Abbey Life Assurance Company Limited Staff Pension Scheme

Newsletter

June 2024

In this issue

In numbers	2
Investment update	3
In the news	4-6
Scheme updates	7-8
More information	9
Summary Funding Statement	10-11

Abbey Life

Welcome to this latest issue of your Scheme newsletter, in which we update you on Scheme developments and wider pensions news that may be relevant to you.

At the time of writing, although interest rates have generally flattened, it remains unknown when the Bank of England may decide to cut the base rate since the last increase in August 2023.

Household budgets continue to be squeezed for many people and the broader economy remains unpredictable, but, as always, with the support of our professional advisers, we keep a close eye on national and international financial matters that may impact the Scheme and will continue to be proactive in making any changes we consider necessary. To that end, the impact of the recent announcement of a UK General Election to be held on 4 July 2024 will be monitored.

We are pleased that the Scheme remains in a strong financial position.

Funding update

Inside, we report on the Scheme's latest financial position in our summary funding statement. This is based on the Scheme's position as at 31 March 2023. The headline is that the Scheme is 93.8% funded on a Technical Provisions basis.

Scheme webpage

Remember that the Scheme's webpage within Phoenix Group's website is available to you, providing access to previous versions of the Member newsletter and other helpful Scheme documents. See **page 9** for further information.

Wider news

In other pensions news, we provide updates on:

- the Retirement Living Standards,
- the Pensions Dashboards Programme and
- changes to the pension tax allowances.

If you have any questions about the Scheme, or your benefits, or you have a topic that you want to see covered in our next issue, please get in contact using any of the details on **page 9**.

Neil C H Tointon
Chairman of the Trustee

In numbers

The membership

As at 31 March 2023, there were 2,576 members in the Scheme, compared with 2,623 members at the same date last year. This does not include members who are paid by an annuity.

1,289	**Deferred members** No longer work for Pearl Life Holdings Limited (nor Abbey Life – the previous employer), nor have contributions paid, but they do have benefits retained in the Scheme for when they retire.
1,287	**Pensioner members** Receiving benefits from the Scheme (and including the dependants of members who have died).

The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on **page 9**.

The value of the assets supporting the Scheme as at 31 March 2023*	£216.9m
The increase in the value of the assets over the reporting year (a negative represents a decrease in the value)	-£88.9m
The total value of Company contributions paid into the Scheme during the year	£6.1m
The total value of benefits paid to members during the year	£12.9m

*Figure includes AVC investments and so differs from the investment update and Summary Funding Statement.

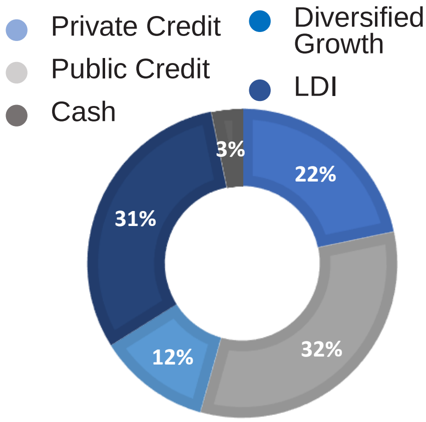
Investment update

As Trustee, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers, and keep a close eye on how the funds are performing.

Over the year to 31 March 2023, global bond yields rose significantly reducing both liabilities and the assets that are designed to mimic them (gilts, bonds and leveraged Liability-Driven Investments (LDI)). The Scheme's liabilities, on a *Technical Provisions basis,* fell from £324.0m to £230.1m, reflecting the increase in long term interest rates from 1.9% to 4.0% p.a. The assets are invested to match the change in the liabilities and target some outperformance, consequently the assets also fell significantly from £303.7m to £215.0m. Importantly, during this period of significant change, the funding level remained broadly constant and the deficit improved by £5.2m on a Technical Provisions basis.

Asset allocation

The adjacent chart shows how the Scheme's assets are invested. Over the year, the 2% allocation in Absolute Return Bonds was fully redeemed as higher yields meant that abrdn, the Scheme's appointed Investment Manager, found there were better opportunities available. Liz Truss' UK 'mini-budget' in September 2022 affected many UK pension schemes that use LDI. The Trustee believes that abrdn managed the LDI portfolio well throughout the gilts crisis by allocating 12% from Diversified Growth to LDI. Consequently, as a result of the gilts crisis, regulations now require LDI portfolios to hold more capital, hence the increased allocation.



Performance

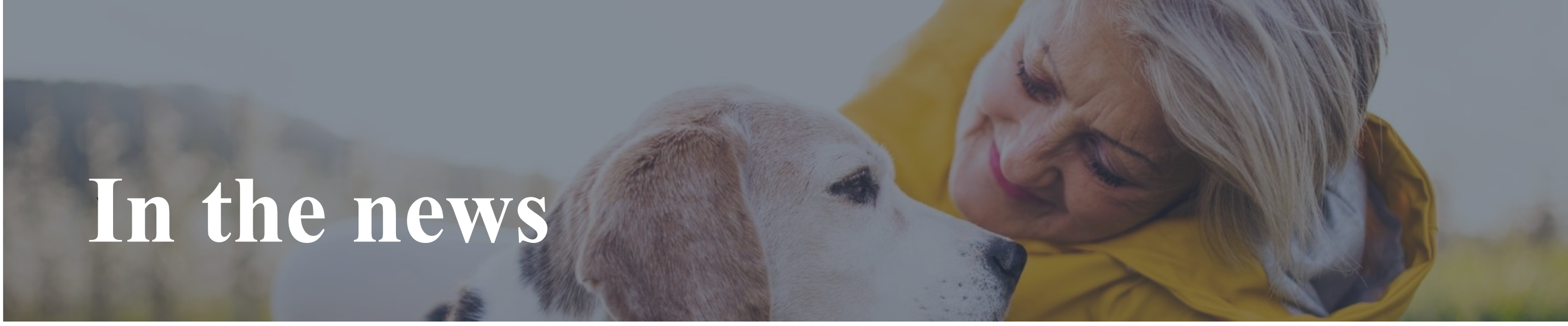
The table below shows how the Scheme's investments have performed compared with the agreed benchmarks.

	Over the year to 31 March 2023		**Over three years to 31 March 2023 (% per year)**	
	Performance	Benchmark	Performance	Benchmark
Diversified Growth	-2.4%	7.3%	8.0%	5.8%
Public Credit	-10.5%	-10.2%	-2.3%	-3.1%
LDI	-89.5%	N/A	-53.7%	N/A

Over the year, the Scheme's liabilities fell by 29% and were offset by a similar reduction in the Scheme's asset value, given that it is invested in a manner to match the liabilities. The total Scheme assets delivered an investment return of -26.6%, against its objective of -22.5%, with the assets that were most sensitive to changes in interest rates (LDI and public credit) seeing the largest falls. The LDI portfolio is a "passive" mandate, with the objective of reducing investment risks related to the liabilities of the Scheme, rather than aiming to outperform a market index. The underperformance was primarily due to the Diversifed Growth generating a small negative return, against the backdrop of most asset classes, such as equities, credit and property, falling as geopolitical risk continued to take centre stage with Russia's ongoing invasion of Ukraine, and central banks' rising interest rates in response to elevated inflationary pressures.

Over three years, the Scheme's assets returned -6.6% per annum, against its obective of -8.2% per annum. The main performance driver was the negative performance of LDI portfolio caused by rising interest rates in 2022, and the outperformance was driven by the Diversified Growth assets. The Private Credit mandate has an internal rate of return (IRR) of 3.3% since inception (31 March 2020).

For further details on our investment approach, read our Statement of Investment Principles (SIP) at **www.thephoenixgroup.com/site-services/abbey-life-staff-pension-scheme/**



In the news

Retirement Living Standards

The Retirement Living Standards (RLS) provide a guide to how much you might need each year in retirement based on the standard of living you're aiming for – broadly, a 'minimum', 'moderate' or 'comfortable' lifestyle.

The Pensions and Lifetime Savings Association (PLSA) has recently updated the RLS's figures to reflect higher inflation and the current cost-of-living crisis.

- The estimated cost of a 'minimum' lifestyle has increased by 18% for a single person, and by 19% for a couple.
- The 'moderate' level has increased by 12% and 11% respectively.
- The estimated cost of a 'comfortable' lifestyle in retirement has increased by 11% and 10% respectively.

The higher increase in the cost of retirement for those looking to achieve a 'minimum' lifestyle is due to the higher proportion of their budget going towards the things that have risen the most in price: food and energy.

You can find more details on the types of lifestyles, along with an indication of what amount of income is now likely to be needed to meet them, on the PLSA website. Go to **www.retirementlivingstandards.org.uk**

Which Retirement Standard are you heading for?

If you're unsure which Standard your retirement benefits might provide you with:

- check your Scheme benefits,
- check any other pension savings you have,
- factor in your State Pension entitlement (go to **www.gov.uk/check-state-pension**),
- allow for any other sources of income you may have, such as savings, ISAs or property rental, and
- work out your approximate total yearly retirement income and deduct income tax.

Pensions Dashboards Update

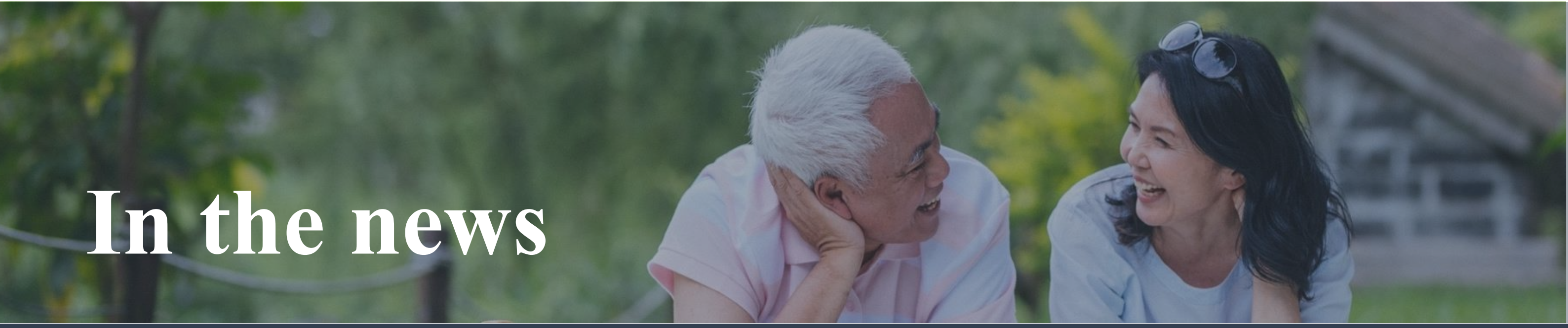
In previous issues, we have reported on the Government's Pensions Dashboards Programme – an industry-wide project to develop a 'dashboard' portal that anyone could use to keep track of all their pension savings on one secure online site.

Due to the size and complexity of the task – which will involve all UK pension schemes linking to the system – the Government has extended the project's timetable.

Previously, the intention was to onboard groups of schemes in stages, with the largest first.

There is now a single deadline for all schemes to connect: 31 October 2026 (a year later than planned). Individual schemes will still be given guideline connection dates to aim for in the meantime.

For more information about the pensions dashboards, visit **www.pensionsdashboardsprogramme.org.uk**. You can also read regular updates on their blog as the programme progresses: **www.pensionsdashboardsprogramme.org.uk/category/blog**



Changes to the pension tax allowances

The Chancellor's Spring Budget in 2023 announced some sweeping changes to the pension tax allowances. In summary:

- From 6 April 2024, the Lifetime Allowance (LTA) has been abolished and replaced with:
  - **The lump sum allowance (LSA)** – this is a cap on the amount of tax-free cash which may be paid to you as a pension commencement lump sum or as part of an uncrystallised funds lump sum. It replaces the 25% tax-free limit which applied before. The standard LSA is set at £268,275. Your LSA may be lower if you have previously received any tax-free lump sum benefits, or higher if you have a form of tax protection. The LSA applies across all of your pension arrangements.
  - **The lump sum and death benefit allowance (LSDBA)** – this is a cap on the element of tax-free benefits which may be paid during your lifetime and on your death. The standard LSDBA is set at £1,073,100. Your LSDBA may be lower if you have previously received any tax-free lump sum benefits, or may be higher if you have a form of tax protection. The LSDBA again applies across all of your pension arrangements.
  - **The overseas transfer allowance (OTA)** – this is a separate allowance which is reduced by any transfer payments made to a qualifying recognised overseas pension scheme (QROPS). It operates as a limit on the value of transfer payments which you can make to a QROPS before incurring a 25% overseas transfer charge (if you would otherwise be exempt). The standard OTA is £1,073,100. Your OTA may be lower if you have previously transferred to a QROPS, or may be higher if you have a form of tax protection. The OTA applies across all your pension arrangements.
- The standard **Annual Allowance (AA)** increased from £40,000 to £60,000 with effect from 6 April 2023.
- The **Tapered AA** now starts to apply to those earning £260,000 per year (up from £240,000 per year), while the minimum tapered AA has increased from £4,000 to £10,000.
- The **Money Purchase Annual Allowance (MPAA)** increased from £4,000 to £10,000 with effect from 6 April 2023.

If you're uncertain about how these changes may affect you, consider taking independent financial advice, especially if you have any form of tax protection **see page 9**. The Trustee is not authorised to give you any financial or tax advice.

The LTA
was a limit on the total amount of tax-relieved pension benefits you could build up over your lifetime (excludes the State pension) without triggering an extra tax charge.

The AA
is a limit on the amount of tax relieved pension benefits you can build up in a tax year without triggering a tax charge. A tapered AA applies for high earners.

The MPAA
works in a similar way to the standard AA, but only applies if you access Defined Contribution (DC) pension savings and continue to build up pension benefits.

How to protect yourself from pension scams

Recent events – from the worldwide impact of the pandemic, to issues closer to home, such as the cost-of-living crisis – have all had an effect on how people handle money matters. Many people are having to pay closer attention to their saving and budgeting. More and more financial transactions take place online.

Sadly, these developments all create situations where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

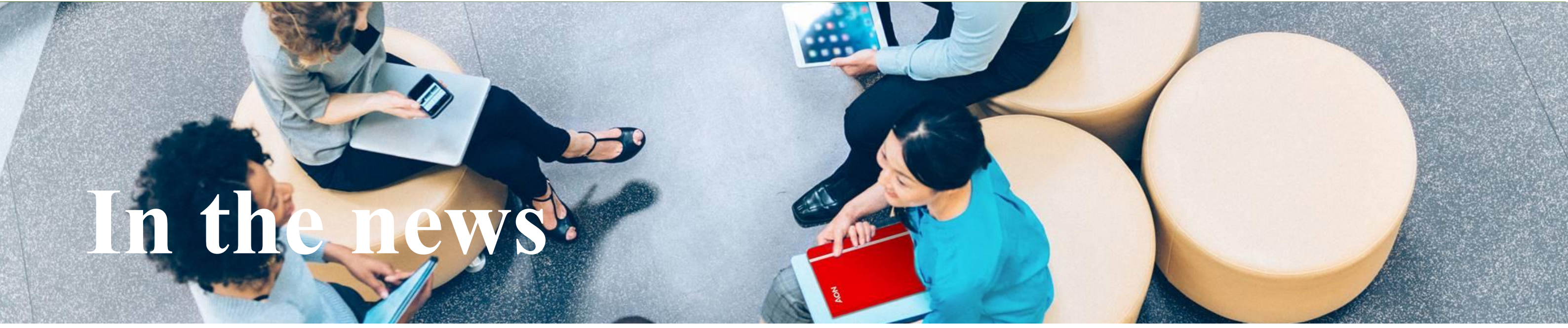
Beware any approach – by email, post or telephone (it is actually illegal to cold-call you about your pension) – that asks you to supply details you would normally keep secure, or tries to steer you towards a quick financial decision.

Pension Scams Pledge

We are pleased to announce that, following a detailed review of processes and procedures, our Administrator, EQ (and we as your Trustee), have self-certified that the requirements of the Pledge are being met

You can find plenty of useful information to help you spot and avoid scams on:

- **The MoneyHelper website:** www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam
- The **'ScamSmart'** area of the Financial Conduct Authority website: www.fca.org.uk/scamsmart



In the news

Digital Midlife MOT

In July 2023, The Pensions Regulator (TPR) published a blog on the Government's recently launched online Midlife MOT. It is intended to support people with work, health, and money. The money section of the Midlife MOT offers digital tools to help educate users on pensions, including how to find lost pension pots and establish ideal retirement income. TPR sees the Midlife MOT as an "essential part of the pensions journey" and encourages trustees to signpost it to their members.

More information can be found here: www.jobhelp.campaign.gov.uk/midlifemot

#PensionAttention campaign – Year 2

In the second year of the campaign, tv presenter Timmy Mallett asks consumers to take a nostalgic look back to yesterday and uncover their pensions so that they can ensure their pots are maximised for their futures. #PensionAttention is co-ordinated by the Association of British Insurers (ABI) and the Pensions and Lifetime Savings Association (PLSA) and funded by a large proportion of the pensions industry.

The gameshow directs the public to the Pension Attention website in order to find out how they can do 'The Pensions Playback' in three simple steps. It allows people to identify where they are on their pensions journey, and what they need to do next.

1. **Look back to yesterday** – do you know where your pension is? You are likely to have more than one from your working life!
2. **Lean in to what you've got today** - do you know how much you already have today? It's your money from your hard work.
3. **Move forward to your future** - what are your dreams? Do you know what income you might need in retirement?

Timmy Mallett, Campaign Ambassador, says: "I suspect people in their thirties often think about their pension and feel they don't need to engage, assuming it's something to address as you approach stopping work. But trust me, careers aren't linear, and you might wake up one morning and suddenly you're 55 and you go, crikey, what happened there? Doing 'The Pensions Playback', and taking the simple steps to identify where you are on your pension journey, will ultimately mean you're setting yourself up as best as you can for the future."

Hetty Hughes, Manager, Long Term Savings Policy, ABI comments: "Nostalgia is an incredibly powerful emotion. By getting Timmy Mallett on board, we're hoping to engage more people in their current, and past, pensions so they know how their money is building for the future and what they need to do to achieve their retirement goals. The Pensions Playback shows just how easy it can be to pay your pension some attention."

Joe Dabrowski, Deputy Director of Policy, PLSA adds: "As an industry, we have an important role in lifting savers' understanding and confidence of their pensions. By coming together under a single, brand-agnostic umbrella to promote simple and memorable messages, we can build on the success of last year's campaign and continue to increase saver engagement in pensions."

Pension awareness day

The pensions awareness week will return for the 9th-13th September 2024. This is an opportunity for Members to get more engaged with their retirement savings and planning.

The initiative is aimed to provide awareness and understanding of pension related matters. It aims to encourage people to take an active role in managing their pension and making informed decisions for a secure retirement.

More information can be found here:

www.pensionawarenessday.com

Scheme Updates

Getting to know your Scheme's Sponsor

In last year's newsletter, we introduced a brief history of the Scheme, setting out how the Sponsor supporting the Scheme had changed over time. We included some details around Phoenix Group, the Scheme's ultimate parent Sponsor, since 2017 and, following feedback, we're pleased to provide further information specifically on your Scheme's current Sponsor.

Since their origins in 1782, Phoenix Group have built the UK's largest long-term savings and retirement business.

In 2018, Phoenix Group reached agreement for acquiring the very well-known Standard Life Assurance from Standard Life Aberdeen.

Following on from this, in 2020, Phoenix Group completed the acquisition of fellow closed book specialist ReAssure Group from Swiss Re.

In 2021, it was announced that Phoenix had acquired full rights to the Standard Life brand.

And in April 2023 Phoenix completed the acquisition of Sun Life of Canada UK Limited.

The Phoenix Group comprises a number of regulated life companies in the UK. Some of the brands you may be familiar with include:

- **Standard Life**, trusted to look after people's life savings and retirement needs for nearly 200 years.
- **SunLife**, providing financial products and services are designed to meet the needs of the over 50s.
- **Phoenix Life**, a closed book consolidator that has grown from a series of acquisitions and policy transfers throughout their 200-year history, including all Abbey Life policies.
- **ReAssure**, a major life and pensions consolidator in the UK market.
- **Phoenix Wealth**, supports retirement and estate planning, offering the UK-based pensions and investment bond previously offered by AXA Wealth.
- **Phoenix Corporate Investment Services**, delivers bespoke investment-only solutions for workplace pension schemes and Master Trusts.

More information on Phoenix group can be found here:
www.thephoenixgroup.com/about-us

Scheme Administrator FAQs

We thought it would be helpful to share with you some of the questions commonly sent to our Scheme Administrator, EQ.

Recently, these have centred around Pension Increases, Spouses Pensions, and Bridging Pensions, but please do let us know if there are any items you would like us to cover in future newsletters.

When I left employment with the Company, I had accrued a temporary 'Bridging Pension' alongside my main pension from the Scheme. How long will this be paid for? The Bridging Pension was originally intended to 'Bridge the gap' between the Scheme's Normal Retirement Age (NRA), which is 62, and the State Pension Age, which was at that time, 65.

Although legislation has since changed, the Bridging Pension remains in place as a feature of the Scheme, and is still payable from the Scheme's NRA and will cease once you reach age 65.

How is the pension payable to my spouse calculated if I die before I begin taking my pension from the Scheme? Your spouse or civil partner will be entitled to a pension of one-half of the pension calculated for you at the date you left service with the Company. This will also be increased up to your date of death in line with Revaluation Laws.

How is the pension payable to my spouse calculated if I die after taking retirement? Your spouse or civil partner will be entitled to a pension equal to one-half of the pension payable to you at your date of death.

If you gave up some of your pension for a lump sum when you retired, the pension payable to your spouse, or civil partner, will be equal to one-half of the pension that would have been payable to you, had you not done so.

Scheme Updates

Scheme Administrator FAQs (continued)

I am not married, but I live with my partner. Will they still receive a pension if I die? The Trustee, at its discretion may agree to pay a pension to your partner. In this case, the administrator would ask for details (and clear evidence) to be provided setting out that your sole partner shared living expenses with you up to your death, and was still living with you at the time of your death.

The pension may be calculated in the same way as a for a spouse or civil partner. However, the Trustee does have discretion over how long it will be paid, and at what level.

How often will my pension increase? In retirement, your pension is reviewed annually to determine what increase may be applied. You will receive a letter that sets out the increase and your new pension breakdown, along with further details.

How much will my pension increase by? The Scheme is responsible for increasing your pension in payment in relation to:

- Guaranteed Minimum Pension (GMP) – accrued from April 1998;
- Scheme pension – the balance accrued above GMP;
- Temporary 'Bridging Pension';
- AVC Pension (where applicable).

Pension relating to any GMP that you may have accrued from April 1988 is increased by any positive change in the Consumer Prices Index (CPI). The measure of CPI used is the annual increase in CPI over the year to the September before your increase, up to 3.0%.

All other elements of your pension increase in line with any positive change in the Retail Prices Index (RPI). The measure of RPI used is the annual increase in RPI over the year to the November before your increase, up to 5.0%.

But do note that any increase to your AVC pension is dependent upon how it was set up at its commencement.

When will my pension increase come into effect? As mentioned above, your pension is reviewed annually. The review takes place during early April, with the first instalment of your increased pension being pension paid on 15th April.

Note on Pension Increases and GMP equalisation:

From April 2024 onwards, all members will now see an extra line within their annual Pension Increase letters relating to GMP equalisation. This will be a feature going forwards although, for many, this will not be applicable. For more information, please read on.

Guaranteed Minimum Pension Equalisation (GMPE) - update

Following on from the update we provided in the previous edition of your Member Newsletter, we have now written to almost all Members setting out whether (or not) and how you might be affected by GMPE. For further background, please do refer back to any communications that we have sent to you, and the 2023 Member Newsletter sent to you last year, which includes further details around GMPs, the legal ruling in relation to GMPE, and what it means for Members.

For most of those Members affected by GMPE in some way, we wrote to you earlier this year in January, setting out any temporary increase to be applied during the Scheme year, as well as any backdated arrear payments due (including interest). The payments were then paid with the 15 February 2024 pension instalment.

For those members who are not affected by GMPE in any way, we wrote out to you nonetheless, to explain that this is the case and that we would not write out to you again specifically about this matter.

Finally, for Members who are affected by GMPE, but whose circumstances are/were complex and required more time to work through, we wrote to explain this. Now that GMPE has been implemented for most Members, we are now focusing our attention on this remaining population. We continue to work hard, along with our advisers and with EQ's specialist project team, with the target of completing this work during the second half of 2024. We therefore expect to be writing out to these remaining Members again over the coming months.

More information

Scheme webpage

To find a library of key Scheme documents, go to: www.thephoenixgroup.com/site-services/abbey-life-staff-pension-scheme/ or scan the QR code with your tablet or smartphone.

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: abbeylifepensions@equiniti.com
Phone: 0345 712 5921
(lines are open Monday to Friday, 9am to 5pm)
Write to:
Equiniti Limited
PO Box 4991
Lancing
BN99 8WQ

Useful websites

There are many useful websites that can help you understand your options and support you with your retirement planning.

Retirement planning
Get to know your pension and get support with your retirement planning. You can generate a retirement checklist to help you assess where you are with your planning. The site also has links to a pension calculator, a State Pension calculator, and more.
www.yourpension.gov.uk

Taking advice
If you would like advice about your retirement plans, we recommend that you speak with an Independent Financial Adviser (IFA). You can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose:
Pensions and retirement > Taking your pension > Find a retirement adviser.

Gov.uk
The Government's website provides information about the State Pension including tools to check your entitlement. It also has general information about workplace pensions.
www.gov.uk

Reminder to keep us up to date

Please let us know if you change your name or address so that we can continue to contact you about the Scheme and your benefits.

Please also update your Beneficiary Nomination form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. The Trustee has final say over who receives the benefits, but we will consider your form, so if you have never provided one, or have not done so recently (particularly if your circumstances have changed), please complete a form and send it to us.

Remember

If you would like more information about the Scheme, you can request a copy of the Trustee's Annual Report & Accounts from the administraton team.

Accessibility

You can also request a copy of this newsletter in larger print, or in an alternative format, such as text only.

As Trustee, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to govern and manage the Scheme, and to discuss how it is progressing.

The Board is made up of Company-Appointed and Member-Nominated Trustee Directors.

Company-Appointed	Member-Nominated
Richard Zugic	Neil C H Tointon
Justin Granger	Valerie Jones
Ellie Siva	

We also appoint professionals to support us on areas of their particular expertise.

Actuary	Nick Coates, Aon Solutions (UK) Ltd
Administrator	EQ Limited
Auditor	PricewaterhouseCoopers LLP
Covenant Advice	Aon Solutions (UK) Ltd
Investment Adviser	Aon Investments Ltd
Investment Manager	abrdn
Legal Adviser	Linklaters LLP

Summary funding statement

This section summarises the results of the funding update as at 31 March 2023. It also looks at the previous update and how things have changed since the most recent formal Triennial Valuation. These financial health checks are vital for monitoring the Scheme's progress. We hope that the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the Triennial Valuation as at 31 March 2021 and the last funding update as at 31 March 2022.

	Valuation	Update	Update
Date	31 March 2021	31 March 2022	31 March 2023
The funding level	75%	94%	93%
The funding target (Technical Provisions)	£343.3 million	£324.0 million	£230.1 million
The value of the Scheme's assets	£257.2 million	£303.7 million	£215.0 million
The overall position	Shortfall of £86.1 million	Shortfall of £20.3 million	Shortfall of £15.1 million

Reasons for the change

The latest update shows that the funding level has deteriorated very slightly, however the deficit has decreased by £5.2 million since the update as at 31 March 2022. This is due to:

The value of the liabilities decreasing significantly, which has has largely been driven by changes in market conditions. Increases in yields available on Government and corporate bonds decreased the amount of money that needs to be put aside now to pay benefits at a later date. The benefit payments out of the Scheme have also contributed to the reduction in liabilities.

The assets have also decreased in value, but by a smaller amount than the liabilities, resulting in a reduced deficit as at 31 March 2023. The decrease in asset value is mainly due to the increase in yields available on Government bonds and benefits paid out, but partially offset by returns on the growth assets and the deficit contributions paid into the Scheme since 31 March 2022.

The next formal Triennial Valuation will look at the Scheme's position as at 31 March 2024. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

In addition to the assets held in the Scheme, assets are held in a separate account called the New 2016 Charged Account, which amounted to £27.4 million at 31 March 2023.

The Scheme will receive monies from the New 2016 Charged Account should certain events occur or if there is a shortfall in the Scheme as at 31 March 2027 (assessed in a specific manner). Any payment to the Scheme from the New 2016 Charged Account will be made no later than 30 June 2028.

Removing the shortfall

As part of the Triennial Valuation as at 31 March 2021, we agreed with the Company to bring the Scheme to a fully funded position. This is known as a 'Recovery Plan'.

The Company agreed to pay £400,000 per month into the Scheme until 31 July 2025 to satisfy the Recovery Plan. In addition, a payment of £42.7 million was received by the Scheme in December 2021 from the New 2013 Charged Account.

These monthly contributions, and the payment from the New 2013 Charged Account, together with anticipated investment growth, are expected to remove the shortfall by 31 July 2025.

The Company has also agreed to pay additional contributions of £400,000 per month into the Scheme from 1 August 2025 to 30 June 2026, and annual payments of £4 million each year until 31 July 2025 into the New 2016 Charged Account.

In respect of the expenses of administering the Scheme, the Company currently pays £117,848 per month into the Scheme. This amount will increase annually each 1 April in line with the 2021 Valuation RPI inflation assumption.

The next formal Triennial Valuation will look at the Scheme's position as at 31 March 2024. This will include working out if the Recovery Plan is on track or whether changes need to be agreed.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown on previous page), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the update. If this happened, all Members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

As at 31 March 2021, the Scheme full solvency funding level was 64%, with a shortfall of £146.4 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been.

The Pensions Regulator

The Pensions Regulator (TPR) is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run, although it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at:
www.thepensionsregulator.gov.uk