








Your newsletter for the
Canada Life UK Division
Staff Pension Fund

IN THE KNOW 2023



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IN THE KNOW

In the know



Know the latest news

Dear Member,

Welcome to the 2023 Canada Life UK Division Staff Pension Fund Newsletter.

One of the main tasks for the Trustee Directors over the last year has been reviewing and agreeing the full valuation that has to be performed once every three years. We were very happy to see that the funding position had improved significantly since the 2019 valuation, and stood at 106% at the end of 2022. This means that we currently have more assets than we estimate we will need to pay out all existing and deferred pensions. This improvement has arisen thanks to the significant financial contribution (over £50M) made by Canada Life over the last four years, careful management of our assets and the recent rise in long term interest rates. Further details can be found inside. We are now focussed on prudently managing the Fund to try to ensure that it remains in surplus going forward.

We have been working closely with our administrator, Hymans Robertson, to improve the functionality on PRISM, (the online system you can use to view your pension benefits. Please find enclosed further information on this, and please do log in to PRISM if you haven't done so already. On PRISM you can check and update your Expression of Wish form (EoW). This is a formal request to the Trustee or administrator, setting out who you'd like to receive any death benefits that may be payable from the Fund when you die. Completing an EoW is quick and easy to do, and you can nominate more than one person if you want to. It's worth noting that the request is not binding on the Trustee Directors, but we will take your wishes into consideration when making our decision. We therefore recommend that you either complete and return an EoW form or review your existing Expression of Wish form and update it if required.

Finally, the Trustee Directors were greatly saddened by the sudden passing of our Scheme Actuary, Patrick Bloomfield, in September. Patrick was much liked and admired by all of us and we will miss his wise advice. We have passed our condolences to his colleagues and family.

Yours sincerely,

John Occleshaw

Trustee Chair

YOUR DATA

If you would like to find out more about how we use your personal data please follow the link to the Hymans Robertson Trust Centre: www.hymans.co.uk/information/trust-centre/

TRUSTEE

The assets of the Fund are held in trust for the benefits of members and are managed by the Trustee of the Canada Life UK Division Staff Pension Fund.

Employer nominated

John Occleshaw,
Chair

Tracey Deeks

Rick Wisentaner

Thomas Milner

Member nominated

Richard Helyer
Karen Austin

UNDERSTANDING HOW MUCH YOU'LL NEED IN RETIREMENT

While we all know that saving for retirement is a good thing, many of us find it difficult to imagine how much income we should be aiming for.

The Pensions and Lifetime Savings Association understands this and has put together a set of retirement living standards to help us get on track for financial independence when we stop working.

They have set three standards of living: 'Minimum', 'Moderate' and 'Comfortable' which offers a standard of living that covers the basics (at £20,000 a year for a couple) through to one that offers more financial freedom with some luxuries built in (£55,000 a year for a couple).

These figures are just a guide to help you formulate your own savings targets. Don't forget to include other pension schemes you have joined over the years and of course your State Pension.

You can find more information about the retirement living standards, including a video, on their website at www.retirementlivingstandards.org.uk

You can track down lost pensions and work out how much your State Pension might be on the Government website www.gov.uk 'type' 'Working jobs and pensions' into the search bar.

CHANGES TO PENSIONS TAX ALLOWANCES

There are limits to the amount of pension you can build up tax-efficiently both each year and throughout your lifetime. The Spring Budget 2023 announced some significant changes to these pension tax regulations which could impact your plans for retirement.

The Lifetime Allowance (LTA) is the maximum amount of pension savings you can build up over your lifetime without incurring additional tax charges. In the Spring Budget, the Government announced they were abolishing the LTA charge, which means you can now build up your pension savings without having to worry about paying any additional tax on pension savings. Previously, you would be charged if you had more than £1,073,100 in pension savings.

The Annual Allowance (AA) is the maximum amount of pension savings you can build up each year across all your registered pension schemes. The AA has increased to £60,000 from 6 April 2023. If you're a higher earner, you may have a lower AA, known as the Tapered Annual Allowance. From April 2023, the minimum your AA can reduce to is £10,000. You may also have a reduced AA if you've started to access your benefits from a Defined Contribution scheme.

You can get more information on these changes on the Government website, www.gov.uk; see Lifetime allowance or Annual allowance.

KNOW THE FINANCES

HOW IS THE FUND DOING?

The Trustee must make sure the Fund has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the Fund is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the Trustee. Here is a summary of the funding positioning at the last valuation and how this compares with the annual updates.



ASSETS

The value of the Fund's investments.

Value at 31 December 2019
£309m

Value at 31 December 2022
£264m



LIABILITIES

The estimated costs of providing members' benefits.

Value at 31 December 2019
£377m

Value at 31 December 2022
£249m



SURPLUS/ SHORTFALL

The difference between the assets and the liabilities.

Value at 31 December 2019
(£68m)

Value at 31 December 2022
£15m

FUNDING LEVEL

The assets as a percentage of the liabilities.

31 December 2019
82%

31 December 2022
106%

THE FUNDING LEVEL

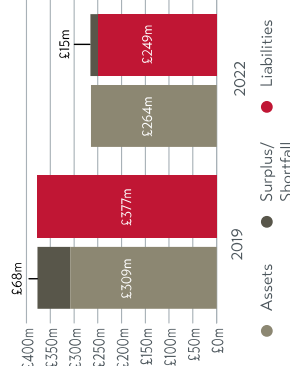
As you can see, as at 31 December 2022 the Fund had a surplus, with 106% of the money it needed to pay all benefits due now and in the future. As long as the Company continues to support the Fund, your benefits will be paid in full when they become due.

The positive impact of the increase in government bond yields and the contributions paid by CLIFS (UK) Limited (the "Company")

has resulted in a significant improvement in the funding level between 31 December 2019 and 31 December 2022.

These valuations are only a snapshot, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. If the funding level is 100% or more, that means there is expected to be enough money to pay the benefits as and when they are due to be paid.

THE FUND'S FINANCIAL POSITION



PROTECTING YOUR BENEFITS

As part of the valuation, the Actuary also works out how much money the Fund would need if the Company could no longer support it; the Fund were to be wound up and the Trustee secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. The estimated cost to ensure that all members' benefits could be paid in full if the Fund wound up on 31 December 2022 was £297m, resulting in a shortfall of £33m compared with the value of the assets on the same date. If there is not enough money in the Fund to buy out all the benefits with an insurance policy, the Company would have to make up the shortfall.

For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF), which can pay compensation to members. The PPF is not intended to replicate each member's pension, but to ensure that members receive most of their pension. There is an overall cap on pensions, which may apply, and any increases to pensions once in the PPF are less generous than the increases that

TRANSFER OUT REGULATIONS

The Trustee and Fund administrator must follow regulations when processing any transfer out request. Where members wish to transfer benefits to another registered pension arrangement, the Trustee and administrator will carry out checks to assess whether the request meets certain conditions, in an effort to prevent pension scams. If you are thinking of transferring your benefits out of the Fund, we recommend that you take financial advice first. For a list of independent financial advisers local to you, go to www.unbiased.co.uk.

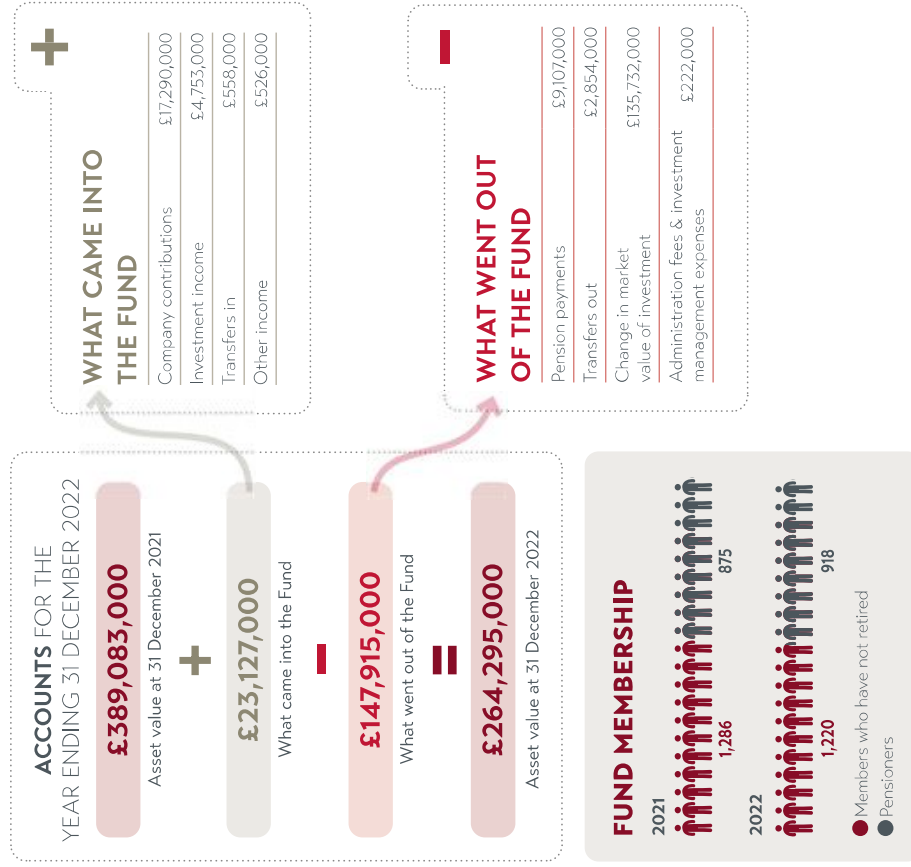
the Fund would have provided. You can find out more about the PPF on its website: www.ppf.co.uk. Please note that the inclusion of this information does not imply that the Company or the Trustee are thinking of winding-up the Fund. It is simply required to form part of our report.

THE LEGAL BIT

Legally, we have to confirm that the Company has not taken any surplus payments out of the Fund in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Fund, or to impose a direction, or a schedule of contributions.

KNOW THE FINANCES

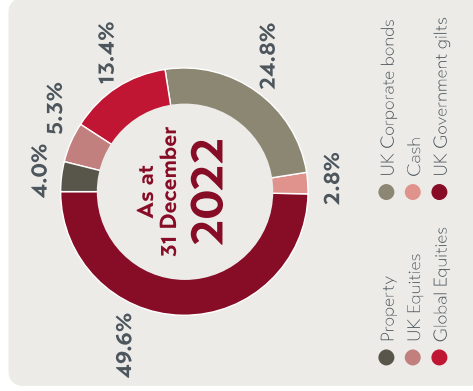
We receive regular payments from the Company which we invest and use to pay benefits. Here is a summary of the money we received and the payments we made, over the last fund year.



KNOW THE INVESTMENTS

OUR INVESTMENT STRATEGY

The Fund's investment strategy is set by the Trustee after taking appropriate independent advice. The Fund's assets were allocated to the following investment types:



The Trustee and its investment adviser have considered environmental, social and governance criteria when setting the investment strategy for 2023/24 and will continue to do so. The Trustee will also consider how it intends to factor climate related risks and opportunities into the Fund's investment strategies.

More information about our investment strategy is published in our Statement of Investment Principles. Copies of all the Fund's documents are available upon request from the Fund administrator.

JARGON BUSTER

FUNDING LEVEL

This is the relationship between the value of a scheme's investments and its liabilities at a specific date.

ACTUARIAL VALUATION

An investigation by an actuary into the ability of a defined benefit pension scheme to meet its liabilities. This determines the funding level and the recommended Company contribution rate.

ASSETS

Investments for example such as equities, gilts, property and cash.

BONDS

A form of loan to a company or government – the borrower pays interest and pays back the loan when it matures (bonds issued by the UK government are called gilts).

GILTS

Bonds issued by the UK Government.

EQUITIES

Shares in a company which are bought and sold on a stock exchange.

PROPERTY

Property funds invest in commercial property e.g. shops and offices rather than in residential property.



Want to know more?

WANT TO KNOW MORE?

UNDERSTANDING HOW MUCH YOU'LL NEED IN RETIREMENT

These websites are a useful source of information about pensions and general financial matters.

www.gov.uk for Government information and public services, including workplace pensions and State benefits.

Moneyhelper.org.uk is the new one stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.

You can also ring MoneyHelper free on 0800 011 3797, Monday to Friday 9am to 5pm

ARE YOU ON THE MOVE?

Please remember to let the Fund Administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

TRACKING DOWN LOST PENSIONS

It's worthwhile taking time out now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

@ **www.gov.uk/find-lost-pension**

📞 0800 731 0193

📞 0800 731 0176

When you call, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.

FUND INFORMATION

If you would like any more detailed information about the Fund, you can ask the Fund Administrator for a copy of various documents like the Statement of Investment principles, the trust deed and rules, and the actuarial valuations.

Your Fund Administrator is:

✉ Hymans Robertson LLP
20 Waterloo Street
GLASGOW
G2 6DB
United Kingdom

📞 0141 566 7777

@ **canadalifepensions@hymans.co.uk**

🌐 **canadalifepensions.co.uk**