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worth having

Simply Pensions

Winter 2023/2024

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

(formerly the Abbey National Group Pension Fund)





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Message from the Chair

I am pleased to welcome you to this year's edition of Simply Pensions, where you'll find updates on the Scheme and useful information to help you with your pension and financial planning.

Firstly, I would like to introduce myself. My name is Frank Oldham and I became the Interim Chair of the Trustee Board following the sad news that Paul Trickett passed away in August this year. Paul's dedication to the Scheme and the membership was second to none and he is hugely missed by all. You can read his obituary on page 4.

During the summer we invited applications for the Member Nominated Trustee Director (MND) positions that are due to become vacant from 1 August 2023 and 1 August 2024. There were a record number of applicants (46) and the quality of the submissions was very high. The selection process looked to identify candidates who were able to explicitly demonstrate the skills and attributes mentioned in the communication, coupled with relevant experience of governance bodies. Eight candidates were shortlisted on an anonymous basis to proceed to an interview stage. Following this process, I am pleased to confirm that Susie Carpenter was reappointed as an MND with effect from 1 August 2023, and Christine McGowan has been selected as an MND to fill the vacancy that becomes available with effect from 1 August 2024. In the meantime, Christine will attend Board and Sub Committee meetings in an observer capacity to allow for a smooth transition.

On page 4 you will find an interview with Member Nominated Trustee Director (MND) Susie Carpenter. Susie has been an MND since 2018 and gives a fantastic insight into the role and its challenges.

Mercer has confirmed their decision to sell the pension administration part of the business. This will not affect the current service you receive. You can find all the details on page 6.

Many of you may have chosen to pay additional voluntary contributions (AVCs) into the Scheme. On page 6 you will find an update with details about what to consider as part of your retirement planning.

In the News round-up on page 7 you can find all the latest Scheme updates as well as wider pensions news – followed on page 10 with the latest figures from the Scheme Report and Accounts.

Finally, 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.



Frank Oldham
Interim Chair of Santander (UK)
Group Pension Scheme
Trustees Limited

December 2023

Obituary Paul Trickett

In August we reported the sad news that Chairman of the Trustees Paul Trickett had passed away. Paul was a highly respected representative of the Scheme and a dedicated advocate of all its members.

Paul joined the Board on 1 August 2018, and provided admirable and stable leadership over five years of extraordinary change. Paul will be missed by everyone involved with the Scheme.



Meet Susie Carpenter Member Nominated Trustee



'It's all about understanding your skillset'

Trustee Susie Carpenter on interviewing, golf and the imminent challenges of the pensions industry.

Susie was recently reappointed as a Member Nominated Trustee on the board at Santander following the application process in the summer. We had the recent privilege of sitting down with Susie to find out more about her experience on the Board. Although now retired in a quiet corner of North Hampshire, Susie's dedication to improving her members' futures hasn't disappeared. If anything it's now stronger than ever.

Tell us a little bit about your background

I joined the bank in 1986 when it was still a building society. I took on a mortgage lending role, which I did for quite a few years, during which time I had a family. I then became a branch manager in the late 90s in a nearby town called Alton. Due to the way the branches were structured, some days I was also the mortgage advisor and other days I was the investment advisor selling pensions and investments. This was typical of the banking world through the 80s and 90s and into the noughties.

I decided to retire in 2021 and as I was already a trustee at that time, it seemed like a logical move, as it gave me the opportunity to devote more of my time to the members.

What do you like to do in your spare time?

I don't have much time for hobbies these days. Although they no longer live with us, we've got four, now adult, sons who still take up a lot of our time! I did take up golf a few years ago, but despite not being the best at it, I am proud to be the secretary of the ladies' section at my local golf club, so that gives me plenty to do as well.

I also try to do my part for the local community, where possible. Not only do I have a work connection with Alton, but also a social connection as well. North Hampshire has a strong association with Jane Austen and Alton celebrates this with their festival, Jane Austen Regency Week – which I am on the committee for! My husband finds it all a bit strange, but I'm happy to do my bit.

Why did you decide to apply to become a Member Nominated Trustee?

I knew that company pension schemes were run by a board of trustees, some of whom were member-nominated. That's something that had always been on my horizon. I remember having a chat some years ago with the then-secretary about whether it was something that I could eventually do alongside my current role and she responded very positively. She told me they were always interested in active members who came from the branch network because, at the time, they were typically coming from other areas of the bank.

In 2018, they were looking for someone new and I put myself forward.

Has anything surprised you about the role?

Once I absorbed the complex nature of the Scheme, I think the biggest surprise was the sheer volume of reading and preparation that was required for each meeting, but this is something we are working hard on reducing. I also quickly discovered that reading everything just once wasn't enough, because you would assume everything goes in, but that's not always the case. I would attend the meetings, ask questions, and then wonder if everyone already knows the answers. I know there's no such thing as a silly question, but when you're new to the role, I think that's probably the biggest shock to the system. I soon built a habit of re-reading everything. I would take the train to meetings and think 'It's time to read this again.'

What is the best piece of advice you were given or would give to prospective Trustees?

I would say not to think you have to be an expert in everything. If you possess a valuable skillset, whether it's across contracts, HR or investments, you're going to be of use, because we're quite specific about what we're looking for when it comes to recruitment. It's all about understanding your skillset and how you can use it on a day-to-day basis.

What are the biggest challenges you're currently facing and how does this feed into the objectives of the Plan over the next few years?

Well, we're heading towards an era of self-sufficiency, so we'll be focusing on the various projects that we have underway.

As a board, ESG issues are growing in importance and relevance, from addressing the sustainability of those we invest with to answering internal questions about our own sustainability. It's something I'll be more involved in going forward though, starting with my first Sustainability Committee meeting in a couple of weeks' time. I'm unsure how it's going to affect us in the long run, but I relish the challenge.

Then there's the imminent launch of the pensions dashboard, which is going to change the way members view their pensions, particularly those with lots of pots in lots of places. It's obviously going to bring big changes and we'll have to learn how we can utilize it in the long term.

You can find more information about the Trustee Board on the MySantander website <https://mysantanderpension.co.uk/about-the-scheme/>

Additional Voluntary Contributions

If you are an active or a deferred member of the Scheme and previously chose to pay additional voluntary contributions (AVCs), you will have a defined contribution pension pot. If you want to, you can use this to increase your pension from the Scheme. You can no longer choose to start paying AVCs directly to the Scheme. However, any AVCs you started to pay before 6 April 2010, remain part of your benefits.

Most of the AVC assets in the Scheme were moved to Legal & General Investment Management (LGIM) funds by the Trustees as part of a consolidation project in December 2016, and were then transferred to LifeSight in October 2020.

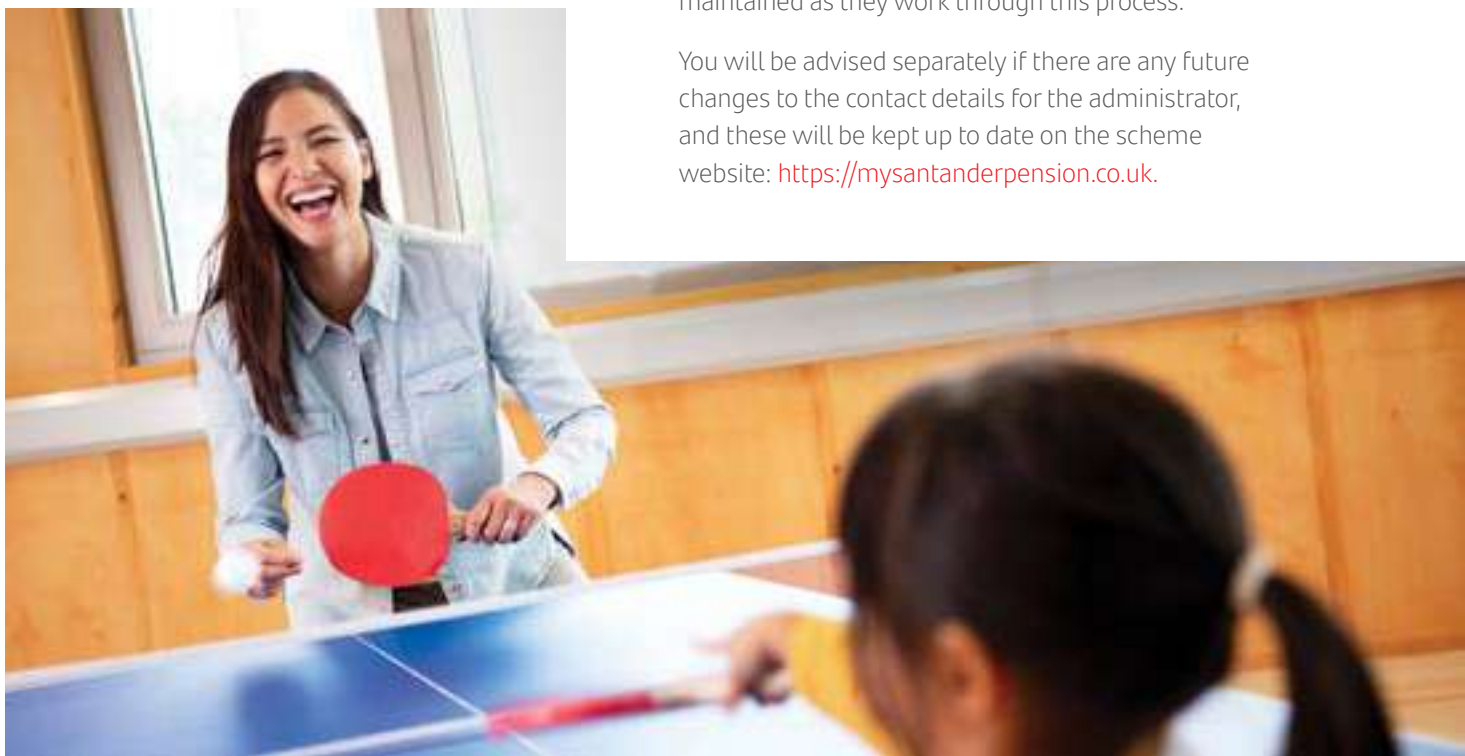
The remaining legacy AVC assets held with other investment providers were not moved as they had guarantees applied to them. These AVC policies remain under the name of the Scheme, earmarked for the benefit of relevant members, invested with ReAssure (formerly with Legal and General), Utmost and Phoenix Life (including some policies previously with Scottish Mutual and Scottish Provident). If your AVC funds are held with one of these legacy providers in the name of the Scheme but earmarked for your benefit, Mercer will be able to provide details of the value of these policies on request, and these will continue to be included in any retirement quotations. However, as these policies may also have additional valuable

benefits such as guaranteed annuity rates (GAR) or guaranteed investment returns (GIR), it's important that you take this into consideration when planning for your retirement, preferably well in advance of when you choose to draw your benefits. The underlying investments of some of these policies may automatically switch to deposit-based funds from the originally planned member normal retirement age of 60, so if you plan to retire later than age 60 and have this type of AVC policy, this switch may reduce the potential for medium to long term investment performance.

Scheme administrator update

Mercer, the Scheme's Administrators, have informed the Trustees of their decision to sell the pension administration part of their business, which will be called Aptia. The sale is expected to be finalised by the end of 2023 and you may notice new branding on communications that you may receive. Please be assured that the only thing you may see is a name and branding change. There will be no change to how your pension payments are made or to how your queries are handled – this will all continue as normal. Existing cases in progress will also be unaffected and the team you are dealing with will remain the same. The Trustees are in contact with Mercer to ensure that normal service levels are maintained as they work through this process.

You will be advised separately if there are any future changes to the contact details for the administrator, and these will be kept up to date on the scheme website: <https://mysantanderpension.co.uk>.



News round-up...

Scheme news

Update on GMP equalisation

In 2021 the Scheme ran a consultation with Scheme members with Guaranteed Minimum Pension benefits (GMPs) on our proposals to address inequality with GMPs – a process called GMP equalisation and conversion. The consultation was concluded and we began the process of equalising and converting Scheme GMPs with effect from December 2021.

Due to the numbers and complexity of the required calculations, this will take a while to complete, concluding in April 2024 for current members. If you're a member whose pension hasn't started to be paid, we'll send you a personalised statement to confirm your future pension. The majority of members under normal retirement age who have not yet retired should have received their statement by the end of 2023. If you are a pensioner or over your normal retirement age, your statement will arrive in early 2024.

You can find more information about GMPs and the equalisation process on the MySantander website <https://mysantanderpension.co.uk/guaranteed-minimum-pension/>



Your communications from the Scheme

We want to make sure that all the communications you receive from us help to support your choices and we want to continue to 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 2024 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/>

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/>



Pensions news

Budget 2023 – Pension Tax changes

In the March 2023 Budget, the Chancellor announced some important changes to pensions tax. These changes were effective from 6 April 2023 and related to the Lifetime Allowance (LTA), the Annual Allowance (AA) and the Money Purchase Allowance (MPAA). These allowances look at the maximum amount of pension savings that can be made without paying an additional tax charge.

From 6 April 2023 the Chancellor confirmed that the Lifetime Allowance Tax Charge on pension savings would be removed. This means that if you take your pension benefits (after 6 April 2023) and you go over the LTA, tax will be applied at your marginal rate.

Changes to the other allowances effective from 6 April 2023:

- The annual allowance limit was increased from £40,000 to £60,000
- The money purchase annual allowance limit was increased from £4,000 to £10,000

For more information on these changes visit:

<https://www.gov.uk/tax-on-your-private-pension/pension-tax-relief>

State pension increases

In the last edition of Simply Pensions we highlighted the State Pension triple lock which is a guarantee used to ensure that the state pension does not lose value over time and increases at least in line with 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.

From 6 April 2023, the State Pension increased by 10.1%. This is the amount of inflation measured by CPI for September 2022. The Chancellor of the Exchequer announced in the 2023 Autumn Statement that the State Pension will increase in line with the September 2023 wage growth figure of 8.5%, with effect from 6 April 2024.

Find out more about the State Pension and how it is increased at: <https://www.gov.uk/state-pension/how-much-you-get>



An update on the Pension Dashboards

Pensions dashboards will be an online platform that will allow people to view all their pension information in one place. Unsurprisingly, connecting this much information online is a huge undertaking and is taking time to implement.

In August 2023, amended regulations were published by the Department for Work and Pensions (DWP), setting a deadline of 31 October 2026 for occupational pension schemes, that are in scope, to have connected to the dashboards.

You can find information about the progress of the pensions dashboard at <https://www.pensionsdashboardsprogramme.org.uk/>

Remember to complete a Nomination of Beneficiary Form

The Scheme provides valuable benefits after you die, including a cash lump sum and a pension payable for life for a qualifying dependent.

It's really important that you 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, which means it is free of inheritance tax. But, by letting us know your wishes we can make sure that payments are made to your loved ones as quickly as possible.

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.

Useful reminders

Help and support

There is a lot of additional support available to help you with your pension and financial planning, 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

Pension scams

Pension scams are on the rise in the UK and the advances in digital communications mean that these types of scams are becoming more common and harder to identify.

Don't be a victim – how to spot, avoid and report pension scams

- 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 [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)
- 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 2023, please ask the Scheme's Administrators (see the contact details on Page 16).

Group Section

	£'000s
Group Section value at 1 April 2022	2,358,175
Money In	
Member contributions	21
Employer contributions	85,693
Other income	361
Total income	86,209
Money Out	
Pensions	24,626
Lump sums on retirement	7,144
Lump sum death benefits	376
Refunds of contributions on death	236
Individual transfers out	13,610
Tax allowances where exceeded	13
Other payments	313
Total Expenditure	46,318
Income less expenditure	39,891
Change in market value of investments	(909,369)
Group Section assets at 31 March 2023	1,488,697

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

2023	£1,489m	-	36.9%
2022	£2,358m	+	7.5%
2021	£2,187m	+	2.5%
2020	£2,132m	+	9%
2019	£1,955m	+	5.1%

Quick head count – Who’s in the Section?

Active 2023	Deferred 2023	Pensioners 2023	2023 Total
926	10,373	3,937	15,236
Active 2022	Deferred 2022	Pensioners 2022	2022 Total
1,019	10,630	3,670	15,319



Where’s your money invested?

The trustees invest the Scheme’s assets in the Common Investment Fund. The asset allocation for the Scheme as a whole at 31 March 2023 was:

Cash	1.4%
Credit	19.3%
Infrastructure	4.8%
LDI	37.1%
Private Equity	12.9%
Real estate	5.6%
CDI	8.6%
Non-conventional Credit	2.7%
Real estate (other)	7.4%
Multi Asset	0.2%

As at 31 March 2023 the value of these investments were £8.9 billion.



Update on the Common Investment Fund

Throughout the financial year markets have seen a great deal of volatility, starting shortly after the war in Ukraine began and closing with a banking crisis. The war in Ukraine caused prices to increase, making the supply chain disruptions that had already been triggered by the COVID-19 pandemic worse. Inflation leapt to 40-year highs in the US and UK and entered double digits in the Eurozone.

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

- Over the twelve months, financial markets performed poorly, with a sharp fall in bonds and equities
- Economic growth slowed following the Russian Invasion of Ukraine, but the UK and several EU countries were able to avoid a technical recession between Quarter 3 and Quarter 4 of 2022
- Equity indices delivered negative returns (excluding the FTSE 100) to the end of 2022, before recovering at the beginning of 2023. The FTSE 100 delivered positive returns

Whilst the markets have been unsettled, the Fund has a liability matching portfolio in place to help in reducing the volatility of asset performance.

The Summary Funding Statement



The Summary Funding Statement (Group Section)

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

Working out the funding position

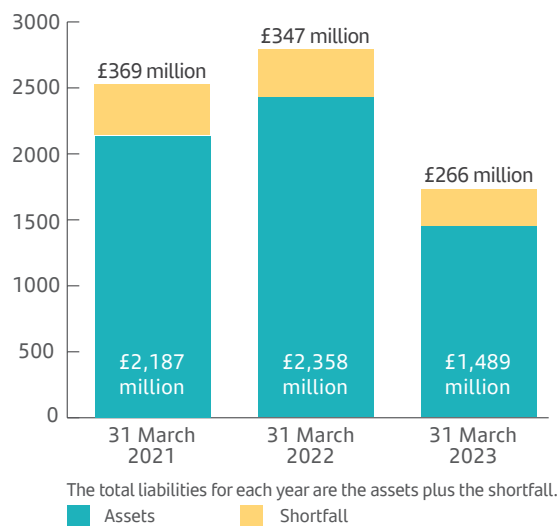
Our Scheme has seven separate Sections. Although they hold their investments together in the Common Investment Fund, each Section is treated separately when it comes to funding. The Trustee Board must commission a full valuation of each Section, an ‘Actuarial Valuation’, every three years. In between, 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 annual actuarial report

At the time of the last Simply Pensions, the 2022 full actuarial valuation results were communicated. At 31 March 2022 the Section was **87%** funded, with a shortfall of **£347 million**. Here, in this Summary Funding Statement, we report on the Section results from the 2023 actuarial report.

As at 31 March 2023 the Section was **85%** funded, with a shortfall of **£266 million**.

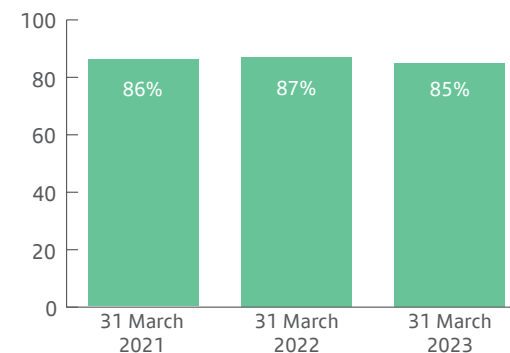
The graph below shows the annual funding position on an ‘ongoing basis’ assuming the Section would continue in its current form:



This means that the Section’s assets covered **85%** of its liabilities in 2023 (compared to **86%** in 2021 and **87%** in 2022).

Change in funding position since the previous statement

At 31 March 2023 (the date of the latest actuarial report) the funding position was **85%**, a reduction of **2%** since 31 March 2022 (the date of the latest Actuarial Valuation communicated in the last edition of Simply Pensions). The main reason for this was that investment returns were lower than expected over the year.



You will also notice that the value of the Section’s liabilities and assets reduced materially over the year. The value of the liabilities represents the amount of money we think we need to hold today to pay your pension benefits in future. The main assumption for this assessment is future expected investment returns. You may have seen in the news that interest rates are a lot higher now than they have been in the past few years. They were higher at 31 March 2023 than 31 March 2022. Higher interest rates mean we expect to make more investment returns in future. As a result

we need less money today to pay your pension benefits in future. This is why the value of the liabilities has reduced. We also hold a lot of assets which move in the same way as the liabilities, which is why they have also reduced (and would similarly increase should the liabilities increase again in future).

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 **65% (52%** as at 31 March 2019). This means that in addition to the existing Section assets, the estimated amount of **£1,298 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 **28.4%** of the members' capped pensionable salaries, while the members themselves pay **4%** of their capped pensionable salary.

The Company paid contributions of **£68.4 million** per annum from 1 April 2022 to 31 October 2022. It also pays contingent contributions of **£68.4 million** per annum increasing by **5%** each year, and a contingent balancing payment in 2026, if the shortfall isn't removed.

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, please 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
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

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 find the information you need, 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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