

Aircelle Pension Scheme



Pensions News November 2023

We are pleased to present the latest edition of Pensions News, which updates you on the position of the defined benefit Aircelle Pension Scheme (the Scheme) and wider pensions issues.

You'll find in this newsletter:

- information about your retirement options (p3-4)
- an update on the financial position of the Scheme (p5-7)
- an update on current pensions issues (p8-9)
- a summary of additional scheme documents (p10)

General information

The assets of the Scheme are held under trust for the benefit of the members and their dependants. They are entirely separate from the assets of Safran Nacelles Limited (the Company), the employer of the Scheme.

We are responsible for making sure the Scheme is run in accordance with the Trust Deed and Rules and in line with relevant legislation. The Trust Deed and Rules that govern the Scheme and the latest actuarial valuation are available on request.

The current Trustees of the Scheme are:

Ben Salmons Independent Trustee
at Vidett Limited
(*Chair of Trustees*)

Alan Dandy Member Nominated
Trustee

Stephen Member Nominated
Greenwood Trustee

We are delighted to confirm **the Scheme has received significant contributions from the Company** since the December 2020 valuation. This has improved the Scheme's funding position. You'll find more information on page 6.

We hope you find this newsletter interesting and informative. Please provide the administrator, Broadstone, with any feedback you have on this edition (using the address shown on the back page) so we can make sure the newsletter remains relevant to you. Should you have any queries about your benefits, or if any of your details change, please also contact Broadstone.



Ben Salmons
Chair of Trustees

The journey to your retirement

Aircelle Pension Scheme Pensions News – November 2023

Details of the support available

We recognise how you take your retirement benefits is a complex decision and that you have a number of options available to you.

If you haven't retired yet, we encourage you to understand all your options and take appropriate financial advice.

To help you, we've arranged for you to be able to speak to a financial advisory firm, WPS Advisory (or WSPA).

WPSA will be able to **help you understand your options and to make a retirement plan** based on your personal circumstances and goals.

The advice from WPSA is available at **no cost to you**. Members of the Scheme who have not yet retired are entitled to free advice from WPSA up to two times.

For more information, contact the Scheme administrator, Broadstone, on aircelle@broadstone.co.uk or 0161 236 1330.



Find out more about WPSA at their website

Request a retirement quotation to find out more...



Strictly Private & Confidential
«Title» «Initials» «Surname»
«Add1»
«Add2»
«Add3»
«Add4»
«PCODE»

Our reference: «Ref»
Date: «date»

Dear «Title» «Surname»

Thinking about retirement, there are a few choices for you to make

Retirement can be an exciting part of life. This retirement pack will help you understand your options within the Aircelle Pension Scheme (the Scheme) and help you make the right decision to make sure you get the most out of your retirement.

As you are over the minimum age at which you can legally draw your pension benefits (or will be soon), you may now be able to take your pension from the Scheme. You may also have the option to transfer your benefits out of the Scheme and this option may allow you to receive your benefits in a way which better suits your personal circumstances.

To help you understand your options, the Trustees with the support of Safran Nacelles Limited (the Company) have appointed WPSA Advisory Limited (WPSA), an FCA authorised financial advisory firm that specialises in retirement planning. WPSA will provide you with impartial financial advice in relation to your retirement, at no cost to you.

This pack, along with the advice available from WPSA should help you make up your mind.

If you read nothing else...

- You have a number of retirement options to choose from
- The Trustees have arranged for a financial advisory firm, called WPSA Advisory, to help you
- You can speak to WPSA at no cost to you
- Details of your benefits are in your Personal Statement
- You should look at the 'smile' curve overseas and then think about your own spending and retirement plans

Your paid for impartial advice from WPSA

- Telephone: 0800 145 4266 (UK)
- 0303 280 2496 (Overseas)
- Email: aircelle@wps.com

What's included in this pack

- Your Personal Statement of the benefits you could receive
- An Option Guide for each option providing information and guidance
- Information about the help and support available
- A leaflet on Pension scams

AIRCELLE PENSION SCHEME

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PERSONAL STATEMENT

For «Title» «Initials» «Surname» as at «date»
Our reference: «ref»

Guide to your Personal Statement

This statement sets out the options available to you on your retirement from the Aircelle Pension Scheme (the Scheme).

Please read the notes and guides accompanying this statement before you make any decision. If you need more help or support, please refer to the grey Getting Help and Support Guide.

About you

Name	«Title» «Initials» «Surname»		
National Insurance Number	«NI»		
Date of Birth	«DOB»	State Pension Date	«SPA»
Date Joined Scheme	«DJS»	Normal Retirement Date	«NRD»
Date of Leaving	«DOL»	Date of retirement	«DOR»
Pension at date of leaving	£«P_DOL» p.a.	Value of Money Purchase AVCs (Additional Voluntary Contributions)	£«AVC»



AIRCELLE PENSION SCHEME

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TRANSFER OUT GUIDE

This leaflet accompanies your Personal Statement that tells you about the pension you could receive from the Scheme under the different options available.

The two documents should be read together.

Example member – Jane

Jane is 58. She is beginning to look ahead to her retirement and took advice from WPSA about her Scheme benefits and options.



Jane isn't married and wants to explore the merits of receiving a pension which doesn't pay benefits to a spouse on death. She requests a retirement quotation and transfer value from Broadstone to find out the equivalent amount she might be able to transfer to an alternative provider.

Key dates

Age 55 – you can request a retirement quotation

- This is the earliest age you can draw benefits from the Scheme as either a full pension or, if you choose, up to 25% of the value as a cash sum with a smaller pension.
- If you elect to draw your benefits before Normal Retirement Age (see below), they will be reduced to reflect their early payment.

Normal Retirement Age – you will be provided with benefit details

- You can draw your benefits at this age without an early payment reduction.
- If you have not already retired, you will automatically receive a retirement letter from the Scheme administrator before your Normal Retirement Date setting out your options.



Transferring your benefits

- If you'd rather access your benefits in a different form to a normal Scheme pension, you can choose to transfer your benefits to a different provider.
- The receiving provider may offer you additional flexibility over the form of your retirement income.
- For example, you might choose to keep your benefits invested and access them as needed, take them all as a one-off lump sum, or secure a pension with an insurer in the form that suits you.
- If you're considering leaving the Scheme by transferring to another pension arrangement, get advice from a financial adviser (and you may be required to do so if your benefits are worth over £30,000).
- You can contact WPSA, appointed by the Trustees or find information about advisers local to you at: www.unbiased.co.uk
- You can contact the Money and Pensions Service at any time for free and impartial guidance. Visit www.moneyandpensionservice.org.uk

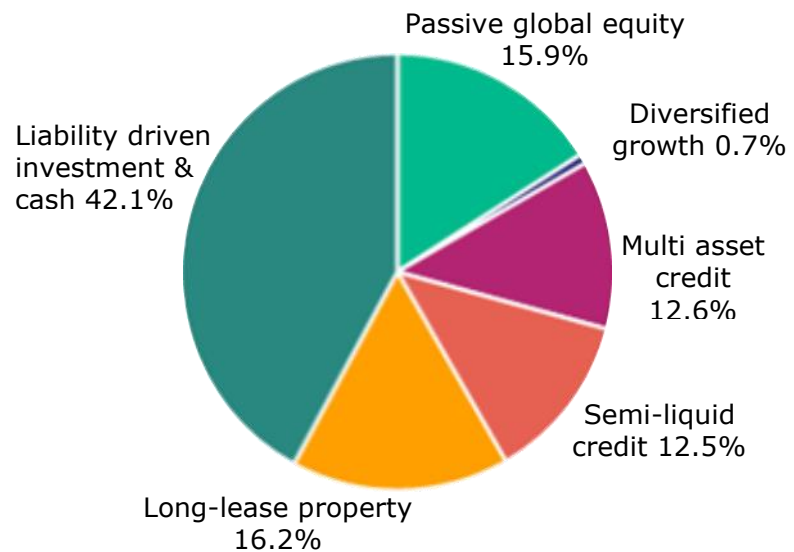
The chart below shows the breakdown of the Scheme’s assets at 30 June 2023. The Scheme invests in a range of assets, with the overall objective of having enough money to be able to pay benefits to members when they are due.

Equities are shares in companies; bonds are loans to governments (also referred to as gilts) and loans to companies. Bonds are generally less risky than equities, but equities have the potential to outperform bonds in the long term. The Scheme also invests in other assets such as diversified growth and long-lease property which are generally expected to provide higher returns than bonds but with less volatility than equities. The Scheme also invests in a liability driven investment which aims to protect the Scheme’s funding position against movements in interest and inflation rates.

Scheme assets

We have appointed Isio to provide us with advice on managing the Scheme investments. We regularly monitor the Scheme’s investment to make sure they perform in line with expectations over the long term.

Following the turbulence of 2022, we’re reviewing the Scheme’s investment strategy.



Summary funding statement

Every year we report to you on how the Scheme is funded. As members, you have built up valuable benefits in the Scheme, so it's important for you to understand how the Scheme will pay for those benefits in the future.

A full valuation is carried out every three years by the Scheme Actuary who compares the assets of the Scheme with the estimated amount of money needed to provide the benefits promised to members.

The last full triennial valuation of the Scheme was as at 31 December 2020. The results of this valuation are set out in the table on the right, alongside the latest funding update as at 31 December 2022 and the updated position at 30 June 2023.

The next full triennial valuation will be as at 31 December 2023.

Actuarial valuation & funding update

Ongoing funding basis (£m)

	31 December 2020	31 December 2022	30 June 2023
Scheme Assets (A)	113.2	68.2	68.4
Scheme Liabilities (B)	157.3	85.8	83.5
(Shortfall) / Surplus (A-B)	(44.1)	(17.6)	(15.1)
Funding level (A ÷ B)	72%	79%	82%

The ongoing funding basis assumes the Scheme will continue in its current form, with the financial support of the Company.

The Scheme's funding position has improved since the last actuarial valuation as at 31 December 2020. This is due to an increase in interest rates and the continued deficit contributions paid by Company over the period.

There are risks associated with pension scheme funding, hence the movement in funding level in the future will be volatile and subject of considerable uncertainty.

Summary funding statement

The Scheme's funding level can vary as a result of a number of different factors, particularly investment performance, interest rates and life expectancy. This means the funding level can go up or down in the future. We monitor the Scheme's funding level on a regular basis in conjunction with our advisers.

By law, we are required to confirm whether any payment has been made to the Company out of the Scheme's assets since the last Scheme financial update. We must also tell you if the Scheme has been modified by The Pensions Regulator or whether The Pensions Regulator has made any directions regarding the Schedule of Contributions or how Scheme benefits are valued.

We can confirm none of these events have occurred.

Recovery plan

We and the Company agreed a plan to make good the shortfall in the Scheme as at 31 December 2020.

As part of this recovery plan, deficit contributions of £6.0m a year are required from 1 January 2022 until 31 December 2027.

Solvency position

We are separately required to disclose the estimated Scheme funding position on the Solvency basis, which assumes the Scheme terminated (wound up) at the valuation date. It looks at whether there would have been sufficient assets to buy insurance policies to cover members' benefits. On the Solvency basis, the Scheme showed a funding level of 55% and had a shortfall of £91.6m at 31 December 2020.

We are legally bound to tell you the Solvency figure - it does not imply in any way the Company is thinking of terminating (winding up) the Scheme.

What would happen if the Scheme were to wind up?

If the Scheme were to wind up and the Company was solvent, the Company would be obliged to pay sufficient money into the Scheme to ensure members' benefits could be secured in full by the purchase of annuity policies.

However, if the Company could not pay the full amount required, it is possible the Scheme could transfer to the Pension Protection Fund (PPF). Any compensation paid by the PPF is likely to be lower than the benefits you have built up in the Scheme.

Current issues

Mid-life MOT

The Government has launched a digital Midlife MOT website to help people start thinking about work, health and money with future planning in mind. It is aimed at people aged 45-65 but you may find it useful at any age. Whether you want to take stock of your finances, enjoy a healthy working life or plan for a more secure retirement and review your pension arrangements, the digital Midlife MOT can help provide the support you need. To find out more, go to <https://jobhelp.campaign.gov.uk/midlifemot/home-page/>

High inflation

You will be aware of high levels of inflation in the economy and the cost-of-living crisis. If you are thinking of taking your benefits, please get in touch with the financial adviser WPSA (details on page 3) to understand how inflation may affect you and your benefits.

GMP equalisation

If you joined the Scheme before 6 April 1997, part of your pension benefit is known as Guaranteed Minimum Pension (GMP). This follows rules set by the government. Historically, the terms on which GMPs have been paid by most pension schemes has not been equal for males and females. This is due to legislation which resulted in GMPs being earned at different rates and paid from different ages for men and women.

Following a ruling by the High Court, pension schemes are now required to 'equalise' GMP benefits. We are working through the complex process of resolving this issue for the Scheme and will provide further details in due course.

Removal of the lifetime allowance

From April 2024, there will no longer be a restriction on the total amount of tax-efficient retirement savings you can build up over your lifetime. This was previously known as the lifetime allowance.

The tax year 2023/24 is a transitional period where the lifetime allowance will remain (currently set at £1,073,100) but any savings above this limit will be taxed differently than in prior years.

The Scheme administrators will also still be required to undertake lifetime allowance checks when paying benefits during this period. If you think you may be affected by this, please contact Broadstone using the details on page 10.

Current issues

Combatting pension scams

As a reminder, an increasing number of companies are acting illegally or immorally in targeting pension scheme members. This is known as 'pensions liberation fraud'. These companies claim they can help you to take your pension benefits early.

Individuals may be targeted through websites, mass texting or through cold calls. For the majority, promises of early cash will be bogus and may result in serious tax consequences.

You should be very wary about giving out information in response to a text or cold call and should always make sure you know who you are dealing with. Further information on pension scams can be found on The Pensions Regulator's website:

www.thepensionsregulator.gov.uk/pension-scams



Minimum pension age

Please note the government is introducing a higher legal minimum age to take benefits from 55 to 57 in 2028. You may wish to factor this into your retirement planning if you are considering retiring early.

Market turbulence in 2022/23

Following a period of market turbulence affecting UK and global markets during 2022 and the early part of 2023, we are seeing signs of a return to more stable market conditions. The Scheme weathered this challenging period well, resulting in an improved funding position at June 2023. See page 6 for more information.

The screenshot shows the 'Avoid pension scams' page on the Pensions Regulator website. The page header includes the Pensions Regulator logo and navigation links for Employers, Business advisers, Trustees, and About us. The main content area features a warning icon and text explaining that scammers promise high returns and low risk, but in reality, pension savers who are scammed are usually left with nothing. It advises savers to be wary of high returns and to report any suspicious activity. A list of links is provided under 'On this page', including 'How pension scams work', 'Warning signs of a pension scam', 'Report a scam', 'Trustees and administrators', 'Business advisers', 'Employers', 'Pension savers', and 'Resources'. A 'How pension scams work' section is also visible, stating that anyone can be a victim and that it's important to spot warning signs. On the right side, there is a 'Related content' section with links to 'Learn about identifying pension scams in the Trustee Toolkit', '22 years of pension savings gone in 24 hours', 'Let's join forces to beat pension scammers once and for all', and 'Five million pension savers could put their retirement savings at risk to scammers'.

Expression of Wish – reminder

In the event of your death, a benefit may be payable to either your spouse or dependants. You may have completed an Expression of Wish form in the past. It tells us to whom you would like such benefits paid to in the event of your death.

If your circumstances have changed, it is important you contact Broadstone to update your form. The forms are confidential and will only be opened in the event of your death. Contact details for Broadstone are included on the final page.

Scheme documents

There are a number of other documents about the Scheme which are available for you to read (listed below).

Please contact Broadstone if you would like to receive a copy or any further information of the contents of any of the following documents (a charge for copying and distribution may apply which we will confirm upon receiving your request).

[Annual Scheme Report and Accounts](#) – this summarises the Scheme’s financial position over the financial year between 1 January and 31 December.

[Actuarial Valuation Reports](#) – this shows the Scheme’s latest financial position. The most recent valuation is as at 31 December 2020.

[Recovery Plan](#) – this sets out how the Company has agreed to pay contributions to the Scheme so it has enough money to pay everyone’s benefits.

[Schedule of Contributions](#) – this shows the total amount of money the Company has agreed to pay into the Scheme for the duration of the Recovery Plan.

[Statement of Funding Principles](#) – this sets out how we and the Company have agreed to assess the financial position of the Scheme.

[Statement of Investment Principles](#) – this sets out our policy on investing the Scheme’s assets.

[Scheme Rules](#) – These are the legal documents that set out how the Scheme is run.

Get in touch

For more information, to request a retirement quotation or to update your details – *please get in touch...*

Administrator contact details

Broadstone

E: aircelle@broadstone.co.uk

T: 0161 236 1330