Plan was involved in one so I could put what I was learning into practice.

Ultimately, a lot of the year has been getting to grips with the role, undertaking training and asking lots of questions. I've also been involved in making collective discretionary decisions on particular individual cases.

What do you enjoy most about the role?

I enjoy the variety and range of discussion and decision making that takes place – from individual cases through to macroeconomics. I think it essentially teases and challenges a part of my brain that my job doesn't.

What made you want to become a Trustee for the Plan?

Having been a union representative during the Arts Council's recent organisational review – I wanted to maintain an employee representative role and combine it with a trustee position. I had been looking for something at a local level when this opportunity came up.

I started my working life at Norwich Union (now Aviva) as an Investment Accounts Clerk and was involved in the management of many different investment funds. As a Trustee you're also responsible (with the help of advisers), for the Plan's investments – it felt a little like coming full circle.

In your day job, you are a Relationship Manager at Arts Council England. Can you tell us a bit more about that?

I'm one of three Relationship Managers for theatre in the Midlands (I'm based in Birmingham). As one of the smaller teams we work very closely and have to manage our time very efficiently. As part of my role I tend to travel across the Midlands a lot so I'm often on my mobile and laptop – maximising my working time whilst travelling.

Although a big part of my job is assessing and monitoring grant applicants and recipients, I do still find time to play a key part in the development of the theatre sector.

My particular specialisms include outdoor arts, circus, mask theatre and theatre for children and young people.

I'm also involved in some more strategic work – I help organisations make decisions to ensure things are run efficiently and help them improve their commercial awareness. There is a clear crossover between my role as Trustee to the Plan and my role as an observer on boards within my job. In both roles I need to be able to take a long-term view to ensure financial stability.

How far into your career were you before you started saving into a pension scheme?

I had a pension at 18 but stopped contributing when I went to university at 21. I only started to contribute again when I stopped being a freelance artist aged 36. It is by no means ideal but I fear it is a reality for lots of arts practitioners.

If I had my time again, I would try to contribute something, however small. I spent some time running a debt advice charity – the reality of not making financial plans was a real revelation. One of the great things about working for a larger organisation like the Arts Council is it is very easy to join the pension plan. This is an important step in retirement planning and the support available from the Plan's Trustees and their advisers to ensure you have the information you need is invaluable.

If you had one savings tip for members, what would it be?

My Grandfather's advice was always 'don't buy something unless you can afford it.' Now, that's not always possible and convenient but I have never been one for credit cards and loans (mortgage excepted) so, I guess my first tip would be to live within your means and don't spend what you don't have.

Then if you can, my advice would be to set saving goals for your needs, whether that's:

- short term e.g. for a holiday;
- medium term e.g. for a house deposit; or
- long term e.g. for retirement.

Thinking about your long term savings plans?

Did you know you can increase your savings into the Plan by paying Additional Voluntary Contributions (AVCs).

What do you enjoy doing outside of your job and Trustee duties?

I've become quite engrossed with, maybe obsessed with, growing my own fruit and veg over the last few years. It's probably down to finally having a reasonable sized garden; though a lot of it is grown in containers. I also took on an allotment last year and discovered quite quickly that there is a limit to how many courgettes and potatoes I can consume. However, they can be easily passed on to friends and family.

The rest of my time is taken up looking after my dog (a Beagle). Perhaps my most useful advice would be 'NEVER GET A BEAGLE.'



Review of the Plan's Annual Report and Accounts

This section gives the highlights of the Plan's Annual Report and Accounts for the year to 31 March 2014.

	(£,000)
Value of the Plan at 31 March 2013:	98,877
Income	
Contributions	4,997
Transfers in	161
Total	5,158
Expenditure	
Pensions and cash lump sums	(2,445)
Payments to and on account of leavers	(433)
Administration expenses	(705)
Other payments	(60)
Total	(3,643)
Investments	
Investment income	15
Investment management expenses	(155)
Change in market value of investments	6,347
Total	6,207
Value of the Plan at 31 March 2014	106,599

If you would like a copy of the full Report and Accounts, please contact the Plan's Administration Team at Hymans Robertson (see page 7 for contact details).



Contact us

If you have any questions about the information included in this Trustees' Report, about the Plan or your benefits please contact the Administration Team:



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Artists Will Barras and Amy Winstanley painting a Rural Mural at Stranraer Harbour, part of Spring Fling.

Cover images

Top left: Alan Oke in Peter Grimes, Aldeburgh Music.
Credit: Aldeburgh Music and Robert Workman.

Top right: Young Fathers at The Great Escape.
Photo: Euan Robertson.

Bottom: Jitka Palmer, International Ceramics Festival,
Aberystwyth Arts Centre (image: Glenn Edwards) –
Arts Council of Wales.

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This report has been produced using paper from well managed forests.