

# Connect

For pensioners of the AstraZeneca Pension Fund

October 2023

---

## What's inside?

- Introduction from Adrian Kemp
  - Your Voice Survey – thank you
  - Go green if you can
  - Connect to the numbers
  - Trustee talks
  - The 2023 Budget gives pension savers more space to save
  - Protect yourself against cyber scams
  - GMP update
  - Contact details
-



# Hello and thank you!

**In January 2023, we asked you to give us your views through the Your Voice survey. I'd like to say a huge thank you to over 2,000 of you who responded.**

The Trustee's role isn't just looking after the finances, it also involves supporting members with their benefits, whether that's making retirement decisions, paying death benefits or keeping you informed about the Fund. It is therefore important for us to find out how supported you feel and to understand what more we can be doing. We talk about the headline results from the survey on pages 4-5 and explain what actions we're planning to take as a result.

We completed the latest full funding check earlier this year. In autumn 2022, following the 'mini-budget', there were some very volatile months for government bonds in particular. This did affect some pension schemes' investments and led to some dramatic headlines in the media. I am pleased to report that our investment strategy weathered the storm well. More information about the Fund's finances and the crisis can be found on pages 8-9.

Whether it's paying pensions and benefits that our members rely on, deciding what assets to invest in, or helping our members plan for retirement, the Fund is a complex and important financial body that keeps benefits safe for over 22,000 people. As the Fund is separate from AstraZeneca, there's a separate Trustee board that runs the Fund. The Board is made up of seven Trustee Directors from diverse backgrounds which helps to ensure that a variety of perspectives are taken into account in the decision-making process. This includes an Independent Trustee, Law Debenture. Being a Trustee Director is a rewarding role, you can find out more about who we are and what we do on pages 10-11.

This year's Budget brought some changes to the rules for pension saving, some of which apply from 6 April 2023 onwards. The changes included removing the Lifetime Allowance charge for this year and abolishing the Lifetime Allowance itself for next year. There were also increases in the Annual Allowance for all savers, including higher earners. We cover the key points on pages 12-13.

We hope you enjoy this latest edition of Connect.

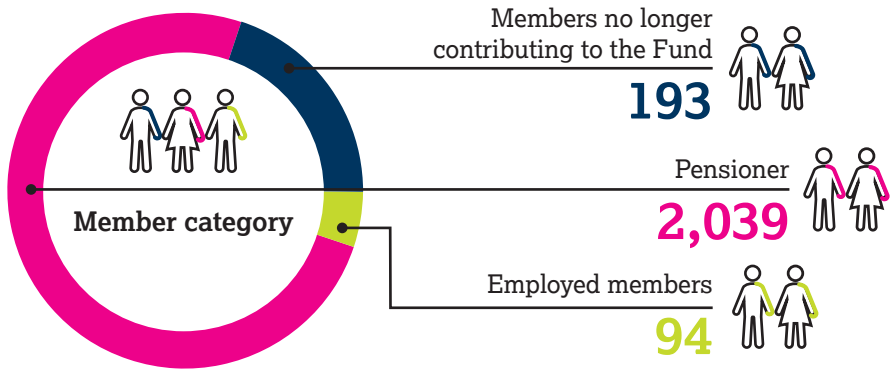
**Adrian Kemp**  
**Trustee Chair**

# Your voice

## What you said

2,327 members responded to the survey. Your Voice was a short questionnaire with 15 questions covering how you'd like to learn about the Fund, how we can support members better and how we can make it easier for you to connect to the Fund.

### Who completed the survey?



### Age breakdown



**591**

Age 36–50

**1,343**

Age 51–65

**387**

Age 66–85



## The headline results



**of all respondents believe that the Fund is well run by the Trustee.**

The most popular way to learn about the Fund remains ‘by paper’ but over half of the non-pensioner respondents preferred learning about the Fund online.

Members said they wanted to know more about ‘Maintaining the Fund in a volatile market and ensuring that it will meet future demands’ and ‘Performance of the Fund and security of future pension payments’. Most people who used the WTW Administration service had a positive view of their experience but noted that the response time could be quicker.

## My AZ Pension – your views

Most members said that My AZ Pension online was helpful and easy to use, but a handful of members would appreciate more reminders about it and would like it to link to the current AstraZeneca Pension Plan provided through Legal & General.

Members aged over 70 rated the site usability most positively;



Members who haven't retired rated this aspect of the site less highly.

## Our next steps

The feedback we received has given us great insight and lots of ideas for what more we can do to support you. As a very first step, we're going to:

- Improve accessibility to the AstraZeneca Pension Plan through clear links,
- Regularly email members so you're reminded about My AZ Pension,
- Continue to evolve and enhance My AZ Pension to help you find the information you need quickly, and
- Provide more insight into how the Trustee Board works and how we manage and maintain the Fund.

# Go green

The Trustee wants to continue to help as many pensioners as possible to log in to My AZ Pension and update their contact preferences.



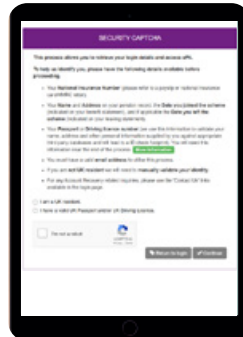
This is something that supports both AstraZeneca's 'Ambition Zero Carbon' strategy. You can read more about AstraZeneca's Ambition Zero Carbon initiative at: [www.astrazeneca.com/sustainability/environmental-protection/ambition-zero-carbon.html](http://www.astrazeneca.com/sustainability/environmental-protection/ambition-zero-carbon.html).

So far since last April, 214 pensioners have signed up to receive communications by email only. We'd like to increase this figure to help reduce our carbon footprint and reduce mailing and printing costs.



There's a simple process for UK-based members to follow if you'd like to sign up online for email communications and you've lost your User ID that we sent to you early in 2022. Just follow the Account Recovery process by following the link at:

[epa.towerswatson.com/accounts/astrazeneca](http://epa.towerswatson.com/accounts/astrazeneca)



# Pensioner payslips available online



**11,000**

**people the Fund pays pensions to each month.**

Every month a payslip is added to your online record on My AZ Pension and your P60 tax document is also available online.

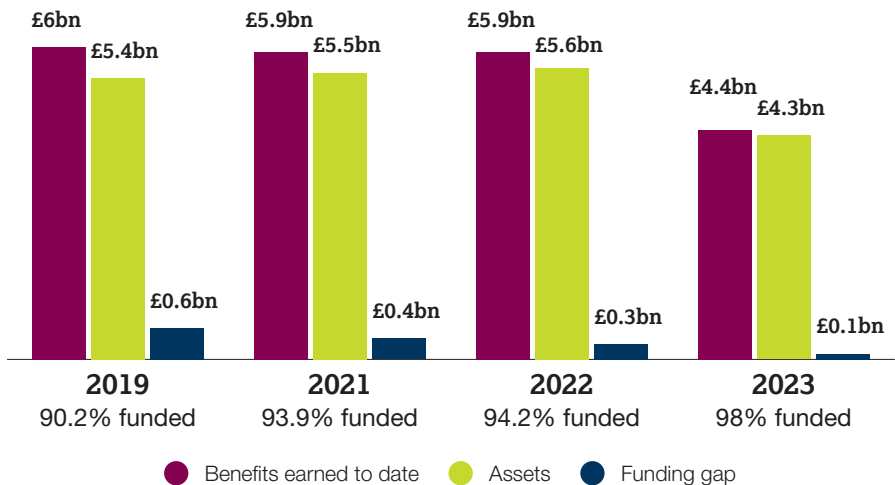
This is part of the Trustee's programme to make the Fund communications greener, reduce costs in the long term and streamline administrative processes.

If you wish to continue to receive a paper payslip in these circumstances, please contact the AZ Helpline (details on the back cover).

# Connect to the numbers

## Latest funding figures as at 31 March 2023

The graphic below shows how the balance between the assets (the value of the Fund's investments) and the liabilities (the cost of providing members' benefits) has developed since the figures we reported in April 2022. These pages cover the headlines of the latest full Actuarial Valuation as at 31 March 2022 and the interim check carried out in 2023.



Funding improved further in the year to 31 March 2023 as rises in gilt yields reduced the value of the liabilities. As a proportion of the Fund's assets are invested in such a way to broadly match movements in the Fund's liabilities, this also led to a fall in the value of the assets. The funding gap decreased between 2021 and 2022 due to extra contributions being paid by AstraZeneca and positive investment performance by which assets grew by more than liabilities.



## Filling the funding gap

As part of the full 2022 Valuation, the Trustee and the Company have agreed a plan to close the funding gap of £347 million. The Company will continue to pay contributions of £39 million a year to the Fund until 2028 under this plan.

## How was the Fund affected by the ‘bond crisis’ in late-2022?

UK bond markets experienced extreme volatility in the final few months of 2022. During this time, the Trustee was actively monitoring the risks from the Fund’s bond investments. We worked closely with our advisers to ensure that the Fund was able to manage these appropriately. This process worked well and the Fund remained stable in its funding position during the ‘bond crisis’ (unlike some other UK pension plans).

## Reporting on the Fund investments with climate change in mind

The Trustee has recently published its first report on the Fund’s risks and investment policy in relation to climate change scenarios and its general policies to reduce the Fund’s carbon consumption directly and indirectly (the Task Force on Climate-related Financial Disclosures (TCFD) Report). You can find it at: [epa.towerswatson.com/accounts/astazeneca](https://epa.towerswatson.com/accounts/astazeneca). You can also find the full **summary funding statement** on the same website under the information tab.

# Trustee talks

Many respondents to the Your Voice survey, wanted to know more about how the Fund is run. It's a complex business so we've provided a series of features below to break down how the Fund is run on your behalf.



## What's a trustee?

Traditionally a trustee was a person who held assets in a trust fund to be paid to a beneficiary under the conditions of the rules of that document. The key word here is trust. Most UK pension schemes were set up as a trust separate from the company, to protect the assets for its members.

As pensions law and corporate practice have evolved, the Fund's trustees are now Trustee Directors of a corporate trustee. There are currently seven Trustee Directors including an independent Director.



## How does the Trustee run the Fund?

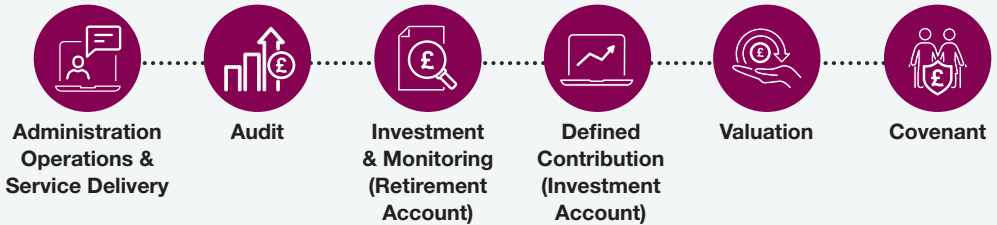
With the Fund providing benefits for over 22,000 people, there are lots of day-to-day processes to complete such as paying pensions, updating member records, checking funding and working with our investment advisers to monitor investment performance.

To help ensure the Fund's members are protected, get a good level of service, and that life events such as retirement or death are run smoothly, the Fund has six dedicated committees.

## Main Trustee board

### Sub committees

most committees meet regularly but the Valuation and Covenant meet when needed due to corporate developments or an ongoing valuation



### What they look after



#### **Administration Operations & Service Delivery**

Member communication, engagement and support  
Administration services  
Payroll



#### **Audit**

Producing Fund documents such as the Report & Accounts  
Reviewing adviser performance and making sure the Fund is getting value for money from its advisers and service providers  
Monitoring the risks facing the Fund



#### **Investment & Monitoring (Retirement Account)**

Helping the Trustee set the Fund's investment strategy  
Appointing investment managers and advisers to invest and make day-to-day decisions  
Monitoring the performance of the assets held by the Fund



#### **Defined Contribution (Investment Account)**

Reviewing and monitoring the Fund's DC Section including investments, administration, communication and governance with a focus on member experience and the day-to-day running of the IA Section of the Fund



#### **Valuation**

Recommending or approving proposals on funding  
Reviewing the Fund's long-term funding objective



#### **Covenant**

Assessing and discussing information provided by the Company about corporate activities, for example, mergers or take-overs by the Company

# The 2023 Budget gives pension savers more space to save

**There are two headline changes that could mean you can save more towards your retirement before paying tax.**

Although you aren't saving for retirement in the Fund, you may have gained extra pension savings 'space' if you're still saving for retirement elsewhere such as the AZ Pension Plan. They include:

## **No more Lifetime Allowance (LTA)**

The LTA, which is the total amount you could save into your pension over your lifetime before paying extra tax, will be abolished from April 2024. What's more, the charge for exceeding the LTA was removed from 6 April 2023. The most you can typically take as a tax-free lump sum when you retire will now be up to £268,275 (25% of the LTA for the 2022/23 tax year), unless you have a special LTA protection in place. Other benefits that were taxed at 55% if you went over the LTA will now be taxed at your marginal rate of income tax.

## **A rise in Annual Allowance (AA)**

This limits how much you can save tax-efficiently into a pension arrangement each year. Whilst it is still around, it is rising for the first time in years. Here are the key points:

- For most people, your AA jumped from £40,000 to £60,000 a year from 6 April 2023.
- If you've started to take any of your pension savings including those not from the Fund but then want to start saving again, the Money Purchase AA (MPAA) might apply instead. This limit increased from £4,000 to £10,000 from 6 April 2023.
- If you're a high earner, your AA will still gradually reduce as your income rises. The tapered AA also won't start to kick in until you've reached a slightly higher adjusted income of £260,000 (£240,000 last tax year). Your AA decreases by £1 for every £2 your earnings exceed £260,000 in a particular tax year. The lowest that this reduced AA could fall to will now be £10,000 for 2023/24 (up from £4,000 in the last tax year).



## DO

Check how much you are currently saving and consider whether you can afford to save more for retirement.



## KNOW

Go to [www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions](http://www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions) for a helpful overview of how tax relief works.



Scan this QR code with your phone or tablet camera.



## EXPLORE

Consider whether you can afford to save more tax-efficiently for life after work. If you can, consider which product or route is best, whether via a self-invested personal pension, your current employer's scheme or the AstraZeneca Pension Plan with Legal & General.

You might find MoneyHelper's Midlife MOT a good place to start:

[www.moneyhelper.org.uk/en/everyday-money/midlife-mot](http://www.moneyhelper.org.uk/en/everyday-money/midlife-mot)

# Protect yourself against cyber scams

More and more people bank and shop online and, with this change, the potential for cybercrime has increased and continues to increase.

- Over £1.2 billion was stolen by criminals through fraud in 2022, equivalent to over £2,300 every minute.
- 78% of advanced push payment fraud (APP) cases start online and 18% start via telecommunications. This is fraud where a person pretending to be your bank, for example, tricks you into transferring money to them.
- Also in 2022 the banking and finance industry prevented another £1.2 billion of fraud from getting into the hands of criminals.

Source: Get Safe Online

Here are three tips to keep your money and yourself safer online:

- 1 Strengthen any passwords** and update them regularly. Make sure you don't use the same password for multiple online accounts.
- 2 Watch out for 'phishing' emails.** Never follow links, but instead type the web address into the browser yourself. Search on National Cyber Security centre for more guidance on cyber crime signs. This is a government sponsored agency.



- 3 Read more at:**

[www.getsafeonline.org](http://www.getsafeonline.org)

[www.ageuk.org.uk/information-advice/work-learning/technology-internet/internet-security](http://www.ageuk.org.uk/information-advice/work-learning/technology-internet/internet-security)

There's lots of helpful information on these sites including known scams that are emerging that you should watch out for.

The Trustee recognises there are also cyber risks for the Fund as an organisation and it works with advisers to keep member data secure.



## GMP update

Last year we began a process to check and adjust any Guaranteed Minimum Pension (GMP) elements in your pension. This was part of the pension you built up between 1978 and 1997. Due to a court judgment in 2018, the Fund had to check for any GMP inequality between 1990 and 1997 and check GMP data to ensure benefits were paid correctly and adjusted for any inequality.

As part of the process, the Trustee is converting all Fund GMPs to non-GMP pensions. This process is almost complete. Due to the complexity of GMP data, we split the pensions we've converted into groups. We sent out details of the first slice converted in 2022.

We wrote to the second group in August 2023. Any back-payments will be made in September 2023 and any increases to pensions in payment due to Pension Increase Exchange will be made from 1 February 2024.

# Need help

If you have a question, here's how to connect:

Contact the Fund administrator if you need help at:

If you can't get online, just call or write to us.



My AZ Pension at  
[epa.towerswatson.com/  
accounts/astrazeneca](https://epa.towerswatson.com/accounts/astrazeneca)



Scan this QR code with your phone or tablet camera.



[az.helpline@wtwco.com](mailto:az.helpline@wtwco.com)  
(formerly [az.helpline@willistowerswatson.com](mailto:az.helpline@willistowerswatson.com))

To help us respond to your enquiry and avoid delay, please include your month of birth, postcode and the last four characters of your National Insurance number in your email.

**To protect yourself online, please only include this information in your email.**



**01737 788115**

9am to 5pm, Monday to Friday.  
If you call us we'll also ask you for the identity information above.



**AstraZeneca Pensions**  
**PO Box 545**  
**Redhill**  
**Surrey**  
**RH1 1YX**