

Pension News

April 2023

Bradford & Bingley Staff Pension Scheme



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Funding update



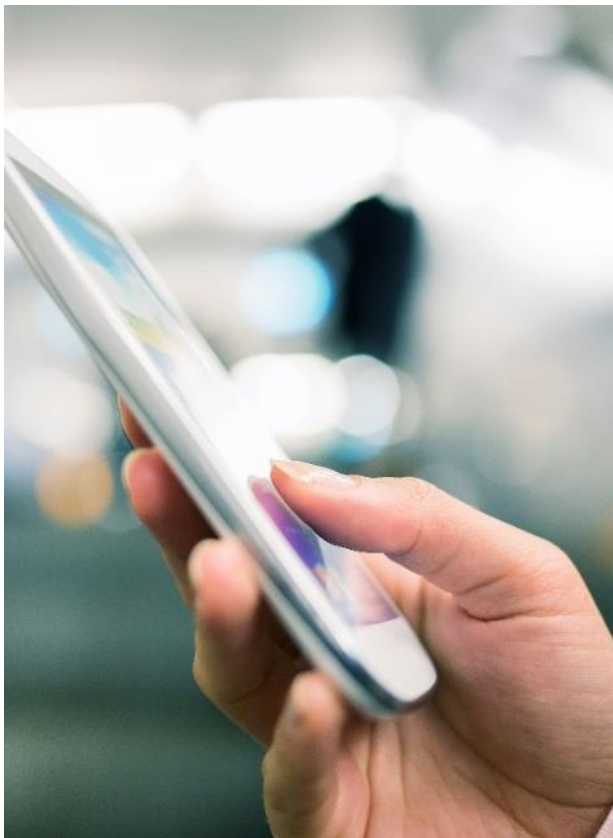
The Trustee formally assesses the funding level of the Scheme every three years.

The most recently completed formal valuation took place as at 30 June 2021. At that date the Scheme had a surplus of c.£129m, and a funding level of c.110%.

Every year, between the formal valuations, the Trustee assesses how the surplus has changed, and as at 30 June 2022 it was estimated that the Scheme had a surplus of c.£145m, representing a funding level of c.114%.

The improvement in funding position over the period from 30 June 2021 is mainly due to changes in market conditions which decreased the value of Scheme liabilities to a greater degree than the corresponding reduction in the Scheme's asset value.

As the Scheme is currently in surplus, no contributions are currently being paid by the scheme sponsor, UK Asset Resolution Limited (UKAR), other than payments to meet the Scheme's administrative expenses.



The Scheme is largely mitigated against future market movements due to a high level of hedging protection against changes to interest rates and inflation expectations. Therefore, the Trustee expects the funding level to remain stable regardless of short or long-term market volatility. The Trustee has monitored the Scheme's funding level in light of recent market turmoil which followed the mini budget in September 2022 and is pleased to say that the Scheme's funding level has remained stable.

As previously communicated, the Scheme also benefits from a back stop guarantee provided by HM Treasury that states that "The Treasury shall give a guarantee or make other arrangements for the purposes of securing that the assets of the Scheme are sufficient to meet the liabilities". In effect, the Trustee expects all member benefits to be paid in full.

Transition of the Scheme to the public sector



We last wrote to you in September 2022 to update you on the Government’s intention to transfer the members of the Scheme to a new statutory, public service pension scheme.

The Public Service Pensions and Judicial Offices Bill received Royal Assent on 10 March 2022, becoming an Act of Parliament on that date. It is now known as the Public Service Pensions and Judicial Offices Act 2022 (the “Act”) – this is the primary legislation under which the powers to establish the new scheme are set out. The Act can be found online at:

www.legislation.gov.uk/ukpga/2022/7/contents/enacted

The Trustee is now working alongside HM Treasury to ensure that member benefits are accurately replicated in the new public service pension scheme rules, which will be contained in secondary legislation.

Although the transfer date is still unknown the Trustee is not expecting the new public service scheme to be in place until 2025 at the earliest. The Trustee is keen to ensure that members are kept up to date with the process of transition and will communicate with Scheme members when more information is available.

Guaranteed Minimum Pension Equalisation (“GMPE”)



All UK pension schemes are required to equalise the inequalities that arose in the way that GMP accrued for male and female members of contracted-out occupational pension schemes before April 1997. In last year’s newsletter we wrote to inform you that the Trustee had commenced a project to equalise the inequalities in relation to impacted members of the Scheme.

The Trustee has made significant progress on this project. While it is expected that the majority of the work will be completed during 2023 for the majority of impacted members, there will be some actions that run into early 2024.

One complication, which is only expected to impact on a small proportion of the Scheme membership, relates to pension taxation. For the minority of the Scheme membership who have Lifetime Allowance protections or used significant amounts of Annual Allowance or Lifetime Allowance, the Trustee needs to be aware of this to ensure that inadvertent tax charges are avoided when equalising your GMP.



If you have any GMP in the Scheme, which is just one element that makes up part of your Scheme pension benefits, you will have received a letter from the Trustee in the last 12-months in relation to our review of GMP benefits.

The Trustee would like to thank everyone who has so far completed and returned the form provided (where applicable), giving important information relating to your Lifetime Allowance used up, Protections held and/or Annual Allowance used up. If you think that you could be impacted or you have a form of Lifetime Allowance protection that you have not already advised us of, please return the form in relation to potential Lifetime Allowance tax charges, that was sent to you previously, as soon as possible.

The Trustee is currently working with its advisers on the details that make up this review and will write to you again when more is known, which is expected to be in the coming months. Following completion of the necessary calculations, the Trustee will be in touch again to confirm any payments due.

Members may have seen the Government’s March 2023 budget announcement that the tax charge in relation to exceeding the Lifetime Allowance will be removed from 6 April 2023. The Lifetime Allowance framework remains in place for the time being. This means that the Trustee is required to continue to operate checks against the Lifetime Allowance, so the Trustee still needs to have members’ up-to-date information on the Lifetime Allowance.

Online member portal – Intellisite



Members of the Scheme have all received details of how to register for the online member portal, known as Intellisite (found at pensions-portal.deloitte.co.uk). This site provides members with real time access to information about their personal Scheme benefits and Scheme documentation.

The Trustee strongly recommends that members take advantage of the opportunity to access their Scheme information via the portal. As well as being able to access Scheme financial information, members are able to update their personal information such as bank details, changes of address, marital status and spouse/dependant information. Members should update any information that appears out of date.

In particular, the Trustee encourages members to update their expression of wishes section to ensure that a spouse or other dependant(s) are nominated to receive contingent benefits when you die. You may also update your expression of wishes using the form and prepaid envelope appended to this newsletter.

If you encounter any difficulties in registering for the portal, please contact the scheme administrator using the details provided on page 10 of this newsletter and they will be able to assist.

Deferred members only: The Trustee has recently enhanced the site's capabilities and is now pleased to announce that deferred members (i.e. those not yet receiving their pension) are able to view their deferred pension inclusive of revaluation to the current date (i.e. with inflationary increases applied since the date that you left the Scheme). The figure given is indicative only and the exact calculation of deferred pensions will be carried out when you retire and will be subject to the overriding requirements of the Scheme's governing documentation.

Pensioner members: Pensioners are also able to access their payslips from the Scheme via the portal. In addition, a hard-copy payslip will be posted to you if your monthly net pension changes by more than £1.

Accessing your benefits (deferred members)



Deferred members are permitted to retire on or after their minimum pension age (generally age 55 but due to rise in the future). If you choose to retire before normal retirement age, your pension will be reduced for early payment. If you are above age 55 and would like a formal retirement quotation, please contact the Scheme administrator using the details provided on page 10 of this newsletter.

Additionally, please contact the Scheme administrator if you have made Additional Voluntary Contributions (AVCs) to the Scheme and would like to understand your options to access these.

Public website for Scheme information



The Trustee operates the Bradford & Bingley Staff Pension Scheme website that is located at: www.bandbpensions.com.

This publicly available website was set up to meet the recent legislative requirement for all pension scheme trustees to make available certain information, such as their Statement of Investment Principles.

The Trustee intends to update this website intermittently with other useful member communications. We encourage all members to visit the webpage periodically or when prompted to do so in future Trustee communications.

Transfers out of the Scheme



Deferred Scheme members are able to request to transfer the value of their Scheme benefits to another pension scheme or arrangement. Transfer value quotations can be obtained by contacting the Scheme administrators.

It is not possible to reverse a decision to transfer if you subsequently discover that it was not in your best interests. When considering transferring out of the Scheme, pensions regulations state that independent financial advice must be taken from an adviser with appropriate pension transfer authorisation before any transfer can proceed. The only exception to this is in cases where the transfer value is less than £30,000.

Transfer value quotations are guaranteed for a period of three months from the date of calculation. If a re-quote is requested within twelve months of the original quotation, a charge of £300 applies (includes VAT). It is therefore a good idea to have an adviser lined up in advance of requesting a quotation to avoid a lengthy advice process taking you over the three-month limit.

New regulations (The Occupational and Personal Pension Schemes (Conditions of Transfers) Regulations 2021) have been published. With effect from 30th November 2021 the Trustee of the Scheme must ensure that specific checks are carried out before complying with a member's request to transfer their pension benefits. The purpose of these checks is to reduce the risk of pensions scams. As set out in the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, all transfers need to satisfy one of the following two conditions:

1. You are transferring to one of the following:
 - a. a public service pension scheme – a scheme established by a public authority for civil servants, armed forces, health service workers, teachers, judiciary, police, firefighters and local government workers;
 - b. an authorised Master Trust scheme – details of Master Trusts authorised by the pensions regulator can be found at: www.thepensionsregulator.gov.uk/en/master-trust-pension-schemes/list-of-authorised-master-trusts; or
 - c. an authorised collective defined contribution (CDC) scheme – once authorised, the Pensions Regulator will publish a list of authorised CDC schemes.

These schemes are known as “safe schemes”. If you are transferring to one of these, the transfer can proceed.

2. Applies to all transfers that are not to “safe schemes” (e.g. a personal pension, self-invested personal pension) and sets out risk indicators by way of red and amber flags. We may need to request additional information from you or contact you in this regard. If a red flag is present, the transfer cannot proceed. If an amber flag is present, the transfer can only proceed if you take scam-specific guidance from MoneyHelper¹ and provide a unique identifier provided by MoneyHelper to confirm that you have discussed the transfer of your benefits with them.

Further information on the regulations and what constitutes red and amber flags can be found at: <https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/administration-detailed-guidance/dealing-with-transfer-requests>

Deferred members are now able to request an illustration of their transfer value via the online member portal Intellisite. An illustration is not a guaranteed transfer quotation and will not count towards your limit of one CETV quotation per annum.

¹Further information on MoneyHelper is shown on page 11 of this newsletter.



Don't let a scammer enjoy your retirement



Find out how pension scams work, how to avoid them and what to do if you suspect a scam.



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



- promises of high / guaranteed returns



- free pension reviews



- access to your pension before age 55



- pressure to act quickly

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

www.fca.org.uk/scamsmart



Four simple 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. Fortunately, research shows that 95% of unexpected pension offers are rejected.*

2 Check who you're dealing with

Check the [Financial Services Register \(https://register.fca.org.uk\)](https://register.fca.org.uk) to make sure that anyone offering you advice or other financial services is FCA-authorized.

If you don't use an FCA-authorized 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.

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

[MoneyHelper \(www.moneyhelper.org.uk\)](http://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/taking-your-pension/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.

Be ScamSmart with your pension. Check who you are dealing with.

www.fca.org.uk/scamsmart

*FCA Financial Lives



Keep in touch



It is important that all Scheme members keep their contact details with us up to date. Please let us know if you move to a new house, or of any other changes (such as your marital status) which may affect your pension, by updating your details on the member portal, Intellisite, or by contacting the DTRB Pensions Administration team in Belfast via post or email (at the addresses set out below).

If you need to update your expression of wishes (to ensure that a spouse or other dependant[s] are nominated to receive contingent benefits when you die), this can be done by completing the appended Expression of Wishes form and returning to us using the enclosed pre-paid envelope, or by completing the expression of wishes section of the member portal (see page 5 of this newsletter for more details on the member portal).

If you opt to contact the administration team directly, certain information will be required as set out below:

- To ensure that we are receiving a genuine address change from you, the member, we need to see some form of official correspondence (a utility bill for example) in your name to the new address. This can be scanned and emailed to the inbox below.
- For a change of marital status, we will need to see the marriage certificate, and cannot accept photocopies of this certificate. We will return this in the post via Recorded Delivery.

Scheme administration team



If you have any queries, please direct them in the first instance to the Scheme Administrators, Deloitte Total Reward and Benefits (DTRB), who can be contacted at:

Bradford & Bingley Staff Pension Scheme,
Deloitte Total Reward and Benefits,
Lincoln Building, 27-45 Great Victoria Street,
Belfast, BT2 7SL

email: bandbpensions@deloitte.co.uk Tel: 0113 292 1948

Further information



For any other pensions related queries that you may have, the following organisations have been established to assist members with queries regarding past or present pension benefits:

MoneyHelper (provided by the Money and Pensions Service) may be contacted via their webchat or online query facilities at:

<https://www.moneyhelper.org.uk/en/contact-us>

(Telephone 0800 011 3797)

The Pensions Ombudsman may be contacted at:

<https://www.pensions-ombudsman.org.uk/contact-us>

(Telephone: 0800 917 4487)

(Email enquiries@pensions-ombudsman.org.uk)

The Department of Work and Pensions contact details can be found at:

<https://www.gov.uk/contact-pension-service>

(Telephone: 0800 731 0469)

The Pensions Regulator website provided more useful links for who to contact with pensions related issues. These can be found at:

<https://www.thepensionsregulator.gov.uk/en/contact-us/scheme-members-who-to-contact>

(Telephone: 0345 600 7060)

Appendix 1: Summary funding statement



What is the Scheme's financial position?

A full actuarial valuation of the Scheme was carried out as at 30 June 2021 with a further actuarial report carried out on 30 June 2022. The results of which are detailed below:

	30 June 2021	30 June 2022
The value of the Scheme's liabilities was:	£1,315 million	£1,022 million
The Scheme's assets were valued at:	£1,444 million	£1,167 million
This means that there was a surplus / (shortfall) of:	£129 million	£145 million
Funding level	110%	114%

We are required to inform you whether a payment has been made to the employer, as permitted under the Pensions Act 1995, since we last sent you a summary funding statement. We can confirm that no such payment has been made to the Employer.

How has the Scheme's financial position changed since you last sent me a summary funding statement?

When we last sent you a summary funding statement we reported that the Scheme was estimated to have a surplus of £63 million at 30 June 2020. The funding level of the Scheme was 104%.

Since 30 June 2020, the Scheme's funding level has improved to 110% at 30 June 2021 and 114% at 30 June 2022 with a surplus of £129 million and £145 million respectively, as shown above. The improvement in the Scheme's funding position is as a result of the liabilities falling by more than the fall in the value of the assets as a result of changes in financial markets since 30 June 2020.

As the Scheme is in surplus, no further contributions are currently expected from the Employer.

To calculate the amount of the surplus, assumptions have to be made about what will happen in the future, for example, the rate at which the Scheme's assets will grow. If the assumptions do not all turn out to be exactly right, it may be necessary to have further contributions to the Scheme. The Trustee will monitor the funding position annually to determine if further contributions are required.

Appendix 1: Summary funding statement (cont)



Is there enough money in the Scheme to provide my full benefits if the Scheme was wound-up?

The actuarial valuation at 30 June 2021 showed that the Scheme's assets would have been enough to enable the full benefits of all members to be secured with an insurance company if the Scheme had wound-up at that date.

The liabilities if the Scheme were to be wound-up were:	£1,321 million
The Scheme's assets were:	£1,444 million
This means that there was a surplus of:	£123 million

The fact that we have shown the winding-up position does not mean that the Employer is thinking of winding up the Scheme. It is just another piece of information we hope will help you to understand the financial security of your benefits.

The Government has provided a guarantee for the benefits to be paid in certain circumstances if there were insufficient assets in the Scheme.

If it was decided that the benefits on winding-up should be secured with an insurance company, then the Employer would be required to pay any additional amount required in order to enable full benefits to be secured.

Appendix 2: Expression of Wishes



EXPRESSION OF WISH FORM

Bradford & Bingley Staff Pension Scheme (“the Scheme”)

Full Name (Mr, Mrs, Miss, Ms*):

Please delete as appropriate*

National Insurance Number:

Declaration

I express the wish that the person(s) named below receive the capital sum benefits under the Rules of the Scheme in the event of my death.

I understand that the Trustees have complete discretion over the payment of the capital sum benefits and although the Trustees are prepared to consider my wishes, my expression of wish is not binding on the Trustees.

This Expression of Wish Form cancels any previous form signed by me and I reserve the right to revise this form at any time by notifying the Trustees in writing.

Details of Beneficiary(ies)

Full Name	Relationship to Member	Proportion %
.....
.....
.....
.....
Total:		100%

Please add any additional information you may wish the Trustees to take into consideration:

.....
.....
.....
.....

Signed: Dated:

The Trustees and the Scheme administrators, Deloitte, hold and process information enabling them to carry out their duties in respect of the Scheme. This data may be provided to the Trustees’ professional advisers and other pension Scheme trustees, insurance companies or Government bodies where this is necessary in connection with the running of the Scheme and the provision of your benefits. Any individual details will only be processed in accordance with the requirements of the Retained General Data Protection Regulation, Retained Regulation (EU) 2016/679 (UK GDPR).