

CONNECT

INFORMATION TO KEEP YOU UP TO DATE ABOUT YOUR PENSION

For members of the SG UK Defined Benefit Pension Scheme

July 2023

WHAT'S INSIDE?

- 2 Welcome to 2023 Connect
- 4 The headlines
- 7 Health check
- 8 News and updates
- 10 Market volatility and increased inflation
- 11 Connect when you need help

 SOCIETE
GENERALE



WELCOME TO 2023 CONNECT

The past year has been full of events. The increased cost of living and energy prices, market volatility as well as record high interest rates are just a few to mention. Read this edition of Connect for an overview of the market and what this may mean for you and your pension benefits. Remember, the Trustee continues to regularly review and monitor the Scheme to ensure it can pay the benefits promised to you in full when they're due.

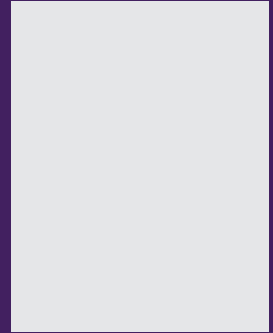
Inside this edition, you'll find:

- An update on the Scheme's funding position (page 4)
- An update on investment performance over the year (page 7)
- News articles related to your pension and financial wellness (page 8)
- Information about the current market volatility and high inflation rates (page 10)

HELP US HELP YOU

We continue to appreciate all feedback that we receive about Connect. If you would like to let us know your thoughts, you can find our contact details on the back page.

This issue of Connect is presented in a more concise format and has been printed on 100% fully recyclable paper. Please do your part for the environment and recycle it once you've read it. We're also working on moving parts of Connect online in the future.



Martine Trouard-Riolle
Chair of the Trustee of the
SG UK Defined Benefit
Pension Scheme



THE HEADLINES

This is the essential headline position of the Scheme's Report and Accounts for the year ending 31 December 2022. The Trustee is pleased to confirm the Scheme remains well funded and are currently in the process of completing the formal triennial valuation. The results will be communicated with you following the completion of the valuation, which is expected to be in early 2024.



£775.3m

Value of the Scheme's assets as of 1 January 2022



-

Contributions and other income received



£29.7m

Benefits paid and expenses



£-252.7m

Net return on investments



£492.9m

Value of the Scheme's assets as at 31 December 2022

HOW MANY MEMBERS?

As at 31 December 2022 the Scheme's membership was as follows:



WANT TO FIND OUT MORE?

If you'd like to find out more information, request a copy of the Scheme's Report and Accounts by contacting the Scheme administrators. Scan the QR code below with your phone camera to email the team directly or see the back page for contact details.

Scan me





WHAT WE MEAN BY...

Diversified growth funds invest in a mix of different types of asset classes (and individual investments within those asset classes) to reduce exposure to any one type of risk. They aim to produce returns higher than cash but are less risky than equities.

Liability Driven Investment (LDI) funds aim to match the Scheme's current and future liabilities. They are therefore an important asset for DB pension schemes. LDI funds mainly invest in UK government bonds and interest rate derivatives.

Synthetic equities are contracts providing an investment return that mirrors that of a given stock market index. For example, a FTSE100 future is a synthetic equity that mirrors the return of that UK equity index.

WHERE ARE WE INVESTED?



LDI portfolio	34.7%
Corporate bonds	49.6%
Diversified growth funds	3.9%
Synthetic equities	6.0%
Emerging market multi-asset	5.1%
Property	0.4%
Private equity	0.3%



LDI portfolio	51.3%
Corporate bonds	38.2%
Diversified growth funds	2.4%
Synthetic equities	4.0%
Emerging market multi-asset	3.6%
Property	0.3%
Private equity	0.2%

ECONOMIC OVERVIEW

2022 was a difficult year for most asset classes, dominated by increased volatility as a result of soaring inflation, rising interest rates and economic uncertainty caused by Russia's invasion of Ukraine.

Inflation remained high over the year, reaching a four-decade high with levels not seen since the 2008 global financial crisis.

INVESTMENT PERFORMANCE

The Scheme invests in assets that aim to match the Scheme's current and future liabilities. The primary asset classes that the Scheme invests in are Liability Driven Investment (LDI) funds and bonds.

The table below sets out how our Scheme has performed against its benchmark over 2022, and over the three and ten year periods to 31 December 2022.

	2022	3 years (per annum)	10 years (per annum)
Scheme assets	-32.5%	-9.8%	2.5%
Benchmark*	-31.5%	-9.5%	2.4%

Scheme asset and benchmark returns have been calculated by Lane Clark & Peacock (LCP).

*The benchmark return has been calculated by applying the Scheme's actual asset allocation and the underlying investment manager benchmarks. Scheme asset returns shown are after the deduction of fees except for the BlackRock LDI and synthetic equity portfolios, the performance of which has been estimated using the monetary returns reported by BlackRock.

Changes to the investment portfolio

During 2022, there were no large changes to the investment portfolio. Across the course of the year, there were some minor rebalancing activities and updates to the investment guidelines for some of the Scheme's assets.

Summary of asset performance

The performance of bonds and the LDI portfolio, in which the Scheme holds a large proportion of investments, were negatively affected by the events in the UK economy which includes:

- Rising inflation
- Energy prices
- The Russian invasion of Ukraine
- The UK Government mini-budget in September 2022

Over the year to 31 December 2022, against this volatile context, the Scheme's LDI portfolio, which utilises leverage, returned -24.4% over the year. The purpose of the LDI portfolio is to broadly match the change in the value of the Scheme's liabilities stemming from changes to interest rates or inflation expectations. As a result, whilst there was a considerable decrease to the Scheme's asset base, the impact on the funding position over the period was much more modest. It's also important to note that the Scheme did not experience the issues that adversely affected some other Scheme's with an LDI portfolio.

Overall, the Scheme's matching portfolio returned -36.6%.

It's important to remember that regardless of investment performance, the Scheme remains in a strong position to pay your benefits when they are due.

HEALTH CHECK

The Trustee is pleased to confirm the Scheme remains well funded and in a strong position. This means that the Scheme can continue to ensure that members benefits are paid when they are due.





We receive regular reassurances from the Bank regarding its financial strength and continued commitment to the Scheme. At least every three years, the Scheme's actuary carries out a funding valuation to assess whether there is enough money in the Scheme to pay all the benefits promised to members when they are due.

The Scheme's funding position is regularly monitored by the Trustee and continues to remain strong.

The current triennial valuation as at 31 December 2022 is in progress and is expected to be completed later in 2023, the results will be included in next year's issue of Connect.

The most recent formal funding check undertaken by the actuary was carried out as at 31 December 2021. We've summarised the statement for you and compared it to the last triennial valuation as at 31 December 2019, so you can see what's changed.

The funding level of the SG UK Defined Benefit Pension Scheme at the last annual check has improved from the last triennial valuation. Find out more below.

	 £774.2m Assets (the investments)	 £755.7m Liabilities (the amount needed to provide benefits)	 £18.5m Surplus (surplus of assets that are required to provide benefits)	 102.5% Funding level
31 December 2021 (Last annual update)				
31 December 2019 (Last triennial valuation)	£764.0m	£753.2m	£10.8m	101.4%

As the Scheme was in surplus at the last triennial valuation, the Bank is not required to contribute to the Scheme.



WHAT IS A FUNDING LEVEL?

The funding level is the difference between the Scheme's assets and how much it needs to pay members' benefits when they are due. The Scheme actuary calculates this by using certain assumptions. These include estimates of future investment returns and life expectancy. The Scheme's financial position is regularly reviewed to reflect both financial markets and other up-to-date knowledge around factors that may affect the financial position. This gives the Trustee an opportunity to review its funding and investment strategy if needed.

NEWS AND UPDATES

GOVERNMENT'S SPRING BUDGET – LTA AND AA

Planned changes* to two pension tax limits have been announced by the UK Government which mean you can now save more toward your retirement, before facing any extra tax charges.

The Lifetime Allowance (LTA) is being removed

Previously, there was a threshold of how much you could save in total into your pension before paying any tax. From 6 April 2023, you don't need to report or pay LTA tax charges, although the LTA will only be officially abolished from April 2024.

There will still be a cap on the maximum amount you can take as tax-free cash when you retire. The maximum tax-free cash will be 25% of the value of your benefits. This is now subject to a cap of £268,275 (25% of the LTA for the 22/23 tax year) unless you have LTA protection. Other benefits that were previously taxed at 55% if you go over the LTA (like some death benefits) will now be charged at your marginal rate.

The Annual Allowance (AA) is increasing

Whilst you're not contributing to the Scheme anymore, if you're saving into another pension arrangement, you might find it useful to know the AA (the amount you can save in your pension tax free each tax year) is rising for the first time in several years.

Find out more from www.gov.uk

*Any changes will need legislative approval.

Scan me



WATCH OUT FOR SCAMS

Scams are still in the news on a regular basis. The most common types of pension scams are offers to release your pension early or to give you a free pension review. If in doubt, check the Financial Conduct Authority's Warning List to see if the pension company is listed as one to avoid: www.fca.org.uk/scamsmart/warning-list

You can also use the SCAM test:

- S:** Seems too good to be true
- C:** Contacted out of the blue
- A:** Asked for personal details
- M:** Money is requested

If some or all of these are true, it's likely to be a potential scam.

If in doubt, put the phone down, delete the email, or put the leaflet in the bin.

Scan me



PENSIONS DASHBOARD PROGRAMME

With more than two thirds of people in the UK holding multiple pensions, it can be hard for people to get a clear picture of all their pension savings. The Department of Work and Pensions (DWP) is launching the Pensions Dashboards Programme (PDP). The PDP will eventually enable individuals to access all their pension information online, securely. It will also help people locate any lost pensions.

You can find out more about how the PDP will work, by scanning the QR code or visiting www.pensionsdashboardsprogramme.org.uk

When will it be ready?

It may still be a while until the PDP is launched and our Scheme won't need to enrol for a while yet. We'll keep you up-to-date in future Connect editions.

What to do in the meantime

In the meantime, the Pension Tracing Service is a government-funded, free tool that can help you trace a pension you've lost track of, even if you don't have the contact details of the pension provider.

Scan the QR code or visit www.gov.uk/find-pension-contact-details to use the service.

Scan me



Scan me



THREE THINGS TO HELP WITH THE COST OF LIVING

Here are some practical tips to help through the increased cost of living crisis:

1

Read this 50 money saving tips article

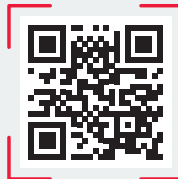
Scan me



2

Compare prices at UK shops to make sure you're getting the best deal

Scan me



3

Create a budget to help you stay on track

Scan me



MARKET VOLATILITY AND INCREASED INFLATION

This year, the markets have been volatile and inflation hit 10% in December 2022. This challenges us to rethink how we live and work today and what we need to do tomorrow. Even during difficult times like now, it's important to maintain a long-term view of your pension benefits.

The Trustee closely monitor the Scheme's investment strategy and funding level to ensure your benefits are as secure as possible.

Whether you're already taking benefits from the Scheme or haven't started, your pension benefits remain unchanged by the recent economic circumstances.

TRANSFER VALUES HAVE REDUCED

If you haven't started taking your benefits yet, you have the option to transfer your benefits out of the Scheme. It's a significant decision and if you're considering doing this, we strongly recommend seeking advice from an FCA-regulated financial adviser (see the next page for details). The Bank also have in place an impartial financial adviser – WPS Advisory Limited – to help you understand your options and provide you with financial advice.

If you request to transfer out, you'll be quoted a 'transfer value'. This is the cash amount you would receive if you chose to transfer out of the Scheme. This figure is updated monthly and indicates how much the Scheme believes it would cost to provide your benefits in the future, based on some assumptions.

Your quoted transfer value will vary depending on when it's calculated. For example, when interest rates increase (like now) the Scheme receives better returns on investments which means the cost of providing members' pensions decreases. When the cost of providing pensions decrease, transfer values also decrease. In other words, if you transfer out of the Scheme today, you could receive less money than if you had transferred out previously in a period when interest rates were lower and transfer values were at historic highs. If you're considering this, you should make sure you understand your options and the impact of your decisions.

Remember, transferring out can take longer than you'd expect and requires advice from an FCA-regulated financial adviser to be obtained, so it's important to act promptly once you've received your transfer quote. The value of your transfer quote is only valid for three months and it may take up to two months to process your request to transfer out of the Scheme. Once you've transferred out your benefits, you cannot transfer back in. The Scheme continues to be both committed and able to provide your pension benefits in full when they are due.

CONNECT WHEN YOU NEED HELP

GETTING FINANCIAL ADVICE

Pensions and investments are complicated and by law, neither the Bank nor the Trustee can give you financial advice. If you want to speak to a financial adviser make sure the adviser you choose is authorised and regulated by the Financial Conduct Authority (FCA).



www.fca.org.uk

Scan me



MONEYHELPER

MoneyHelper joins up money and pensions guidance to make it quicker and easier to find the right help. MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.



www.moneyhelper.org.uk

Scan me



PENSION TRACING SERVICE

Contact the Pension Tracing Service if you have lost track of a previous pension.



0800 731 0193 (Monday to Friday, 9:30am to 3:30pm)



www.gov.uk/find-lost-pension

Scan me



CITIZENS ADVICE BUREAU

The Citizens Advice Bureau provides free, confidential advice on issues around buying goods or services.



0345 404 0506



www.citizensadvice.org

Scan me



ESSENTIALS CONTACTS

SCHEME INFORMATION

The Societe Generale UK Pensions website is where you'll find some useful documents about the Scheme including:

- Scheme's Annual Report and Accounts
- Trustee Privacy Notice
- Statement of Investment Principles

Scan me



 <https://epa.towerswatson.com/accounts/soc>


CONTACT US

If you have a question about your benefits or the Scheme, please contact our Scheme administrators. We'd also love to hear your feedback about the first edition of this newsletter 'Connect' and about what topics are most important to you for future editions.

 societe.generale@willistowerswatson.com

 **01707 607 610**

Please note that keeping your data secure is our priority. We must make sure you're the right person and that any benefits are paid out correctly, so make sure you have your National Insurance number to hand when you call us. We'll also ask you for some other personal details.

 **SG UK Defined Benefit Pension Scheme**
Willis Towers Watson
PO Box 545
Redhill
Surrey
RH1 1YX

 **SOCIETE
GENERALE**

This issue of **Connect** has been printed on 100% recyclable paper

