



Simply Pensions

Winter 2022/2023

**Santander (UK) Group Pension Scheme
(the Scheme) – Associated Section**

(formerly the Abbey National (Associated Bodies) Pension Fund)



for a **future**
worth having





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Message from the Chair

I'm delighted to share with you the Winter 2022/2023 edition of Simply Pensions, which is full to the brim with news and tips to keep you up to date on the Scheme and the wider pensions world.

The global climate pledge has been at the forefront of our minds and the COP26 summit really put the focus on the action needed. Sustainability is a key focus for the Scheme and part of our duty to you, the members. On page 4 we update you on what the Trustee Board are doing and the policies in place.

As part of our drive to become 'greener' we are committed to sending out our communications digitally rather than by post. To find out more and to make sure you keep up to date with the latest communications, take a look at page 7.

There are few that have not felt the financial impact of the rising cost of living. This combined with the pandemic has seen many of us looking at ways we can save and highlighting the importance of financial planning. On page 5 we've put together some key contacts and information to help support your finances.

Our role as members of the Trustee Board is to ensure the smooth running of the Scheme and make sure that money is paid out correctly and on time. We have recently made some changes to the structure of the Trustee Board so that the right expertise and resources continue to be in place to run as efficiently as possible. You can find further details of the changes and the reasons on page 7.

In our News round-up on page 7 we update you on the latest news and pensions changes that may affect you. Then on page 10 you will find the latest figures from the Scheme Report and Accounts.

And finally, I would like to remind you that you can find more information about your pension options, including Scheme documents and news updates on the 'MyPension' website. The site has recently been updated with new content including a 'Future Planning' section and a 'Document Library', so please do take a look.

As always if you have any questions or suggestions for future editions of Simply Pensions or your benefits, please get in touch with the Scheme's Administrators, Mercer. You can find their contact details on the last page.



Paul Trickett
Chair of Santander (UK) Group
Pension Scheme Trustees Limited

March 2023



Sustainability our net zero commitment

In the 2021 edition of Simply Pensions we spoke to members from the Trustee Board and wider pensions team to discuss what the Scheme is doing to be a responsible investor.

Since then, work has continued to put the relevant processes in place and report on progress. In October, the Scheme announced that the Trustee Board has set a target of achieving a 'net zero' investment portfolio by 2050 or sooner. This means the investments of the Santander UK Group Pension Scheme will balance the amount of greenhouse gases (such as carbon) it produces, with the amount it takes out of the atmosphere. This is in line with global efforts to limit warming to 1.5°C.

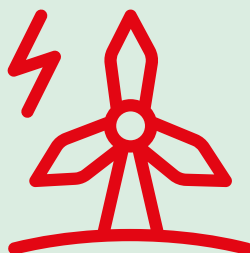
As part of the processes set out by the Government, each year we will publish a detailed climate strategy report to update on progress. You can find the full report and a summarised version on the website:

<https://mysantanderpension.co.uk/about-the-scheme/>

Financial check-up

With the cost of living crisis at the forefront of our minds the Trustees recognise that many of you may have financial worries about the future. Whilst the increases in costs are concerning, there has been some positive news recently as the government announced that the State Pension increase would be 10.1 per cent for 2023 and confirmed that the triple lock would remain unchanged. You can read more about the triple lock on page 8.

To help support you with your financial planning and navigate the current landscape we have set out some useful tips, resources and contacts.





Don't forget your State Pension...

Check in

It's important to consider all your finances when making any important decisions. If you are not yet receiving your state pension, it's worth checking what you can expect to receive. You can check the value of your state pension and the age you are due to receive it on the Gov.uk website: <https://www.gov.uk/state-pension-age>

Have you been underpaid?

The Department for Work and Pensions (DWP) announced that they will be checking thousands of pension records, as over 230,000 women are thought to have been underpaid their state pension. Many people that are affected will be automatically notified, however certain groups may need to contact the Department if they want their pension to be reassessed. Groups that may be affected include:

- Women that got divorced after reaching state pension age.
- Women whose husband turned age 65 before 17 March 2008 and who are being paid less than 60% of their husband's basic state pension.
- Married women who are on zero basic state pension, but might be getting a small amount of additional state pension, (known as SERPS, or graduated retirement benefit).

To check if you have been underpaid, contact the Pension Service through their online tool <https://www.gov.uk/guidance/request-information-about-underpaid-state-pension-for-someone-who-has-died> or call 0800 731 0469

Budget planning

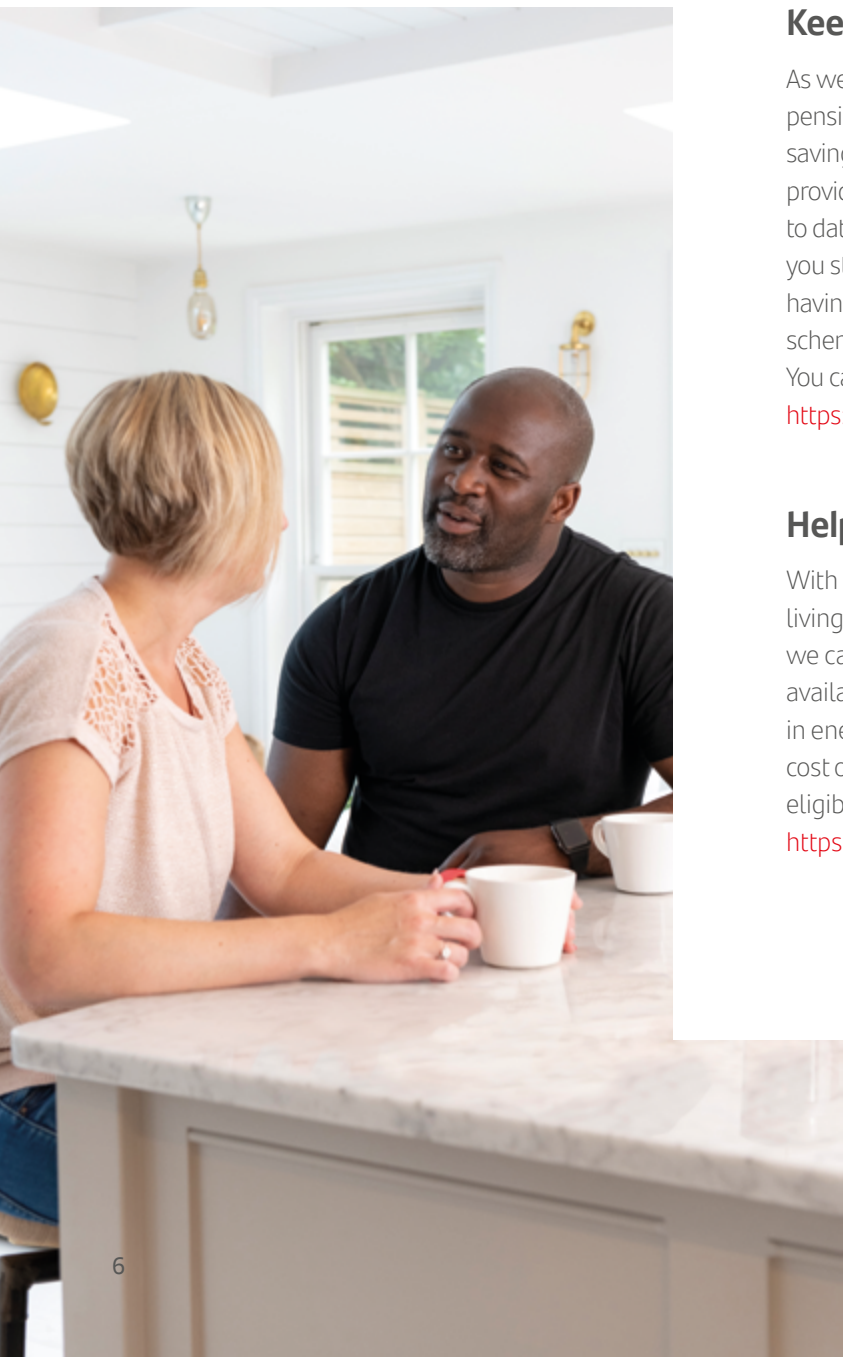
Creating a budget is a great way to feel in control of your money whilst allowing you to focus on your financial goals. To help you get started, we've listed some useful tips:

- **Start by looking at your needs**
What regular payments do you make each month? Rent/mortgage, food, energy, water etc.
- **Debt planning**
Put together a plan for paying back debt and look at slowly increasing it over time.
- **Start your budget at zero each month**
This makes sure every pound is accounted for and allocated - even if you're allocating it to savings.
- **Make use of the tools available**
Consider using an app or savings pot to help you to allocate your money and watch it grow over time - seeing your money grow will spur you on to save even more.
- **Don't forget your pension**
Pension contributions are an effective and tax-free way to save towards your retirement. If you are an active member of the Scheme, you might want to consider paying additional voluntary contributions (AVCs) to boost your retirement savings. You can choose to pay additional contributions to the Lifesight Plan which is a Defined Contribution arrangement. To find out more about the Plan contact the Scheme's Administrators Willis Towers Watson on 01737 227 553.

Savings tips

Once you've reviewed your budget you may be able to find areas where you can make savings to help cut costs, for example:

- **Opt for a cheaper mobile phone contract**
As with most services these days you need to shop around to make sure you're getting the best deal. You may find that you're paying over the odds and that there is a better option available.
- **Check your utility providers**
Continuing the theme of shopping around, there are a number of comparison websites that allow you to compare quotes online. You may be able to switch to a cheaper deal.
- **Cancel unnecessary subscriptions**
Over time it's easy to sign up to a number of services, which we may no longer need or have even forgotten we have. Look at all your transactions and list all of the subscription services you're paying for. Are there some that you no longer need?
- **Make sure you're not being overcharged council tax**
Earlier this year we saw Council tax bills rise by around 3% for millions of households. It's important to check whether your property is in the right council tax band - if it's not, you could be overpaying. You can find more information on the money saving expert website <https://www.moneysavingexpert.com/reclaim/council-tax-bands-change/>



Keeping track of all your pensions

As well as regularly checking in with your Santander pension, it's important not to forget about your other savings, including pensions you may have with other providers. Remember to keep your contact details up to date with previous pension schemes to make sure you still receive regular communications. If you're having trouble tracking down a previous pension or scheme, the pension tracing service is there to help. You can find all the details on their website <https://www.pensiontracing.service.com/>

Help for households

With the rise in energy costs, inflation and cost of living pressures, many of us are looking at ways we can save and get further support. There is help available from the Government, from a reduction in energy bills to extra payments to help with the cost of living. To find out more and to check if you're eligible, visit the Help for Households website <https://helpforhouseholds.campaign.gov.uk/>

More support

As well as support from the Scheme's Administrators there are lots of other resources and organisations to help you with every step of your journey. We've set out some key contacts below:

MoneyHelper as part of the Money and Pensions Service offers free guidance and support to help you with your financial planning. Visit: <https://maps.org.uk/>

Bank Workers Charity provides support to the banking community, including advice and information, practical and financial support. Visit: <https://www.bwcharity.org.uk/>

AgeUK is a charity helping everyone make the most of later life. They provide companionship, advice and support for older people. Visit: <https://www.ageuk.org.uk/>

The Silver Line is a free, confidential telephone service for older people 24 hours a day, 7 days a week. Visit: <https://www.thesilverline.org.uk/>
Tel: 0800 470 8090



News round-up...

Scheme news

Update on GMP equalisation

In September last year we began consulting with Scheme members with Guaranteed Minimum Pension benefits (GMPs) to address inequality – a process called GMP equalisation and conversion. This was in response to an announcement by the High Court in 2018, stating that GMP's need to be equalised because historically they were set at different levels for men and women. GMP equalisation affects both men and women but you'll only be affected if you've got GMP benefits between 1990 and 1997. For a lot of people it will make little or no difference to the benefits you have now.

Due to the number and complexity of the required calculations, this is a long process and may take until 2024 to complete. The Scheme's Administrators will write to you if you are impacted by the changes.

Important update for some pensioners who have been contacted already and who have received a one-off back payment

If you are currently being paid a pension from the Scheme, and you have received a letter informing you that you had your Guarantee Minimum Pension

(GMP – a part of your total pension) converted between December 2021 and August 2022, **and** you received a back-payment to make up for former under-payments of pension, you may be able to reclaim some tax from HMRC. For more information, please visit the MySantander website.

Your communications from the Scheme

We want to make sure that all the communications you receive from us help to support your choices and explain important aspects of your pension. We want to continue to move forward and improve the information you receive. Online communications allow us to get information to you in a much quicker and more digestible format whilst also supporting our drive to act more sustainably.

From next year we will no longer be sending communications by post, with the exception of members that have made a specific request. To ensure that we can communicate with you as quickly and conveniently as possible, please update your email address details held by Mercer. To check on your pension and to make changes, please login to Benpal <https://login.benpal.com/>

We've also recently made improvements to the MySantander website, where you can find more information to help you with your pension planning as well as scheme documents and information about the Trustee Board <https://mysantanderpension.co.uk/>

Changes to the Trustee Board

The Pension Scheme is managed by a Board of Trustees made up of representatives that were appointed by the Company and nominated by the members. The Trustees support the running of the Scheme and must always act in the best interests of all Scheme members and their beneficiaries.

In order to continue to provide the best support to the Scheme and act as efficiently as possible there were some changes made to the Board. The Board is now supported by two independent Trustees, which include the Chair Paul Trickett and there are four employer nominated trustees and four member nominated trustees. You can find more information about all the trustees on the MySantanderPension website <https://mysantanderpension.co.uk/>



Pensions news

An update on the Pension Dashboards

You may have heard reference to the long-awaited Pensions dashboards, it's a huge operation which perhaps unsurprisingly will take time to implement. The dashboards will be an online platform that allows individuals to login and view all their pension savings information in one place, including the state pension. This will make checking in on multiple pensions a much easier process.

A consultation to look at the design and workings of pensions dashboards was launched earlier this year with the aim for schemes to start connecting to the dashboard in waves from 2023, and by 2026. You can find more information about the progress of the pensions dashboard at <https://www.pensionsdashboardsprogramme.org.uk/>

Minimum pension age change reminder

The earliest age for taking a personal pension will be rising from 55 to 57 in 2028. This will affect you if you were born in 1973 or later and are planning to start taking benefits from age 55. For more information, please get in touch with the Scheme's Administrators, Mercer. Their contact details can be found on page 16.

State pension increase and triple lock

The triple lock is a guarantee introduced in 2010 to ensure that the state pension does not lose value over time and increases at least in line with inflation. It's called the triple lock because it includes three separate measures of inflation. The guarantee states that each year, the state pension will increase by the greater of three measures; average earnings, the Consumer Prices Index, and 2.5 per cent. For the 2023 to 2024 tax year the increase was confirmed to be 10.1 per cent.

On a number of occasions, the government has looked at modifying the triple lock as it has proved costly for the taxpayer. However, the government recently confirmed that the triple lock will remain unchanged for 2023. It's also worth noting that if there were changes made to the triple lock, it would be unlikely to have an immediate impact on current pensioners.

Looking after your loved ones

The Scheme is not only there to support you but also to provide for your loved ones when you die. For example if you are married or in a civil partnership, your partner will receive a pension payable for life from the Scheme. The value of the benefit is calculated differently depending on which Section of the Scheme you're in, so it's worth checking your Scheme Section booklet on Benpal <https://login.benpal.com/>.

There may also be a lump sum payable to a nominated beneficiary if you were to die whilst still working or if you die within the first five years of retirement. If we don't know who your beneficiaries are, it makes it much more challenging to arrange payments. It's so important that you fill in a Nomination of Beneficiary form, to let us know who you'd like to receive any lump sum death benefits when you die. It's the Trustee Board's decision who will receive your benefits but we want to make sure that payments are made to your loved ones as quickly as possible. If we don't hold this information it could delay the process.

You can make a nomination or update it through Benpal <https://login.benpal.com/>. Go to 'My Account', click on 'Personal Details' and then 'Add beneficiaries'. Or you can request a form from the Scheme's Administrators.

Pension Scams

Pension scams are on the rise and they can happen to anyone. Recent reports have seen victims lose an average of £91,000.

Don't be a victim

It's important that you know what to look out for so you can prevent this from happening to you. The Financial Conduct Authority's (FCA) has put together a guide to keep you safe from scammers:

- Reject unexpected offers
- Cold calling about pension arrangements is illegal, so if you get a call out of the blue it's likely to be a scam.
- Check who you're dealing with
- Anyone offering financial services or advice should be registered with the Financial Conduct Authority (FCA). To check the register visit <https://registerfca.org.uk/>
- Don't be rushed or pressured
- Make sure you have done all the relevant checks before going ahead.
- Get impartial information or advice
- You should always get financial advice before making any decisions about your pension.

Remember: If you've been tempted by an offer to transfer your benefits, it's crucial that you check it's legitimate. Once you've handed over your savings, it's too late to act. If you think you may have been scammed check the FCA warning list available at [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) and report your suspected scammer using the reporting form. If you've applied to transfer your benefits out of the Scheme, but are having doubts or are concerned that it could be a scam, please contact the Scheme's Administrators immediately to see if they're able to stop the transfer before it takes place.





Facts and figures

The Trustees and company continue to work hard to make sure your benefits are as secure as possible. A key focus for the Scheme is to reach self-sufficiency by 2026.

The Trustees produce a formal set of accounts each year, showing the financial transactions for each Section. This year's set is now available, following its audit by KPMG. Here's a summary of the financial highlights.

If you want to see a copy of the full Report and Accounts for 2022, please ask the Scheme's Administrators (see the contact details on Page 16).

Associated Section

	£'000s
Associated Section value at 1 April 2021	700,960
Money In	
Member contributions	8
Employer contributions	17,010
Other income	1
Total income	17,019
Money Out	
Pensions	10,414
Lump sums on retirement	2,054
Lump sum death benefits	16
Refunds of contributions on death	7
Individual transfers out	5,917
Tax where allowances exceeded	-
Other payments	78
Total Expenditure	18,486
Income less expenditure	(1,467)
Increase in market value of investments	47,754
Associated Section assets at 31 March 2022	747,247



The table below shows how the value of the Section has changed over the past five years.

2022	£747m	+	6.4%
2021	£701m	+	2.6%
2020	£683m	+	7.3%
2019	£636m	+	6.9%
2018	£595m	+	3.3%

Quick head count – Who's in the Section?

Active 2022	Deferred 2022	Pensioners 2022	2022 Total
211	462	820	1,493
Active 2021	Deferred 2021	Pensioners 2021	2021 Total
251	461	765	1,507



Where's your money invested?

The Trustees invest the Scheme's assets in the Common Investment Fund and delegate day-to-day investment decisions to an investment sub-committee. The asset allocation for the Scheme as a whole at 31 March 2022 was:

Cash	3.9%
Credit	10.7%
Infrastructure	2.9%
LDI	44.1%
Listed Equity	9.4%
Private Equity	8.7%
Real estate	11.1%
CDI	6.6%
Multi Asset	2.6%

As at 31 March 2022 the value of these investments were £13.1 billion.



Update on the Common Investment Fund

Over the year to the end of March 2022, the fund returned 4.9% compared with the Benchmark return of 6.1%. Overall, we have seen uncertainty in markets triggered by the anticipation for a return to normality following the pandemic in 2020. Like last year it was difficult to predict how markets would perform. Despite the set backs continuing on from the pandemic, the markets gradually recovered and eventually exceeded its pre-pandemic peak.

There was another global shock to the market in late February 2022 caused by Russia's invasion of Ukraine. In addition to the horrific impact to life, there were economic sanctions applied to Russia, who are a key producer of important commodities, such as oil, gas and wheat. This all contributed to the increase in inflation, as well as supply chain disruptions.

Let's look in more detail at the performance of the Fund over the year:

- Over the twelve months, financial markets delivered positive returns as a result of central bank policies and good corporate earnings
- Despite the impact of the COVID-19 Omicron variant, we saw a strong fourth quarter
- In the first quarter of 2022 investors reacted to the consumer price data which showed the fastest increase in inflation in thirty years.
- Equities were also negatively affected due to the war in Ukraine

The strongest performing sector was Energy, whilst Technology, Communications Services stocks struggled.

Although the markets have been unsettled, the Fund has a number of strategies in place to help lessen the impact. These help to add another layer of protection to the overall fund performance.



How did the investments perform?

You can see below the return for the investments in the Common Investment Fund over the 12-month period, 3 year period and since commencement to 31 March 2022.

	Fund	Benchmark	Difference
12 month period to 31 March 2022	4.9%	6.1%	1.2%



The Summary Funding Statement



The Summary Funding Statement (Associated Section)

When reading this Statement, please bear in mind that all references to 'the Section' refer to the Associated Section of the Santander (UK) Group Pension Scheme.

Working out the funding position

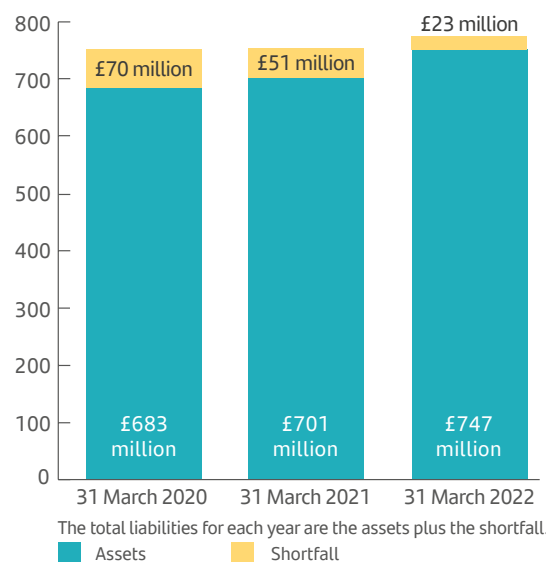
Our Scheme has seven separate Sections. Although they hold their investments together in the Common Investment Fund, each Section is treated separately when it comes to funding. The Trustee Board must commission a full valuation for each Section, an 'Actuarial Valuation', every three years. In between, they receive annual actuarial reports for each Section. The Actuarial Valuation helps the Trustee Board to plan for the future, while the annual reports allow it to see whether or not its plans are on track.

The latest formal valuation

At the time of the last Simply Pensions, the 2021 actuarial report results were communicated. At 31 March 2021 the Section was **93%** funded, with a shortfall of £51 million. Here, in this Summary Funding Statement, we report on the Section results from the 2022 full Actuarial Valuation.

As at 31 March 2022 the Section was **97%** funded, with a shortfall of £23 million.

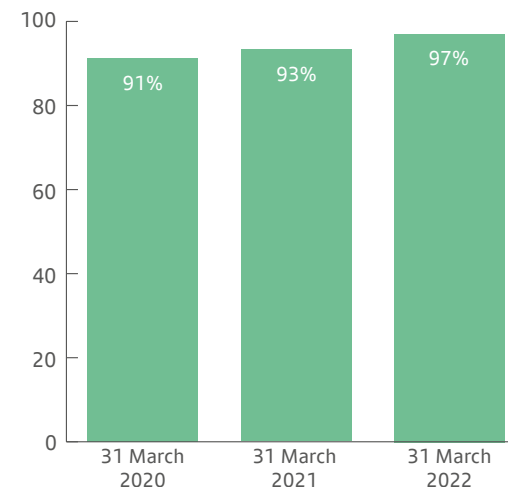
The graph below shows the annual funding position on an 'ongoing basis' assuming the Section would continue in its current form:



This means that the Section's assets covered **97%** of its liabilities in 2022 (compared to **91%** in 2020 and **93%** in 2021).

Change in funding position since the previous statement

At 31 March 2022 (the date of the latest Actuarial Valuation) the funding position was **97%**, an improvement by **4%** since 31 March 2021 (the date of the actuarial report communicated in the last edition of Simply Pensions). The main reasons for the improvement in funding position were that investment returns were higher than expected and shortfall contributions were paid.





If the Section had to wind up

Although there are no plans to wind up the Section, we're required by law to also tell you what the position would be if the Section had been wound up at the date of the formal Actuarial Valuation. That is to say, what would happen if the Company no longer was able to fund the Section. This is known as the 'Solvency Position', and is based on the Scheme Actuary's estimate of how much would be needed to 'buy out' the Section's benefits with an insurance company.

The Actuary estimated that the Section's full solvency position as at 31 March 2022 was **77%** (**62%** as at 31 March 2019). This means that, in addition to the existing Section assets, the estimated amount of **£219** million was needed to make sure that all the members' earned benefits (as at 31 March 2022) could be bought in full from an insurance company. The full solvency position will usually have a larger shortfall than that worked out on the ongoing basis, as it is expected to cost more to buy out the benefits immediately than to spread the cost over the future life of the Section. Also, insurance companies are obliged to take a very cautious view of the future and need to make allowance for costs and profit.

Making up the shortfall

At each formal Actuarial Valuation, the Scheme Actuary works out the amount of contributions needed not only to pay for the benefits that active members will build up in the future, but also to reduce the shortfall over time. The details are agreed between the Trustees and Company, and then set out in the 'Schedule of Contributions' and the 'Recovery Plan'. To fund the benefits earned by active members over a year, the Company contributes at the rate of **29.7%** of the members' capped pensionable salaries, while the members themselves pay **4%** of their capped pensionable salary.

The Company has agreed that, to reduce the shortfall over time, it will pay contributions of:

- **£13.2 million** per annum from 1 April 2022 to 31 October 2022,
- and may pay contingent contributions of **£13.2 million** per annum increasing by **5%** each year, and a contingent balancing payment in 2026, if the shortfall does not reduce as expected.

Investment returns are also expected to reduce some of the shortfall.

Finally, we are required, by law, to tell you:

- of any payments made by the Section to the Company since the last Summary Funding Statement
- whether or not The Pensions Regulator has modified the Section, issued directions to the Trustee Board or imposed a Schedule of Contributions.

We can confirm that no such payments have been made, and that The Pensions Regulator has not needed to take action.

You can find all the documents mentioned in this statement on Benpal. If you can't find what you are looking for, get in touch with the Scheme's Administrators (see page 16).



Keeping in touch and useful contacts

The Scheme's Administrators

If you have any questions about your benefits or if you want to tell us about a change to your personal details, you can do this online using Benpal: <https://login.benpal.com/>

If you can't find the information you need on Benpal, please contact the Scheme's Administrators Mercer:

Online: contact.mercer.com

Phone: 01689 887500

If you would rather write to Mercer or need to send them any paperwork, please write to:

Mercer
Post Handling Centre
St James's Tower
7 Charlotte Street
Manchester M1 4DZ

If you're being paid a pension from the Scheme and have a query about your payments, you should be able to find the information you need on Benpal. If you can't, please contact the Pensioner Payroll team at Mercer.

Please always remember to put your full name and National Insurance number on any correspondence.

You can find more information about the Scheme on the website.

Visit

**<https://mysantanderpension.co.uk/>
or scan the QR code**



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