

MEMBER ANNOUNCEMENT

The Stat – Plus Group Pension and Assurance Scheme

This Member Announcement is dated 11th August 2020

In this Member Announcement, the Stat – Plus Group Pension and Assurance Scheme will be known as **the “scheme”**.

This Member Announcement covers the following:

- **Section 1** - Pension Protection Fund FAQs
- **Section 2** - Members who were receiving a pension at **14th May 2020**
- **Section 3** - Members who were **not** receiving a pension at **14th May 2020**
- **Section 4** - Contact details

Please retain all the details in this Member Announcement in a safe place.

Note

This Member Announcement provides a summary of some of the changes to members' benefit entitlements that will occur once the scheme has entered a Pension Protection Fund assessment period. It is a summary guide only and does not seek to set out all of the implications or provide a definitive statement of what members will receive. The Rules of the scheme and the law relating to the Pension Protection Fund will govern the benefits or Compensation that you will receive.

MEMBER ANNOUNCEMENT

SECTION 1 – PENSION PROTECTION FUND FAQs

1.1 What is the PPF?

The PPF was set up in April 2005 to protect you if your employer or former employer becomes insolvent and the Scheme can no longer afford to pay your promised pension. The PPF's purpose is to provide benefits to members of eligible schemes where the scheme has insufficient assets to provide members with pension benefits at PPF Compensation levels, details of which are set out in Sections 2 and 3 of this Member Announcement.

1.2 What is the PPF Assessment Period?

This is a process that your scheme goes through during which specialist advisers, appointed by the Trustee, will carry out a number of important checks to ensure that all the information the scheme holds is accurate and up to date, so that members are paid the right benefits. The assessment period allows the PPF to establish the 'funding level' of the scheme, which is explained below. At the end of the assessment period the PPF can then determine whether or not it is required to take responsibility for the scheme and for the payment of PPF levels of Compensation to members.

1.3 What is Compensation?

Benefits payable by the PPF are generally referred to as Compensation. PPF Compensation is the amount payable to you in place of the pension that you would have received from your pension scheme.

1.4 What is the PPF Compensation Cap?

The Compensation Cap is a statutory limit that applies to the amount of Compensation the PPF can pay to certain members. These conditions apply if you are under Normal Pension Age (NPA) at the assessment date (14th May 2020 – the date your employer became insolvent).

However, following a Court of the European Union (CJEU) ruling in September 2018, if your scheme transfers to the PPF at the end of the assessment period, you should receive at least 50% of the value of your accrued benefits you would have received from your Employer's scheme. If you qualify for an increase under the CJEU ruling, it will be granted as a one-off uplift to the starting rate of your PPF Compensation.

1.5 What is Normal Pension Age (NPA)?

This is the age specified in the rules of your scheme as the earliest age at which a member may receive his/her pension without reduction and without requiring the consent of the employer or the Trustee, disregarding any special provision for early payment on the grounds of ill health or otherwise.

1.6 Who is responsible for the Scheme during the Assessment Period?

The existing Trustee, Winterbourne Trustee Services Limited, will remain in place and by arrangement with the PPF will be assisted by a specialist consultant with experience of the PPF assessment process: Punter Southall Governance Services.

Barnett Waddingham as a specialist PPF administrator will be engaged for appropriate specialist tasks.

In the meantime you should contact Winterbourne Trustee Services, (their contact details are at the end of the enclosed announcement) who, as the Trustee to the Scheme will arrange a response to any specific requests that you have.

All members will be written to again when the result of the PPF Assessment is known.

1.7 How does the PPF determine if it will take responsibility for the scheme?

During the assessment of the scheme, the funding level (see 1.9 below) is calculated as at the day before the assessment date. If the 'funding level' is found to be below 100 per cent of the PPF level of benefits, then the PPF will accept responsibility for the scheme.

1.8 What is the assessment date?

The assessment date is the day the scheme starts its assessment period, which is the date your employer/former employer became insolvent.

1.9 What is the funding level of a pension scheme?

An actuary is appointed to value the liabilities of the scheme; this is the value of all of the benefits payable to members now and in the future based on PPF benefit levels. This value is then compared to the assets of the scheme, which is all the money invested on behalf of the scheme. The comparison of these is called the 'funding level' of the scheme. For example, if the value of the liabilities is £100m and the value of the assets is £80m, then the funding level of the scheme is 80 per cent. As this is below 100 per cent, in this example, the PPF would accept responsibility for the scheme.

MEMBER ANNOUNCEMENT

SECTION 2 – MEMBERS WHO ARE RECEIVING A PENSION

This section provides information and answers to frequently asked questions for those members who were being paid a pension from the scheme at the PPF Assessment Date of 14th May 2020.

2.1 Will my pension stop being paid?

No. You will continue to receive your pension.

2.2 Will my pension be reduced?

Your pension may be reduced if you were below your scheme's Normal Pension Age (NPA) at the assessment date.

If you were above your scheme's Normal Pension Age (NPA) at the assessment date, or if you retired early on ill health grounds or you are receiving a spouse's or dependant's pension, your pension is not expected to reduce from its current level. NPA is explained in Section 1.5.

2.3 When will my pension be reduced?

If your pension needs to be reduced, you will receive advance notification of the reduction. As the change needs to be backdated to the assessment date, please be aware that initially there may be a further reduction to your PPF Compensation to take account of any overpayment between the assessment date and date your pension is actually reduced. You will be notified of any such changes.

2.4 How will my pension be reduced?

If you are over your Normal Pension Age at the assessment date or if you retired early due to ill health or you are receiving a spouse's or dependant's pension you will be paid 100 per cent of your pension currently in payment.

Otherwise, you will be paid 90 per cent of your pension currently in payment. Additionally, a cap on your pension is applied. This cap is known as the Compensation Cap and is explained in Section 1.4. These conditions apply if you are under NPA at the assessment date.

However, following a Court of the European Union (CJEU) ruling in September 2018, if your scheme transfers to the PPF at the end of the assessment period, you should receive at least 50% of the value of the accrued benefits you would have received from your Employer's scheme. If you qualify for this increase, it will be granted as a one-off uplift top the starting rate of your PPF Compensation

2.5 I took a pension based on my Additional Voluntary Contributions (AVCs). Will my pension be affected?

The details of any adjustments to your pension will be notified to you. Benefits from AVCs which were secured by purchasing a policy in your own name with a pensions provider such as an insurance company are not reduced. Benefits from AVCs which are

paid direct from scheme assets along with your main pension (i.e. benefits which have not been secured by purchasing a policy with a pension provider) will generally be subject to the usual PPF compensation rules.

2.6 Will my pension continue to increase annually?

If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index) up to a maximum of 2.5 per cent. No other part of your pension will increase¹. This may be less than the increases you currently receive from the scheme.

Pension increases will be applied at each 1st January which may be different to the current increase date for the scheme. The first increase will be applied on 1st January following the start of the assessment period. Please note that the first increase will be applied on a proportionate basis from the assessment date to 1st January. You will be notified prior to each 1st January if your pension will increase and what your new pension will be.

2.7 I took my pension due to early retirement. Will my pension be affected?

As mentioned in section 2.2, this depends on your age at the assessment date. A review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.8 I took my pension due to ill-health. Will my pension be affected?

In most cases your pension will not be reduced. A review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.9 I am receiving a spouse's or dependant's pension. Will my pension be affected?

No. You will continue to receive your pension and it will not be reduced.

2.10 What benefits are payable on my death?

During the assessment period, lump sum death benefits are no longer payable. Generally, a spouse's or dependant's pension will be payable equal to 50 per cent of your pension in payment at the date of your death. This may be a different basis than you are currently entitled to under the scheme.

2.11 Will I be paid on the same day of the month?

The PPF pays benefits on the first of each month. If you currently receive your pension on any other day of the month, during the assessment period your pay date may be changed to the first of the month. Before this happens you will be notified as to how this will be dealt with.

2.12 Can I transfer out my benefits to another pension arrangement?

Transfers are not permitted during the assessment period except to comply with a pension sharing order on divorce. Transfers are not permitted following any transfer to the PPF.

¹ Subject to the condition outlined in Section 1.4 above.

MEMBER ANNOUNCEMENT

SECTION 3 – MEMBERS WHO WERE NOT IN RECEIPT OF PENSION PAYMENTS

This section provides information and answers to frequently asked questions for those members who were **not** being paid a pension from the scheme at the PPF Assessment Date of 14th May 2020.

3.1 When will I receive my pension?

At the scheme's Normal Pension Age (NPA), which is explained in Section 1.5 of this document. From the Assessment Date, Compensation is re-valued each year up to your retirement date in line with the Consumer Prices Index. This annual increase will be subject to a cap of 5% for compensation, linked to pensionable service prior to 6 April 2009, and a cap of 2.5% in respect of compensation linked to pensionable service on or after 6 April 2009.

3.2 Will my pension be reduced?

Yes, if you were below your Normal Pension Age (NPA) as at the assessment date. The adjustment to your pension will reflect PPF Compensation levels and will be applied at the time you take your retirement.

3.3 How will my pension be reduced?

The adjustment to your pension will reflect PPF Compensation levels. Generally, this means you will be paid 90 per cent of your pension. Additionally, a cap on your pension is applied. This cap is known as the Compensation Cap. The Compensation Cap is explained in Section 1.4 of this Member Announcement. Additionally if you choose to give up part of your benefits and receive a tax free cash sum when you take your benefits, your PPF Compensation will be reduced.

However, following a Court of the European Union (CJEU) ruling in September 2018, if your scheme transfers to the PPF at the end of the assessment, you should receive at least 50% of the value of the accrued benefits you would have received from your Employer's scheme. If you qualify for this increase, it will be granted as a one off uplift to the starting rate of your PPF Compensation.

3.4 When will my pension be reduced?

At the time your pension comes into payment.

3.5 Can I still take a tax free cash sum when I retire?

Yes this option will still be available. If you choose to give up part of your benefits and receive a tax free cash sum when you take your benefits, your PPF Compensation will be reduced.

3.6 I am over age 55. Can I take my PPF Compensation early?

You will be able to take your benefits early. You should contact the Trustee in writing to make your application. Contact details are shown in section 4. If you decide to take your benefits early your pension will be reduced further to reflect the fact that your pension will be paid for a longer period of time.

If you were a member of a pension scheme on 5th April 2006, and under the rules of that scheme you were entitled, without requiring the permission of your employer, to retire under age 55, you may retain the entitlement to retire before reaching age 55.

3.7 Do I have the option to take my PPF Compensation at a later age than my schemes NPA?

You may be able to retire at a later age than your scheme's pension age. If you defer taking your compensation, it will receive an actuarial adjustment to reflect the period it is postponed.

3.8 Will my pension increase annually in payment?

Your pension may increase annually. If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index) up to a maximum of 2.5 per cent. No other part of your pension will increase*².

Pension increases will be applied at each 1st January which may be different to the current increase date for the scheme. The first increase will be applied on 1st January following the date you take your pension benefits. Please note that your first increase will be applied on a proportionate basis from your retirement date to the following 1st January.

3.9 I paid Additional Voluntary Contributions (AVCs). What happens to these?

Money purchase AVCs invested with a pension provider such as an insurance company, will still be used to secure additional benefits for you outside of the PPF.

You will receive additional PPF compensation in respect of any non - money purchase and Scheme invested AVCs

3.10 What benefits are payable on my death?

Once the assessment period starts, lump sum death benefits or refunds of contributions are no longer payable. If provided for under the scheme rules generally, a spouse's or dependant's pension will be payable equal to 50 per cent of the PPF benefit you are entitled to at the date of your death. This may be less than or more than the benefit that your pension scheme would have paid you.

3.11 Can I transfer out my benefits to another pension arrangement?

Transfers are not permitted during the assessment period except to comply with a pension sharing order on divorce. Transfers are not permitted following any transfer to the PPF.

² Subject to the condition outlined in Section 1.4 above.

MEMBER ANNOUNCEMENT SECTION 4 – CONTACT DETAILS

SCHEME ADMINISTRATOR

Whilst the Scheme administrators remain in place currently the PPF assessment period adds some complexity to certain requests. For pension benefit queries or changes in your personal information, you can contact the Trustee who will make the appropriate arrangements:

Winterbourne Trustee Services Limited
One Oakridge Park
Southampton Road
Whaddon
Salisbury
Wiltshire
SP5 3HT

Tel: 01722 713888
Fax: 01722 710148
Email: enquiry@winterbourne-trustee.co.uk

TRUSTEE

For any general queries or concerns about the scheme, you can contact the Trustee at:

Winterbourne Trustee Services Limited
One Oakridge Park
Southampton Road
Whaddon
Salisbury
Wiltshire
SP5 3HT

Tel: 01722 713888
Fax: 01722 710148
Email: enquiry@winterbourne-trustee.co.uk
