

Member newsletter

LONDON STOCK EXCHANGE GROUP PENSION SCHEME (LSEGPS)

For members of the LCH Section



Message from the Chair

Welcome to the latest edition of your annual newsletter from the Trustee of the London Stock Exchange Group Pension Scheme (LSEGPS) (the “Scheme”). As usual we have included the latest news from the Scheme and the wider world of pensions. We have also provided you with details of other resources to assist you if you would like more information about your pension benefits.

Changes to the Trustee Board

Chris Broad stepped down from his role as both a Trustee Director and Chair of the Trustee at the end of July. Chris leaves the Trustee Board with the Scheme in a very good position and we would like to thank him for his strong leadership of the Trustee Board since the Scheme was established in 2016, as well as his previous work as the Chair of Trustee of the London Stock Exchange Retirement Plan. We wish Chris well in his retirement.



To introduce myself ...

I have represented BESTrustees Ltd (an independent Trustee Company) on the Scheme’s Trustee Board for the last three years and I am delighted to take over from Chris as Chair of the Trustee. I am writing to you on behalf of BESTrustees as Chair of the Trustee. I am a Fellow of the Institute of Actuaries and I’ve worked in the pensions industry for over 25 years, the last 15 of which have been in senior roles supporting the trustee boards and governance committees of a number of UK pension schemes. I look forward to continuing to work with the other Trustee Directors, the Company and our professional advisers to ensure the Scheme continues to operate in the best interests of members.

Funding Position of the Scheme

The last formal triennial Actuarial Valuation of the Scheme’s finances was completed as at 31 December 2020. The results of this Valuation and the subsequent Actuarial Report as at 31 December 2021 were disclosed to members in the Summary Funding Statement (SFS) we sent to you in June.

As noted in the Summary Funding Statement, the Scheme’s funding position has been very resilient over the last year, despite the uncertainty and market volatility caused by the conflict in Ukraine, the state of the global economy, rising prices of goods and services, and the continuing impact of Covid-19 and Brexit.

At the time of writing (early October), this funding level resilience has continued, despite the extreme volatility in bond markets following the UK ‘mini-budget’ on 23 September 2022.

The Trustee continues to carefully monitor wider developments and works with its advisers to ensure that the Scheme’s investments remain appropriate. In particular, the Trustee has confirmed with the Scheme’s investment advisers / managers that both Sections hold sufficient liquid assets to cover their short-term collateral requirements comfortably, at time of writing. The Trustee’s administrators and main advisers have also confirmed the assets have minimal direct exposure to Russia, Belarus or Ukraine and that our systems are well positioned to defend against a heightened risk of cyber-attacks.

Details of the Scheme’s funding position, investment strategy and performance are shown from page 6.

Other news

Regrettably, pension fraud continues to be an issue and we have included an article on page 8 to remind you of some useful tips and resources to help avoid scams and details about the robust transfer process our Administrators, Premier, follow.

We have included some detail about the increases to the State Pension Age and Normal Minimum Pension Age (NMPA) on page 10.

We hope that you find this newsletter useful and interesting. If there are any topics that you would like to see in future issues, please get in touch using the details on page 3.

Regards,
Catherine Redmond

Keep us updated

Please remember to keep your details up to date.

You can keep your contact details and Expression of Wish (EOW) form up to date by logging on to the member website, www.mypensiontracker.co.uk, or contacting Premier directly.

It's important to keep your EOW updated to ensure the Trustee has the correct beneficiary details to pay benefits to in the event of your death. Please also check we have your correct personal email address on file so that we can contact you quickly and easily.

If you wish to contact us

Please contact Premier if you have any queries about your benefits; see contact details on page 5.

If you have a complaint about your pension which cannot be resolved by the administrator, the first step is to put your complaint in writing and address it to the DB Pensions Manager (contact details shown below). They will provide you with further details of the formal procedure, known as the Internal Dispute Resolution Procedure (IDRP).

If you are not satisfied with the outcome of the IDRP then the DB Pensions Manager can supply you with details of The Pensions Ombudsman who will listen to any complaints after the IDRP has been followed.

DB Pensions Manager
London Stock Exchange Group Pension Scheme
10 Paternoster Square
London
EC4M 7LS

Email: georgina.wallis@lseg.com

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Your Trustee Board

LSEG Pension Trustees Limited, is made up of member-nominated and Company-appointed Directors, including an independent Trustee Director.

Following the retirement of Chris Broad, BESTrustees Ltd (represented by Catherine Redmond) has taken on the role of Chair of the Trustee with effect from 1 August 2022.

The current Trustee Board of the Scheme consists of:

Company-appointed Directors

BESTrustees Ltd (represented by Catherine Redmond)*
Nick Bayley
Diane Bouwmeester
Paul Brine

Member-nominated Directors

Susan Griffin**
Mark Harries**

*Independent Trustee

**Pensioners

Over the last two years, many people have been working from home and the Trustee Board held their meetings virtually during most of 2020 and 2021. The Trustee resumed face-to-face Board meetings in December 2021.

The advisers to the Scheme

Scheme Actuary

Gordon Clark, Mercer Ltd.

Investment Adviser

Redington Ltd.

Legal Adviser

Eversheds Sutherland

Covenant adviser¹

Cardano Advisory (formerly known as Lincoln Pensions)

Auditor

PricewaterhouseCoopers (PwC) LLP

Administrator

Premier Pensions Management Ltd

¹ Employer covenant is the measure of the employer's ability to fund a pension scheme. This depends on the financial strength of the employer and the ability to pay contributions into the Scheme.

Supporting your journey to retirement

WPS Advisory is an independent financial adviser appointed by the Company who can help you to make an informed decision about how and when you take your Scheme benefits.

Find out who they are, what they do and how they can help you by reading the 'useful resources' section on page 11, or watching their short 'Toolbox' videos.

Please note that these are WPS Advisory videos, not provided or run by the Trustee and the Trustee is not in any way responsible for any advice that WPSA may give to you.

Visit their website at www.wpsadvisory.com

Phone: **0808 145 1894** or **+44 203 282 3761** if calling from overseas

Email: LSEGPS@ukwps.com

Please note that the option to continue to offer WPS Advisory's services is at the discretion of the Company.



Your pension portal

Don't forget to visit our secure website **www.mypensiontracker.co.uk**. This website enables you to access your personal details, check your benefits and plan for your retirement online.

Please ensure all your personal information held is correct, if not please get in touch with Premier to get this updated.

If you need help getting access to your pension tracker or have a query about your pension, please contact Premier:

Call: 0800 488 0796, or
+44 208 663 5850 if calling from overseas

Email: LSEGPS@premiercompanies.co.uk

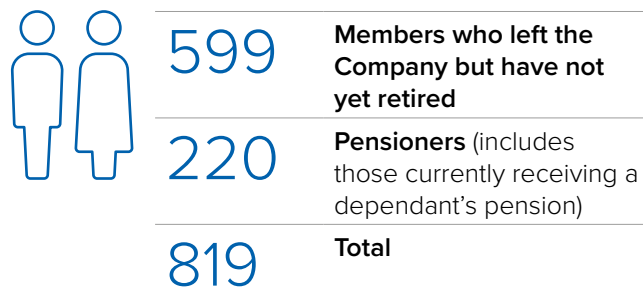
Write to: Premier Pensions Management
PO Box 108
Blyth NE24 9DY

Further information is available on the new scheme-specific website www.lseg.yourpremier.co.uk which allows you to view Scheme documents, browse educational content and access retirement and transfer request forms, without the need to login.

Members with Additional Voluntary Contributions (AVCs) – if you decide to proceed with your retirement, there may be a delay, which is outside of our control, in settling any benefits arising from your AVC funds.
Please Note – you need to contact Premier rather than the AVC provider at all times. Premier can give more guidance about how this could affect you individually.

Facts and figures from your Section – LCH

Membership as at 31 December 2021



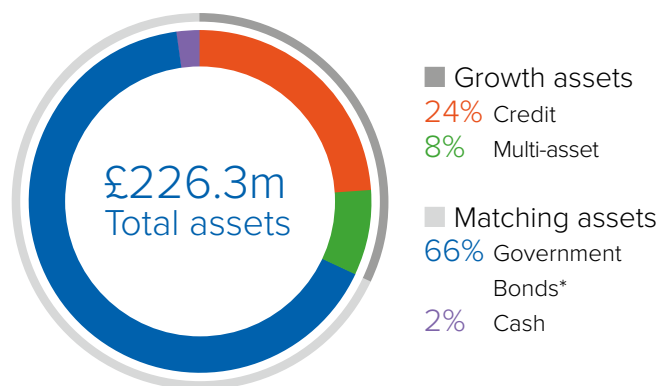
Funding Position and Company contributions to the LCH Section

The last formal actuarial valuation of the LCH Section of the Scheme was carried out as at 31 December 2020. This valuation revealed that the LCH Section had a funding level of 100.4% on the technical provisions basis as at 31 December 2020. This was equivalent to a surplus of £1.4m.

As noted in the recent Summary Funding Statement, the most recent Actuarial Report showed that the LCH Section's funding position had improved to 107% funded as at 31 December 2021, equivalent to a surplus of £20.8m.

Asset allocation as at 30 June 2022

The Trustee uses a number of different investment managers. These are appointed based on recommendations from our investment adviser on the most suitable managers for each asset class.



* Further exposure to government bonds is obtained through the carefully considered use of derivatives to fully match the liabilities and protect the deficit against market-related liability risks.

Growth assets: Those assets which the Scheme invests in to try and earn an excess return. The LCH Section invests 32% of its assets in growth assets. The growth assets are invested in the following managers: Royal London Asset Management, Payden & Rygel Investment management, Man Group and Ruffer.

Matching Assets: One of the legal requirements on the Trustees is to invest assets backing liabilities in a way that is appropriate to the nature, timing and duration of the expected future retirement benefits payable under the Scheme. To help achieve this, the Scheme holds 'matching assets' to manage investment risk relative to the liabilities. The LCH Section invests 66% of its assets in matching assets with Schroders (and 2% in cash).

Investment performance and strategy

The performance of the Scheme's investments over the year to 30 June 2022 is shown below:

	%
Growth asset performance	-5.5
Matching asset performance*	-30.4
Overall LSE Section performance	-21.7

* The matching performance includes the performance from the Schroders Liability Driven Investment allocation only.

The period between 30 June 2021 and 30 June 2022 was predominantly defined by the global recovery from the Covid-19 pandemic and increasing inflationary pressure across the developed world. The start of 2022 saw the Russian invasion of Ukraine, which had far-reaching effects on equity and credit markets, as well as increased energy prices due to supply disruptions. 2022 has seen multi-decade high inflation resulting from extensive central bank and fiscal stimulus, post-lockdown demand surges and supply chain issues.

The matching assets performed their role as intended over the year, closely matching the movements in the liabilities.

Update since 30 June 2022: Rising inflation expectations and central interest rates continue to be a major concern for markets. However, as the investment strategy has been moderately de-risked, the impact has not been significant, and the funding position remains strong.

If you are concerned about the potential impact of market volatility, we would like to reassure you that the Scheme is being carefully managed to minimise risks. Furthermore, as a member of a Defined Benefit (DB) pension scheme you are not directly affected by the changes in the value of the LCH Section's investments. The Scheme provides benefits based on salary and length of service rather than investment performance. This means that, while the Scheme's investments may rise and fall, your Scheme benefits will be unaffected. The investment risk is borne by the Company. Your benefits will continue to be paid on time and in full.

You may have seen in the news that the rate of inflation reached its highest level for 30 years. The Bank of England has moved to control inflation by increasing its base rates – it predicts this will bring inflation below the target within three years. However, in reality, there is a wide range of views on the potential outcomes. Most members will have some elements of their pension linked to inflation – for example, if you are a pensioner, some of your pension will increase each year in line with an inflation index. However, there is a cap on the annual increase, in most cases 2.5%, 4% or 5%, which means your pension increase will be limited to this cap during periods of high inflation.

Topical pensions news

Pension scams – stay alert!

Scams have increased during the pandemic, with over £2.3 billion being lost to fraudsters from 2020 to 2021, according to Action Fraud.

In response, The Pensions Regulator has implemented new legislation intended to allow Trustees to refuse transfers where there is suspicion of pension scam activity. To help protect members, the Trustee has to look for 'red' and 'amber' flags listed in the new regulations.

Transfers that raise amber flags will be referred to MoneyHelper, a Government-backed resource that offers impartial help on all aspects of money, including benefits, savings and pension choices. Transfers that raise red flags will result in the Trustee refusing your request to transfer.

The Trustee and our administrator, Premier have both signed up to the Pension Regulator's Pledge to help combat pension scams.

Transfer values are generally guaranteed for a period of three months from their date of calculation. Due to the additional checks required for transfers, it is advisable for members to start the advice process as soon as possible after receiving a transfer quotation, to ensure everything can be completed within this three-month period. In most cases, if the guarantee period expires before you have confirmed that you wish to proceed with a transfer and have completed all the required paperwork, you would need to request an updated quotation. Extensions will only be granted in very exceptional circumstances.

If you are approached about transferring your benefits out of the Scheme please exercise extreme caution. If you are thinking of transferring your pension benefits, from any pension scheme of which you are a member, you should always make sure the person/company you

are dealing with is registered with the Financial Conduct Authority ("FCA"). You can check this on the FCA website here: <https://register.fca.org.uk/> or call the helpline on **0800 111 6768**.

You can also find useful guidance about transfers with MoneyHelper, go to www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

For further information on the impact of transferring your benefits out of the Scheme, you can visit the FCA's website on consumer information on 'DB transfers'. Please visit www.fca.org.uk/consumers/pension-transfer-defined-benefit. You can also visit www.moneyhelper.org.uk which is a government service that offers free, impartial guidance about your pensions options.

Under new regulations introduced in June this year, it is recommended that members seek guidance through Pension Wise (now part of MoneyHelper) if looking to access or transfer any additional voluntary contribution (AVCs) pension benefits. Go to <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise> where you can find out more and book an appointment.

To help you avoid being scammed, visit the FCA's website www.fca.org.uk/scamsmart for useful resources.

New emergency hotline

If you think that you may be a victim of a scam, or you think you may have been targeted by scammers, you can now dial 159 and you will be connected to your bank's fraud department.

This service lets you quickly and easily check if an offer is genuine so you can avoid being scammed. You can find out more about this service, including which banks are involved, at <https://stopscamsuk.org.uk/159>

GMP equalisation – an update

We reported last year that, in line with many other Schemes in the UK, the Trustee is working on a project to adjust an element of your pension, known as Guaranteed Minimum Pension (GMP) to remove any historic sex inequalities where necessary. This only affects members who were employed by the Company before 6 April 1997 and will not result in a reduction to your benefits.

We are making good progress on this project and we will write to affected members with more details next year.



Pensions Dashboards Programme

A Pensions Dashboards Programme has been created by the Money and Pensions Service to enable pension scheme members

to see all of their pension pots securely online. Dashboards are intended to provide clear, user-friendly information about all of your pension savings, including your State Pension, and will also help you to rediscover any lost pensions.

The first schemes (starting with the largest pension schemes) are planned to join the dashboard ecosystem next year, however end users won't be able to access the dashboards until this has been thoroughly tested. The Scheme is currently expected to connect with dashboards by late 2024.

You can find out more about this work, including a video gallery explaining the latest updates, at www.pensionsdashboardsprogramme.org.uk.

In the meantime, if you're looking to track down a lost pension, visit www.moneyhelper.org.uk/en and search "pension tracing" for advice and support.

Pension Attention campaign

A new, three-year, campaign to help boost the nation's engagement with pensions has been put together by the Association of British Insurers (ABI) and Pensions and Lifetime Savings Association (PLSA). The "Pay Your Pension Some Attention" campaign aims to make pensions an everyday talking point.

This campaign has the support of multiple pension providers and schemes, committed to encouraging more engagement in pensions nationally. The initial kick-off started in September and is expected to run until end November this year, and involves simple objectives to help people reconnect with their pensions, such as: feeling good about having a pension, ensuring they keep their personal details updated for any scheme benefits, and gaining better knowledge about what they have and might need.

The focus of this campaign is to encourage people to **appreciate the value of pensions** and **understand where their money is** and the **simple steps they can take to keep track of it**. Thinking about the future and how you will be able to fund your later life is important. Individuals will need to consider their own circumstances and pensions as part of their overall financial wellbeing.

The Pension Attention campaign will be widely promoted via social media and resources will be freely accessible to anyone who wishes to participate. There will be some key dates to look out for. For more information go to www.plsa.co.uk/ and look under the 'What's happening and what matters' tab.

Topical pensions news continued

Changes in State Pension Age and Normal Minimum Pension Age

The Government has recently confirmed plans to increase the statutory Normal Minimum Pension Age (NMPA) from 55 to 57 from 6 April 2028, alongside planned increases in the State Pension Age (“SPA”) to 67. The NMPA is the earliest age at which you will normally be able to take your Scheme pension without tax penalties. From 2028 onwards, the minimum pension age will remain ten years below SPA.

The SPA has been increasing since December 2018. Anyone born between 6 October 1954 and 5 April 1960 will reach their SPA on their 66th birthday. Anyone born after 5 April 1960 will have an SPA of 67 or higher as the Government plans to further increase the SPA in the future and has already introduced proposals to increase the SPA to 68.

The following Government web pages provide more information on the State Pension:

www.gov.uk/government/news/proposed-new-timetable-for-state-pension-age-increases provides more information about the SPA changes.

www.gov.uk/state-pension is relevant for people who reached their State Pension Age before April 2016

www.gov.uk/new-state-pension is relevant for people who reach their State Pension Age after 2016.

Environmental, Social and Governance (ESG) and climate change

In 2016, over 190 countries created “the Paris Agreement”, a legally binding global framework to work toward limiting the increase in average global temperature. The global response to climate change is expected to transform every area of our lives, including retirement.

Considering ESG factors helps pension schemes to invest in businesses that are perceived to be good stewards of the environment, socially responsible, and ethically run.

Last year, the UK became the first country in the world to introduce new legal requirements for pension scheme trustees to assess – and publish – the financial risks of climate change within their portfolios.

What are the requirements for pension schemes?

- Trustees are required to set out in their Statement of Investment Principles (SIP) their policies on stewardship and on financially material environmental, social and governance considerations, including climate change; and
- Trustees of these schemes must publish their SIP and their implementation statement, which outlines how key activities and decisions have helped trustees achieve certain policies and objectives, on a publicly accessible website.
- With effect from 1 October 2022, schemes with more than £1bn in assets will also be required to calculate and report on a metric setting out the extent to which their investments are aligned with the Paris Agreement.

The Pensions Regulator (TPR) has set out clear expectations that trustees of all defined benefit pension schemes should consider the impact of climate change on the scheme’s financial position, investment strategy and the support provided by the Company.

The Trustee recognises that ESG factors, including climate change, could influence the investment risk and return outcomes of the Scheme’s portfolio and that it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process. The importance of ESG considerations will increase over time and the Trustee continues to work with its advisers to consider what further actions may be appropriate for the Scheme.

For more information on the Scheme’s investment principles, go to the Statement of Investment Principles (SIP) online at **<https://www.lseg.yourpremier.co.uk/document-centre>**.

Useful Resources

There are many resources available about pensions, and where to go for retirement guidance and advice. We have listed some of these resources below.

Independent Financial Advice

The Trustee, Company and their advisers are unable to offer you financial advice. However, you do have access to the Company appointed firm of financial advisers, WPS Advisory, who can assist with decisions before drawing a pension, or with general retirement planning. If you wish to receive paid for advice from WPS Advisory, you will need to provide your written consent to Premier Pensions to share your data with WPS Advisory (contact details on page 5). You will then receive a welcome letter from WPS Advisory and will be able to book your paid for advice session.

Please note that the Company and Trustee are not in any way responsible for any financial advice that WPS may give you, and the option to continue to offer WPS Advisory's services is at the discretion of the Company.

You can also find an independent financial adviser in your area at either www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser OR

A full list of regulated advisers is available at www.fca.org.uk/firms/financial-services-register

You should check the specialist advice areas of any adviser as well as the cost of their advice before appointing them.

MoneyHelper

MoneyHelper is a government backed resource that offers impartial help on all aspects of money, including benefits, savings and pension choices. It is free to use, and incorporates services previously provided by the Pensions Advisory Service, the Money Advice Service and Pension Wise. You can find out more at www.moneyhelper.org.uk

MoneyHelper has a number of sections dedicated to different financial topics:

www.moneyhelper.org.uk/en/pensions-and-retirement, offers guidance on all stages of pensions, from just starting out, to retirement. It also includes help on State Pensions and what to do if you have complaint.

Citizens Advice

Provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. They also provide free and impartial face-to-face pensions guidance, visit www.citizensadvice.org.uk

Department for Work and Pensions (DWP)

DWP's website outlines government initiatives and information about retirement and pension benefits, including all you ever wanted to know about the State Pension scheme. www.gov.uk/government/organisations/department-for-work-pensions

Age UK

Age UK is a charitable organisation that provides help and assistance to older people. It offers advice on finances, and ways to keep active and healthy, and avoid loneliness into old age. Find out more by visiting www.ageuk.org.uk

Gov.uk

The Government's website can help you find information about everything relating to tax, pensions and the State Pension.

For help tracing an occupational pension scheme, go to www.gov.uk/find-pension-contact-details

[The Pensions and Lifetime Savings Association \(PLSA\)](http://www.retirementlivingstandards.org.uk) published UK Retirement Living Standards with the aim of giving people an idea of what retirement will cost, so people know what to aim for.

Visit www.retirementlivingstandards.org.uk for more information about the expected cost of your retirement, depending on what you hope to do.

Please note: The information in this Newsletter is meant to be helpful but does not have legal effect. Your benefits are solely governed by the Rules of the Scheme from time to time.

Designed and produced by Mercer Limited 2022

