

Your

Pension Matters

The Trustees' report to members

May 2025

Pearl Group Staff Pension Scheme

welcome

It's a pleasure to present this year's issue of *Your Pension Matters*, the newsletter for members of the Pearl Group Staff Pension Scheme. It brings you the latest news from the Scheme as well as general information about pensions, which we hope you find useful.

If you are already receiving your State pension, there's some useful information for you about the latest increase to the State pension and how this may affect the income tax you pay on your Scheme pension. You'll find more details on page 5.

You may have seen in the media about changes impacting some Guaranteed Minimum Pensions (GMPs). This is something that applies to many of the UK's defined benefit pension schemes, including ours, but it doesn't affect all our members. We are working with our advisers on a GMP project, and

you can read more about this on page 10.

The latest full actuarial valuation of the Scheme, looking at the position as at 30 June 2024, is currently in progress, so there is no summary funding statement in this year's newsletter. The funding position is still similar to the last valuation, i.e. a small surplus, but we will bring you a full report when the valuation process is completed.

Finally, I hope you enjoy reading this year's issue of *Your Pension Matters* and find it useful. If you have any questions about the

Scheme or your benefits, please get in touch with the Scheme administrator using the contact details on the back page.

Keith Jones
Chair of the Trustees

“
We will bring you a full report when the valuation process is completed.
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Scheme highlights

£1.8 billion

The value of the Scheme's assets on 30 June 2024

£85.3 million

The value of the pensions paid to members from July 2023 to June 2024

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Pensions news

Normal minimum pension age is going up

The Scheme's normal retirement age is 60. If you're thinking about retiring earlier than this, please remember that the government is increasing the normal minimum pension age, and this may affect your plans. From April 2028, the earliest you will be able to access your Scheme pension is going up from age 55 to 57.

Changes ahead for inherited pensions

The government has announced plans for unused pension pots to form part of an individual's estate for inheritance tax purposes from April 2027. This means that pension lump sums and death benefits from a pension might no longer be passed on tax free to your beneficiaries as they'll be added to the rest of your estate (property, money, possessions, etc.) when working out if any inheritance tax is due. A proposed exception to this is for pension benefits left to a spouse.

The rules are complex, and the government is consulting with the pensions industry to determine how this new approach will be put into practice. We will update you in a future newsletter when more information is available.

State pension to rise in April

Currently the government increases the State pension each year by an amount determined by the 'triple lock', ensuring that the rise is the higher of either 2.5%, CPI inflation or average earnings growth.

From April 2025, the State pension was increased by 4.1% in line with the increase in average earnings. For people who reached State pension age after April 2016, this is a rise of £461 a year, bringing the full State pension close to £12,000 a year. For pensioners who reached State pension age before April 2016 and who are receiving the basic State pension, this is a rise of £353 to £9,198 a year.

“

From April 2025, the State pension will go up by 4.1% in line with the increase in average earnings.

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Tax on your pension

The State pension isn't paid tax free but counts as part of your total income from all sources. With the increase in State pension, more pensioners will be eligible for tax.

Income tax is deducted automatically from your Scheme pension by the Scheme administrator, using the tax code provided by HMRC.

Following the increase to the State pension, you might find you're paying tax on your Scheme pension income for the first time, or that you're paying more tax than before.

We can't answer queries about your tax code or speak to the tax office on your behalf. If you have a query about your tax code, please note that you'll need to contact the tax office directly.

Call: 0300 200 3300

Pensions dashboards

Work on the government's pensions dashboards programme continues. However, please note that a public launch date is still to be announced, and it is not expected to be until 2027 at the earliest. The UK's pension schemes are connecting to the dashboards' ecosystem in stages. This will take some time, and it won't be until November 2026 that all pension schemes have connected in readiness for the public launch.

The pensions dashboards will allow pension savers to view all of their pension information from different schemes in one place, including the State pension, which will help people engage with retirement planning.

Be scam smart

The danger from pension scams continues, and they are becoming ever-more sophisticated. The use of artificial intelligence (AI) by fraudsters is making scams more convincing and harder to spot. While the methods can vary, the purpose is always to obtain personal information and money.

Examples of AI scams include deepfakes (a video where someone's likeness has been digitally manipulated to make it look like they're doing or saying something they never did), voice cloning (where victims are convinced they're having a genuine phone conversation with a person) and chatbot phishing (with text that replicates the tone and coherence of legitimate messages). Look out for the small details on videos, particularly in people's faces. Note any inconsistencies and discrepancies, and pay attention to tone of voice as AI scams usually lack emotion.

Don't

✗ **be rushed or pressured** – take the time to make all the checks you need. If a deal sounds too good to be true, it probably is.

Do

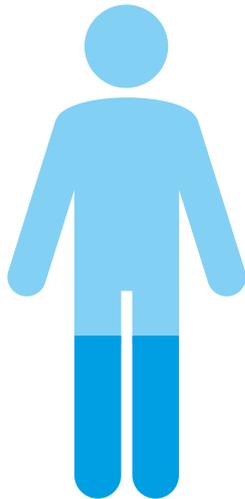
- ✓ **reject unexpected pension offers** – a free offer out of the blue is probably a scam
- ✓ **check who you are dealing with** – by using the Financial Conduct Authority's financial services register at <https://register.fca.org.uk>
- ✓ **get impartial advice** – MoneyHelper provides free, independent information and guidance at www.moneyhelper.org.uk



For more information about pension scams and how to avoid them, go to www.fca.org.uk/consumers/pension-scams

Who's in the Scheme?

As at 30 June 2024, there were 16,640 members in the Scheme.



Final Salary section

10,162

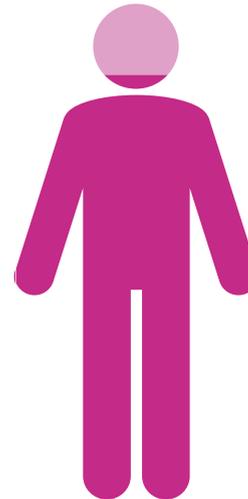
Pensioner members

5,055

Deferred members

15,217

Total



Money Purchase section

206

Pensioner members

1,217

Deferred members

1,423

Total

Some of our members have benefits in both sections of the Scheme. They are included in the totals for the Money Purchase section.

The Scheme's finances

The information on these pages is a summary that has been taken from the Trustees' formal report and accounts for the year to 30 June 2024.

	Final Salary section £m	Money Purchase section £m	Total £m	Previous year to 30 June 2023 £m
Income				
Investment income	95.2	-	95.2	91.9
Total	95.2	-	95.2	91.9
Expenditure				
Benefits payments to members	(95.1)	(0.4)	(95.5)	(93.2)
Payment to leavers	(1.5)	(2.3)	(3.8)	(6.8)
Investment expenses	(0.7)	-	(0.7)	(0.6)
Total	(97.3)	(2.7)	(100.0)	(100.6)
Income less expenditure	(2.1)	(2.7)	(4.8)	(8.7)
Change in market value	(49.8)	8.0	(41.8)	(513.6)
Net increase/(decrease)	(52.0)	5.4	(46.6)	(522.3)
Fund value at 30 June	1,779.2	66.0	1,845.2	1,891.8

Final Salary section

Equality in pensions

New legislation has been introduced relating to Guaranteed Minimum Pensions, commonly called GMPs. GMPs were built up at different rates for men and women and were payable at different ages, reflecting the State pension age for men and women at the time.

The new rules mean that pensions must now be equalised to redress these GMP differences between men and women. This process is called GMP equalisation. It might affect you if you were a member of the Scheme between 17 May 1990 and 5 April 1997.

We are working with our advisers on the complex process of checking and adjusting benefits, where necessary. This will take at least a year to complete for our Scheme, and some members may see a change in their benefits. However, please note that in most cases, the amounts involved are likely to be relatively small.





You don't need to take any action, as we'll contact you directly in 2026 if this affects you. Please note, if you don't receive a letter about GMP equalisation, this is because you don't have any eligible benefits or no adjustment was needed. The Trustees and the administrator won't be able to provide further information until the work is completed next year.

Money Purchase section

The Money Purchase Section was closed to future contributions on 30 June 2020, when active members were offered membership of the Standard Life Master Trust.

If you are a deferred member of the Money Purchase section, you can choose how your savings are invested. You can use the Retirement Pathway, where your savings are managed for you, or you can use the Self-Select funds, where you take an active role in managing your investments.

You can find out more about the available investment funds on the Scheme website.



If you want to change your investments, you can do this by completing an Investment Option form which is available from the Scheme administrator or on the Scheme website. It is free to make changes up to three times a year.

Retirement Pathway Funds

Performance (gross) for the year to 31 December 2024 (%)

Aon Managed Retirement Pathway Fund	Portfolio	Benchmark	Relative
Perpetual	6.0	5.1	0.9
2016–2018	6.7	6.0	0.7
2019–2021	7.3	6.8	0.5
2022–2024	8.0	7.7	0.3
2025–2027	9.1	9.3	-0.2
2028–2030	10.2	10.9	-0.7
2031–2033	11.4	12.8	-1.4
2034–2036	12.7	15.3	-2.6
2037–2039	13.9	17.6	-3.7
2040–2042, 2043–2045, 2046–2048+	14.2	18.3	-4.1
Aon Managed Retirement Pathway to Annuity			
2025–2027*	3.5	TBC	TBC
2028–2030**	10.0	12.1	-2.1
Aon Managed Retirement Pathway to Cash			
2025–2027	7.4	TBC	TBC
2028–2030	10.1	10.9	-0.8

Source: Aegon, Aon Investments Limited. Returns are shown gross of fees and will be reduced by the AMC paid by members. Returns are calculated using daily dealing prices and restated over all time periods to reflect the change in performance methodology implemented on 31 December 2024. Benchmarks are chain-linked using monthly underlying fund benchmarks and asset allocations and have been restated over all time periods to reflect this change. Inception date for majority of funds is 31 May 2015, except funds marked with* which launched 29 June 2019 and funds marked ** which launched 30 June 2022.

For funds with a target date after 2039, performance is shown for the 2040–2042 Fund through to the 2067–2069 Fund.

Self-Select funds

Performance (gross) for the year to 31 December 2024 (%)

	Portfolio	Benchmark	Relative
Global Equity	15.7	19.6	-3.9
Active Global Equity	10.9	20.8	-9.9
Global Impact	10.9	20.8	-9.9
Property & Infrastructure	3.4	4.6	-1.2
Passive Corporate Bond	1.8	1.7	0.1
Diversified Asset	10.1	5.1	5.0
Long-term inflation linked	-10.1	-10.8	0.7
Liquidity	5.5	5.1	0.4
BlackRock UK Equity Index	8.5	8.5	0.0

Source: Aegon, Aon Investments Limited. Returns are shown gross of fees and will be reduced by the AMC paid by members. Returns are calculated using daily dealing prices and restated over all time periods to reflect the change in performance methodology. Benchmark shown for the Aon Managed Diversified Asset Fund is LIBOR up to 31 October 2019 and SONIA with effect from 31 October 2019. Benchmark for the Aon Managed Liquidity Fund is 7-day LIBID up to 30 December 2021 and SONIA with effect from 30 December 2021. Inception date: Aon Managed Funds 31/12/2014, Aon Managed Global Impact Fund 31/10/2020, Aegon BlackRock UK Equity Index Fund 31/10/2009.

Please remember that past performance is not a guide to future returns and the value of your investments and income from them can fluctuate and is not guaranteed.

You can read about the performance of the funds in the Money Purchase section in the document, 2024 DC Fund Performance Commentary, which you can find in the members' area of the Pearl website under Money Purchase Investment Information.

Running the Scheme

The Scheme is managed by a corporate trustee called P.A.T. (Pensions) Limited. There are seven Trustee Directors, four of whom are appointed by the Company, including an independent chair, and three are nominated by the members of the Scheme.

Your Trustee Directors

Keith Jones, independent chair
Graham Felston*
Max Mauchline*
Chris Munro*
Gary Welsh
Lesley Williams
Quentin Zentner

*Nominated by members

Secretary to the Trustees

Clare Wilson, First Actuarial LLP

Advisers to the Scheme

The Trustees have appointed the following professional advisers to help run the Scheme.

Actuary

Scott Latham FIA, WTW

Auditor

RSM UK Audit LLP

Investment adviser

Aon Investments Limited

Bank

HSBC Bank plc

Main legal adviser

Reed Smith LLP

Principal employer

Pearl Life Holdings Limited

Get in touch

If you have any questions about the Scheme or your benefits, please contact the Scheme administrator.



Call us:
01733 447620



Email us:
pearl@firstactuarial.co.uk



Write to us:
Pearl Group Staff Pension Scheme
First Actuarial LLP
First House
Minerva Business Park
Lynch Wood
Peterborough PE2 6FT



Scheme website:
www.pearlstaffpensionscheme.co.uk

Remember to tell us!

Please let us know if you move house or your personal circumstances change, so that we can keep in touch with you and pay your benefits when they are due.

