



The Options Workplace Pension Trust

Member Communications – 12 October 2022

Following the “mini-budget” announced by the new Prime Minister and Chancellor of the Exchequer, and the subsequent response by the Bank Of England, you may have seen news stories talking about pensions, or UK markets, and become concerned about your own pension.

The Trustees want to reassure members that they invest funds in a wide and varied range of asset classes and countries. This helps protect our members’ pensions funds from significant falls in value by spreading out their exposure to risk. The value of your fund will go up and down over your lifetime, but over the long term your investment value should grow.

There has been particular focus in the news on falling values of UK Government bonds (known as gilts). Most of the headlines about this refer to final salary schemes who use an investment strategy called liability driven investment (LDI) and this does not apply to your pension. But if you are getting close to retirement age, it is likely that your pension fund includes gilts, because gilts are generally less likely to go up and down in value than other asset classes. If this applies to you, you will have seen a recent fall in the overall value of your fund. Please note that the recent changes in gilts means that annuities are cheaper to buy. So if you’re planning to buy an annuity when you retire, the amount of annuity you will be able to buy should be largely unchanged, despite the fall in your fund value.

If you are some years away from retirement, your pension fund will probably not include gilts and so you should not be unduly concerned by the recent news.

The best way for you to provide for your retirement is still to start saving as soon as possible and to save as much as you feel you can afford as this will give your pension fund the largest amount of time to grow.

The Trustees of the Options Workplace Pensions Trust

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FOR MORE INFORMATION PLEASE CONTACT
[OPTIONS CORPORATE PENSIONS UK LTD](#)

1st Floor Lakeside House,
Shirwell Crescent, Furzton Lake,
Milton Keynes, Buckinghamshire, MK4 1GA.

T: +44 (0) 330 124 1510

optionspensions.co.uk
workplaceenquiries@optionspensions.co.uk