

Private and Confidential

October 2020

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Dear [Title] [Surname]

Old British Steel Pension Scheme ('the Scheme')

An update from the trustee on what is happening with the Scheme

We wrote to you in April 2020 to say that we're exploring the possibility of the Scheme moving to an insurance company (known as a 'buy-out') instead of into the Pension Protection Fund (PPF). This letter is to let you know that the Scheme is now due to exit its PPF assessment period and complete a buy-out towards the end of 2021.

This is good news, as most members will get more pension income from the insurance company than they would from the PPF. You don't have to take any action, but you will be affected by this change. This letter provides information on this important step and some other things about the Scheme that you might find useful.

A new insurance policy moves us closer to a buy-out

This progress towards a buy-out has been made possible by a new insurance policy we have arranged for the Scheme (known as a 'buy-in'). On 8 October 2020 we bought this insurance policy from Pension Insurance Corporation plc (PIC). This policy means PIC will now be responsible for providing us with the money we need to pay benefits to our members. This is a big step towards the Scheme exiting its PPF assessment period and completing a buy-out. When the buy-out happens, PIC will take over paying benefits directly to members. The Scheme will then cease to exist.

The purpose of PIC is to pay the pensions of current and future policyholders. They are acknowledged as a leading company in the UK in terms of the quality of their customer service. PIC has insured the benefits of more than 250,000 pension scheme members and has a portfolio of approximately £50 billion to back future pension payments. You can read more about them at www.pensioncorporation.com and they will send you more information shortly.

For the time being, the Scheme will continue to be assessed by the PPF. We'll continue to have responsibility for paying benefits (at current PPF levels) until the buy-out happens. We'll keep you updated on progress towards exiting PPF assessment and completing the buy-out. The Scheme will continue to be protected by the PPF until the buy-out is completed, which is expected to happen towards the end of 2021.

Some benefits will increase towards the end of 2021

When the buy-out happens, all members whose PPF benefits are less than their full Scheme benefits (i.e. the amount they would be if the Scheme were not in a PPF assessment period) will see an increase to their benefits. All other members will see no change as a result of the buy-out. Towards the end of 2021, we'll be able to tell you exactly what your benefits will be.

There are other exercises happening, where we are checking the data we hold and the way in which benefits have been calculated, as well as checking our records against those held by HMRC (the tax office). These exercises are separate from our plans to complete the buy-out, and would be done even if the Scheme were moving into the PPF.

It's possible that some members may see their benefits change as a result of these exercises. If this applies to you, we'll tell you more about it when we can. Meanwhile, there's some background information in the FAQ section of our website.

Cashing in small pensions is suspended until January 2021

Members with a pension worth less than a certain amount set by law can usually swap it for a one-off cash payment when they retire. We've had to suspend this option for now, but we are planning to give all eligible members with small benefits an opportunity to swap their benefits for a one-off cash payment early in 2021. We'll write to you early in 2021 if you're eligible for this option.

Some retirement terms are changing from 1 January 2021

If you're not taking your benefits yet, you'll have some choices when you do. These include when to start taking your pension and whether to swap some of your pension income for cash. If you decide to retire before or after your normal pension date, your pension is either reduced or increased to reflect either early or late payment.

From 1 January 2021 we are changing the terms for what these options give. If your retirement date is before 1 January 2021, you will still get the current Scheme terms. There's more about this in the FAQ section of our website. If you want a retirement quote, please contact our administrators.

Tell us if you have Lifetime Allowance protection

If you have enhanced or fixed protection from the Lifetime Allowance (LTA) from HMRC, please contact our administrators (details below). Most people don't need to apply for this tax protection and so won't have it.

If you do have LTA protection – or if you intend to apply for it – and we don't know about it, an increase to your benefits could result in an extra tax charge. So it's important that you tell our administrators. There's more about this in the FAQ section of our website.

We will write to you again when we know more

Our website has the latest information on it, and some frequently asked questions that you might find useful. We have updated it with some more information about the insurance policy with PIC. Go to **www.oldbritishsteelpension.co.uk**

We'll write to you again once we know more.

Yours sincerely

Jonathan Hazlett

Jonathan Hazlett

Managing Director of Open Trustees Limited
Open Trustees are the trustee of the Old British Steel Pension Scheme

For general questions about the Scheme please go to our website: **www.oldbritishsteelpension.co.uk**

If you don't have web access, or to update us about your personal situation, please contact our administrators Barnett Waddingham:

Barnett Waddingham's address has recently changed to:

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