

Helping you get to the retirement you want



Welcome to the latest edition of your **pension newsletter** for all members of the **Arriva Passenger Services National Pension Scheme (the Scheme)**



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Welcome to your latest Scheme newsletter

2023 was a busy year for us as the Trustee of the Scheme. We spent time liaising with the Arriva Group (Arriva) to make sure your pension benefits were protected as part of the now-completed sale of Arriva from Deutsche Bahn to I Squared Capital.

This included agreeing on continued financial security in the unlikely event that Arriva became unable to support the Scheme. We don't anticipate that happening, but it was an important step in ensuring your benefits remain protected.

As the Trustee, it's our job to ensure that, over time, we have enough money to pay everyone's pensions. We do this with the help of our advisers and together, we monitor and adapt the running of the Scheme, its investments and its contribution agreements with Arriva in the best interests of you, our members.

As part of our role to ensure you get the level of service you need and at the best value for money, we've listened to feedback from members and we've undertaken a competitive review of our administration service. As a result, we've appointed Isio as your new administrators.

This won't affect your benefits and for now your contact details remain the same, but you will see some changes over the coming months. Turn to page 4 to find out what to expect.

We continue to meet all the governance requirements of running the Scheme. This includes making sure a valuation is carried out at least once every three years, with annual checks in between, and meeting the requirements of the Pension Regulator's new General Code, published this year.

We've included your latest 'Summary Funding Statement' from page 6. This information lets you know how the Scheme is doing financially. Its aim is to give you an overview of the Scheme's ability to pay all the benefits due both now and in the future. At the most recent annual check (31 March 2024), the Scheme's funding position had improved from 64% to 78%. It's important to note that the funding level does not affect the pensions being paid out of the Scheme. Valuations are only a snapshot in time, time. Please read our latest Summary Funding Statement from page 6 for more details and context.

As always, we hope you find the information in this newsletter helpful. If you have any questions, continue to contact the Scheme's current administrators using the contact details on the back page.

Grant Suckling

Independent Governance Group

Changing lanes: A new administrator

In the next few weeks, the Scheme administrators will change to Isio.

Isio is already the Scheme's investment adviser and its specialist administration team will soon be responsible for administering your pension benefits. This team will also provide information and support for you and will be your main point of contact.

This change won't affect your benefits. We've been working with Isio to ensure a smooth transition and its team will send you a welcome letter providing all the information you'll need at the right time.

Why the change?

Following feedback from members and to make sure you receive the quality of service we expect, we carried out a competitive review of our administration providers.

We've chosen Isio as the new administrators because it has excellent service levels, provides good value for money, and has a track record of innovation which has reduced risk and improved efficiency. We believe you'll benefit from their expertise and online member portal – Isio will send you details about the portal.

Having one administrator for the three Arriva schemes we look after will also allow us to be more efficient and effective in terms of value for money and decision-making.

What happens next?

The current administrators will transfer data to Isio – this includes your contact details, benefit history and account details.

During the transfer, there will be a period of time when there might be a delay in answering your queries, and in providing quotations and figures. If you have Additional Voluntary Contributions (AVCs), you won't be able to make changes to your investments during the transfer period. Isio will keep you updated about this timeframe.

Please feel reassured that pensions will continue to be paid, you'll still be able to request quotations and ask questions. And if you have AVCs, and you'll still be able to make changes to your investments etc. once the transfer is complete. It's just that your contact team will change.

Will I need to do anything?

Once the transfer is complete, Isio will send you a welcome pack. This will include confirmation of their privacy policy, as well as details about how to register for its online member portal and how to nominate who you'd like to receive benefits when you die.

Going digital

We'd love to share our latest news, updates and reminders with you digitally.

This helps the environment and means you will get information from us more quickly.

And from next year, you'll have the option to read your newsletters online.

All you'll need to do is provide your email address – ideally a personal rather than work email – via the Isio member portal once it's available.



Navigating the Scheme's finances

Each year, we share an overview to let you know how the Scheme is doing financially. This gives you an overview of the Scheme's ability to pay all the benefits due both **now** and in the **future**.

The Scheme's Actuary carries out a full actuarial valuation at least once every three years, with annual checks in between.

Here's a summary of the latest full actuarial valuation as at 31 March 2023, and the latest annual check as at 31 March 2024 (with the 2022 valuation results as shown in last year's statement shown for comparison).

	2022 Annual check	2023 Full valuation	2024 Annual check
Assets – the value of the Scheme's investments	£54.0m	£36m	£39.4m
Liabilities – the estimated cost of providing members' benefits	£77.1m	£56.2m	£50.7m
Surplus – the difference between the assets and liabilities	(£23.1m)	(£20.2m)	(£11.3m)
Funding level – the assets as a % of the Scheme's liabilities	70%	64%	78%

The Scheme's funding level depends on whether its assets are more or less than its liabilities (the money it expects to pay out now, and in the future). The assets build up over time through contributions and investment income.

As at the most recent full valuation, the Scheme's assets are worth less than the liabilities so it had a 'shortfall', holding 64% of the money that may be needed to pay all benefits now and in the future.

This compares to a funding level of 70% at the 2022 valuation as shown in the last Summary Funding Statement. At the 2024 annual check, this improved to 78%.

The valuation at 31 March 2023 has been undertaken using more prudent assumptions than those adopted for the previous actuarial valuation.

The purpose of this change was to improve the security of your future benefits.

Since 31 March 2023, the funding position has improved as a result of the contributions paid by Arriva and increases in interest rates which have led to a greater fall in the liabilities than the actual value of the Scheme's assets.

These valuations are only a snapshot in time. As market conditions change, it's perfectly normal for the funding level to fluctuate.

There's no action for you to take; however, part of our role is to keep you informed on how the Scheme's funding is looking.

The next time we write to you will be to provide an update of the Scheme's financial position as at 31 March 2025. The next full actuarial valuation is due as at 31 March 2026.

A legal note...

We are required to confirm that Arriva has not taken any payments out of the Scheme since the last Summary Funding Statement

Neither has The Pensions Regulator intervened to change the way that benefits build up, the way valuations are calculated, or the way any funding shortfall is met.

How will the Scheme's shortfall be paid off?

We've agreed a plan with Arriva with the aim to reduce the shortfall and move the Scheme to be fully funded by a certain date – this is known as a 'recovery plan'.

We agreed that Arriva will pay £333,333 each month until 30 November 2028 to address the shortfall.

The £20.2m shortfall calculated at the 2023 full valuation **does not** affect the pensions being paid out of the Scheme – we have always paid members their pension in full.

Is my pension secure?

One of our responsibilities is working with Arriva to make sure there is enough money in the Scheme to pay pensions and other benefits to you, the members. As long as Arriva continues to support the Scheme, your benefits will be paid in full when they're due.

The Actuary also works out how much money the Scheme would need if Arriva could no longer support it, the Scheme was wound up and the Scheme's Trustee secured members' benefits by buying an insurance policy. Securing benefits in this way is more expensive than the estimated cost of providing the benefits through the Scheme because the insurance company pays members' benefits in full in exchange for a one-off payment. For example, the latest full valuation in 2023 shows it would have cost £70.1m to secure members' benefits if the Scheme had wound up as at the valuation date, compared to the assets of £36m at the same date. This equates to a funding level of 51%.

If there was not enough money in the Scheme to buy out all the benefits with an insurance policy, Arriva would have to make up the shortfall. For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members.

You can find out more about the PPF at: www.ppf.co.uk

Including this information doesn't mean that there are plans to wind up the Scheme. It's simply part of the information we have to share with you.

If you'd also like to review the Scheme's Report and Accounts, these will be available on request following completion of the audit.

Please contact your administrator if you would like to be sent a copy (contact details on the back page).

Route to retirement

Retirement quotations explained

When you receive your retirement quotation, whether that's because you've requested one, you've run one online, or you receive one automatically when you're approaching your Normal Retirement Date, you'll receive various options.

You'll have choices about:

- when to retire – that could be from age 55 (57 from 2025) up to age 75;
- how much tax-free cash to take – you could take a full yearly pension, without a cash lump sum; a smaller yearly pension with the maximum tax-free cash lump sum; or something in between; and
- for some members, taking a higher starting pension by giving up the increases that would normally be applied to your pension each year. This is known as Pension Increase Exchange.

For each of the above options, there is a set of factors that sits behind the calculations. These factors drive how much pension you give up to retire early or to take tax-free cash. They also drive how much more pension you'll receive if you decide to retire late or give up your pension increases in return for a higher starting pension (if that option is available to you).

The Scheme's Actuary reviews the factors from time to time and we may update the factors having taken advice from them.

Changes to these factors will impact any retirement quotations we provide to members. There are many different things that can affect a retirement quotation, so if you haven't made a decision to retire close to receiving one, please contact the administrators for an updated quotation. You'll find their contact details on the back page.

When you can retire early

If you're thinking of retiring before your Normal Retirement Date, the earliest age you can take your pension is currently age 55.

This is the Normal Minimum Pension Age set by the Government. It will increase to age 57 in 2028.

If you want to take your Scheme pension earlier than age 65, contact Aon using the contact details on the back page. They'll send you your retirement quotation shortly after they receive your request.

Take financial advice, paid for by Arriva

There's a lot to think about when considering your options for taking your pension benefits.

You may be unsure about which option is right for you, or there might be things you don't understand or things you wish to discuss in more detail.

To help you make the right choice and to have your questions answered, Arriva has arranged, and will pay, for all eligible Scheme members to receive impartial advice from an independent financial adviser.

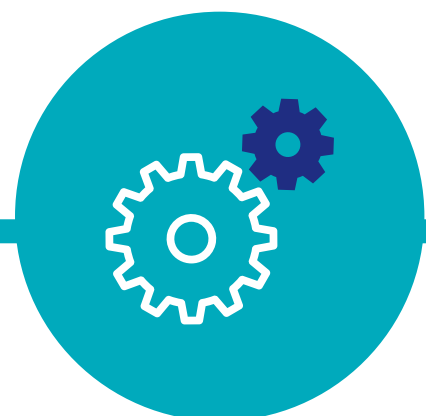
Eligible members include those aged 55 or over who are considering their options.

Arriva has appointed Origen Financial Services Limited (Origen) to give advice to members.

It's authorised and regulated by the Financial Conduct Authority (FCA), and they can give you tailored advice and provide guidance on the options shown on your retirement quotation, at no cost to you.

Your retirement quotation will explain what to do if you'd like to take financial advice from Origen.

Alternatively, you could take advice from another financial adviser at your own cost. To find your own independent financial adviser go to www.moneyhelper.org.uk and search for 'retirement adviser' in the search bar at the top of the homepage.



Your route to staying safe from pension scams

Pension scams are increasing, with scammers using complex ways to trick people out of their pension savings.

Between 2020 and 2022, in England and Wales*:



1,595 pension scams were reported



More than £26.4 million was lost to pension scams



The average amount stolen in a pension scam is £16,500 and is often someone's entire pension savings



Nearly one in 200 people report being the victim of a scam

In the last newsletter we shared some tips to help you protect your Scheme pension. **Here, we pay particular attention to online safety:**

- Use strong unique passwords and consider using a password manager
- Don't write down any passwords or share them with anyone
- Enable multi-factor authentication such as a code sent to your phone, and never give those codes to anyone who contacts you
- Be extremely wary of unsolicited texts or emails from your bank or other financial institutions requesting your personal or financial information (name, address, bank details, email address or phone number)
- Rather than clicking on any links sent to you, find the website yourself and make sure it has the padlock symbol in the web address bar
- Avoid downloading attachments from unfamiliar sources
- Update your devices so they have the latest security updates
- Secure your home Wi-Fi network with a strong password and avoid using public Wi-Fi
- If you have any concerns about fraudulent use of your financial information, contact your bank directly.

To find out more about how to protect yourself from scams, visit:
fca.org.uk/consumers/pension-scams

***These are the most recent figures available at the time of writing, revealed in September 2023 following a Freedom of Information request by the Pensions Management Institute.**

Removal of the Lifetime Allowance

The Lifetime Allowance used to limit the total amount of pension savings and benefits you could build up over your lifetime on a tax-efficient basis.

It was set at a very high level and did not affect most people.

From April 2024, the Government abolished the Lifetime Allowance, and has introduced some new lump sum allowance rules instead.

When you take your pension, you can usually take up to 25% as a tax-free lump sum. The most you can take is £268,275. This is known as a lump sum allowance.

In certain circumstances, you or your beneficiaries may be able to take a tax-free lump sum of up to £1,073,100, for example if you take a lump sum due to serious illness or your beneficiaries are paid certain lump sum benefits on your death. This is known as a lump sum and death benefit allowance.

You can find more information about the new lump sum allowance rules at:
www.gov.uk/tax-on-your-private-pension/lump-sum-allowance

Where else can I find support on my retirement savings?

The Government has introduced a new online Midlife MOT service intended to support people with work, health and money:

Visit: www.jobhelp.campaign.gov.uk/midlifemot to try it for yourself.

The money section of the Midlife MOT offers digital tools to help with retirement planning.

Alongside this, as part of its ongoing campaign to get people more engaged with their retirement savings, the Department for Work and Pensions ("DWP") has published www.yourpension.gov.uk to help people plan for their retirement. It brings together various tools to trace lost pensions, find out what your likely State pension will be, and work out how much money you may need to enjoy the retirement you want.



Getting in touch

Have a question about
your Scheme pension?

Or need help logging
into Pensionline,
Aon's secure platform?

Contact Aon, the Scheme's administrators:

Tel: 0345 600 8659

Email: arrivapensions@aon.co.uk

Arriva Passenger Services National Pension Scheme

Aon

PO Box 196

Huddersfield

HD8 1EG

Coming soon: You'll soon receive a welcome pack from our
new administrators, Isio.

Until then, you should still contact Aon, the Plan's current administrators.

Have a complaint?

In the first instance you should contact Aon,
in writing, using the contact
details above.

If you have a complaint that can't be resolved by Aon, the Trustee
or Arriva, you can contact the Pensions Ombudsman:

Tel: 0800 917 4487 (UK Freephone)

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

