

Pensions Update

The newsletter for Unisys Payment Services Limited Pension Scheme members (iPSL Section)

Hello

from the Trustee

Welcome to the latest newsletter for members of the Unisys Payment Services Limited Pension Scheme (the Scheme) iPSL Section (the Section).

You may notice that our newsletter looks a little different from previous issues. We felt it was about time we updated our communications, making them more accessible and engaging for all of our members. We hope it helps you better understand your pension and how the Section is funded.

Every three years, the Scheme actuary carries out a formal investigation of the Section's financial position, known as an actuarial valuation. This involves comparing the value of the Section's assets with that of its liabilities (the benefits due to members). The funding level is the percentage of the liabilities that can be covered by the assets. A formal valuation is currently under way, and we are pleased to report that the preliminary results confirm that the Scheme remains fully funded.

You may recall from our previous newsletter that, owing to the healthy financial position of the Section, the Trustee was investigating the viability of an insurance buy-out. We are pleased to report that, as the Section remains strong, the Trustee is moving forward with these plans, and you can read a little more about this on **page 6**.

My fellow Trustee Directors and I are proud of our role in contributing to the financial security of you and your families. I hope you enjoy reading this newsletter, and if there's anything you'd like to know or see in a future issue, please get in touch through the Secretary to the Trustee, Pi Consulting, using the details on **page 9**. We'd be very pleased to hear from you.

Hetal Kotecha, Chair of Trustee
Unisys UK Pension Trustee Limited

Inside



Membership

As at 31 March 2023, the iPSL Section had 2,301 members. Below, you can see how many of those members are pensioners and how many are deferred members (members who have left Unisys but still have benefits in the Section).

 Pensioners **1,664**

 Deferred members **637**

Total membership 2,301

Section finances

Below you can find a summary of the Scheme's formal annual Report and Accounts, showing the money going in and out of the Section in the year ending 31 March 2023.

You can request a full copy of the Report and Accounts from the Secretary to the Trustee. Their contact information is on [page 9](#).

	As at 31 March 2023 (£000)	As at 31 March 2022 (£000)
Section value at start of period	433,033	426,980
Income		
Employer contributions	8	11
Employee contributions	-	-
Other income	1	3
Total income	9	14
Expenditure		
Benefits paid	(11,969)	(11,875)
Transfer values paid	(789)	(2,365)
Other payments	(26)	(21)
Total expenditure	(12,784)	(14,261)
Net (decrease)/increase on investments	(100,610)	20,300
Section value at end of period	319,648	433,033

Section investments

The Trustee is responsible for setting the overall investment strategy for the Section, but it delegates day-to-day decision making to its investment managers.

Where are the assets invested?

The Section invests in a wide range of investment types to help reduce the risk of underperformance in any one area. The chart shows the Section's investment allocation as at 31 March 2023 and the value of each investment.



Investment performance

The Section’s investment managers are responsible for making asset allocation decisions on the Trustee’s behalf in response to changes in market conditions. The table below shows the Section’s investment returns over the one, three and five-year periods to 31 March 2023.

	One year		Three years		Five years	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Performance	(23.6)	(22.4)	(5.9)	(5.8)	(2.4)	(1.3)

Although the investment returns may seem alarming, the investment strategy is designed so that the value of the assets and the long-term liabilities of the Section move in tandem. The preliminary results of the valuation confirm that the funding level was protected through the gilts crisis towards the end of last year.

It’s worth remembering that your pension is not linked to movements in the financial markets but is defined by the Trust Deed and Rules. Therefore, recent market events and the Section’s investment performance will not affect the pensions due to members and their beneficiaries.

Investing for a better future

Increasingly, trustees of pension schemes in the UK are considering environmental, social and governance (ESG) factors when they select their investments. The Trustee believes that ESG factors have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long term sustainability issues, including climate change, present risks and opportunities that increasingly may require explicit consideration.

The Section’s Statement of Investment Principles (available online at <https://pipartnershipgroup.co.uk/client-regulatory-documents/>) sets out the Trustee’s approach to investments and includes our policy on incorporating ESG into our investment decisions. The Implementation Statement (which is available at the same link above) shows how the Trustee is implementing its policies on ESG and discharging its investment responsibilities.



Noticeboard

GMP equalisation



Following a UK High Court ruling in October 2018, pension schemes like ours have to consider whether some members' benefits need to be amended to ensure that men and women are being treated equally in respect of any Guaranteed Minimum Pension (GMP) benefits. The High Court found that there should be no discrimination between male and female members in calculating their GMPs. This may affect you if you were an active member of the Scheme between 17 May 1990 and 5 April 1997.

The Trustee is assessing the impact of the Court ruling on the Scheme with the assistance of its advisers. Further details will be shared with you upon the completion of this assessment.

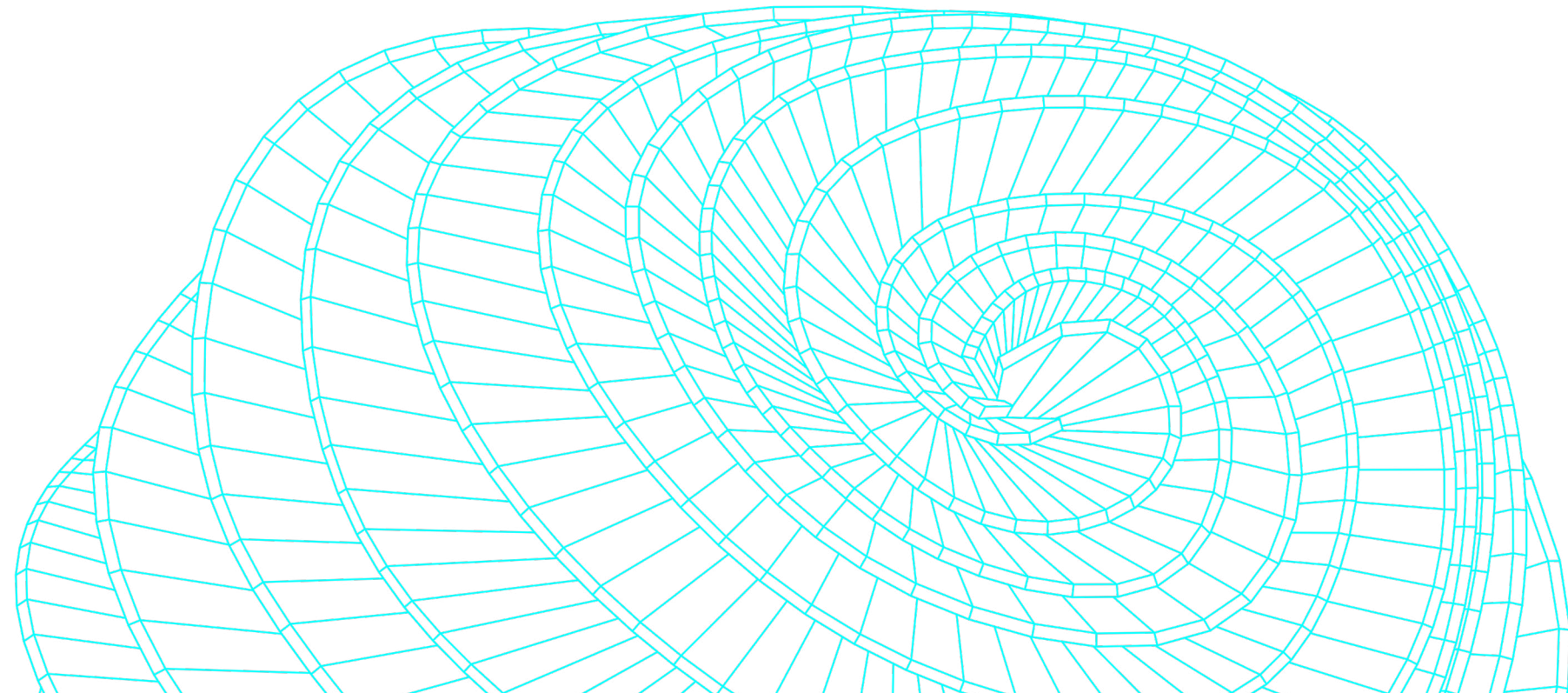
Improving the security of members' pensions – Section buy-out

You may recall from our last newsletter that the Trustee was investigating an insurance buy-out, which aims to significantly improve the security of our members' pension benefits.

Broadly speaking, a buy-out means handing over the Section's assets to an insurance company who will then take over responsibility for paying benefits to members as they fall due. The insurance company is legally required to hold substantial reserves, which helps protect members' benefits against any volatility in financial markets. Insurance buy-outs of this nature are considered the 'gold standard' for pension schemes, as they secure members' benefits in full with an insurance company regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Given the healthy financial position of the Section, the Trustee is moving forward with these plans and is currently engaging with various insurers in relation to the price and terms they will offer for a buy-out of the Section.

We will update you once the transaction has progressed.



Changes to Lifetime Allowance (LTA)

In his March budget, the chancellor announced a raft of changes to pensions tax allowances. One of the more substantial changes includes the scrapping of the LTA.

The LTA was a limit on the amount of pension savings you could build up tax free over your lifetime and had been frozen at just over £1 million. If you went over the limit, you had to pay a tax charge at retirement on the excess of up to 55%. The LTA tax charge was abolished immediately from April 2023, with plans to remove the LTA entirely from April 2024, subject to the necessary laws being passed.

The chancellor also introduced changes to the standard Annual Allowance, increasing it from £40,000 to £60,000 per year. This is a limit on how much you can pay into a pension tax free in each tax year. Similar to the LTA, there is a tax charge if you pay in too much.

The Trustee is aware of the political uncertainty surrounding the Lifetime Allowance. If you believe you could be impacted, you should seek appropriate advice.

Pensions dashboard faces delays

Despite hopes that the pensions dashboard would be launched this year, the government has confirmed that the timetable has been pushed back. This is to give the industry more time to resolve issues with the complex digital architecture at the heart of the project, while the government will also develop more guidance for pension providers.

The dashboard aims to provide a single point of reference for members to view information about their pension savings, as well as potentially offer a means of reuniting people with their lost pension pots.



Be wary of pension scams

It's an unfortunate fact that anybody can become a victim of a pension scam. The amount people lose has no limit and some victims have lost as much as £500,000, significantly impacting their financial stability. There are a few common warning signs you can look out for to ensure the future you deserve is protected.

- **Cold calls** – unexpected pension offers, whether made online, on social media or over the phone, are nearly always scams. These types of calls have now been banned, so if you do get one, hang up, do not reply to emails or texts, and do not follow links.
- **Unregulated advisers** – make sure you know who you are dealing with before changing your pension arrangements. Check the ScamSmart website www.fca.org.uk/scamsmart or call 0800 111 6768 to see if the firm you are dealing with is authorised by the Financial Conduct Authority (FCA) to give advice on pension transfers.
- **Limited time offers** – you should never be rushed or feel pressured into making any decision about your pension.

To help protect members against scams, the Trustee has increased due diligence checks when members transfer their benefits out of the Scheme. This may increase the time it takes to transfer your benefits, and you may also be asked to attend a telephone appointment with MoneyHelper if you have paid Additional Voluntary Contributions. MoneyHelper is a free, impartial guidance service provided by the government: www.moneyhelper.org.uk.

The Trustee and its advisers

The Scheme is managed by a board of nine Trustee Directors. Five are appointed by the Company (including the Chair), and four have been nominated by the Scheme's members. As mentioned in last year's newsletter, we set up a new corporate Trustee company called Unisys UK Pension Trustee Limited, which manages all of the Company's defined benefit pension schemes.

Your Trustee Directors

Independent Trustee Services Limited,
represented by Hetal Kotecha – Chair

Dave Watling*

David Buddery

Ema Urlic

Justin Lilley

Neil Southworth*

Robin McCarthy*

Ros Constantine

Steve Pink*

*member-nominated Directors

Advisers to the Trustee

Scheme actuary

Mercer Ltd

Independent auditor

Cooper Parry Group Ltd (appointed 17 January 2023)
Ernst & Young LLP (resigned 5 January 2023)

Administrator

Hymans Robertson LLP

Investment consultant

Mercer Ltd

Covenant adviser

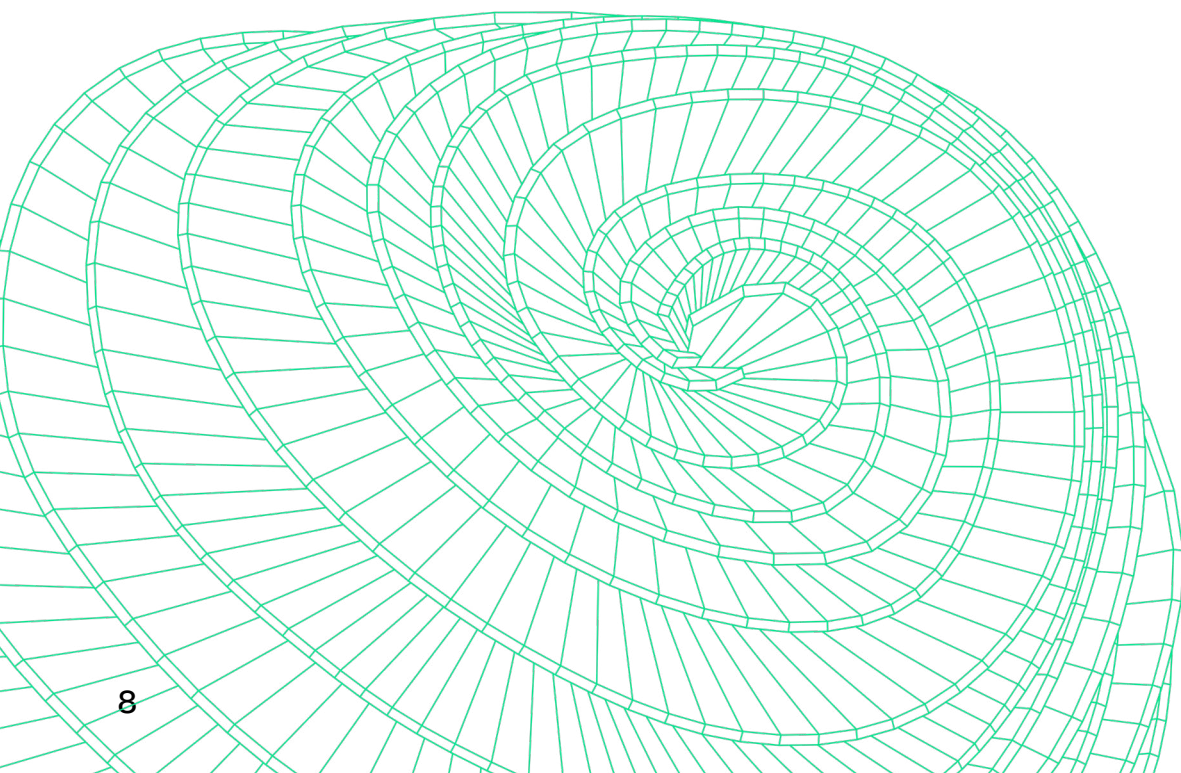
Cardano Advisory

Legal advisers

Gowling WLG (UK) LLP

Secretary to the Trustee

Pi Consulting Ltd



Keeping in contact

Please remember to let us know if you change your address, otherwise we may be unable to contact you about your benefits.

You can use Hymans Robertson's online portal PRISM to make changes to your account.

To log in, visit:

<https://secure.upslpensionscheme.co.uk/>

If you'd like to contact Hymans Robertson directly, you can do so using the below details:

Email: unisys@hymans.co.uk

Telephone: 0207 082 6031

Address: Hymans Robertson LLP
1 London Wall
London EC2Y 5EA

For general enquiries about the Scheme, you can contact the Secretary to the Trustee.

Email: UUPTL.client@pipg.co.uk

Address: Pi Consulting
2nd Floor
Tuition House
27-37 St George's Road
Wimbledon
London SW19 4EU

This document provides summary information only. It is not intended to be comprehensive, and it does not create rights or constitute advice. In the event of any conflict between (a) this document and (b) the Scheme's Trust Deed and Rules and/or overriding legislation, the latter will prevail.