

Annual Newsletter

Latest news from the Royal London Group
Pension Scheme (the Scheme)



Summer 2024





Dear members

It's time once again to update you on the finances and the latest news for the Royal London Group Pension Scheme.

We also look at some of the things you can do to get the most out of the Scheme, including:

Let's keep talking

Before you can decide how best to take your Scheme benefits, it helps to know your options. That's why we hosted two retirement webinars that encouraged questions about these options and more in September 2023 and January 2024.

Thank you to everyone who attended. Most attendees said it was useful so we've decided to run more webinars, with another two planned in 2024. See page 6.

Remember – there's also free advice. If you need help considering your options together with your circumstances, or just want reassurance that you're on the right track, you may be eligible for a free advice session with Origen – see page 7.

Keep an eye on the news

Pension laws can affect how much you can save effectively for your future. The government has recently removed the limit on how much you can save tax efficiently in your lifetime – do you need to review your retirement choices? Find out more on page 16, together with other pension news updates.

Stay on top of the admin

Keeping your Scheme details up-to-date is really important – for more reasons than you might think. For example, with up-to-date details about how you'd like your Scheme benefits paid if you die, those you wish to provide for are less likely to face unnecessary delays – see page 8. Without up-to-date contact details you could miss out on important information. Sharing your personal email address with us will mean we can contact you most efficiently.



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You can check and update your details on ePA, any time you like – see page 20 for log in details.



Unlock the secrets to retirement

If you're over age 50, haven't yet retired, and want to join one of our webinars focused on preparing for retirement, scan the QR code for your chosen date and add the invite to your calendar.



Friday,
28 June 2024
at 12pm



Tuesday,
15 October 2024
at 12pm

The Scheme's financials remain strong

During the year, we completed our latest interim check of the Scheme's financials and I'm pleased to confirm that the Scheme remains in surplus on an on-going basis. This means that our assets continue to be higher than the expected cost of paying members' benefits (our liabilities). Overall, our funding level (the ratio of our assets to liabilities) has improved slightly to 104.3% as at 31 December 2023 (up from 102.5% in 2022). See page 12.

Continues overleaf >





Pensions Dashboard is coming

The government's Pensions Dashboard will allow you to see all your pension information (including your State Pension) securely online, and in one place.

It's due to be ready from late 2026, but we need to verify your details before your Scheme benefits can link to it. This is another good reason to make sure your personal details are up-to-date on ePA at epa.towerswatson.com/accounts/ROY (see page 20 for how to log in).

We regularly monitor the Scheme's investments to ensure they remain aligned to our long-term strategy.

As part of our ongoing aim to reduce risk where affordable to do so, we purchased a 'buy-in' insurance policy in January with Royal London, which reduces the risks the Scheme is exposed to and hence further improves the overall security of members' benefits. See page 11.

It's our duty to consider all aspects of an investment that could influence long-term performance, including its Environmental, Social and Governance ("ESG") record. Good management in these areas is important for the Scheme, our members and wider society. We're particularly focused on climate change and, recognising the opportunities that come from moving to a low-carbon economy, it's our aim to achieve Net Zero for the Scheme's investments by 2050. Find out more on page 14.

Thank you

I'd like to thank my fellow Trustee Directors, the in-house pensions team, the Scheme administrators, and our advisers for their hard work and commitment to managing the Scheme effectively during another busy year. I look forward to continuing this good work in the year ahead.

Andrew Evans

Chair of RLGPS Trustee Limited



Let's keep talking

It's never too early (or too late) to start planning and taking steps towards securing a more stable financial future.

Talking about financial health, including **asking questions**, **sharing concerns** and **getting guidance or advice** are all ways to uncover insights and resources to help you better plan for the future you want.

One way we've been starting the conversation is to hold retirement webinars for members over age 50 who haven't yet retired. We held one in September 2023 and another this January. During each session, we covered:

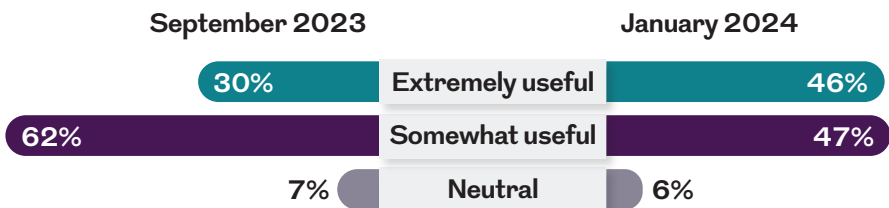
- How the Scheme pension works;
- Options available to members;
- What to do to ensure a smooth retirement;
- How much you might need and what else to consider when planning your future finances; and
- How the Origen advice service works.

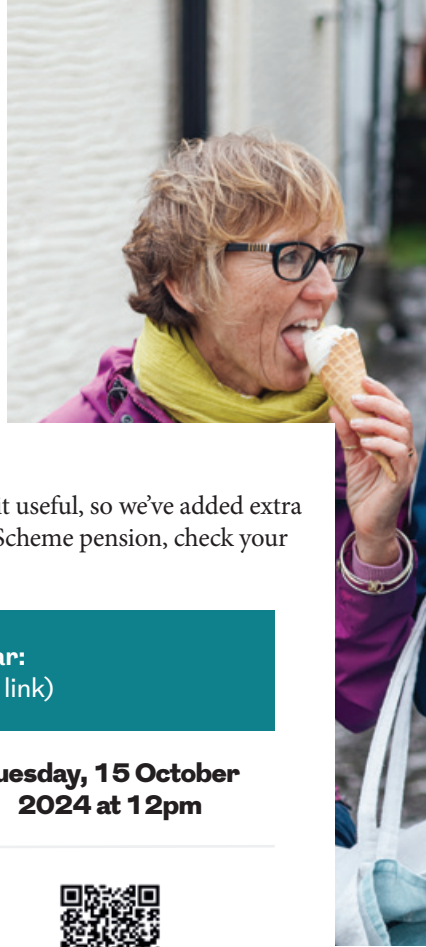
Thank you to everyone who joined a session (we've had more than 250 attendees so far). We appreciate your questions and feedback too – what you told us will help shape future sessions.

Didn't get an invitation?

If you're over age 50 and haven't yet retired, but didn't get an invite to a webinar, it could be because we don't have your email address. Check and update your details on ePA (epa.towerswatson.com/accounts/ROY) today to avoid missing any future invites.

How useful did you find the webinar content?





More sessions are coming

Members who have attended a session told us they found it useful, so we've added extra webinars. If you're over age 50 and haven't yet taken your Scheme pension, check your diary and pick the webinar that suits you:

Save the date to your calendar:
(scan the QR code or type in the link)

**Friday, 28 June 2024
at 12pm**

When

**Tuesday, 15 October
2024 at 12pm**



Scan the QR code



[https://calndr.link/
event/sjlKllzd5Q](https://calndr.link/event/sjlKllzd5Q)

URL

[https://calndr.link/
event/un4osrEN2G](https://calndr.link/event/un4osrEN2G)

bit.ly/3TWCSow

Join the meeting

bit.ly/3TQAOhF

Listen back any time

You'll get the best experience if you can attend a live session, but if you can't make either of the above (or just want to listen again), you can find a recording of one of our sessions on ePA (epa.towerswatson.com/accounts/ROY). While you're there, you might find the **My Resources** section about retiring worth a look too.



Get advice if you need it

Webinars give you a great general understanding of retiring through the Scheme. What can help even more is to look at your options in light of your own personal circumstances.

If you're age 55 or over (or otherwise eligible to retire) and a UK resident, you're eligible for one round of free retirement advice with Origen, a firm of financial advisers authorised and regulated by the Financial Conduct Authority (FCA). The session is paid for by the Scheme (although Origen is independent of the Scheme and Royal London) so please take advantage of it – whether you need help considering your options, or simply want some reassurance about the choices you're already planning to make.

Visit **My Resources > Decide what to do** on ePA to read more about who Origen is and how to book your session. Origen has recently introduced an online portal which will allow our members to manage their advice journey digitally if they prefer – see ePA for more details. Details of how to log on to ePA are on page 20.



Who gets a say when you're gone?

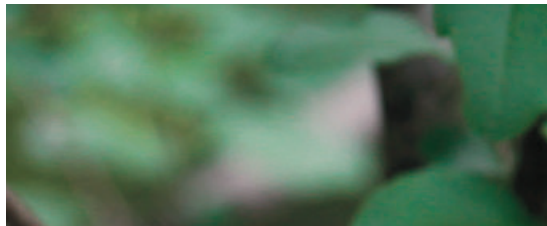
While it might be hard to think about, it's good financial planning to consider what will happen to your money when you're gone. A bit of time spent now could save unnecessary delays and complications for loved ones during a difficult time.

To help ensure benefits are free of inheritance tax, the Trustee has the final say over who receives any lump sums that may be payable from the Scheme following your death. However, they will take your wishes into account.

So, within the Scheme, the number one thing you can do to be prepared is to make sure you have an up-to-date Nomination of Beneficiaries.

How do I nominate my beneficiaries?

Visit ePA (epa.towerswatson.com/accounts/ROY) and fill in your details under the **My Details** tab. It only takes a few minutes to complete and ensures that the Trustee knows who you would like to receive your valuable Scheme benefits. Simply put, it's within your power today to make sure that even when you're gone, we can still hear your wishes. Make sure we know what you want.





Will my loved ones receive a pension from the Scheme?

Depending on your dates of Scheme membership, and which section you're a member of, a spouse's, child's or dependant's pension may be payable from the Scheme following your death. You can find out about your particular situation by contacting the Scheme's administrator (see page 20).

Once the administrator knows about a member passing away, they will ask the person who has contacted them for details of the deceased's spouse, partner or other dependants to determine what benefits might be payable. This may include providing documents such as birth or marriage certificates, utility bills, bank account statements or proof of full time education. While we understand that these questions will be asked during a distressing time, it's an important part of the process as it enables us to effectively and accurately assess eligibility for any benefits. We're also required to check any new beneficiaries' details to prevent fraud.

Food for thought

T

Talk to your loved ones so they're aware of your financial plans for after you're gone.

H

Have you changed your mind? You can also update your nomination of beneficiary details on ePA.

I

Information: Is the key information needed by those you leave behind readily available to them?

N

Need to find a past pension? Use the Pensions Tracing Service (wtw.bz/trace-old-pensions).

K

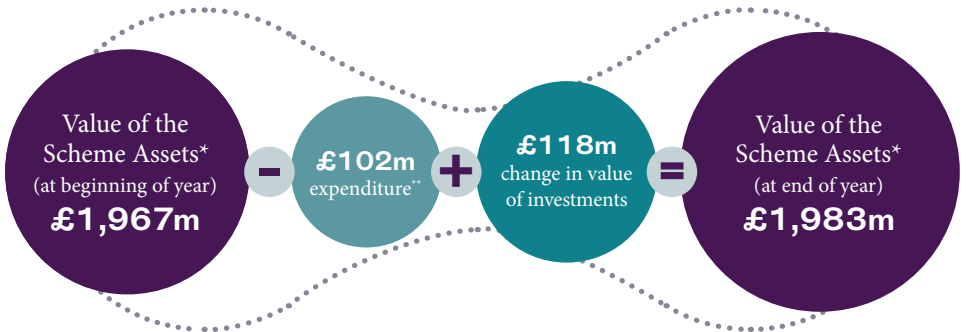
Keep a record of your wishes (not just for your pension) and your personal and financial details in one place. Try this Royal London list (wtw.bz/when-im-gone-list) to get you thinking.

Facts & figures

Over the year to 31 December 2023

Scheme finances

(the money coming in to and going out of the Scheme)



*including AVCs

**including £98m on benefits and transfers and £4m on running the Scheme (which includes the fees we pay to our administrators and advisers)



Investment update

The Trustee has been in regular discussions with its advisers over the period to monitor whether any specific actions were needed to adjust our investments. We did make some changes to the investments to reduce risks during the period and the funding position remains strong.

A new Royal London asset

As we informed you in February, on 31 January 2024, we entered into a “buy-in” insurance policy with the Royal London Mutual Insurance Society Limited (Royal London) for a proportion of the Scheme’s benefits.

This means that Royal London guarantees to provide the Scheme with enough money every month to pay benefits covered by this policy. This improves the stability of the Scheme’s funding and the security of all members’ benefits. Royal London began making payments in February 2024.

The new policy is owned as a Scheme asset and buying it was a natural step on the Scheme’s plan to reduce the risks to which it is exposed. The decision to purchase the policy was made following a thorough due diligence process and on the advice of the Trustee’s advisers.

You don’t need to do anything, nor will you notice any difference to your benefits or your overall Scheme experience, as a result of this purchase.

More about the buy-in policy was included in the letter and FAQs we sent to everyone in February 2024. You can find a copy on ePA under the **Scheme Information** tab.

Our investment principles

We look at all aspects of an investment, including environmental, social and governance (ESG) factors before making decisions that affect Scheme funding. To ensure a consistent investment approach, the Trustee is governed by its **Statement of Investment Principles (SIP)**. You can find a copy of this at epa.towerswatson.com/accounts/ROY

Our **Implementation Statement** further sets out how the Trustee has followed its Investment Principles during the last Scheme year, including how we’ve integrated our ESG policies into investment practices and decisions. You can find a copy of this Statement in our Annual Report and Accounts, available on ePA at epa.towerswatson.com/accounts/ROY

How well funded is my pension?

(31 December 2023)

The Scheme's **funding level** is the difference between the money invested (assets) compared with the money it needs to pay the benefits promised to members when due (liabilities).

Every three years, we do a full review of the Scheme's funding (known as an actuarial valuation). In the years in between we do a lighter, interim review – just to make sure things are progressing as expected. The latest actuarial valuation was completed as at 31 December 2022.

The year to 31 December 2023 was an interim review, which showed that the Scheme continued to be fully funded on an ongoing basis and that our funding position had improved slightly.

Because assets are greater than liabilities, our funding level is in **surplus**.

As at 31 December 2023



Funding level 104.3%

As at 31 December 2022



Funding level 102.5%

*excluding AVCs



Why has the funding level changed?

The funding level has improved slightly over the year to 31 December 2023 due to a rise in the value of the Scheme's assets, in particular on the Scheme's investments in equities. This has been coupled with a fall in the value of the Scheme's liabilities, largely as a result of reductions in both long-term inflation expectations and future life expectancies over the year.

Statutory requirements

By law, we must tell you:

- Royal London has not received any money back from the Scheme since our last newsletter, sent in July 2023;
- The Scheme has not been modified by the Pensions Regulator nor has it had any directions to change contributions or benefits imposed on it, and
- If the Scheme were to discontinue or 'wind up', members' benefits would be paid for by an insurance company (instead of by the Scheme). The cost of providing pensions in this way is higher than through the Scheme due to the premium that is paid to the insurer. This is because an insurer will charge enough to take on the risks associated with running the Scheme without any support from the Employer if its assumptions are not borne out in practice. At 31 December 2022, the date of the last full actuarial valuation, the value of the Scheme's assets was less than the estimated amount needed to secure all members' accrued benefits with an insurance company. This shortfall was £317 million. There is no intention to wind up the Scheme.



Net Zero by 2050

We see climate change as a financially significant factor for our Scheme investments.

There are the systemic risks to society, the economy and the financial system, but also opportunities that can come from a move to a low-carbon economy. That's why, aligned to the 2015 Paris Agreement, it's our aim to achieve Net Zero across the Scheme's investment portfolios by 2050.

We're looking to achieve this, and other climate goals for our investment strategy, through:

- **Strong governance.** Using a robust framework allows us to identify, assess and manage climate-related risks and opportunities. It also sets out clear expectations and responsibilities for everyone, from the Trustee, to the Scheme's pension team, to our advisers.
- **A clear strategy.** To ensure we're well-positioned to control and reduce associated and shifting risks, we're focused on:
 - 1 Reducing investment in riskier assets as the funding position improves.
 - 2 Investing responsibly, in line with our policy on ESG factors (see page 11).
 - 3 Reviewing the Scheme's investment managers' climate-related practices regularly.
 - 4 Using the Scheme's influence as an investor to encourage positive climate action by companies.



Net Zero happens when total greenhouse gas emissions going into the atmosphere equal the amount removed. This can be considered at different levels, e.g. company, investor, country or global.

- **Monitoring the numbers.** We, with the support of our advisers, have been reviewing the data available, including looking at greenhouse gas emissions for the Scheme's investments and assessing potential future performance against different environmental scenarios. Understanding the data helps us establish relevant climate-related metrics and set targets based on evidence, that can be tracked over time.



The Royal London Group Pension Scheme

How we manage climate-related risks and opportunities for the Scheme
A report for members by the Trustee of the Scheme, RLGPS Trustee Limited, for the year ending 31 December 2023

Watch this space

Analysis and information about the impact of climate change is building every year. More comprehensive data will enrich our understanding and will shape how our investment strategy evolves. We regularly review our climate approach and progress, and track current risks and opportunities.

We'll keep you updated as our climate approach evolves.

Read all about it

Our latest report on the Scheme's approach to climate change is on ePA. Here, you'll find more about all the climate goals we're aiming for, our plans for achieving them, and progress to date.

If you need a hard copy of this report, you can write to us using the contact details on page 20.



Other news and Scheme updates

Changes to tax-free limits – the Lifetime Allowance is still around (kind of)

The government announced it would remove the Lifetime Allowance (LTA) last year. With no LTA, there's no longer a limit on how much you can build up over your lifetime in pension savings before paying extra tax. There are some new requirements, however, that affect the amount of lump sum and death benefits that can be taken free of tax. The LTA in 2023/24 was £1,073,100 and this amount is still used as a reference for the new limits. If you'd like to know more about this, you can read more on ePA (under the **Scheme Information** tab).

State Pension up 8.5% from April 2024

The State Pension increased to £221.20 per week as of April for pensioners on the full, new State Pension. If you reached State Pension Age before 2016, the full, basic State Pension has also risen from around £156 to about £170 a week.

If you're yet to reach State Pension Age, it might be worth checking if you qualify for State Pension. You'll need a minimum of 10 qualifying years on your National Insurance (NI) record to be eligible and 35 years to receive the full amount. You can check your eligibility at gov.uk/new-state-pension, and how much you could get at gov.uk/check-state-pension.



Need a top up?

If you don't have 35 qualifying years by the time you retire, you may be able to pay voluntary contributions to increase this. The deadline for contributions is 5 April each year. Individuals can usually pay voluntary contributions for the past 6 years. For details, visit gov.uk/voluntary-national-insurance-contributions.

We recommend getting independent financial advice before deciding whether to make voluntary contributions. Visit MoneyHelper (moneyhelper.org.uk/en/getting-help-and-advice) for tips on how to choose a financial adviser yourself. And if you're 55 or over (or otherwise eligible to retire) and a resident in the UK, remember that you're eligible for one round of free advice (paid for by the Scheme) with Origen – see page 7.



Pension Credit increase – what is it and are you eligible to claim?

Pension Credit provides a minimum level of income for those over State Pension Age. It's a means-tested benefit based on an individual's income and savings level. It's paid in two parts (and it's possible to get both):

Pension Credit

Guarantee Credit

Tops up weekly income to a guaranteed minimum level.



You may be eligible for this if you're over State Pension Age and your weekly income is less than £218.15 if you're single, or less than £332.95 for a couple.

Savings Credit

It's a bit extra for those who have some retirement savings and a minimum level of income.



You may be eligible for this if you and your partner (if you have one) both reached State Pension Age before 6 April 2016. The maximum you could get for 2023/24 is £17.01 a week if you're single, or £19.04 for a couple.

Check out this comprehensive guide at wtw.bz/pension-credit-ageuk developed by Age UK as your starting point.



Guaranteed Minimum Pensions (GMPs) – an update on equalisation and checks against HMRC’s records

As we’ve explained in previous newsletters, over the last few years we’ve been carrying out checks on our members’ Guaranteed Minimum Pensions (GMPs) paid by the Scheme. The checks we’re doing are:

- checking Scheme GMP records against HM Revenue & Customs (HMRC) records (also known as GMP ‘rectification’); and
- equalising GMPs between men and women (GMP ‘equalisation’).

During the course of 2024, we’ll be writing to those of our current pensioners and dependants for whom these checks will mean there’s a change to their pension. We’ve already written out to some of our members, and we plan to send more letters throughout the Summer and Autumn. If you don’t receive a letter about GMP, this means you aren’t affected.

If you’re a deferred pensioner, you won’t see any impact on your pension until you take your benefits. We’ll automatically calculate your benefits on an equalised basis to ensure that you’re being treated equally with members of the opposite sex. You won’t need to take any action.

Watch out for scams

Watch out for scams and unscrupulous firms and individuals offering financial services. If in doubt, search the FCA’s Warning List of unauthorised firms and individuals at [fca.org.uk/consumers/warning-list-unauthorised-firms](https://www.fca.org.uk/consumers/warning-list-unauthorised-firms) so you can cross reference whether someone is allowed to operate in the UK.

Got a question?

You're not alone. We had more than 4,800 calls last year, with lots of members asking retirement questions like requesting a quote or checking their benefits information.


Did you know: for **retirement and transfer quotes, checking your pension payslip information and more**, you'll most likely find what you need yourself on ePA?

To access ePA, visit:

epa.towerswatson.com/accounts/ROY

If you can't find what you need here, please contact the Scheme's administrators on:

 royallondongroup@wtwco.com

 0113 394 9307

 Royal London Group Pension Scheme,
WTW, PO BOX 545, Redhill, RH1 1YX



Need a hand logging into ePA?

- **If you've forgotten your details**, try our User ID reminder, password reset or Account recovery services on the login page.
- **If you're new to the site**, follow the Account recovery steps to create your details.

There are also some extra **FAQs** on the site to help you through the process.

Please remember that...

To enable us to check your identity, please include your **Month of Birth**, **Post Code**, and the **last 4 characters of your National Insurance Number** in any emails you send us.

Your email address or any other contact details should be updated if you've changed them recently. Having the most up-to-date information on records is important so we can reach you if required. You can update your contact details via ePA, email, or post.