

Pension News

April 2024

NRAM Pension Scheme



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

The most recently completed formal valuation took place as at 5 April 2021. At that date the Scheme had a surplus of c.£75m, and a funding level of c.111%.

Every year, between the formal valuations, the Trustee assesses how the surplus has changed, and as at 5 April 2023 it was estimated that the Scheme had a surplus of c.£70m, representing a funding level of c.115%.

The improvement in funding position over the period from 5 April 2021 is due to a combination of changes in market conditions alongside the performance of the Scheme's investment strategy. Together these have led to a proportionately larger decrease in the value of the Scheme liabilities than the Scheme's assets over the period.

As the Scheme is currently in surplus, no contributions are 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 an investment strategy that provides 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.

This has been demonstrated in recent times, with the Scheme's funding level remaining resilient to market shocks, such as the significant market volatility that followed the government's mini budget in Q3 2022 and subsequent interest rate rises.

In addition, in the unlikely event of UKAR not receiving any required funding for the Scheme from HM Treasury via the usual budgeting routes, a Credit Support Deed, established between UKAR and HM Treasury, would require HM Treasury to make payments to the Scheme, on behalf of UKAR, in accordance with the terms of the Credit Support Deed.

Transition of the Scheme to the public sector



When we wrote to you last year, we confirmed that legislation had been enacted, namely the Public Service Pensions and Judicial Offices Act 2022 (the “Act”), that provided powers to establish a new statutory public sector pension scheme, into which the benefits of the NRAM Staff Pension Scheme are intended to transfer.

The Trustee, working alongside its advisers, is taking appropriate steps to ensure that member benefits are accurately replicated in the new public sector scheme rules. Further, the Trustee is working with HM Treasury to ensure that adequate protections are in place such that members are no worse off following this transition. Protecting the rights of all members is the fundamental principle that the Trustee is working towards in all decisions taken.

The transfer date remains uncertain, given the volume of work to be completed. However, it is not expected that the new public service scheme will be in place until 2026 at the earliest.

We appreciate that this topic will be of interest to Scheme members and are thankful for your patience as the detail is worked through. The Trustee will inform members of key developments as and when they occur and will communicate these appropriately.

In the meantime, members are able to retire and take their pension benefits as per the terms of the pension scheme.

Guaranteed Minimum Pension Equalisation (“GMPe”)



Guaranteed Minimum Pension (“GMP”) Equalisation Review

In last year’s newsletter we provided you with an update on the Trustee’s review of the inequalities arising in relation to GMP benefits accrued in the Scheme before April 1997. As a reminder, all UK pension schemes are now required to equalise benefits for men and women with relevant GMP. This is a complex process and can take several years to complete.

During 2023 the Trustee consulted with those members who could be affected by this (not all members in the Scheme have a GMP benefit). The GMP review has now been completed for deferred members (i.e., members not yet in receipt of their pension) and they were all written to in late 2023 with details of their updated pension benefits. Work remains ongoing for our pensioner members (i.e., members in receipt of their pension, including dependant members) and we are expecting to write to these groups of members later in the year with an update.

Lifetime Allowance

Linked to this review, the Trustee previously asked you for details of any Lifetime Allowance Protection you hold and to let them know if you are close to your Lifetime Allowance limit. You may have applied to HMRC for protection if you thought that you would likely exceed your Lifetime Allowance at some point in the past (between 6 April 2006, when this came into legislation, and 5 April 2023, when the charge for exceeding the Lifetime Allowance was removed).

The UK Government abolished the Pensions Lifetime Allowance as of 6 April 2024 (see Appendix 3 for more details about this). Although no longer in place, the Trustee still needs information about any Lifetime Allowance Protections or limits because any increase to pension at the date you retired from the Scheme resulting from this review could use up some of your Lifetime Allowance in place at that time.

Please contact the Scheme Administrator as soon as possible if you have not yet provided this information.



Members of the Scheme have all received details of how to register for the online member portal, (found at <https://member.thepensionsplatform.co.uk/Homepage>). 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. Some of the capabilities that are available to members via the portal are:

Real time access to your benefit information – If you are a deferred member of the Scheme (i.e. you have not yet chosen to receive your pension) you are able to view your deferred pension entitlement at the current date (i.e. allowing for revaluation from the date at which you left the Scheme to now). If you are a pensioner member, you are able to view your current pension in payment on the portal.

Ability to request benefit illustrations and options – The vast majority of deferred members are able to access illustrative cash equivalent transfer values. These are illustrative and are not a guaranteed transfer quotation. Therefore, they do not count towards your limit of one free CETV quotation per annum. Should members wish to request a guaranteed quotation, this can be requested via the portal or by contacting the administrator.

Further, deferred members are able to access illustrative retirement quotations to aid their financial planning.

Ability to update details – Members are able to update their personal information such as bank details, changes of address, marital status and spouse/dependant information in the portal. 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 appended to this newsletter.

Pension payslips – Pensioner members are able to access their payslips from the Scheme via the portal.

Access to Scheme documents – There are a number of documents about the Scheme which are available for you to read in the portal.

If you encounter any difficulties in registering for the portal, please contact the scheme administrator using the details provided on page 11 of this newsletter and they will be able to assist.

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 11 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 NRAM Pension Scheme website that is located at:

<https://nrampensions.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 and Implementation Statement.

The Trustee intends to continue 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.

The Occupational and Personal Pension Schemes (Conditions of Transfers) Regulations 2021 require the Trustee of the Scheme to 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. 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/mastertrust-pension-schemes/list-of-authorized-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.

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

Transfers out of the Scheme



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-detailedguidance/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. An illustration is not a guaranteed transfer quotation and will not count towards your limit of one CETV quotation per annum.

Cyber Security



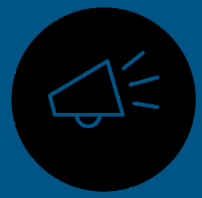
The Trustee is aware of recent high-profile cyber security breaches within the pensions industry. Cyber security is a key consideration for the Trustee and actions have been taken with service providers, including the Scheme administrator, to review the robustness of processes and procedures in place.

In particular, the Scheme Administrator, Isio Group Limited, has provided confirmation to the Trustee of its cyber and data security accreditations and is working with the Scheme's legal advisers to ensure that business continuity plans remain appropriate.

The Trustee will continue to work with its service providers to maintain robust systems and controls.

Further, any learnings from recent cyber attacks within the pensions industry will be reflected upon and enacted where appropriate.

The Trustee wishes to confirm that the Scheme has not been subject to any data breaches and is confident that the systems in place are in line with industry best practice.



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](tel:08001116768) or using the reporting form at www.fca.org.uk
- Report to Action Fraud on [0300 123 2040](tel:03001232040) 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-authorised.

If you don't use an FCA-authorised 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](http://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/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



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, or by contacting the Isio Pensions Administration team 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 Wish form, 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



During 2023, Isio Group Limited (Isio) acquired Deloitte Total Reward and Benefits (DTRB), the UK pensions advisory business of Deloitte LLP. The Scheme's administration team moved to Isio as part of this acquisition. However, there has been no change to the personnel nor systems in place and the Trustee continues to receive the same level of service as it did previously.

Updated contact details for the Scheme Administrator are provided below:

NRAM Pension Scheme,

Isio c/o SPS,

PO BOX 4916,

Interface Business Park,

SN4 4RX

email: nrampensions@isio.com

Tel: 0330 002 0345



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)

Further, the Trustee appreciates that rising living costs have caused significant financial difficulties for households in recent times. The Trustee encourages members to review the following webpage to ensure that they are aware of any support that they may be able to receive:

Age UK's website provides details of the benefits and entitlements that pensioners may be able to receive. There is a useful benefits calculator tool that assists in identifying whether you are eligible to receive support. This can be found at:

<https://www.ageuk.org.uk/information-advice/money-legal/benefits-entitlements/>

Appendix 1: Summary funding statement



Summary Funding Statement (“SFS”) based on the funding update as at 5 April 2023

Last year you received a Summary Funding Statement (“SFS”) based on the Scheme’s most recent financial update as at 5 April 2022. A SFS is something that the Trustee is legally required to send to you to explain how your benefits will be funded. This SFS now summarises the results of the financial update that was carried out as at 5 April 2023.

The funding target agreed with the Company

The funding target agreed between the Trustee and the Company is for the Scheme to operate on a ‘self-sufficiency’ basis. This means that the Scheme should at all times have appropriate assets that are sufficient to pay all future pension benefits without any further support from the Company.

What was the funding position of the Scheme on the ‘self-sufficiency’ funding measure?

The table below shows the financial position of the Scheme on the self-sufficiency basis at the date of the last formal valuation, 5 April 2021, the position from the 5 April 2022 financial update and the position from the financial update that was carried out as at 5 April 2023.

	5 April 2021 £million	5 April 2022 £million	5 April 2023 £million
Assets	754	718	520
Amount needed to provide benefits (“technical provisions”)	679	644	450
Surplus	75	74	70
Funding level	111%	111%	115%

It can be seen from the table above that the surplus (£70 million at 5 April 2023) and funding level (115% at 5 April 2023) have both remained fairly stable over the last couple of years. Although asset and liability values have fallen, the level of surplus in the Scheme continues to provide a high level of security for your pension benefits. The fall in both asset and liability values was due to the sharp rise in interest rates.

Even though there is a surplus, the funding level will continue to be assessed at 5 April each year and, if a shortfall were to appear, the Company would be required to pay contributions to eliminate the shortfall over a two year period.

Appendix 1: Summary funding statement



What levels of contributions are currently payable to the Scheme?

The Company will meet the administrative and general costs associated with running the Scheme, including PPF and other levies.

As mentioned above, if a shortfall were to appear, the Company will also pay contributions so as to eliminate the shortfall over a two year period.

What about normal regular contributions?

There are no longer any active members of the Scheme and so no normal regular contributions are payable.

Your benefits within the Scheme

Your benefit entitlement under the Scheme is calculated using a formula based on your earnings and length of active membership within the Scheme in the period up to 31 December 2009 plus any transferred in benefits from other schemes, for example if you transferred in any benefits from the Northern Rock (2010) Pension Scheme.

The money to pay pensions for members is held in a common fund. It is not held in separate funds for each individual. However, funds in respect of additional voluntary contributions (AVCs) that have been paid by some members are held in individual funds.

What would happen if the Scheme were to wind up?

If the Scheme were to wind-up, benefits would be secured by buying insurance policies with an insurance company. At 5 April 2023 it was estimated that there would be sufficient funds to ensure that all members' benefits could be bought out with an insurer. However, it is worth noting that the cost of buying out benefits with an insurance company will vary quite significantly over time, as investment conditions change and depending on how competitive the buy-out insurance market is.

If the Scheme were to wind up and the Company could not afford to meet the extra cost of securing benefits with an insurer, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members. Further information and guidance is available on the Pension Protection Fund's website at ppf.co.uk or you can email the Pension Protection Fund at information@ppf.co.uk.

What is the Scheme currently invested in?

The Scheme's assets broadly comprise two types of investment:

- a bulk annuity contract with Aviva (which provides for the future payments for all of the current pensions in payment at the date of the policy) and
- a Liability Driven Investment (LDI) portfolio which was implemented to provide a better interest and inflation rate match with the liabilities not covered by annuities.

Appendix 1: Summary funding statement



The Scheme's asset split at 5 April 2023 was as follows:

LDI portfolio (including cash)	55%
Annuity policies	45%

Pensions Act requirements

In accordance with the requirements of the Pensions Act 2004, we confirm that there have not been any payments to the Company out of the Scheme since the last funding statement was issued. We also confirm that the Scheme has not been modified by the Pensions Regulator and that no directions, nor a schedule of contributions, have been imposed on the Scheme by the Regulator.

Looking after your data

Some personal data for members (such as date of birth and pension amount) is required for the running of the Scheme, including paying out the right benefits. The use of this data is regulated under the Data Protection Act, which places certain responsibilities on those who exercise control over the data (known as "data controllers" under the Data Protection Act). Data controllers include the Trustee of the Scheme, and, in certain circumstances, professional advisers to the Scheme.

These may include the scheme actuary and WTW, who have provided further details at <https://www.wtwco.com/en-GB/Notices/how-willis-towers-watson-uses-personal-data-for-actuarial-services-to-uk-pension-scheme-trustees>.

Where can I get more information?

If you have any other questions, or would like any more information, please either email 'nrampensions@isio.com' or call the Pensions Helpline on 03300 020 345. A list of more detailed documents which provide further information is shown overleaf. If you want us to send you any of these documents, please let us know.

Yours faithfully

The Trustee of the NRAM Pension Scheme

Appendix 2: Expression of Wishes



EXPRESSION OF WISH FORM

NRAM 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 Trustee has complete discretion over the payment of the capital sum benefits and although the Trustee is prepared to consider my wishes, my expression of wish is not binding on the Trustee.

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 Trustee in writing.

Details of Beneficiary(ies)

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

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

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

Signed:

Dated:

Appendix 3: Lifetime Allowances



The Lifetime Allowance (“LTA”) was introduced in 2006 as a mechanism to limit tax-favoured pension savings in registered pension schemes.

With effect from 6 April 2024, the LTA was abolished altogether. Whilst the LTA itself has been removed, from 6 April 2024 some benefits will continue to be taxed by reference to a similar threshold via the introduction of two new allowances: an “individual’s lump sum allowance” (ILSA) and an “individual’s lump sum and death benefit allowance” (ILSDBA).

These allowances apply across all pension arrangements that a member belongs to and limit the amount of lump sum and lump sum death benefits that an individual can receive tax-free from registered pension schemes.

Please note that the abolition of the LTA was announced by the current government, however this decision may be subject to change or reversal in the future, potentially being reintroduced if a new government comes into power. Your Scheme administrators will continue to monitor the changes to the LTA.