

## MMC UK Pension Fund (“the Fund”)

### Member FAQ covering current market volatility – April 2025

Financial markets have experienced considerable market fluctuations so far in 2025, particularly since the announcement of US tariffs on 2 April by President Trump and the subsequent pause on additional tariffs for most countries. We recognise that this may be unsettling for you, particularly when you see it resulting in a fall in the value of your pension savings.

While the Trustee continues to monitor the situation closely, we are mindful of the typically long-term nature of investing for your retirement. We also note the renowned difficulty of trying to make tactical investment decisions in the short-term, particularly when market volatility is at the heightened levels currently being experienced.

We will periodically review the range of investment options made available to you as a member to ensure they continue to be in line with best practice design. We would also encourage you to regularly review your investment choices (particularly as you get closer to your selected retirement date) to ensure they remain aligned with how you intend to access your pension savings.

Please see a range of frequently asked questions below relating to the ongoing market volatility that we hope will be helpful to you.

#### 1 Why is my DC pension savings pot falling in value?

Issues like the state of the global economy, geo-political tensions and government policy changes by large economies (e.g. the US tariff announcements) have all contributed to greater market volatility compared to the past few years.

A defined contribution (DC) pension fund provides you with the opportunity to grow your savings to help support your income needs in retirement. To achieve growth in your pension savings (particularly above inflation over the long term), a certain amount of investment risk needs to be taken. It is normal for the value of DC pension funds to go up and down over the short term. This is because your pension savings are likely to be invested in company shares and other assets that also carry risk.

Unlike money held in a bank account, investments tend to go through periods of upwards and downwards price movements, including the potential for sudden changes over the short term. This type of risk is known as volatility.

#### 2 I am invested in the Fund's DC default investment strategy, should I be concerned about the ongoing volatility in investment markets?

The default investment strategy is designed for members who intend to leave their pension savings invested in retirement while taking a regular income from them (often referred to as ‘income drawdown’).

The aim of the default investment strategy is to give you the long-term investment growth needed to build your pension savings and then gradually reduce the level of risk before you start to draw a retirement income. If you are closer to the age that you plan to start taking your pension savings, the default investment strategy is designed to reduce the impact of volatility in investment markets (although there may still be some fluctuations over shorter time periods).

The default investment strategy (where your pension savings will be invested if you have not chosen your own funds) is a diversified investment strategy that invests your pension savings in a wide range of different investments from across the world.

We encourage you to periodically review how your savings are invested to ensure they continue to align with your goals (e.g. how you want to access your savings in retirement), time horizon (e.g. when do you plan to retire or begin accessing your pension savings) and attitude to risk (your tolerance to fluctuations in the value of your pension savings).

You should seek FCA-regulated financial advice if you are in any doubt about the ongoing suitability of how your pension savings are invested.

### 3 Do I need to do anything as a result of recent market volatility?

You do not have to do anything if you are comfortable with how your pension savings are currently invested. However, the Trustee would like to remind you to periodically consider whether your investments are right for your circumstances and your investment time horizon. For many people, pension saving is for the long-term and it may be detrimental to the value of your pension savings at retirement if you make snap decisions based on day-to-day changes.

### 4 What are tariffs and why are they in the news so much?

A tariff is a tax that a government puts on products coming into the country from other countries, also known as imports.

On 2 April 2025, the US President announced new tariffs (extra taxes) on imports to the US from many other countries. These tariffs make foreign goods more expensive for US buyers, which can help US companies compete but also risk upsetting international trade.

Tariffs can raise prices on everyday goods like electronics, clothing, or food, because companies may pass the extra cost on to their customers. Other countries might respond by putting their own tariffs on US imports. All this back-and-forth creates uncertainty, making investors nervous, which has been reflected in recent months and especially since US tariffs were formally announced.

### 5 I am 30+ years away from retirement but have heard we could be headed for a global recession – should I stop / reduce contributions to my pension?

Although you are reasonably far from the date at which you hope to retire, the money you save earlier in your life has a significant impact on your pension savings.

Every £100 invested 30 years from retirement would be worth around £324 when you retire in 30 years' time assuming it achieves an annual rate of return of 4%\* (not allowing for the impact of inflation). If you waited 15 years, you would need to invest £180 to achieve that same £324 at retirement (assuming the same annual rate of return of 4%). It is also important to remember that, due to the current tax advantages of saving into your pension, £100 invested today would cost you much less in practice.

While we recognise market volatility and headlines predicting an economic recession may be unsettling, it is important to consider the short- and long-term impact of a decision to reduce your pension contributions on the value of your pension savings when you come to retire.

*\*4% has been used as an illustrative figure and is not a guaranteed annual rate of return.*

### 6 I am close to my selected retirement date and my pension savings are falling in value – what should I do?

The Trustee and its advisers are unable to offer you financial advice which is specific to your personal circumstances. It is important to note that opting to switch your pension savings from any fund that has been losing value will 'lock in' those losses but you should seek FCA-regulated financial advice if you are in any doubt about the ongoing suitability of how your pension savings are invested.

You can find details of how to obtain FCA-regulated financial advice on the MoneyHelper website:

<https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser>.

It is important that your pension investments match your goals and attitude to risk and that you periodically review their ongoing suitability for your individual needs and preferences.

### 7 I wonder if it is wise to put more money into something which has fallen in value?

It is normal for the value of DC pension savings to go up and down over the short term. This is because your pension is likely to be invested in company shares and other assets that carry risk.

It is important to remember that a pension fund provides you with the opportunity to grow your savings over time to help support your income needs in retirement. To achieve growth in your pension savings (particularly above inflation over the long term), a certain amount of investment risk needs to be taken.

If you are considering reducing or stopping your regular contributions into the Fund, it is important to consider the Company contributions and tax advantages of saving into a pension that you would miss out

on. Also, while falls in the value of your pension savings over the short term can be unsettling, history has shown that (while not guaranteed) investment markets do recover and can go on to deliver positive returns over the longer term.

We encourage you to periodically review your pension investments to ensure they continue to align with your goals (e.g. how you want to access your savings in retirement), time horizon (e.g. when do you plan to retire or begin accessing your pension savings) and attitude to risk (e.g. your tolerance to fluctuations in the value of your pension savings).

You should seek FCA-regulated financial advice if you are in any doubt about the ongoing suitability of how your pension savings are invested.

**8 Does current market turmoil impact my ability to transfer, switch investments, or take retirement?**

There are currently no restrictions on transfers, investment switches, or retirement transactions.

**9 How do I find out more about where my pension savings are invested in the Fund?**

As a member of the Fund, you can log into OneView, which is the online system provided by Aptia (the Fund Administrators) for you to view details of your Fund Account and where your savings are invested as well as make investment choices for the future. If you are an active member, you can log into OneView via the single sign on link in the My Quick Links section on **Colleague Connect**.

If you have any queries regarding your benefits, please contact Aptia at:

<https://pensionuk.aptia-group.com>

**10 Where can I find out more about the range of investment funds available to me for selection?**

To find out more about the investment funds available to you, please visit the **Fund website** where you will find an Investment Guide and Fund Factsheets for the individual funds available.

**11 I am also a member of the Fund's Defined Benefit section. Should I be concerned given the ongoing volatility and uncertain outlook for the global economy?**

The Trustee has been monitoring the situation very closely in conjunction with its professional advisers and is pleased to confirm that the Fund continues to be carefully managed, and your DB pension entitlements from this section remain secure.

**April 2025**

**Important Notes**

This update is provided for information only and does not constitute financial advice. Whilst the Trustee can provide you with information about the options available, we cannot give you advice. The value of investments can go down as well as up, so you could get back less than you invest. Past performance does not guarantee future results.

If you are aged over 50 you can obtain free and impartial guidance from a government service Pension Wise, <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>

If you need advice based on your personal circumstances you should speak to an authorised financial adviser. You can find the details of how to obtain advice at <https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser>

You should check which types of financial advice any adviser specialises in, as well as the cost of their advice before appointing them. Please note that we are not recommending you use any specific adviser.