

A photograph of a man with a beard and glasses, wearing a blue button-down shirt, carrying a young girl on his shoulders. The girl is wearing a dark blue polka-dot top and blue jeans. They are in a bright, modern kitchen with a wooden countertop and a bowl of fruit. A large red diagonal graphic element is overlaid on the right side of the image.

Pension Scheme newsletter

AXA UK Group

For deferred members of the AXA UK
Group Pension Scheme (the Scheme)

Chair's welcome

Stephen Yandle

Chair of the Trustee

Welcome to your latest newsletter. You'll notice that we've moved your newsletter online this year and refreshed its design to give it a more up-to-date look and feel. We hope you like the new format and enjoy accessing your newsletter online – it's kinder to the environment and means you'll be able to access it wherever you are and whenever you want.

For more details, including how to provide us with your email address so that we can email you when future newsletters are ready to view, please see **page 4**.

A key priority for the Trustee in 2021 was the actuarial valuation as at 31 March 2021. The Trustee has been working collaboratively with AXA to finalise the results, which show an increase in the shortfall (the difference between the Scheme's assets and the value of the benefits it needs to pay) to £744 million. As part of the 2021 valuation, the Trustee and AXA have agreed a Recovery Plan to eliminate the shortfall. You can read more about the valuation results on **pages 6 and 7**.

Your pre-retirement guide

Last year we launched our dedicated Defined Benefit (DB) member web pages and produced a pre-retirement guide to explain your options at retirement and help you plan. You can view it on our website at **pensions.axa-employeebenefits.co.uk** on the 'Planning your retirement' page.

We hope you find this newsletter informative and useful. If you have any feedback or topics you'd like us to cover, please get in touch using the contact details on the **back page**.

COVID-19 and your pension

While COVID-19 still posed challenges throughout 2021, the Trustee continued to work closely with the administrator and other third-party providers. This meant the Scheme could provide the same level of service members were used to, while ensuring its investments remained protected.

Industry News

In this section, you'll find information about news and developments that affect pensions.



Changes to the Normal Minimum Pension Age

Because people are tending to live longer and spending more of their life in retirement, the Government will be raising the Normal Minimum Pension Age (NMPA) from age 55 to age 57.

From April 2028, the earliest you will be able to access any private pension will be age 57. You may be able to take your pension earlier if, for example, you're in ill health or if you have a protected retirement age.

Retirement Living Standards increase

Two years ago the Pensions and Lifetime Savings Association (PLSA) drew up a set of Retirement Living Standards to help people calculate how much income they'd need from their pension.

Pitched at three different levels – minimum, moderate and comfortable – the Retirement Living Standards describe the cost of three different baskets of goods and services that include household bills, travel, food and drink, and social expenses.

These have recently been updated to reflect the changes in how we live our lives since the start of the pandemic.



Find out more at www.retirementlivingstandards.org.uk

National Insurance contributions set to rise

From 6 April 2022, National Insurance contributions (NICs) will increase from 12% to 13.25%. The funds raised by this increase will be ring-fenced to help the NHS clear backlogs caused by the pandemic, and to make social-care provision more equitable.

You'll stop paying National Insurance contributions once you reach your State Pension age even if you carry on working.

Take the survey, shape the service!

Capita, our Scheme administrator, regularly conducts surveys to collect your views and thoughts on their service.

You'll receive an invitation to complete a survey if you have contacted Capita during the previous few months. If you receive a survey invitation from Capita, please do complete it and provide your feedback, as this will help shape and improve the service they provide.

GMP equalisation

In our 2019 newsletter, we let you know about a High Court ruling in 2018 which stated that pension schemes had to equalise Guaranteed Minimum Pensions (GMP) for male and female members.

This rule could affect you if you built up some or all of your GMP between 17 May 1990 and 5 April 1997. These changes are complex and the Trustee is still working with its advisors on this project. If you are affected by this, the Trustee will contact you in due course to explain any rights and options you might have. This is likely to be in 2023.

Diversity and inclusion

The Trustee, along with its specialist advisors, is working hard to develop a diversity and inclusion policy. The policy will ensure that the Trustee's activities, including the Directors and advisors it appoints and the communications it sends to you, reflect the diversity of the Scheme's membership. We'll update you in future newsletters once the policy is in place.

Longevity swap

In February 2021, the Trustee completed a further insurance and re-insurance arrangement. It covers pensions that may come into payment after 31 March 2019 and a significant proportion of the Scheme's deferred pensioner members, representing approximately £3 billion of the Scheme's liabilities.

When combined with previous swaps, nearly 93% of the Scheme's liabilities are now protected against members living longer than anticipated.

We've moved online

We've moved your newsletter online this year. It is kinder to the environment and we would like to encourage you to use the Hartlink Online Portal.

Next year, we'd like to use even less paper and let you know when your newsletter is ready by email rather than post. You can let us know your personal email address by registering for an online account with the Hartlink Online Portal. It's easy to register and only takes a few minutes – just follow the on-screen instructions. You'll need your National Insurance number so we can verify your identity.

Go to the Hartlink Online Portal at: hartlinkonline.co.uk/axa-employeebenefits

Once you've registered you'll be able to manage your pension through your account. You will be able to run your own retirement illustration rather than waiting for Capita to produce one for you. Plus you'll be able to access resources like this newsletter and the pre-retirement guide.



Remember, if you register your email address we'll be able to keep in touch with you about your pension even if you move house.



The Financials

The Trustee produces a full set of financial accounts each year, which show how much money has been paid in and out of the Scheme.



Summary

Value of the DB section on 1 April 2020	£5,625m
+ Contributions	£8.4m
+ Net return on investments	£120m
- Retirement and death benefits	£166m
- Payment to leavers	£32m
- Expenses	£13.5m
Value of the DB section on 31 March 2021	£5,542m

Please note that numbers have been rounded so may not add up exactly.

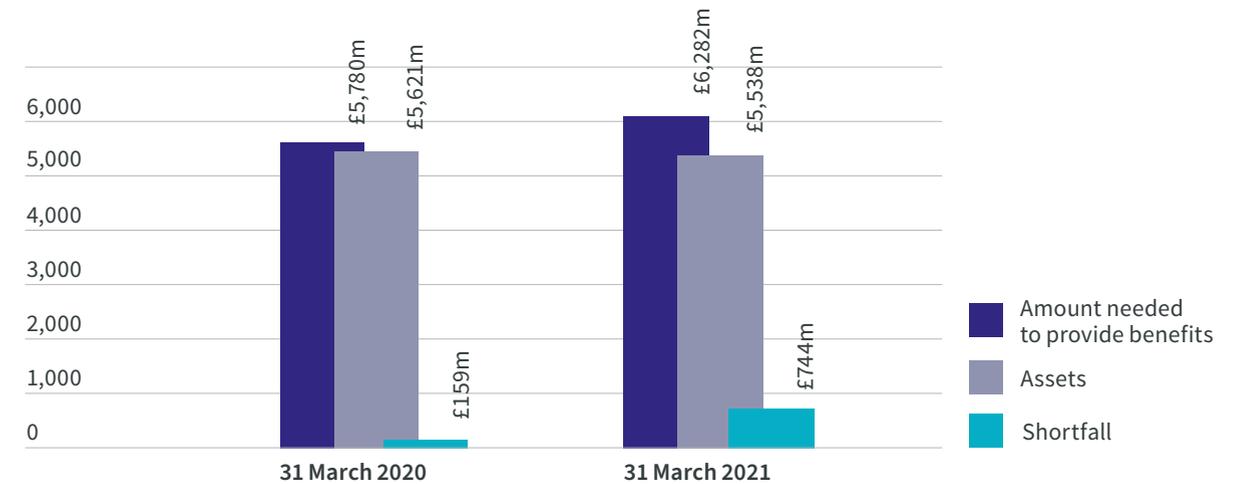
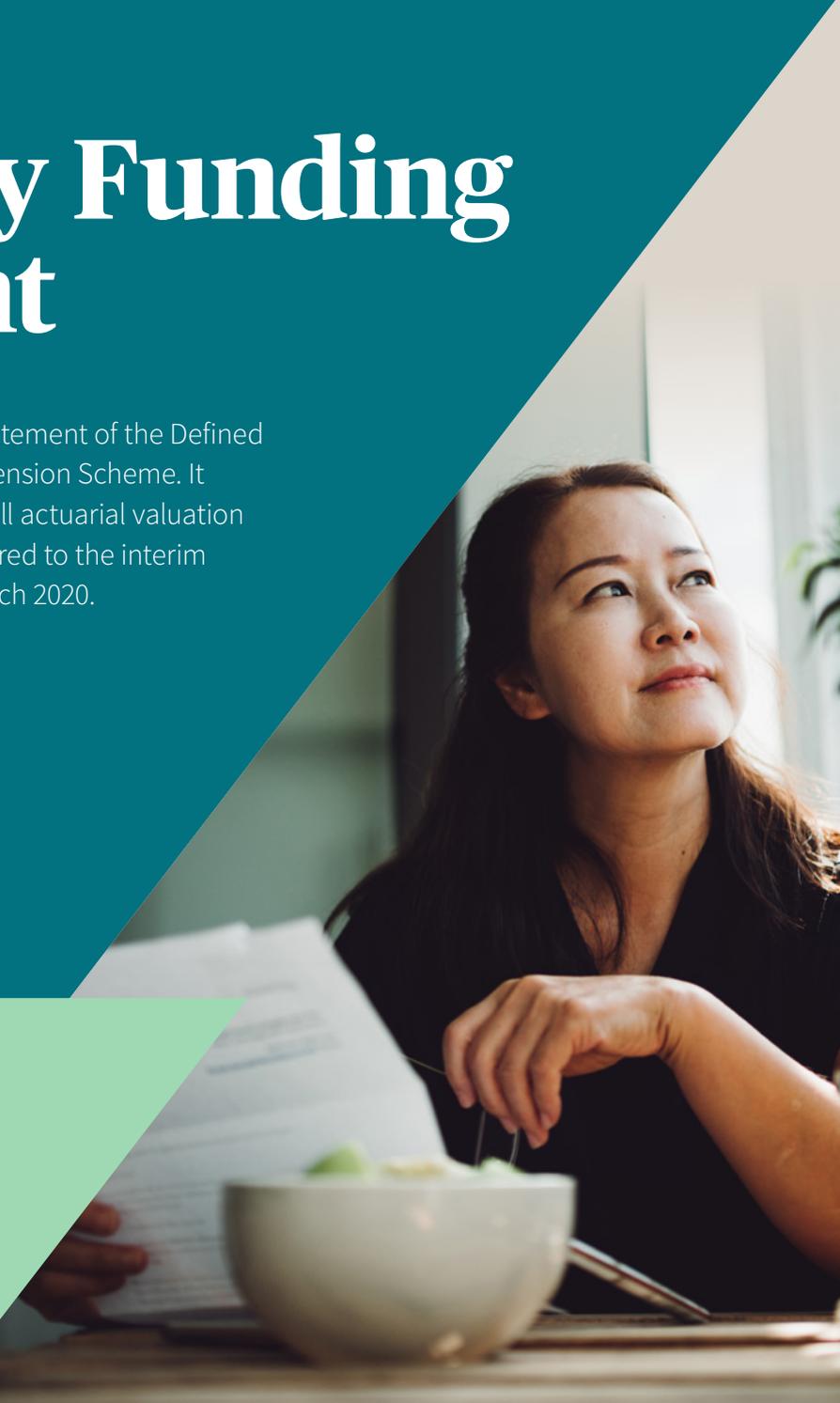
Scheme membership

As at 31 March 2021, the membership of the DB section had decreased to 27,432 members.

	31 March 2020	31 March 2021
Deferred members	15,523	14,888
Pensioners	12,331	12,544
Total	27,854	27,432

Summary Funding Statement

This is the latest Summary Funding Statement of the Defined Benefit section of the AXA UK Group Pension Scheme. It includes a recap of the results of the full actuarial valuation carried out as at 31 March 2021 compared to the interim valuation funding position as at 31 March 2020.



The main factors contributing to the increase in shortfall compared to the 2020 funding update were:

- lower-than-expected returns from the Scheme's assets, caused by a fall in the expected return from corporate bonds (return was significantly higher at 31 March 2020 due to the impact of the pandemic on markets at the time); and
- the cost to the Scheme of undertaking significant de-risking activity in 2021, including the longevity swap mentioned on [page 4](#).

Recovery Plan

As part of the valuation, AXA and the Trustee have agreed a Recovery Plan to eliminate the shortfall by 31 March 2031. Under the Recovery Plan, AXA paid £98 million into the Scheme in December 2021 and will pay £81 million each year in 2022 and 2023, and £62 million each year from 2024 to 2030. These contributions may be reduced if the Scheme's improvement in funding position is quicker than expected, but AXA will pay additional contributions if the improvement in the Scheme's funding position is slower than expected.

What if the Scheme were to close?

Like all pension arrangements, the Scheme is a long-term venture, but the law says that the Trustee must provide an overview of what would happen if the Scheme were to be wound up. Please note that we have no intention of winding the Scheme up at this time.

If it did wind up and the Company became insolvent and unable to meet the shortfall, the Pension Protection Fund (PPF) would take over the Scheme and pay compensation to you – its members. The Scheme's assets would then be used to buy annuity (annual income) policies with an insurer. This could mean that you might not receive the full amount of pension you have built up, even if the Scheme is fully funded according to the 'ongoing' valuation. While the Scheme remains ongoing, pensions will continue to be paid in full, even though there is a shortfall.

If no new contributions were paid (other than those reasonably expected from the asset-backed structure supporting the Scheme), the additional amount needed to ensure that all members' benefits would be paid in full was around £2.1 billion at 31 March 2021. If the Scheme were wound up, the Company would be required to pay the shortfall. It may be, however, that the Company would not be able to pay this amount.

You can find out more about the role of the PPF at:



ppf.co.uk



The Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA

The Pensions Regulator

The Pensions Regulator (TPR) has powers under the Pensions Act 2004 to intervene in the funding of a pension scheme. We are pleased to report that the Scheme has not been modified by TPR, is not subject to any directions from TPR, nor is it bound by a schedule of contributions imposed by TPR.



Who should we look after if you die?

Your Expression of Wish form lets us know who you'd like to receive any Scheme benefits that become payable when you die, so it's really important that you keep it up to date.

While the Trustee makes the final decision about who receives your death benefits, it will be guided by the wishes you set out in your form, which means your loved ones could receive them more quickly.

Nominating your beneficiary (or beneficiaries) only takes a few minutes. Simply download an Expression of Wish form from the Forms section at pensions.axa-employeebenefits.co.uk/defined-benefit-section/library

Already completed a form?

Don't forget to update your Expression of Wish form if your circumstances change, for example if you get married or have children.

Who runs your Scheme?

The Scheme is run by a corporate trustee – AXA UK Pension Trustees Limited. During 2021, the Trustee was made up of six Directors.

Company appointed

Andrew Bradshaw, Ross Trustees Limited
Diana Chua
Stephen Yandle, Chair of the Trustee

Member nominated

Ed Davis (appointed from 1 January 2021)
Ken Smith

Independent

Samantha Pitt, The Law Debenture Pension Trust Corporation plc

Contact us

If you have a question about your benefits in the Scheme, you can get in touch with Capita:

 Capita, PO Box 55, Stead House, Darlington DL1 9YT

 axa-pensions@capita.com

 0370 1234 701

 Visit the Hartlink Online Portal at
hartlinkonline.co.uk/axa-employeebenefits

We've moved

Don't forget, our head office is now located at:

 AXA UK Plc, 20 Gracechurch Street, London EC3V 0BG

