KUWAIT PETROLEUM CORPORATION
RETIREMENT BENEFITS SCHEME FOR
UK LOCALLY EMPLOYED STAFF

Newsletter

Summer 2024

In this issue

Welcome to this latest issue of your Scheme newsletter.

For many people, the increased cost of living remains an issue. While rates of inflation are falling, interest rates remain high, putting continued pressure on budgets. We are alert to the current fragility of the markets and of broader national and international matters that could affect the Scheme's financial position. We continue to monitor the economic landscape in case we need to take proactive action.

The Pension Regulator's new general code of practice came into effect at the end of March, increasing the focus on effective governance of pension schemes, and we are fully committed to complying with the new code.

Scheme Funding update

We are currently undergoing a full review of the Scheme's financial position at 31 March 2024, as is required under pensions legislation. We will report the outcome of that review in next year's newsletter – however, we envisage the the Scheme's finances will have improved from the last formal review conducted at 31 March 2021.

Scheme website

Remember that the Scheme website is there to support you 24/7 if you are looking for information about the Scheme or if you have a general query. See page 6 for details.

Expression of wish forms

The expression of wish form is a statement that tells the Trustees who you would like to receive your benefits when you die. Although it is not binding on the Trustees, it assists them in deciding where to pay the benefits. Guidance on how to complete a form is included on page 6.

Recent changes to the transfer process

Thinking of transferring out of the Scheme? Please see page 7 for more information on potential delays in the transfer process

Early retirement reductions

Interested in retiring early? Please see page 7 for more information on early retirement reductions.

Wider pensions news

In this issue, we report on changes to the pension tax allowances and the updated Retirement Living Standards, designed to help you assess whether you're on track to achieve the lifestyle you would like in retirement. We've also included reminders on how to stay safe from pension scams along with an update on the Pensions Dashboards Programme.

If you have any questions about the Scheme or your benefits that are not covered on the Scheme website, or you have a topic you want to see covered in our next issue, please do get in contact. The relevant details are on page 6.

Graham Smith

Chair of the Trustees.

In numbers

The membership

At 31 March 2024 there were 752 members in the Scheme compared with 761 members at the same date last year. This does not include members who are paid by an annuity.

20	**Active members** Working for the Company and paying regular contributions.
336	**Deferred members** No longer building up benefits but have benefits in the Scheme for when they retire.
396	**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 at 31 March 2024. We are in the process of compiling the Accounts for 2024, which will be available later in the year. 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 March 2024	£110.6M
The increase in the value of the assets over the reporting year. *This fall is matched by a corresponding fall in the Scheme's liabilities which are measured relative to UK government bonds.*	(£3.0M)
The total value of Company contributions paid into the Scheme during the year	£1.5M
The total value of member contributions paid into the Scheme during the year	£0.1M
The total value of benefits paid to members during the year	£4.6M

Investment update

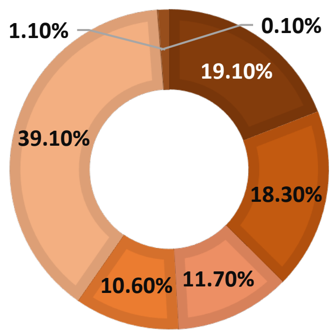
As Trustees, it is our responsibility to agree on the overall investment strategy and to make changes as and when appropriate. We work closely with our investment advisers, and we keep a close eye on how the funds are performing.

At 31 March 2024 the Scheme was broadly invested in line with it's strategic target holding a balance of liability matching assets (protecting the Scheme funding position) and growth assets aiming to achieve excess returns above the liabilities. The allocation to growth assets marginally increased over the year due to favourable market movements.

Asset allocation

At 31 March 2024, the Scheme held *invested* assets of £109.6M compared with £115.9M at the same date last year (not including insured policies and AVCs). 1.1% percent of assets are kept within the Trustees' bank account.

- AIL Adept SF9 19.1%
- Russell Multi Asset Growth Fund 18.3%
- Schroders Real Estate Fund 11.7%
- LGIM Active Corporate Bond >10 years 10.6%
- LGIM Liability Matching Portfolio 39.1%
- LGIM Sterling Liquidity Fund 0.1%



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.

	Over the year to date		Over three years (% per year)		Over five years (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
AIL Adept SF9	9.8%	9.1%	2.9%	6.5%	3.7%	5.7%
Russell Multi Asset Growth Fund	10.4%	9.6%	2.0%	7.0%	3.9%	6.5%
Schroders Real Estate Fund	-5.0%	-0.2%	-1.9%	2.0%	-0.4%	1.9%
LGIM Liability Matching Portfolio	-17.5%	-17.4%	-40.4%	-40.3%	-25.6%	-25.4%
LGIM Corp Bonds	5.7%	5.9%	N/A	N/A	N/A	N/A
LGIM Sterling Liquidity Fund	5.0%	5.0%	2.3%	2.5%	N/A	N/A

Growth assets (the first three funds above) performed well over the year, driven by strong returns in global equity markets and managers outperforming their benchmark. This was offset by the Scheme's UK property allocation reducing in value over the year due to market dynamics. The Scheme's liability matching assets delivered negative returns due to a fall in the price of UK government bonds. This fall is matched by a corresponding fall in the Scheme's liabilities which are measured relative to UK government bonds. We will continue to monitor performance and make any changes we feel are necessary.

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

In the news

Your pension tax allowances for 2024/25

The Government has made several changes to the tax allowances that apply to pension benefits, which are set out below. There are more details on pension tax in general on the Government's website at: https://www.gov.uk/tax-on-pension/tax-free
If you are unsure of your tax position, please speak to an independent financial adviser (see page 6).

Staying: Annual Allowance
This applies to the pension benefits you can build up in a tax year before you incur a tax charge on those new savings.

Most people will have an Annual Allowance of £60,000. Higher earners will have a lower allowance. You may have a lower Money Purchase Annual Allowance if you have savings in a Defined Contribution pension scheme and have used 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.

Abolished: Lifetime Allowance and Lifetime Allowance charge
The Lifetime Allowance used to apply to the total pension benefits you could build up over your lifetime (excluding any State pension) before you had to pay a Lifetime Allowance tax charge.

The Lifetime Allowance was also used to limit certain lump sum benefits and its removal means that new allowances have been brought in to maintain those limits.

New: Lump Sum Allowance
This is the maximum amount of tax-free cash you can take when you retire. The standard allowance is £268,275. (This is 25% of the final standard Lifetime Allowance amount of £1,073,100.)

The Lump Sum Allowance is a cumulative limit, applying to the total tax-free lump sum you can take if you access your benefits on a series of separate occasions. Tax-free lump sums are also usually limited to 25% of the total value of benefits coming into payment.

New: Lump Sum and Death Benefit Allowance
This covers 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 (the same as the final standard Lifetime Allowance amount).

The Government hasn't announced whether either of the above allowances may change over time, but if you had any Lifetime Allowance 'protection' in place, your new lump sum allowances will be higher.

New: excess lump sums
Also in effect from 6 April 2024 is the new Pension Commencement Excess Lump Sum (PCELS). This allows for payment of an additional lump sum at retirement in certain circumstances. Any such lump sum taken is subject to tax at the person's marginal rate. You can only take a PCELS once you have used up all your Lump Sum Allowance.

Newsbites

Minimum retirement age to increase
The youngest age most people can start to receive their pension benefits will go up in 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 (PDP) is developing an online portal that anyone will be able to use to keep track of all their pension savings. There is now a single 'backstop' deadline for all schemes to connect: 31 October 2026. Schemes will still be given recommended earlier connection dates starting from April 2025 for the biggest schemes, to aim to avoid a 'bottleneck'. The PDP is yet to announce the date at which the pensions dashboards will be available to the public to use. www.pensionsdashboardsprogramme.org.uk

In the news

Retirement Living Standards

Do you know roughly how much money you will have in retirement? Does it align with the standard of living you are expecting?

New research shows that if you want a moderate standard of living when you retire, you will need to be able to spend around £31,000 a year if you are single. If you have a partner, that spend rises to around £43,000 a year combined. If you live in London, those figures are even higher.

These are some of the takeaways from the latest research by the Pensions and Lifetime Savings Association who created the Retirement Living Standards. These show the kind of lifestyle you could have in retirement and roughly how much money you might need to spend to support that lifestyle.

The standards reflect the current cost of living and an up-to-date mix of goods, services and other retirement expenses. The latest figures were published in January 2024.

Retirement Living Standard	How much you might need to spend	
	Single person	Couples
Minimum: covers all your needs, with some left over for fun.	£14,400	£22,400
Moderate: more financial security and flexibility.	£31,300	£43,100
Comfortable: more financial freedom and some luxuries.	£43,100	£59,000

The standards are based on independent research by Loughborough University and are reviewed and updated on a regular basis. A diverse cross-section of the public covering a broad range of income levels, backgrounds and circumstances help to inform the standards to ensure they are balanced.

Note: the figures show what you might need to **spend** in retirement rather than the income you might need. Your retirement income will be subject to tax as earned income, so it is important to factor this in when reviewing your own situation.

www.retirementlivingstandards.org.uk

Protect yourself from pension scams

Sadly, the current economic environment with pressure on budgets, provides a situation where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

There are common signs to look out for to protect yourself. These include unsolicited contact about your pension, undue pressure to commit to an offer, promises of guaranteed investment returns, and offering early access to your pension savings.

To learn more, visit MoneyHelper. Go to **www.moneyhelper.org.uk** and choose Money troubles > Scams > How to spot a pension scam.

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.**

More information

Scheme website

To find out more about the Scheme, go to: https://pensioninformation.aon.com/kuwait
or scan the QR code [left] with your tablet or smartphone.

You can find the following information on the site:

- General information about the Scheme
- Useful documents about the Scheme's activities
- Frequently Asked Questions
- Contact details

Contact point

Please use any of the methods below to get in touch with the Administration team.
Email: kuwait.pensions@aon.com
Phone: 0330 123 2317
(Lines are open Monday to Friday, 8:30am to 5pm)
Write to:
Kuwait Petroleum Corporation Retirement Benefit Scheme, Aon, PO Box 196, Huddersfield, HD8 1EG

Reminder to keep us up to date

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

Please also update your Expression of Wish 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 Trustees, we have the final say over who receives the benefits, but we will consider your Expression of Wish form. Therefore, 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.

You can download a blank Expression of wish form from the Scheme website.

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.*

Behind the scenes

As Trustees, 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.

Board of Trustees

The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
Philip Wharton	David Wright
Graham Smith	Martin Stanley
Julian Amesbury	Colin Simpson

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 via phone, email, or post using the details on the left.

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

Administrator	Aon Solutions UK Limited
Actuary	Vanessa-Jane Jaeger FIA Aon Solutions UK Limited
Auditor	Deloitte LLP
Investment Adviser	Aon Investments Limited
Legal Adviser	Squire Patton Boggs (UK) LLP

Member Interests

Recent changes to the transfer process

Since 30 November 2021, trustees have had to ensure specific checks are made before complying with a member's request to transfer their pension out of the scheme. These checks form part of our due diligence process for transfer requests.

The regulations require trustees to carry out due diligence on statutory transfers and to refuse a statutory transfer or refer the member to guidance if the due diligence shows certain risk indicators. These risk indicators are known as amber or red flags.

The majority of the time these flags are nothing to worry about, but they can cause delays in the transfer process. This is often because members are required to attend a mandatory guidance session with MoneyHelper before the transfer can proceed. Please see more details on MoneyHelper below. Other reasons for delays are when members fail to provide required information or there is absence of evidence of an employment link to the new scheme or of overseas residency.

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

Taking early retirement

You can request to take your pension earlier than the Scheme's Normal Retirement Age of 65.

If you choose to retire early, your pension will be reduced to reflect the fact that it is expected to be paid for longer. The early retirement reduction terms will differ depending on whether you retire from active status (i.e., you are still paying contributions) or if you are a deferred member (i.e., have left employment and/or withdrawn from paying contributions).

- The early retirement reduction from active status is set at 4% for each year you retire early (pro-rated for any part year).
- The early retirement reduction from deferred status is set by the Trustees having regard to actuarial advice and may differ from time to time.

If you are considering taking early retirement, please contact the Scheme administrators at least 3 months prior to your requested early retirement date to obtain details of your retirement options.

Early Retirement and tax-free cash factors

The factors used to calculate an early retirement pension and any tax-free cash sum are set by the Trustees following advice from the Scheme Actuary. Some factors require agreement with the Company before they can be implemented. On retirement, members have the option to exchange some of their annual pension payment for a tax-free lump sum which is payable on your retirement. The maximum amount is broadly calculated as 25% of the total value of your benefits with the Scheme.

The Trustees intend to review the factors in the final quarter of each year, but can do so more or less frequently, so the factors will change from time to time due to the financial environment, including factors such as interest rates and inflation as well as changes in funding assumptions, such as members' life expectancy and future investment returns.