

Perenco UK Pension Plan

Newsletter 2024

WELCOME

The Board of Perenco UK Pension Trustee Limited, which act as the Trustee of the Perenco UK Pension Plan (the Plan), are pleased to present the 2024 newsletter to members.

This newsletter includes information about the Defined Benefit (DB) Section of the Plan as well as news from the wider world of pensions.

If you would like to contact us about any of the information provided, or about your pension, use our contact details below:

Contact details

Address: Perenco Administration Team, Capita, PO Box 555, Darlington, DL1 9YT

Telephone: **0345 602 5366**

Email: **perenco@capita.com**

Online: **www.perencopensionplan.co.uk**

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TRUSTEE INFORMATION

Your Trustee Board

The current Trustee Directors are:

Rachael Collinson	Independent Chairperson (representing Independent Trustee Services Limited) appointed December 2023
Martyn Hughes	Member-Nominated
Peter Spurs	Company-Appointed
Mike Richardson	Member-Nominated (appointed 5 October 2022)
Bruno Visconti	Company-Appointed

The Trustee Board would like to offer their thanks and best wishes for retirement to Sarah Horan, who stepped down as Independent Chairperson. Sarah has made a great contribution as Independent Chairperson since her appointment. She has been succeeded by Rachael Collinson.

The Board would also like to welcome Mike Richardson as our newest Member-Nominated Director.

The Trustee Board is supported by a number of professional advisers and service providers. They are:

Plan Secretary	Danny Holeyman – Capita Pension Solutions Limited
Plan Actuary	Martin West FIA – Capita Pension Solutions Limited
Plan Administrator	Capita Pension Solutions Limited
Plan Auditor	Assure (UK) Limited
Legal Advisers	Pinsent Masons LLP
Investment Consultant	Barnett Waddingham LLP

PLAN NEWS

Buy in

You were sent a letter in August 2023 telling you about the 'bulk annuity policy' entered into with Just Retirement Limited (Just) on 20 July 2023 to insure the pension benefits held in the Plan. A transaction of this nature is known as a 'buy-in'. Insuring the benefits of the Plan in this way represents a very important milestone in reducing risk within the Plan for the long-term benefit of all members. From 20 July 2023, members' benefits are effectively underwritten by Just, providing long-term security. As a result, there is no impact on your Plan benefits, and your entitlements under the Plan will remain the same. The policy with Just funds the benefit payments for you, other members and beneficiaries of the Plan as and when they fall due.

If you are currently in receipt of a pension, there will be no impact on or change to your pension payments, which will continue to be paid as they are now. If you are yet to draw benefits from the Plan, there is no impact or change to your accrued pension entitlement. All members can continue to request information about benefits from the Plan in the usual way from Capita, our Plan Administrator.

This buy-in has been possible due to the significant financial support to the Plan from Perenco UK Limited (the Employer) to remove the funding deficit. The Employer contributed an additional contribution of £6.335m in July 2023 in order for the Trustee to secure members benefits with Just.

In due course, it is anticipated that the Trustee will decide to transfer the Just buy-in policy into individual policies for each of the members covered by the bulk annuity policy. Should the Trustee determine this is an appropriate course of action, the Plan would be wound-up, and the Trustee discharged from their duties. When this happens, responsibility for the payment and administration of members' benefits would be transferred from the Plan to Just. When this happens, you will no longer be a member of the Plan and will instead have an individual policy in your name with Just. Your benefits would remain the same as they are now. We will keep you informed when decisions are made about these steps.

Please note that there is no action for you to take because of this information.

Scams

We would advise remaining vigilant for any potential scammers, as they can be very sophisticated and look extremely plausible. Please make sure you always check who you are dealing with and beware of any offer that seems too good to be true. Always take financial advice before making any major decisions regarding your pension.

You can get more tips on spotting scams and advice on what to do if you are suspicious at:
www.fca.org.uk/scamsmart

Cyber incident

Capita was subject to a cyber incident in early 2023 where an unauthorised third party gained access to some of their computer systems and accessed some members' personal information. Capita has since taken extensive steps to secure the data impacted. The Trustee will have contacted you directly if you were affected and informed you of the steps taken to mitigate any risk posed to you, as well as the actions taken to avoid any repetition of this event.

The Trustee is of the view that all risks relating to this incident have been mitigated as far as possible. There is still no evidence that information resulting from this incident has been misused or that it's available illegally on any third-party websites. The long-term security of pensions in payment is unaffected by this incident.

Guaranteed Minimum Pension (GMP) equalisation

We mentioned in our previous newsletter that the Trustee Board was working with advisers to carry out the equalisation of any benefits in respect of GMP, following the Lloyds Banking Group High Court judgment (made in November 2018) which requires pension schemes to ensure that GMPs built up between 17 May 1990 and 5 April 1997 are equal between men and women.

Historically, it was possible for GMP benefits to vary between men and women, as women generally built up GMP more quickly with the same earnings and service history. This is because the intention was to provide the same pension for women at 60 as for men at 65.

In addition, GMP entitlements may increase at different rates in the period between leaving the Plan and retirement, depending on the Plan rules and members' leaving dates. All of this means that women and men can end up with very different GMP pensions.

As a result of the Lloyds judgment, the Trustee - as with all other pension schemes - has been required to review GMP equalisation and ensure that members are given the better of male and female benefits for this element of pension. The Trustee can confirm that it has now done this and implemented a dual record method whereby the member's pension (subject to equalisation) is calculated on both an own and opposite sex basis each year. This is calculated on an accumulated basis, and the amount paid is based on the sex that gives the highest amount. This process is repeated annually - the effect being that no member is disadvantaged because of their sex.

PENSION NEWS

Increase to the Normal Minimum Pension Age (NMPA)

The NMPA is the earliest age prescribed by law from which a member can draw benefits from a pension plan (apart from on grounds of ill health) without incurring unauthorised payment charges. The NMPA is currently 55 for most people but will be increasing to 57 from 6 April 2028 when the law changes. You may wish to consider how this could impact your retirement planning.

Reminder: complete your expression of wish form!

If you are a deferred member or a pensioner member who has been in receipt of your pension for less than 5 years, there may be a lump sum death benefit payable in the event of your death. The Trustee is responsible for deciding to whom any discretionary death benefits should be paid. You can help the Trustee with this decision by completing an expression of wish form, or if you have already completed one, by keeping it up to date. This is the most effective way to ensure your loved ones receive your benefits when you die.

An out of date or incomplete expression of wish form can complicate and delay the process of paying benefits to the people you would like to receive them, should the worst happen.

You can find one at: www.perencopensionplan.co.uk/support/library under the 'Forms' section.

Annual savings allowances changes

In the spring budget in 2023 the Chancellor announced that there would be changes to the pension savings allowance.

The lifetime allowance (LTA)

The LTA is the maximum amount you can save across all pension plans (excluding the State Pension) without paying additional tax charges on the excess. This tax charge was removed from 6 April 2023 and the LTA itself will be abolished from 6 April 2024. For some, this change could have a significant impact on when you retire.

The annual allowance (AA)

The AA is the amount you can add to your pension benefits each year without incurring a tax charge. Most people will have an AA of £60,000, increased from £40,000. However, special rules apply if you have annual earnings of more than £200,000 which could see your AA reduced to a minimum of £10,000, increased from £4,000.

SUMMARY FUNDING STATEMENT AT 31 DECEMBER 2023

This statement aims to provide you with a snapshot of the funding position of the DB Section of the Plan using information from the Actuary's last annual funding update as of 31 December 2023, as well as the formal triennial valuation at 31 December 2022. You can also find the results from the annual funding update at 31 December 2021.

How is the Plan's financial security measured?

The Plan Actuary conducts a formal valuation of the Plan every three years, with interim updates estimating the funding position provided annually; the results of these are shown in this Summary Funding Statement.

The Trustee is responsible for setting the assumptions used to calculate the Plan's liabilities (for example, an assumption is made on how long members are expected to live, and therefore how long they will receive their pensions). These assumptions are based on advice from the Actuary and set with the agreement of Perenco UK. This liability value is compared with the Plan's assets.

If the Plan has fewer assets than liabilities, it is said to have a shortfall. If the assets are more than the liabilities, there is a surplus.

	Annual funding update as of 31 December 2023	Valuation results as of 31 December 2022	Annual funding update as of 31 December 2021
The Plan's assets were valued at:	£54.6 million	£46.5 million	£89.6 million
The value of the Plan's liabilities was:	£54.4 million	£43.4 million	£88.3 million
This means there was a surplus/(deficit) of:	£0.2 million	£3.1 million	£1.3 million
Funding level:	100%	107%	101%

Due to the significance of the buy-in transaction in July 2023, analysing the Plan's change in funding position is less relevant this year. Following the completion of the buy-in transaction, the values of the liabilities and corresponding assets are assumed to be equal, as they consist of the bulk annuity policies. The small surplus represents the Trustee bank account balance.

Going forward, the value of the insured bulk annuity policies is expected to move in line with market movements and any membership experience.

Funding on the solvency basis

A valuation of the assets against liabilities on the solvency valuation basis estimates the amount needed to fully secure all earned benefits from an insurance company when the Plan winds up. The funding level on the solvency basis at 31 December 2022 was a surplus of £0.2 million, meaning the Plan is 100% funded ahead of the Plan winding up.

The next full actuarial valuation for the Plan is due on 31 December 2025.

Is my pension safe?

Yes. The Plan is currently set up under a Trust. A Trust is a legal vehicle to allow the property (for example, the pension entitlement) of an individual to be looked after by someone else (known as a Trustee).

Trusts enjoy a high level of protection in law, and this is enhanced by specific regulations designed to protect pension plans. The use of a Trust means that the assets in the Plan are held entirely separate from the assets of the Employer and are prohibited from being used by the Employer for trading purposes.

Currently the Plan, and its members, would be covered under the Pension Protection Fund (the “PPF”) in a worst-case scenario where the Employer ceased to trade. The Plan however is now funded above the level required to provide PPF level benefits e.g. the benefits provided by the Plan are more generous than those provided by the PPF. These “more generous” benefits have been secured through the insurance policy with Just. This insurance policy is covered by the Financial Services Compensation Scheme (“FSCS”). This will also be the case upon wind-up of the Plan and ultimately also apply to any individual annuity policies issued to members. The FSCS coverage applies should an insurance company go into liquidation and currently, the maximum level of compensation for long-term insurance (e.g., pensions) is 100% of the claim with no upper limit. The coverage would apply to current pensioners and deferred members. In the unlikely event of an insurer insolvency your benefits are therefore protected by the FSCS and at a level which is higher than the current worst-case scenario.

What is Capita’s role?

Capita Pension Solutions is solely responsible for the day-to-day administration of your pension and does not have any control at all over your funds. They make sure that your records are accurately maintained, and they process benefit payments on behalf of the Trustee, in addition to answering enquiries by telephone, post or email.

What would happen if the Plan were wound up?

The Trustee of the Plan has insured your benefits with Just by purchasing an insurance policy known as a “buy- in” policy. This policy was purchased in the name of the Trustee and is an investment of the Plan.

When the Trustee decides to “buy-out” your defined benefits under the Plan with Just, you will receive an individual policy with Just, in your own name, in respect of your Plan benefits. This is often referred to as a “buy-out” policy and will be a contract between you and Just. This process is not expected to be completed for several months yet and you will continue to be kept up to date during the process. As a consequence, the sponsoring employer and the Trustee will then wind up the Plan.

Further communications will be sent to you in the future. Therefore, it is very important that you keep Capita informed of any changes to your contact details.

Is there any other information I should be aware of?

We must tell you if the Company has taken any money out of the Plan in the last 12 months; we are happy to confirm that this has not occurred.

Additional formal documents available on request:

- Annual Report and Accounts of the Plan. This shows the Plan’s annual income and expenditure.
- Statement of Investment Principles. This explains how the Trustee invest the money paid into the Plan.
- Actuarial Report. This contains details of the Actuary’s check on the latest funding position.

If you are thinking of leaving the Plan for any reason, you should consult a professional adviser (such as an Independent Financial Adviser (IFA)) before taking any action.

Where can I get more information?

If you have any other questions, or would like any more information, you can contact the administration team directly on **0345 602 5366** or email them at perenco@capita.co.uk

USEFUL LINKS



MoneyHelper

www.moneyhelper.org.uk

MoneyHelper is the new brand name for the Money and Pension Service which brings together three financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise.

MoneySavingExpert

Cutting your costs, fighting your corner

Money Saving Expert

www.moneysavingexpert.com

Founded by journalist Martin Lewis, this website provides information and articles that could save you money and includes areas such as pensions and finance.



Financial Conduct Authority

register.fca.org.uk

The FCA has a database of independent financial advisers so that you can find one in your local area if you are looking for help.



Citizens Advice

www.citizensadvice.org.uk

Free independent and confidential guidance online as well as details of your local Citizens Advice centre.



Age UK

www.ageuk.org.uk

Provides lots of information about pensions, as well as a free advice line.

Contact details:

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