

Groupama UK Pension Scheme

Newsletter

Spring 2025

Welcome to the latest issue of your Scheme newsletter.

Inside, you can read in more detail how the Scheme's financial position is developing in our latest Summary Funding Statement. It has been a challenging year for the global economy, with geopolitical tensions bringing volatility to investment markets. However, despite this, we are pleased to report that there has been an improvement in the Scheme's financial position. This has been aided by the continued strength and support of the Sponsor, who has made additional contributions to the Scheme.

Further details on the performance of the Scheme's investments can be found on page 3.

We continue to monitor the impacts of global economic events on the Scheme and will make any changes we feel are necessary to protect it and the best interests of you, the members.

We also include a summary of the year's accounts.

As always, please do get in contact if you have a query about the Scheme or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 6.

Paul Picknett
Chair of the Trustee

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In numbers

The membership

At 31 December 2024 there were 2,145 members in the Scheme compared with 2,164 members at the same date last year. This includes member's benefits which are insured by an annuity.

1,170

Deferred members

No longer building up benefits but have benefits in the Scheme for when they retire.

975

Pensioner members

Receiving benefits from the Scheme (and including the dependants of members who have died).



The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.



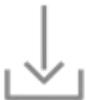
The value of the assets supporting the Scheme at 31 December 2023 *(includes insured policies and AVCs)*

£214.6M



The total value of Company contributions paid in to the Scheme during the year

£5.3M



The total value of benefits paid to members during the year

£11.8M

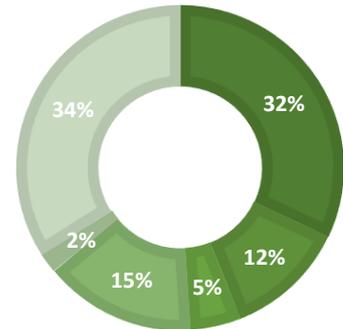
Investment update

As the Trustee, it is our responsibility to agree on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers, and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2023, the Scheme held assets of £208.2million compared with £208.7million at the same date the previous year (not including insured policies and AVCs).

- Equities 32%
- Credit 12%
- Cash and cash equivalents 5%
- Macro Orientated 15%
- Multi strategy 2%
- Liability hedging 34%



Performance

The table below shows how the Scheme’s investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

	12 months to 31 December 2023		Since inception (February 2019)	
	Performance	Benchmark	Performance	Benchmark
Cardano	2.8%	3.0%	-4.7%	-3.5%

For further details on our investment approach, read our Statement of Investment Principles (SIP) at <https://pensioninformation.aon.com/groupama/default.aspx>

You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

Market Commentary

In contrast with the challenging market conditions over 2022, 2023 marked a positive turnaround for the Scheme. Throughout the year, the market environment presented numerous opportunities for the Scheme to capture investment returns, particularly in the last quarter. During this period, both equity and bond markets delivered positive returns, driven by news of slowing inflation across major economies. This development reinforced market expectations that central banks had concluded their interest rate-hiking cycle and would begin to shift towards rate cuts in 2024. Overall, given volatility experienced in the first half of the year, the Scheme has marginally fallen behind its annual performance target for 2023.

Following the 2022 gilt crisis, the Scheme’s liability hedging strategy was fully restored at the start of 2023 and the collateral resilience improved. This positive performance relative to the Liability Benchmark has continued into 2024, up to the end of June. Additionally, in 2024, the Trustee completed a planned change in the investment strategy, introducing a 10% allocation to a diversified portfolio of Private Markets, including Real Estate and Private Equity.

In the news



Autumn Budget

The Government is consulting on changes that might bring some items of pension savings into inheritance tax, but not until 6 April 2027. For more information please visit [Technical consultation - Inheritance Tax on pensions: liability, reporting and payment - GOV.UK](#)

Your pension tax allowances

The Government has made some changes in recent years to the tax allowances that apply to pension benefits, which are set out below. Please note that these allowances apply to the total of all your pension arrangements, not just those relating to the Scheme.

Annual Allowance

This is the maximum amount you can add to your pension benefits each year tax free. The standard annual allowance for most people is £60,000. Higher earners – broadly someone with a total UK taxable income over £200,000 a year – might have a lower Annual Allowance.

You may have a Money Purchase Annual Allowance if you have savings in a Defined Contribution pension scheme and use these to provide certain benefits. Examples include taking some of your savings as cash or moving them into a drawdown arrangement and using them to provide you with an income. The Money Purchase Annual Allowance is £10,000.

Lifetime Allowance

The Lifetime Allowance used to limit the total amount of pension savings you could take when you retire without having to pay extra tax. The Lifetime Allowance was abolished from 6 April 2024.

Lump Sum Allowance

This is the maximum amount of tax-free cash you can take from your pension arrangements when you retire. The allowance is £268,275.

Lump Sum and Death Benefit Allowance

This covers both the maximum amount of tax-free cash you can receive when you retire and your beneficiaries can receive following your death. It also covers any serious ill-health lump sums paid. This allowance is £1,073,100.

There are more details on the pension tax allowances on the Government's website. Go to www.gov.uk/money/business-tax-pension-scheme-administration-tax-on-pensions.



You are responsible for monitoring your tax position. If you are unsure of your tax position, please speak to an independent financial adviser



In the news

Stay alert to the threat of pension fraud

As the Trustee, we continue to be vigilant around the dangers of cyber security and fraud as a risk to the Scheme.

On an individual basis, recent research by LV= suggests that one in seven UK adults have been the victim of an attempted pension scam in the past year.

There are common signs to look out for. If you receive any of the below warning signs, it could well be a scam:

- Unsolicited contact about your pension.
- Undue pressure to make a quick decision.
- Promises of guaranteed investment returns.
- Information about apparent loopholes to access your pension savings early.

To learn more about how to protect yourself go to www.moneyhelper.org.uk and choose **Money troubles > Scams > How to spot a pension scam** (you may need to click 'View all' first).

The Financial Conduct Authority (FCA) also provides guidance on how to spot potential scams. Visit the ScamSmart area of their website: www.fca.org.uk/scamsmart

The National Cyber Security Centre has a Cyber Aware website that contains up-to-date advice on how to stay secure online. For more information, including a free personalised action plan to improve your cyber security, visit their website at www.ncsc.gov.uk/cyberaware

Newsbites

Minimum retirement age to increase

The youngest age most people can start to receive their pension benefits will go up from April 2028 – from age 55 to age 57.

The aim of this change is to keep the minimum retirement age at around 10 years below the State Pension Age, which is due to rise gradually from 66 to 67 between 2026 and 2028.

Pensions Dashboards update

The Pensions Dashboards Programme is developing an online framework to enable savers to keep track of all their pension savings in one place. All schemes must connect by 31 October 2026.

Once the framework is in place, the expectation is that multiple providers will connect to it. This will potentially give consumers a choice of where to go to monitor their savings. Providers are likely to include government-backed services such as MoneyHelper, pension providers and banks. We will keep you updated on any progress in this area. www.pensionsdashboardsprogramme.org.uk

Keeping your details up to date

Keeping your pension scheme details up to date is crucial for ensuring that you receive the full benefits you are entitled to when you retire. By regularly reviewing and updating your information, you can avoid potential issues such as missed payments or incorrect benefit calculations.

It's important to notify your pension provider of any changes in your personal details, such as your address or beneficiaries. Please take a moment to check your pension scheme details and make any necessary updates by contacting the scheme administrator using the details on page 6.

More information



Useful Websites

The following websites provide information and support that you may find useful.

Retirement planning

Follow some simple steps to plan for retirement. You can generate a retirement checklist, link to a pension calculator, a State Pension calculator and more.

www.yourpension.gov.uk

MoneyHelper

MoneyHelper is the free, impartial guidance service backed by the Government. It provides information and support on all money matters.

www.moneyhelper.org.uk

Gov.uk

The Government's website provides information about the State Pension including tools to check your entitlement. It also has information about workplace pensions and the pension tax allowances.

www.gov.uk

Contact point.

Please use any of the methods below to get in touch with the Administration team.

Email: groupama@aonconsulting.co.uk

Phone: 0330 123 2312

(lines are open Monday to Friday, 9am to 5pm) Write to: Aon, The Fountain Precinct, Balm Green, Sheffield, S1 2JA

Behind the scenes

As the Trustee, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

Company-appointed	Member-nominated
P.W Picknett (Chair)	G.D Shepherd
K. Curran	A. Young
D.L. Simpson	

M. Laino continues to act as an Alternate Trustee Director

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Email addresses

We would be happy to liaise with members electronically however to do so, we require your email address.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustee, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

Please use the contact details on the left to update your contact details or to request a blank form.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory. Go to www.moneyhelper.org.uk and choose *Pensions and retirement > Taking your pension > Find a retirement adviser*.

Remember

If you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details left).

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Solutions UK Limited
Actuary	J.Coulthard, FIA Aon Solutions UK Limited
Auditor	Cocke, Vellacott & Hill
Investment Adviser	Cardano Risk Management Limited
Legal Adviser	ARC Pension Law

Summary funding statement

This section summarises the results of the funding update at 31 December 2024. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Scheme’s progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 31 December 2021 and the funding update at 31 December 2023.

	Update	Update	Valuation
Date	31 December 2023	31 December 2022	31 December 2021
The funding level	88%	87%	98%
The funding target	£243.9 million	£246.3 million	£370.0 million
The value of the Scheme’s assets	£214.2 million	£215.5 million	£363.2 million
The overall position	Shortfall of £29.7 million	Shortfall of £30.8 million	Shortfall of £6.8 million

As you can see, the update as at 31 December 2023 shows that the funding level has deteriorated since the valuation at 31 December 2021.

The expected cost of paying member benefits (“the funding target”) has reduced substantially since the last valuation, mainly as a result of higher gilt yields (interest rates). The value of the assets has also fallen, largely for the same reason, however the fall in assets was greater than the fall in liabilities.

The more recent update as at 30 September 2024 shows that the estimated funding level has increased to 91%. The estimated shortfall has also improved to around £20m. This is predominantly due to the assets performing better than assumed

so far in 2024 and contributions paid to the Scheme by the Company.

The next financial check will be based on the Scheme’s position at 31 December 2024. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.



Summary funding statement

Removing the shortfall

A Recovery Plan has been agreed between the Trustee and Employer under which the Employer paid £5 million each year until 31 December 2023 to remove the deficit.

The contributions of £5 million p.a. were extended for a further two years (i.e. 2024 and 2025) following the fall in funding level.

In addition, the Company continues to contribute towards the Scheme's administration costs and running expenses. The Company also pays the annual levy to the Pension Protection Fund (www.pensionprotectionfund.org.uk).

The next formal valuation will look at the Scheme's position at 31 December 2024. This will include working out if the recovery plan is on track or if changes need to be agreed.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown above), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 December 2021, the Scheme full solvency funding level was 78% with a shortfall of £101.3 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at

www.thepensionsregulator.gov.uk

