

Pensionfile

The newsletter for members of the
Yorkshire & Clydesdale Bank Pension Scheme



Winter 2023

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Welcome from the Chair

The Trustee Board sends our best wishes to you and your family as we approach the end of the year.

This year John Lafferty was elected to represent members who are employed by the Bank. And the board appointed Lorna Bennie as an Employer Nominated Director.

John and Lorna join me and the other Trustee Directors Claire McCormick, Chloe Stafford, Gavin Hill, Alan Duncan, John Hurst, and Law Debenture (represented by Jane Beverley). I'd like to thank our previous trustees John Laird and Sharon Ellis for their contribution to the Scheme over the years.

I'm delighted to say that the Scheme's financial position remains strong - we still have enough money to pay members' benefits both now and in the future.

Please take some time to read about pension scams on page 4, it's essential that you are aware of the signs of a scam to ensure that your hard-earned pensions remain secure.

Finally, we'd like to thank everyone who took part in our member survey last year. We looked closely at your feedback and have introduced some new content as a result.



Inder Dhingra
Chair of Trustees

Capita cyber attack

Recently our administrators Capita experienced a coordinated cyber attack. Many pension schemes were affected, not just ours. During this attack some members' data was accessed. If your data was affected, we wrote to you outlining what had happened.

We take this kind of threat seriously. And as soon as we knew what had happened we involved the Bank's incident support team.

Capita are working with a forensic data analyst to provide a final report which will be shared with and assessed by the Trustee and the Bank's Information Security Team. The Trustee will use the findings to ensure that their processes are as robust as possible.

We'd like to reassure you that your personal data stored in Capita's online portal, Hartlink, remained secure.

Read more about the cyber attack by logging into your online account at ycbps.co.uk

Head office move

In October, Virgin Money's new head office opened at 177 Bothwell Street, Glasgow, G2 7ER. It replaces the office on St Vincent Place.

The new office is a vibrant and energising space in one of Glasgow's most environmentally friendly buildings.

Around 90 Virgin Money colleagues have already moved in, with the rest joining from mid-December.

A Group spokesperson said:

"The new office will be a place for colleagues to connect and collaborate. The Group has an ambitious strategy to deliver, and wants the environment to be just as bright and exciting.

We have a proud history in Glasgow, having supported customers from St Vincent Place for many years, and are looking forward to continuing that story in Bothwell Street."

Pension scams

With cyber attacks on the rise, we'd like to explain what we're doing to help protect members from pension scams and what you can do to protect yourself.

Transfer requests now get extra checks

Under new legislation, you might have to take financial advice if you ask to transfer your pension to an arrangement that is less established, overseas or has high charges. If an arrangement looks suspicious, we may even refuse the transfer.

These checks mean that transfers can take up to 6 months from when you first make the request. So if you're thinking about making a transfer request, ask the YCB Pensions Team at Capita how long it might take.

Get help if you think you're being scammed

If you think you're being scammed, tell the YCBPS Pensions Administration Team immediately. You can also report any concerns to fca.org.uk/scamsmart

Protect yourself from scammers

Get independent financial advice

Before you make a big decision about money, talk to an independent financial adviser. They'll help you make the right decision for your specific situation. Go to moneyhelper.org.uk and search for 'find a retirement adviser'.

Verify firms with the Financial Conduct Authority (FCA)

The FCA keeps a register of authorised advisers. Make sure the firm you're talking to is on it. And if it is, make sure you're not talking to someone pretending to be them, by only using the contact details from the FCA register. Go to register.fca.org.uk

Reject anyone who contacts you out of the blue

Many scams start with an unexpected phone call or an email offering a free pension review. Do not be tempted, no matter how friendly or professional they seem, and never give out personal details like your bank details, address or pension information.

Take your time – do not let anyone rush you

Scammers often urge you to act fast to avoid 'losing out'. They know that the more time you have to think, the more likely you are to realise you're being conned.

Financial update

We regularly check how much money is in the Scheme and how much might be needed in the future to pay everyone's benefits. The Scheme's actuary reviews the Scheme formally every 3 years. This is known as an actuarial valuation. In the years in between valuations (such as last year) we issue a funding update. This year's update is based on the latest valuation and summarises the funding position of the Scheme on 30 September 2022.

At the last valuation on 30 September 2019, our funding level was 103% with a surplus of £0.14 billion. This year's valuation showed that the Scheme has a funding level of 109% with a surplus of £0.26 billion.

The table opposite shows the results from the latest valuation including how the Scheme performed since the previous funding update on 30 September 2021.

As your Trustee Directors, we're required to give you regular updates on the Scheme's financial position

This update tells you about the Scheme's funding position, how much we'd need to 'wind up' the Scheme, and whether or not the Scheme has paid any money to the Bank since the last update (it hasn't).

We must tell you if the Scheme has been modified by or received any intervention or instruction from the Pensions Regulator, or had any directions or a schedule of contributions imposed on it by the Regulator, which it hasn't either.

	30 September 2021	30 September 2022
Assets How much money the Scheme has, in the form of stocks, bonds and other assets.	£4.60 billion	£3.22 billion
Liabilities The estimated amount of money we need to pay all benefits promised to members and their eligible dependants.	£4.23 billion	£2.96 billion
Surplus Any excess in how much money the Scheme has (assets) after allowing for how much it needs (liabilities).	£0.37 billion	£0.26 billion
Funding level How much money the Scheme has compared with how much it needs, shown as a percentage.	109%	109%

What does a funding level of 109% mean?

The funding level shows the amount of money we hold (our assets) against the amount we need in order to pay members' benefits (our liabilities). As you can see in the table, as of September 2022 the Scheme remained stable at 109% funded. This means we expect to have enough money to pay members based on our current liabilities.

Like many other pension schemes, the Scheme holds some of its assets in government bonds (loans to the government). Bonds are considered one of the most secure places to put money.

Last year the value of our assets held in government bonds decreased due to the large increases in interest rates. But the value of our liabilities also decreased for the same reason. So overall our funding level remained the same.

The Scheme's investment strategy is designed so that movements in the assets are matched to changes in the liabilities, and this has continued to work successfully despite high interest and inflation rates over the year.

There's another way to value the Scheme, which we are required to do by law: we look at how much we would have to pay an insurance company to pay members' benefits if the Scheme were 'wound up'. There are currently no plans to do this.

Based on the position at 30 September 2022, there would have been a deficit of approximately £0.11 billion if the Bank stopped supporting the Scheme on this date and the Scheme was transferred to an insurer. This is because the estimated premium that would be charged by an insurance company for this service was £3.33 billion, which was more than the Scheme's assets of £3.22 billion at that date.

If the Bank was unable to fund any shortfall in the Scheme's assets in order to meet the full cost of the insurance premium, this may result in members' benefits being reduced.

How much money came into the Scheme last year?

The Scheme works as a fund that pays pensions and some lump sum benefits for all members and eligible dependants. The money in that fund comes from the Bank, contributing members of the Scheme, and from our investments, which are managed by the Trustee.

The Bank pays contributions for a small number of active members and for the Scheme's expenses.

The contribution arrangements will be reviewed as part of the next formal valuation, scheduled for 30 September 2025.

You can download the full annual report and financial statement at ycbps.co.uk/documents

Website improvements

Our new improved member portal went live on 6 October. It's now even easier to use and even more secure.

You can now use it to:

- access your documents and messages in one place
- upload documents and download your P60s and payslips
- contact the team

Go to ycbps.co.uk and select 'login' to access your account.

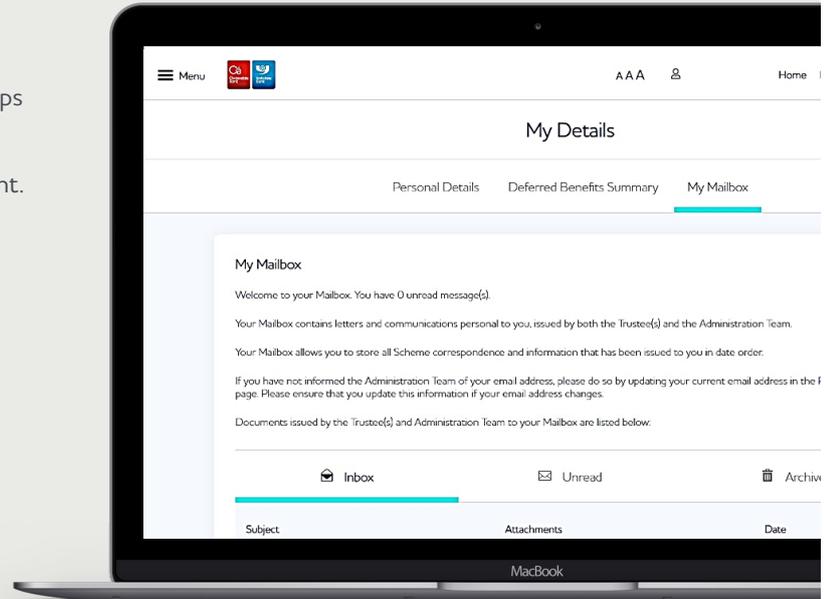


Protect your account with multi-factor authentication (MFA)

Use your mobile phone or set up a PIN to verify your identity every time you log in.

It means that even if a hacker steals your password, they cannot access your account.

Set up MFA when you register or next time you visit the portal.



Digital communications

To reduce how much paper we use, as well as our carbon emissions, we are delivering more of our communications digitally.

You can opt in to digital communications on our member portal. Then, when you have a new communication we'll send you an email telling you it's there.

To help us make this move, we need to ensure that we have your up-to-date email address. So we will write to you next year to check that the email address that we hold for you is correct. If we do not hold an email address for you, we'll ask you to provide it.

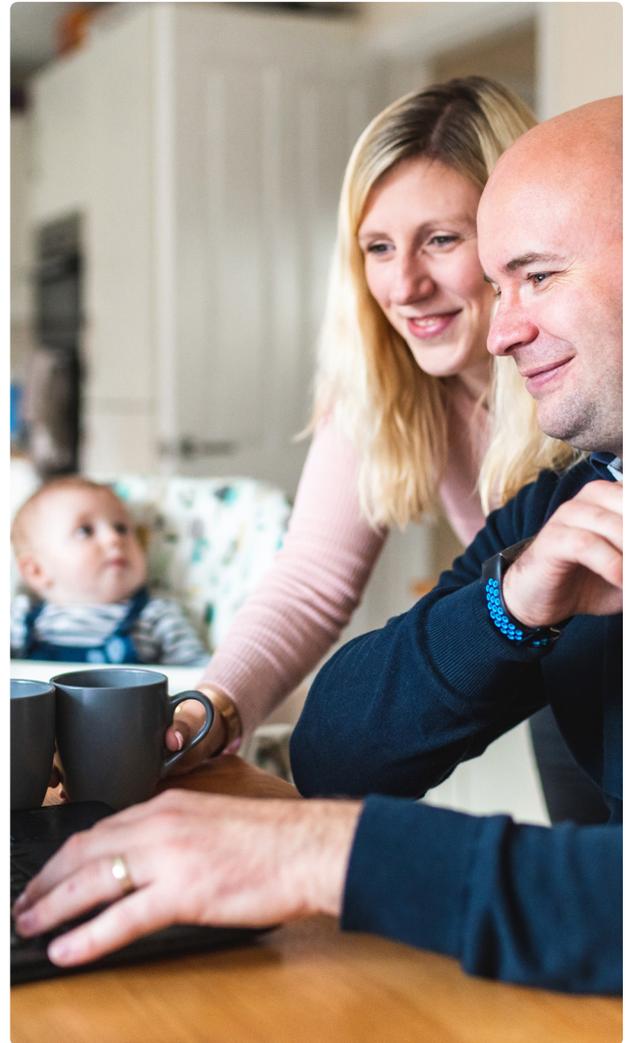
If you'd still like to receive communications by post you will still have the option to do so.

Streamlining our communication channels

As part of our move towards digital communications we have also been reviewing all of the ways that we communicate with members and the cost of those communications.

Previously, pensioner members received the 'Onward in Retirement' or 'Plus' magazines. Unfortunately we can no longer provide these publications.

However, you can read more about the pensioner associations' activities and how you can stay in touch with your old colleagues on pages 11 and 12.



Guaranteed Minimum Pension (GMP)

In our last few newsletters, we mentioned that we've been reviewing the Guaranteed Minimum Pension (GMP) that some members built up between 17 May 1990 and 5 April 1997.

Over the last year we've updated most members' pensions following our initial review.

We expect to complete the review during 2024.

If you haven't heard from us yet and you're affected by this, we'll be in touch soon.

Some members have been offered PIE

Over the last couple of years we offered some pensioner members the option to give up some or all of their future pension increases for a higher upfront pension. This is called the Pension Increase Exchange (PIE).

If you're eligible for PIE, you should have received an information pack that tells you all you need to know.

There's more information about PIE at ycb-yourpension.co.uk

Discretionary increases

Every year the Bank has to decide whether it should approve the Trustee paying a 'discretionary increase'. However there is no obligation to pay more than the Scheme rules say it has to.

Due to the current high levels of inflation, the Trustee asked the Bank to consider approving payment of a discretionary increase this year.

With guidance from its independent advisers, the Bank concluded that it was unable to approve a discretionary increase. While the Bank understands, and has considered member concerns, the Bank believes that awarding an increase would be difficult to justify for the following reasons:

- The Bank needs to consider all key stakeholders, including customers, colleagues, and shareholders.
- It could be unfair to members of the Bank's DC Scheme, who are also exposed to inflationary pressures.
- Very few UK pension schemes have made discretionary increases this year.

The Bank would like to reassure you that it takes its obligations seriously. It will continue to support the Scheme financially so the Scheme's financial position remains strong.

Changes to retirement age

Normal Minimum Pension Age will rise from 55 to 57

The government is increasing the earliest age at which you can access your pension. If your 57th birthday is on or after 5 April 2028, you will need to be at least 57 before you can take your workplace pension.

State Pension age will rise to 67 by 2028

This means that if you were born on or after 6 March 1961, you'll start receiving your State Pension when you're 67. To check your State Pension age, visit gov.uk/state-pension-age

Take a midlife MOT

The Department for Work and Pensions (DWP) has launched a digital midlife MOT service. You can use it to help you start thinking about your work, health and money with future planning in mind. It's aimed at people aged 45 to 65 but you can use it any time.

Read more at jobhelp.campaign.gov.uk/midlifemot/home-page/

Pension tax changes

In April 2023, the government changed how pensions are taxed. These changes affect how much can go into your pension:

- in a year (the annual allowance)
- over your lifetime (the lifetime allowance)

The annual allowance has increased from £40,000 to £60,000

If you build up benefits in a defined benefit (DB) pension, your annual allowance is based on how much the value of your pension increases over the year. If you build up pension savings in a defined contribution (DC) pension, your annual allowance is based on how much money you and your employer put into your pension.

The lifetime allowance has been abolished

Until April 2023, if you went over this amount you had to pay a lifetime allowance tax charge. However, this charge was abolished in April 2023. The lifetime allowance itself isn't officially abolished until April 2024, but no one will have to pay the lifetime allowance tax charge for the tax year 2023-2024.

As with most policies, a future government could change or cancel this policy, so if you think you'll go over the old lifetime allowance, it's worth talking to a financial adviser.

Pensioner news and activities

As Yorkshire and Clydesdale Bank pensioners and dependants, there are a number of ways you can keep in touch with each other. These pensioner organisations are entirely separate from the Trustee.

Clydesdale Bank pensioners

Clydesdale Bank Pensioners' Association (CBPA) works on behalf of pensioners, liaising with the Bank on issues that matter to us such as pension increases, the Capita cyber attack and Pension Increase Exchange (PIE). We are also happy to help with any pension-related matters that might affect you.

Become a member

Membership costs £10 per year and is open to anyone who receives a CB pension or would have but moved their pension to another provider. To join, please email our membership secretary Hugh Bunten at hughcbpa@yahoo.co.uk

Join our events

CBPA hosts annual lunches throughout Scotland and in London. All CBPA members, old and new, are invited to join us. In 2023, our lunches took place in October and November. The lunches are a great way to renew contact with former colleagues.

Receive our Onward in Retirement publication

CBPA members automatically receive an email copy of 'Onward in Retirement' (OIR). The Bank announced that it will no longer provide funding for this publication. We intend to continue to publish the magazine, but will no longer provide printed copies. CBPA will only be able to distribute OIR to our members, so if you are not a member and would like to continue to read OIR, please consider joining us.

Stay in touch on social media

CBPA has considered the use of social media as a way to stay in touch, but has decided that we could not provide the level of moderation etc. required. We would however point you towards the independent CB'ers group on Facebook.



Yorkshire Bank pensioners

There are several ways that Yorkshire Bank pensioners and dependants can keep in touch with each other.

Sign up for 'Plus' magazine

Please contact pensioner Andrea Wynne for up-to-date information about 'Plus'. Any pensioner or dependant is also welcome to keep in touch by joining Andrea's email contact list. Her address is andrea.plusmag@btinternet.com

Visit our archives website

A new YOBS (Yorkshire Old Bank Staff) website run by pensioner colleagues launched in Autumn. The site features branch and head-office history files and photos of YB archive material along with a comments page. This is a private website accessible with a user ID and password. If you wish to register with the site please email access@yobs.org.uk for further information.

Join our Facebook group

Join 3,500 former colleagues on the YOBS Facebook site. This is a private group administered by pensioner colleagues where YB pensioners can share messages, memories and photos.

Join our events

Five pensioners' lunches take place every Spring in Leeds, East Yorkshire, North Yorkshire, Lancashire and Sheffield. The lunches are a great opportunity to get back in touch with former colleagues and all YB pensioners, and dependants old and new are warmly invited to come along. Email Andrea Wynne at andrea.plusmag@btinternet.com for information. Details will also be posted on YOBS Facebook.

Visit our forum

Pensioner Paul Sheppard runs a website which acts as an informal forum and information source for YB pensioners. There's also a programme of regular walks on the site. Visit paul44165.wixsite.com/yobs



Updating your details

Contact details

So we can keep in touch with you, please tell us if you've changed name, moved house or changed your phone number by contacting our administration team at Capita. Their details are on the back cover of this newsletter.

Nominations

Your loved ones might be eligible for pension benefits when you die. If so, please use your Expression of Wish form to help decide who you'd like them to go to. Please check you've filled it in, and that it's up to date – particularly if your circumstances have changed, for example if you've recently got married, divorced or had children.

You can update your Expression of Wish form at ycbs.co.uk/documents. Or you can contact the Yorkshire and Clydesdale Bank Pensions Admin Team using the details on the back page.



Feedback

Last year we asked for your feedback on this newsletter. Thank you to everyone who took the time to fill out the survey. It helps us to make sure that we are delivering you the right information in the right way.

From your responses you told us that the newsletter's:

- length was about right
- content was easy to understand
- tone was about right

When we asked you what topics you'd be interested in hearing more about, you told us that you'd be interested in hearing more about:

- pensions basics, such as how pensions work
- reminders and explanations around benefits for families
- information about how scheme benefits can be used
- responsible investing

We will tackle these topics in future newsletters. In fact, we've already started, with the 'pensions explained' article on opposite page.

Pensions explained

Pensions 'basics' information was one of the most popular topics in our recent survey. So, we're starting by breaking down the 2 main types of pension: defined benefit (DB) and defined contribution (DC)

Your pension with YCB is a DB pension. But you may have other types of pensions from previous employers.

Defined benefit (DB) pensions

DB pensions are sometimes referred to as 'career average' or 'final salary' pensions. They build up based on your salary and how many years of service you have with your employer. And they aim to pay you a certain income when you stop working.

Usually your employer will set a 'normal pension age'. This is the age that you can take your pension without it being reduced. If you want to take your pension before this age, then your pension may be reduced because it's likely that you'll receive it for longer.

Defined benefit pensions also offer benefits for your loved ones when you die.

You can also choose to exchange some of your DB pension for tax-free cash if you want to. Or you can transfer your DB benefits to a DC scheme if you want greater flexibility. If you want to do this you will have to take financial advice.

Defined contribution (DC) pensions

Defined contribution pensions build up based on how much money you and your employer save into them. Unlike DB pensions, the amount that you get from your DC pension is not certain.

When you and your employer save into your DC pension, the money is invested to help it to grow over time.

You can choose how you want to invest your money, or you can invest in your employer's 'default' investment fund. A default investment fund tends to invest in riskier assets (types of investment) when you're younger, as they give your money more opportunities to grow. As you get closer to retirement, default funds usually move your money to less risky assets to protect it from ups and downs.

You can access money that you save into a DC pension from age 55 - though this is rising to age 57 from April 2028. When you decide that you want to access this money, you'll have several options. You can:

- take some of your money as tax-free cash
- take the rest as taxable cash
- keep your money invested and 'draw down' on it when you need to
- use the money to buy an income for life (also known as an annuity)
- do a mixture of all the above

With a DC pension, you're responsible for making sure that your money does not run out, so it's important to talk to a financial adviser before you make any decisions.

You can read more about your DC options by going to [moneyhelper.org.uk](https://www.moneyhelper.org.uk) and searching for 'defined contribution pension schemes'.

Contact

You'll find lots of useful information at ycbps.co.uk

If you have any queries about your pension or your benefits, or if you need to make any changes to the information we hold for you, just let the Scheme administration team know.

The best way to do this is by email, but you can also phone us or write.

Email

ycb.administration@capita.co.uk

Phone

0800 093 0176

0333 321 4899 if you're overseas

Address

YCBPS Pensions Administration Team
Capita
PO Box 555
Stead House
Darlington DL1 9YT

Whichever way you contact the team, you can expect a reply within 2 weeks.

You can contact the Group Pensions Department, too.

Our own in-house pensions department is headed up by Glen Rudd, who supports the Trustee in our day-to-day work. They can help if you have urgent queries about your pension.

If you have a question for the department, you can send us an email at group.pensions.department@cybg.com