

# **Nedbank UK Pension Fund**

## **Summary Funding Statement**

### **31 December 2021 and 31 December 2022**

As required under the Pensions Act 2004, this summary funding statement is being issued to give you, as a person entitled to benefits from Nedbank UK Pension Fund (the "Scheme"), an update of the Scheme's funding position. The Trustees of the Scheme (the "Trustees") of the Scheme are responsible for its overall management, and the Trustees issue a statement like this to all members each time they receive a formal update on the funding position of the Scheme.

This statement has been prepared by the Trustees. The information in this statement is based on the latest scheme funding assessment, which was carried out as at 31 December 2021 and the latest annual actuarial report as at 31 December 2022.

Please note that no action is required by you. This statement is for information only.

#### **The latest scheme funding assessment at 31 December 2021**

Scheme funding assessments are normally carried out every three years. The most recent scheme funding assessment showed that on 31 December 2021 the funding position was as follows (the funding position at 31 December 2020 is shown for comparison purposes):

	<b>31 December 2021</b>	<b>31 December 2020</b>
Assets	£29.6m	£28.5m
Liabilities i.e. amount needed to provide benefits	£25.1m	£25.4m
Surplus/(Shortfall)	£4.5m	£3.1m
Funding level	118%	112%

The main reasons for the improvement in the funding level are higher than expected investment returns leading to an increase in the asset value and a rise in market yields on government bonds, which lead to a fall in the value of Liabilities. This has been offset to some extent by an increase in future inflation expectations which had the effect of increasing the value placed on the liabilities.

As there was a funding surplus at 31 December 2021 the Principal Employer is not required to pay deficit reduction contributions into the Scheme. The Principal Employer has agreed to pay £100,000 by 31 December each year between 2023 and 2025 (inclusive) to meet the expenses incurred in the management of the Scheme, including any levies payable to the Pension Protection Fund and the Pensions Regulator. These arrangements are set out in the Schedule of Contributions dated 29 March 2023 and agreed by the Trustees and the Principal Employer.

## Actuarial Report

An actuarial report has been prepared giving an approximate update on the Scheme's funding position as at 31 December 2022. The results of this update are set out below:

	31 December 2022
Assets	£21.0m
Liabilities i.e. Amount needed to provide benefits	£17.2m
Surplus/(Shortfall)	£3.8m
Funding level	122%

## Change in the funding position

Although assets fell significantly in value over the year to 31 December 2022, liabilities fell by more, resulting in an improvement in the funding level. The principal reason for both was a very significant rise in market yields on gilts and bonds. The increase in yields led to a fall in the value of the Scheme's assets. It also led to a fall in the value placed on the liabilities, although this was marginally offset by higher than anticipated inflation over 2022.

## Pensions Regulator intervention

We are required to notify you if the Pensions Regulator has used its statutory powers to intervene in the Scheme. Such an intervention may be:

- to give directions that either set the manner in which actuarial calculations of the Scheme's funding situation are done or set the period in which any funding shortfall must be remedied; or
- to impose a schedule of contributions stipulating what contributions must be paid by the employer and active members and by when they must be paid.

We confirm that there have not been any such Pensions Regulator interventions.

## Solvency Buy-Out Basis

We are required by legislation to report the amount of assets that would have been needed in the Scheme to achieve "full solvency". The estimated amount of assets to ensure that all members' benefits could have been completely secured with an insurance company if the Scheme were to be wound up was £27.6 million as at 31 December 2021.

## Payment to the Employer

We are required to notify you if there have been any payments to the Employer out of the Scheme since the previous summary funding statement. We confirm that there have not been any such payments.

## How the Scheme operates

### How is my pension paid for?

The Employer pays contributions to the Scheme so that members' pensions can be paid when they retire. The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

### How is the amount the Scheme needs worked out?

The Trustee has a funding plan (the *Statement of Funding Principles*) agreed with the Employer which aims to make sure there is enough money in the Scheme to pay for pensions now and in the future. The amount of money which the employer pays into the pension Scheme may go up or down following regular funding assessments by the Scheme Actuary.

### The importance of the Employer's support

The Trustee's objective is to have enough money in the Scheme to pay pensions now and in the future. To meet this objective the Scheme relies on the Employer's continued support because:

- the Employer will be paying the future expenses of running the Scheme on an annual basis;
- the funding level can fluctuate, and when there is a funding shortfall, the Employer will usually need to increase its contribution to the Scheme; or
- the target funding level may turn out not to be enough so that the Employer will need to increase its contribution further.

### What would happen if the Scheme started to wind up?

We are required to inform you what would happen if the Scheme started to wind up. If the Scheme winds up, you might not get the full amount of pension you have built accrued even if the Scheme is fully funded under our plan. However, whilst the Scheme remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

If the Scheme were to start to wind up, the Employer is required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company ("full solvency"). It may be, however, that the Employer would not be able to pay this amount. If the employer becomes insolvent, the Pension Protection Fund may take over the Scheme and pay compensation to members, but note that the compensation may not necessarily be at the same level as the benefits that are provided by the Scheme.

Further information and guidance is available on the Pension Protection Fund's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk). Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

### Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and also need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that the employer will continue in business and support the Scheme.

### What is the Scheme invested in?

The Trustees' policy is to invest in a broad range of assets. As at 31 December 2022 the Scheme's invested assets were held in the following asset classes:

Equities	41%
Gilts	34%
Corporate Bonds	25%

## Expression of Wish Forms

Members are encouraged to complete an updated Expression of Wish form to reflect any changes in their personal circumstances. If any lump sum death benefits become payable, they are distributed at the discretion of the Trustees and so are free from Inheritance Tax. When deciding who should receive these benefits, the Trustees will consider those whom you nominate on your Expression of Wish Form, so it's important to keep it up to date. If your circumstances have changed, please to request a new Expression of Wish form by contacting the administration team using the contact details at the end of this newsletter.

## IDRP – Internal Disputes Resolution Procedure

In the event that you have a complaint regarding the running of the Scheme, we have an Internal Dispute Resolution Procedure (IDRP) process that you should follow in the first instance.

If you are unsatisfied following the outcome of our process, then you can refer your complaint to the Pensions Ombudsman using the details below.

### Pensions Ombudsman

Telephone	0800 917 4487
Email	<a href="mailto:enquiries@pensions-ombudsman.org.uk">enquiries@pensions-ombudsman.org.uk</a>
Address	10 South Colonnade, Canary Wharf, E14 4PU

## Data Protection

The Trustees and Scheme Actuary are classed as Scheme data controllers under Data Protection legislation. Both parties have strict procedures in place for dealing with sensitive personal data. You are entitled to see a copy of the data held on your behalf on request to the Trustees.

## Pension Scams

Members should always be on their guard against pension scammers who are known to target members of pension schemes. If you are considering transferring your pension out of the Scheme, you should make sure that you use a financial adviser who is regulated by the Financial Conduct Authority. If you transfer your pension to an unauthorised scheme, you could lose your entire pension savings and in addition face a substantial tax charge.

If anyone approaches you directly to offer transfer advice, be on your guard. The government has banned cold calling for pensions, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. You can also visit the ScamSmart website at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) to check the firm you are dealing with is regulated and to see whether what you're being offered is a known scam or has the signs of a scam.

## Transferring Out

Due to the increased risk of pension scams, new rules came into place on 30 November 2021 that require trustees and pension providers to prevent pension transfers if they believe the circumstances to be suspicious. Factors that may give rise to a request for a pension transfer being refused include, but are not limited to, a member:

- Not providing sufficient information in relation to the transfer when requested to do so
- Not providing evidence of having taken guidance from MoneyHelper
- Being given financial advice from a company without the appropriate regulatory permissions
- Receiving an unsolicited request to transfer funds from the Scheme to another arrangement
- Feeling pressured into making a transfer

- Wanting to transfer to a receiving scheme with high-risk, unregulated investments and/or which charges fees that are unclear or noticeably high

It is important to remember that these regulations have been introduced to help reduce the risk of pension scams. The Capita administration team are on hand to liaise with you about your transfer and give you the opportunity to get guidance from MoneyHelper should your initial transfer request be denied. In most cases, you will be required to have obtained independent financial advice from a registered IFA before being able to transfer your DB section benefits out of the Scheme.

Further information on pension transfers can be found by visiting:  
**<https://www.fca.org.uk/consumers/pension-transfer>**

You can find more information on pension scams from the Pensions Regulator by visiting:  
**[www.thepensionsregulator.gov.uk/pension-scams](http://www.thepensionsregulator.gov.uk/pension-scams)**

## **Where can I get more information?**

If you have questions about this newsletter or would like copies of any of the scheme documentation listed below, please contact Nigel Featherstone, the Secretary to the Trustees.

Email at: [Nigel.Featherstone@capita.com](mailto:Nigel.Featherstone@capita.com)

For enquiries about your benefits, or changes to your personal details, please contact the administration team using the details below:

Nedbank UK Pension Fund  
PO Box 555  
Stead House  
Darlington  
DL1 9YT

Phone 0333 222 0085

Email: **[Edinburghpensions1@capita.com](mailto:Edinburghpensions1@capita.com)**

Website: **<https://nedbank.pensions-directory.co.uk/>**

Please help us to keep in touch with you by telling us if you change address.

**Issued on behalf of the Trustees of the Nedbank UK Pension Fund**

**October 2023**

## Appendix

A list of more detailed documents which provide further information is shown below. If you want us to send you any of these documents, then please let us know. Please note we reserve the right to make a charge for providing copies of these documents to cover the costs of printing and posting.

Additional documents available upon request:

- (a) The Statement of Funding Principles. This sets out the Scheme's funding plan.
- (b) The Schedule of Contributions. This shows how much money is being paid into the Scheme.
- (c) The Statement of Investment Principles. This explains how the Trustees invest the money paid into the Scheme.
- (d) The latest Annual Report and Accounts of the Scheme for the year ended 31 December 2022, which shows the income and expenditure in each year.
- (e) The full report on the Scheme funding assessment as at 31 December 2021.
- (f) The Actuarial Report as at 31 December 2022.
- (g) The Member's Booklet (you should have been given a copy when you joined the Scheme, but we can let you have another copy.)
- (h) An Annual Benefit Statement – If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.
- (i) The Trust Deed and Rules of the Scheme, which is the governing documentation of the Scheme. The Trustee reserves the right to make a charge to provide a copy of this document.

The latest summary funding statements and statement of investment principles can now be found online at: <https://nedbank.pensions-directory.co.uk/>