



Nike (UK) Limited Retirement Benefits Scheme Newsletter

2025

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Welcome to this latest issue of your Scheme newsletter

Since the start of 2025, the global economy has experienced significant volatility. Inflationary pressures, particularly in the US, have resurfaced, with headline inflation expected to peak in the summer. Market volatility has been driven by global trade tensions, particularly tariffs imposed by the US. The UK government has implemented measures to reduce welfare spending and increase tax compliance.

Despite these challenges, the UK economy is expected to grow faster than initially forecasted in subsequent years. As a final salary pension scheme, member's benefits are based on service and salary as opposed to stock market performance. The Trustee invests in a broad range of long-term assets which are designed to protect the scheme from short term market volatility and ensure the security of member's benefits for the future.

Funding update

Inside, we report on the Scheme's latest financial position in our summary funding statement. This is based on the Scheme's position as at 1 August 2024. The headline is that the funding position has improved, further details can be found on page 7.

Scheme news

We also share news about how we are modernising the retirement process in partnership with Aon, the Scheme administrators.

Scheme website

The Scheme website is on hand to support you if you are looking for information about the Scheme or if you have a general query. See page 6 for details.

Wider pensions news

Our round-up of general pensions news starts on page 4. We report on changes to the pension tax allowances and include reminders on forthcoming changes to the minimum retirement age, and how to stay safe from pension scams.

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

Ross Trustees Services Limited (trading as Independent Governance Group) Trustee of the Nike (UK) Limited Retirement Benefits Scheme



In numbers

The membership





At 31 July 2024 there were 324 members in the Scheme compared with 325 members at the same date last year.

216	Deferred members No longer building up benefits but have benefits in the Scheme for when they retire.
108	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 for the year ended 31 July 2024. If you would like more detail, please request a copy of the full report using the contact details on page 6.

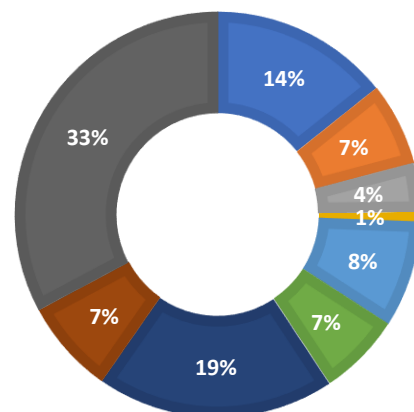
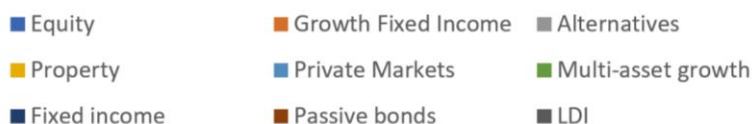
	The value of the assets supporting the Scheme at 31 July 2024 <i>(including AVCs)</i>	£64.5m
	Change in the value of the assets over the reporting year	+£3.9m
	The total value of Company contributions paid in to the Scheme during the year	£4.3m
	The total value of benefits paid to members during the year	£2.9m

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.

Asset allocation

At 31 July 2024, the Scheme held assets of £64.2m compared with £60.1m at the same date last year (not including insured policies and AVCs).



Performance

The table below shows how the Scheme's investments have performed compared with the change in present value of the Scheme's liabilities. Portfolio returns are shown net of fees.

	Since Inception*		Over three years (% per year)		Over one year (% per year)**	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Total portfolio	-2.0%	-2.4%	-16.7%	-15.7%	-7.8%	-8.4%

*since inception 16/12/2016

** benchmark figures shown in the table represent liability returns to 31 December 2024

Since the Scheme year end 31 July 2024

After the Scheme's year-end, inflation generally fell to rates in developed countries where central banks could begin cutting interest rates. Optimism around lowering interest rates and the potential of Artificial Intelligence, combined with strong economic data, led to positive performance in Growth assets, especially equities.

This positive momentum was added to following the US presidential elections, with the immediate market consensus that Trump was the pro-business candidate, and that narratives around tariffs were a negotiation tactic not to be taken at face value. That view, and the positive momentum it generated, began to fall apart in the later half of Q1 2025 as President Trump began implementing Tariffs on allies and the "liberation day" tariffs in April. As a result, growth markets are down year-to-date with US equities in negative territory.

Despite the volatility seen over 2025 to-date, the Scheme's portfolio is strongly diversified which has mitigated the worst of the sell-offs with the Scheme's funded status remaining resilient. The Scheme has also benefitted from Mercer's active management, with allocation decisions such as reducing the levels of equity exposure in the portfolio having been beneficial.

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

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



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. We will keep you up to date with developments.

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 (see page 6)

In the news

Stay alert to the threat of pension fraud

As Trustees, 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.

The MoneyHelper website:

<https://www.moneyhelper.org.uk/en/money-troubles/scams>



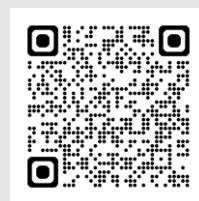
The 'ScamSmart' area of the Financial Conduct Authority website:

www.fca.org.uk/scamsmart



The Cyber Aware website:

www.ncsc.gov.uk/cyberaware



Newsbites

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 progress.

www.pensionsdashboardsprogramme.org.uk



Taking the retirement process digital

Our administrator, Aon, has developed a new digital solution, which is being rolled out to our scheme. It will give you the option for your retirement journey to be fully digital and will make the retirement process much easier for you.

- **Speed:** no more wait times associated with the postal system.
- **Clarity and simplicity:** the online portal will walk you through the decisions you need to take and ask you to provide only the details relevant to your chosen retirement option.
- **Security:** two-factor authentication will be in place.

We will keep you updated as we make progress in launching this exciting new digital system.

Important!

Using the digital retirement process will be optional. If you prefer to follow the traditional paper-based method, you will be able to do so. The choice will be yours.

More information



Scheme website



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

Contact point

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

Email: nike.pensions@aon.com
Phone: 0330 123 2326 (lines are open Monday to Friday, 9am to 5pm)
Write to: Nike (UK) Limited Retirement Benefits Scheme, Aon, PO BOX 196, Huddersfield, HD8 1EG

Behind the scenes

As the sole 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.

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.

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 Trustees, 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.

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 Trustee's Annual Report & Accounts. Contact the administration team (details above).

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

Administrator	Aon Solutions UK Limited
Actuary	R Agius FIA, Aon Solutions UK Limited
Auditor	PricewaterhouseCoopers LLP
Investment Adviser	Mercer Limited ('Mercer')
Legal Adviser	CMS Cameron McKenna Nabarro Olswang LLP



Summary funding statement

This section summarises the results of the funding update at 1 August 2024. It also looks at the 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 Actuarial Valuation as at 1 August 2023.

	Actuarial Valuation	Actuarial Update
Date	1 August 2023	1 August 2024
The funding level	94%	100%
The funding target	£64.2 million	£64.8 million
The value of the Scheme's assets	£60.6 million	£64.7 million
The overall position	Shortfall of £3.6 million	Shortfall of £0.1 million

The latest update shows that the funding position has improved since the valuation at 1 August 2023.

Reason for the change

The reduction in the shortfall over the period since 1 August 2023 is largely as a result of deficit repair contributions made to the Scheme by the Company. This has increased the total assets within the Scheme. The funding target has also increased over the period, albeit to a lesser extent than the assets, due to decreases in yields available on Government bonds. This increases the amount of money that needs to be put aside now to pay benefits at a later date.

The next financial check will be based on the Scheme's position at 1 August 2025. 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

As part of the valuation at 1 August 2023, we agreed with the Company to bring the Scheme to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay £4.25 million each year, payable in equal monthly instalments, from 1 August 2023 to 31 December 2025.

These contributions and anticipated investment growth were expected to remove the shortfall by 1 July 2024.

In addition, the Company agreed to pay the costs of running the Scheme, including administration and other professional fees (but excluding investment management expenses) and annual levies including the levy payable to the Pension Protection Fund until 22 August 2024.

www.pensionprotectionfund.org.uk

From 22 August 2024, these costs are payable by the Scheme.

The next formal valuation will look at the Scheme's position at 1 August 2026. 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 update. 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 1 August 2023, the Scheme full solvency funding level was 78% with a shortfall of £17.2 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 any such payments.

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

