

The Economist Group
UK PENSION PLAN



Pensions Update '23

For members of The Economist
Group UK Pension Plan

November 2023

Inside this issue:

- 1 Chairman's introduction
- 2 The Plan in numbers
- 2 Economist Pension Trustee Limited: who's who?
- 3 Plan investments
- 4 Summary Funding Statement
- 8 New website launch
- 9 Important reminders: member portal, expression of wish, scams
- 13 Pensions noticeboard: taxation changes, dashboards update
- 15 Further help and information



Chairman's introduction

Welcome to this year's Economist Group UK Pension Plan newsletter, where we bring you the latest information on the Plan.

This issue includes a funding update, showing the financial health of the Plan, a summary of the Plan's investments and some important reminders. You may have seen in the press that there has been significant volatility in investment markets over the past year for a number of reasons, and the Trustees continue to monitor these risks closely. We're pleased that, despite this volatility, the Plan's funding position has remained relatively stable over the period.

We recently launched a website, to give you a convenient place to find information and news about the Plan. Take a look at page 8 to find out more.

Getting independent financial advice on pensions is essential. On page 11 we report that we have negotiated a competitive price with Origen Financial Services (Origen) to act as a financial adviser. You can select your own adviser, but Origen are now available as a convenient option for you.

The 'Pensions noticeboard' section of this newsletter gives an update on changes which may affect your pension following the Spring Budget, an update on "pensions dashboards", an ownership change at the administrator, and information on cyber security and pensions.

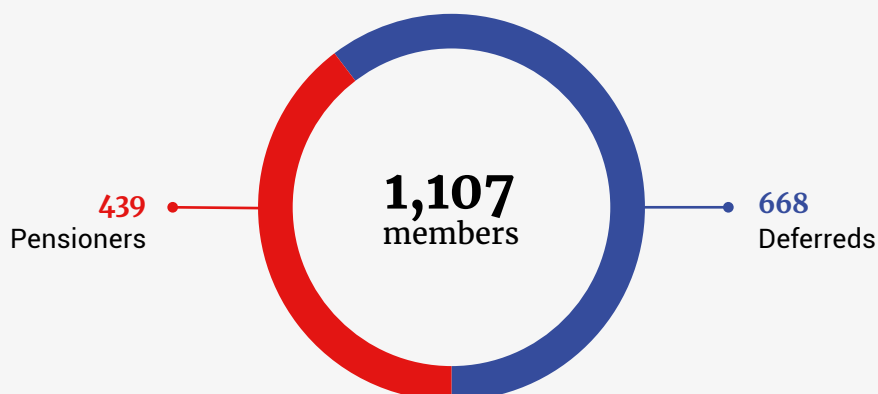
It's important that you inform us when any of your personal details change. This is particularly the case for your contact details. Letting us know about any changes will help us pay your benefits promptly when the time comes. For details on how to notify the administrator about this, see the 'Contact us' section on the back page.

We hope you enjoy this newsletter. As always, the Trustees welcome your feedback, so please get in touch with us if you have any comments or suggestions for topics to be covered in future editions.

Daniel Franklin
Chair of Trustees

The Plan in numbers

Members as of 31 May 2023



Economist Pension Trustee Limited: who's who

The Economist Pension Trustee Limited (the Trustee) is responsible for running the Plan and, amongst other things, ensuring there are enough assets to pay members' future benefits. The Trustee is made up of the following company and member-nominated Trustee Directors:

Company nominated



Chairman – Daniel Franklin



Trustee Director – Jane Allen



Trustee Director – Philip Wrigley



Trustee Director – Capital Cranfield (Kevin Wesbroom)

Member nominated



Trustee Director – Brian Fairclough



Trustee Director – Tim Hindle



Member of investment sub-committee.



Member of administration & governance sub-committee.

In November 2022, Robin Bew stepped down as a Trustee Director and was replaced by a professional trustee, Capital Cranfield (represented by Kevin Wesbroom) to add further expertise to the Trustee Board.

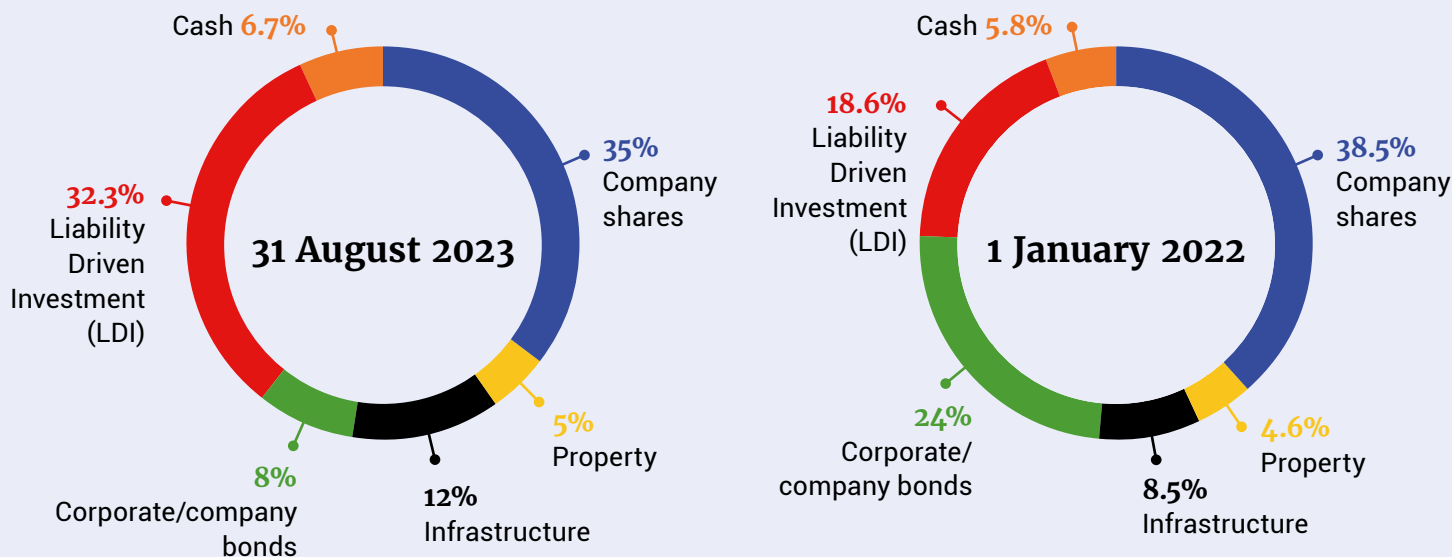
We also decided to reduce the number of Trustee Directors on the Trustee Board. As a result of this, previous Trustee Directors Edward Burness, Edward McBride and Nicholas Mesquita resigned

from their positions, effective January 2023. The number of Trustee Directors is typical for a Plan of this size and we continue to meet the requirement that one-third of Directors are nominated by the Plan members.

We would like to thank our former Trustee Directors for the work they have done for the Plan over a number of years.

Plan investments

Target Asset Allocation



The Trustee's policy is to invest in a broad range of assets. At 31 March 2023, the Plan's target asset allocation was to have broadly 50% held in growth assets (such as company shares, property and infrastructure) and 50% held in risk-reducing assets (such as corporate bonds, government securities and cash).

The balance between risk and return in the investment strategy has remained broadly the same since our last update but the Plan, led by the Investment Sub-Committee, has undertaken some changes to its investment strategy. The main change has been to increase the allocation to LDI, which is intended to move in line with the Plan's liabilities when market conditions change. This should reduce volatility in the funding position and help ensure the security of Plan members' future benefits.

The investment strategy and the performance of the managers are reviewed regularly. Full details of the policy are provided in the Statement of Investment Principles. The Trustee has also prepared an annual engagement policy implementation statement that describes how the Trustee has followed certain policies (including those relating to stewardship) and the investment managers' voting behaviour. Both documents may be provided on request and can be accessed free of charge by visiting the Plan's new website: economist.yourpension.info

What is LDI and why has it been used by the Plan?

Volatility in interest rates is a key investment risk for defined-benefit pension schemes (including this Plan) and has the potential to cause large swings in the Plan's funding position, if not appropriately managed. Pension plans (including this Plan) have been using LDI to manage funding risk. This is because the value of LDI assets move in a similar direction to the value placed on the Plan's future pension obligations, known as the liabilities; i.e. when interest rates fall the value of liabilities rises and the value of LDI assets also rises, and when interest rates rise the opposite is true. It therefore avoids large swings in the funding deficit. The LDI strategy is designed to significantly reduce and manage the volatility in the Plan's funding position, and maximise the probability of paying benefits as they fall due.

Summary Funding Statement

As you are entitled to benefits from the Plan, we regularly write to you to give you an update on the Plan's funding position.

We are responsible for sending you a statement like this every year, to let you know about the Plan's financial security.

Our last statement to you set out the funding position of the Plan at 1 January 2022. Since then, a further update of the funding position has been completed with an effective date of 1 January 2023.

This statement sets out the results of that update and the reasons for the change in the funding position since your last statement. The next statement will be sent to you following the next review of the funding position at 1 January 2024.

The ongoing funding position

The table below shows the funding position at the latest update at 1 January 2023, alongside the formal valuation position at 1 January 2021 and the funding update position at 1 January 2022.

	1 January 2023 (£m)	1 January 2022 (£m)	1 January 2021 (£m)
Excess assets / (shortfall)	(33.5)	(41.7)	(95.8)
Funding level (Assets / current liabilities)	89%	91%	80%
Asset value	266.9	434.3	385.0
Current liabilities	300.4	476.0	480.8

The shortfall has reduced over the year. As we explain below, both the assets and liabilities have fallen over the year in response to changes in market conditions.

The liabilities are the estimated cost of providing the promised benefits to Plan members in the future. To calculate this estimated cost, many assumptions are required (including future life expectancy, future inflation and future investment returns from the Plan's assets).

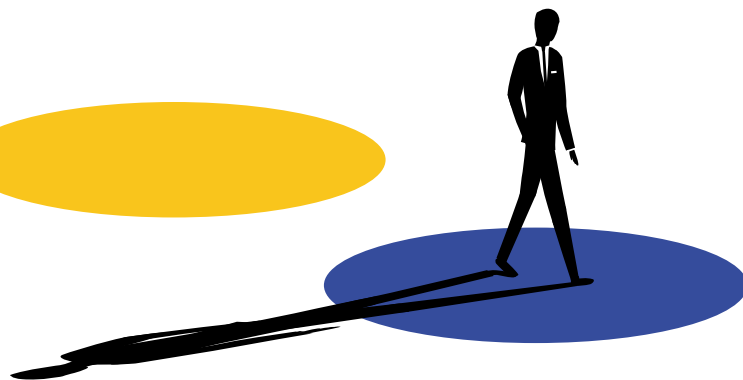
Pensions legislation requires these assumptions to be based on market conditions at the date of each valuation, and therefore changes in market conditions can significantly impact the estimated cost of providing benefits, even though the benefits themselves haven't changed.

The impact of changes in market conditions can be large, as the assumptions apply over a very long time (the Plan is expected to be making pension payments until at least 2090).

The asset value is based on the market value of the investments held. The Plan's investment strategy includes a significant proportion of 'matching' assets that are designed to move in a similar way to the value of the liabilities, to protect members' benefits from the potentially adverse effects of changes in market conditions rather than seek excess returns. As a result, market conditions can have a large impact on the assets as well as the liabilities. These assets will be used to fund future benefit payments for Plan members.

Summary Funding Statement

continued



Change in funding position since the last update

The liabilities have reduced significantly over the year because of market movements in 2022, including large increases in the yields available on UK government bonds. In line with most UK pension schemes, we measure the liabilities using these yields and the large increases have reduced the value of the liabilities over the year. This was partially offset by the high levels of short-term inflation experienced in 2022, which led to inflation-linked benefit increases being higher than assumed.

As mentioned above, a significant proportion of the Plan's assets are invested in 'matching assets' so that they move in a similar way to the value of the liabilities. Therefore, as the liabilities have fallen, we have seen a corresponding decrease in the value of the Plan's assets. This investment approach is designed to limit the impact of market movements (positive or negative) on the Plan's overall funding position.

By 1 January 2023, the funding shortfall had been reduced from your last update at 1 January 2022.

Latest position

So far in 2023, UK government bond yields have continued to rise (albeit to a lesser extent than in 2022) and the Plan's funding position has continued to improve. In a recent update provided to the Trustee, for 30 June 2023, the Plan's funding shortfall was estimated to be around £23m (a funding level of around 92%).

Continuing market volatility

It is important to note that the funding position can fluctuate greatly over time and the funding positions provided represent a "snapshot view" at one particular date. Financial markets have been highly volatile since the latest update, which has led to material changes in the value of the Plan's assets and liabilities. This volatility has been caused by various factors, including the ongoing conflict in Ukraine and the UK's struggle with inflation.

The Trustee regularly monitors both the funding position and the company's ability to support the Plan, and despite this volatility is confident that the Plan remains in a strong position.

Contributions payable by the company

As there was a funding shortfall at the last formal valuation, the company agreed to make the following additional contributions (these contributions form part of the 'recovery plan').

- £3.0m per annum paid by monthly instalments from 1 January 2021 to 30 April 2026
- A one-off lump-sum payment of £1.7m paid on or before 31 March 2021
- A one-off lump-sum payment of £3.3m paid on or before 31 March 2022
- A one-off lump-sum payment of £1.0m paid on or before 31 March 2023

In addition to the recovery plan, the company also pays £350,000 per annum towards the Plan's running expenses and pays all statutory levies directly.



Winding-up position

The valuation results illustrated on the previous page are a valuation of the Plan as a 'going concern'. If the Plan were to wind up, then the cost of securing the benefits with an insurance company would be significantly higher than this. Many UK pension schemes have large shortfalls when considering the 'winding-up' position.

The estimated additional amount, over and above the Plan's assets, required at the latest formal valuation date (1 January 2021) to ensure that all members' benefits could have been secured in full with an insurance company if the Plan had started the winding-up procedure was approximately £270m. Since 1 January 2021, the amount required is expected to have reduced in line with improvements in the ongoing funding position. The estimated solvency deficit is now approximately £100m.

Please note: inclusion of this information is a legal requirement and does not imply that the company is considering or has considered winding up the Plan.

Payment to the company

There has not been any payment to the company out of Plan funds in the past 12 months.

The Pensions Regulator

We are required to state that The Pensions Regulator has not issued any directions against the Plan to modify the Plan for future benefit accrual, direct the calculations of the current liabilities (known as 'technical provisions') or the length of the recovery plan and/or impose a schedule of contributions, nor do we expect it to do so.

How the Plan operates

How is my pension paid for?

The company pays contributions to the Plan so that the Plan can pay pensions to members when they retire.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustee is responsible for investing the assets in the common fund.

How is the amount the Plan needs worked out?

The Trustee obtains regular actuarial valuations of the benefits earned by members. Using this information, the Trustee comes to an agreement with the company on future contributions.

The importance of the company's support

The Trustee's objective is to have enough money in the Plan to pay pensions now and in the future. However, the success of the Plan relies on the company's continuing support because:

- the company will be paying the future expenses of running the Plan on an annual basis;
- the funding level can fluctuate, and when there is a funding shortfall, the company may need to put in more money; and
- the target funding level may turn out to be insufficient so the company may need to put in additional funds on the recommendation of the Trustee in line with advice received from the Plan actuary.

The funding strategy is targeting a "self-sufficiency" approach. Once full funding is reached on this approach, it is expected that the reliance on the company will be significantly reduced.

What would happen if the Plan started to wind up?

If the Plan winds up, you might not get the full amount of pension you have built up even if the Plan is fully funded under our ongoing funding plan. However, while the Plan remains ongoing, even though at times funding may temporarily be below target, benefits in payment will continue to be paid in full based on the entitlement earned under the Plan.

If the Plan were to start to wind up, the company is required to pay enough into the Plan to enable the members' benefits to be bought out by an insurance company. It may be, however, that the company would not be able to pay this full amount. If the company were to become insolvent, the Pension Protection Fund might be able to take over the Plan and pay a minimum level of compensation to members.

Further information and guidance is available on the Pension Protection Fund's website at ppf.co.uk. Or you can write to the Pension Protection Fund at PO Box 254, Wymondham, NR18 8DN.

Why does the funding plan not call for full solvency at all times?

The full-solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also involves putting aside now the full cost of the future expenses involved in administration. By contrast, our funding plan assumes that the company will continue in business and support the benefits promised under the Plan.



New website

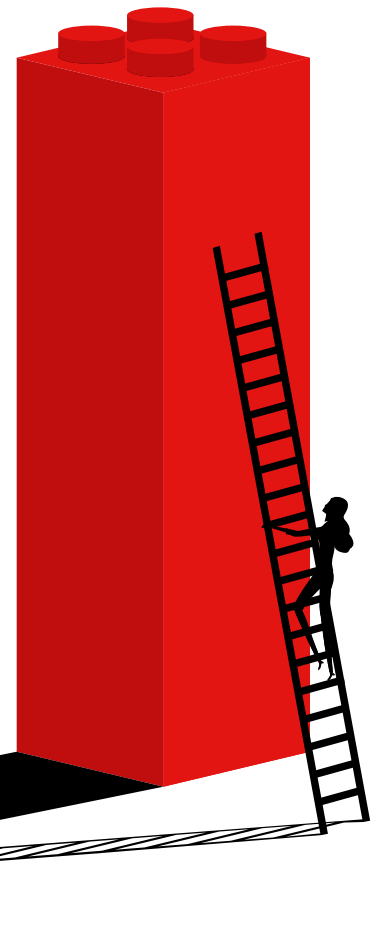
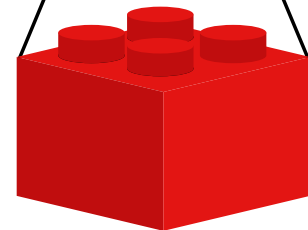
We've created a new website, to give you a convenient place to find information on The Economist Group UK Pension Plan.

You can access the website here:
economist.yourpension.info

The site includes a Library section where you can read important documents like our Statement of Investment Principles (SIP). This makes it easier for you to access such documents, as you no longer need to request a copy from our administrators.

On this site, you can also find a link through to the Member Portal, which provides information on your pension benefits, gives non-pensioner members the opportunity to view their illustrative transfer value options and allows you to review and update your personal details.

So do please explore the website



Important reminders

Member portal

Don't forget, you can log on to the Member Portal to get the latest information about your benefits. You can also use it to check and update your personal details, including the names of anyone you'd like to nominate to receive benefits from the Plan in the event of your death.

If you haven't used the Member Portal before, you'll need to register. Go to buckhrsolutions.co.uk/Economist and click "First Time User?" to get started.

You'll need to input some personal details so that we can verify your identity – along with the Unique ID that you were sent in the past. If you don't have the Unique ID, you can request a new one from the Plan administrator by using the "Contact us" details on the back page.



Keep your loved ones in mind

As a member of the Plan you build up valuable benefits which you can access once you retire from the Plan. However, what happens if you were to die? Where would that money go?

Your Expression of Wish form allows you to tell the Trustee who you would like to receive any lump-sum benefits payable from the Plan when you die. You may include any number of individuals and may nominate different people at any time by completing a new form.

If you've already completed an Expression of Wish form, you should make sure that the details are up to date to reflect your current circumstances and wishes.

How can I update my Expression of Wish?

You can update your Expression of Wish form via the Portal or by contacting the Plan administrator using the details at the end of this newsletter.

Pension scams: stay alert!

The past few years have seen an increase in pension scams, with savers being pressed into transferring their pensions into arrangements that might seem legitimate and promise a lot, but which result in people losing their money. We want you to be aware of the risks and know what to do if you're suspicious.

Signs of a scam include:

- **Unsolicited contact.** A genuine financial adviser or institution won't call, email or write to you out of the blue.
- **Unrealistic promises.** Be wary of any investment that offers guaranteed high returns — these are unlikely to be true.
- **Unreasonable pressure.** Scammers will often try to force you into a quick decision or rash commitment with a "limited time offer".

You should take your time and always check who you're dealing with. You can use the Financial Conduct Authority's ScamSmart website, fca.org.uk/scamsmart, to access the register of firms and individuals who are authorised to give you financial advice.

The ScamSmart website also gives you instructions for what to do if you think you've been targeted. You can also report a scam (or attempted scam) to Action Fraud. Call 0300 123 2040 or use the online reporting tool on the Action Fraud website: actionfraud.police.uk



Important reminders continued

Cyber security and your pension

A number of pension schemes have been affected by cyber-security breaches at major UK companies, as reported in the news recently. While these attacks pose a threat to any business, we would like to assure you that the Plan's administrators, Buck, have protections in place to prevent, detect and respond to cyber-attacks.

Buck continuously assesses its security measures and has not been the victim of a successful ransomware attack.

There is no room for complacency in the face of cyber-threats, however, and we will remain vigilant to minimise the risks.



Independent financial advice

Remember, taking your benefits from the Plan is an important decision – perhaps one of the most important decisions you'll make.

The Trustee has negotiated a competitive price with Origen Financial Services (Origen) to act as a financial adviser. Origen can provide advice to members of the Plan looking for help with deciding how to provide a retirement income from the Plan, which may include transferring their benefits.

Who are Origen?

Origen are authorised and regulated by the Financial Conduct Authority (FCA) and are leading retirement-advice specialists. You can view a guide in the library section of the Plan's website which provides further information on Origen and the service they provide at economist.yourpension.info. You can also visit their website at origenfs.co.uk

Please note that members are not obligated to use Origen. You can use your own financial adviser, but Origen are available should you wish to speak to them.

Contact details are as follows:



Economist@Origenfs.co.uk



0800 912 9991

Calls are charged at your phone company's basic rate. Office hours are 8.30am to 5.30pm.

Buck's acquisition by Gallagher

Buck, the Plan's administrators, was recently acquired by Arthur J. Gallagher & Co. Gallagher is a leader in the insurance, benefits and pensions industry. This acquisition strengthens Buck's ability to deliver high-quality pension-administration services.



It's important to note that this change will not affect your pension, and you'll not experience any service disruptions due to the acquisition. You can continue to rely on Buck as your main point of contact for any enquiries regarding your pension.

Contact details for the administration team remain the same and are provided on the back page of this newsletter.



Pensions noticeboard

Changes to pension taxation

The budget announcement in March included the biggest shake-up in pensions for over a decade, with the removal of the Lifetime Allowance tax charge and an increase in the Annual Allowance. At the time of writing, the legislation to bring these changes into law was still making its way through Parliament, so this update reflects our current understanding of some of the key changes.

The Lifetime Allowance sets the total value of all the pension savings you can build up before having to pay extra tax. It had been expected to remain at its previous level of £1,073,100 until 2026, but the chancellor announced plans to abolish it altogether from 6 April 2024, with the tax charge removed from 6 April 2023.

The Annual Allowance limits the amount you can pay into your pension savings in a tax year without having to pay an additional tax charge. The standard Annual Allowance has been increased from £40,000 to £60,000. There have also been increases in the special annual allowances which apply for certain high-earners and individuals who have already accessed some of their pension savings in a particular way.

As ever, if you're making decisions about your financial future, we recommend getting independent help and advice, especially if you think you may be affected by any

of the tax changes announced as part of the budget. MoneyHelper ([moneyhelper.org.uk](https://www.moneyhelper.org.uk)) is an excellent place to start. It can also help you to find an authorised independent financial adviser in your area, if you choose not to use the independent financial advice offered by Origen to members over 55.

State Pension increases

Every year the State Pension is reviewed to take account of inflation, and new figures are announced.

From April 2023, payments are:

- £203.85 a week (up from £185.15) for the full, new flat-rate State Pension (for those who reached State Pension age after April 2016).
- £156.20 a week (up from £141.85) for the full, old Basic State Pension (for those who reached State Pension age before April 2016).

If you haven't yet retired and want to know what level of pension you're likely to receive from the state, you can find out by going to [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

A new normal minimum pension age (NMPA)

The NMPA is the minimum age at which most pension savers can access their pensions without incurring an unauthorised-payments tax charge (unless they are retiring due to ill-health). The NMPA is currently 55 but will be increasing to 57 from 2028. This will only affect members born after 5 April 1971.



Coping with the cost of living

Energy bills, fuel prices, general increases to the cost of living – we're experiencing increased financial pressures, and these things can be stressful.

In order to help with rising costs, your Plan pension increases in line with Consumer Prices Index inflation, but subject to certain caps and floors. The extent to which increases are capped can depend on whether you have retired and when you built up your benefits in active service. More specific information on how your benefits are linked to inflation can be provided by the Plan administrators, Buck.

There are also lots of websites that can help with everything from day-to-day savings tips to debt advice. If you're struggling, have a look, and consider speaking to someone who can help:

- helpforhouseholds.campaign.gov.uk gives details of any government support you may be able to claim to help with the cost of living.
- moneyhelper.org.uk is a free, independent service provided by the government. It offers advice about pensions, benefits, savings and more.
- moneysavingexpert.com gives lots of advice on everything from reducing your bills to finding the best insurance deals.

Pensions dashboards

For several years now, the pensions industry has been working on a project to launch pensions dashboards: online tools enabling savers to view all their pension benefits from multiple schemes in one place. This could make retirement planning much easier for millions, by giving a clear and consistent view of how much their combined benefits are worth and what sort of income they can expect in retirement.

Developing and delivering dashboards is a complex project and it's taking longer than anticipated. Following an announcement in March that the government was revising its schedule for the Pensions Dashboards Programme (PDP), the pensions minister, Laura Trott, has now provided the first date to go into the new timeline. Schemes will have until 31 October 2026 to connect to the digital architecture for pensions dashboards. That's about two and a half years later than previous regulations suggested.

It doesn't necessarily mean you'll have to wait that long until you can use a pensions dashboard, but if you access one before that date, it won't necessarily show all your pensions, because not every scheme will have connected to the system.

Many in the pensions industry are disappointed by the delays, but it's important to remember that the priority is to get things right. Trustees and administrators need to make sure that they hold the right data in the first place. Dashboard providers need to make sure that the information is displayed in the right way. And

everyone needs to make sure that all of the interfaces and connections are in place so that when you log on, the dashboard will be able to quickly and accurately find your pensions and show them to you.

In the meantime, our administrators, Buck, are making good progress with the necessary data checks and systems developments required to connect to the dashboard architecture.

There are also things that you can do to help. Dashboards will work by using your personal data to find your pensions, so it's important that any pension schemes you're in have the correct details on file for you. You can check that we have the right ones by logging on to our Member Portal, which is also a great way to keep on top of your pension planning.

If you have some old pensions that you've lost contact with, perhaps from a previous employment, you can use the Pension Tracing Service to get back in touch. Go to gov.uk/find-pension-contact-details to find out how. You'll then be able to make sure that they have the right information for you so that those benefits show up when you use a dashboard.

We'll keep you posted on further developments as we hear more. We're confident that pensions dashboards will be worth the wait – but you don't need to wait until they're here to start planning your financial future!

Further help and information

Need extra help? You are not alone and help is available:

MoneyHelper

MoneyHelper is a one-stop shop for money and pension queries. It's an independent service set up by the government to provide a range of information on consumer finances and obtaining financial advice. It also provides guidance across the whole range of pensions, including state, occupational and personal. You can find it at moneyhelper.org.uk. If you have any pension questions, you can contact them by using their contact hub at moneyhelper.org.uk/en/contact-us/pensions-guidance. Here you can have a live web chat, you can call them on 0800 011 3797 or you can fill in their online enquiry form.

The Pension Protection Fund (PPF)

The PPF was set up as a 'safety net' for defined-benefit pension-plan members whose plans wind up (come to an end), and the employer doesn't have enough money to pay for the pensions because it's insolvent (for example). The PPF can pay compensation to people who are in danger of losing their pensions in this way. You can find more information about the PPF on its website: ppf.co.uk.

If you transfer your benefits out of the Plan to a personal pension arrangement, they will no longer be covered by the PPF. They might be covered by other types of protection such as the Financial Services Compensation Scheme (fscs.org.uk). Origen or your own financial adviser will be able to tell you more about this.

The Pensions Ombudsman

The Pensions Ombudsman can look into and judge complaints about how pension plans are run. Before complaining to the Ombudsman you'll need to have first tried to resolve your complaint using the Plan's complaints process. MoneyHelper can help you complain to the Ombudsman – visit moneyhelper.org.uk/en/pensions-and-retirement/pension-problems for more information.



020 7630 2200



pensions-ombudsman.org.uk

Contact us

If you have any questions about your benefits please contact the Plan administrators (Buck).



Economist@buck.com



Plan helpline – 0330 123 9587

Please be aware that if you are seeking to retire or transfer your benefits and they include Additional Voluntary Contributions (AVCs), it is likely that Buck will need to liaise with a third party both to obtain the value and to disinvest the monies held. Unfortunately, these requests are taking longer to process than the Trustee would like. If at any point you would like an update on any outstanding request, please do not hesitate to contact the administration team.

