

Member newsletter

LONDON STOCK EXCHANGE GROUP PENSION SCHEME (LSEGPS)

For members of the LCH Section

November 2021

Message from the Chairman

Welcome to your annual member newsletter from the Trustee of the London Stock Exchange Group Pension Scheme (LSEGPS or the “Scheme”). In this edition you can find the latest news from the Scheme and the wider world of pensions. We also provide you with details of other resources if you would like more information about your pension benefits.

In last year’s newsletter we noted that there had been an increase in cold calls and online scams during the pandemic. You should continue to be wary of potential scams and we have included an article which provides some tips on how to avoid pension scams and online fraud on page 9.

The Trustee also takes the Scheme’s cyber security very seriously and we have recently completed a review of our cyber risks to ensure we have appropriate controls in place.

Funding Level of the Scheme

A full review of the Scheme’s finances, known as an Actuarial Valuation, must be carried out every three years. We anticipate completing the 31 December 2020 valuation in the first quarter of 2022 and the results will be shared with you in a Summary Funding Statement.

The Scheme Actuary carries out a less formal check on the Scheme’s financial position every year. The results of the latest Actuarial Report as at 31 December 2019 were included in the Summary Funding Statement sent to you in October 2020. These results and some commentary on the Scheme’s recent financial performance are included on page 6 for your information.

The past 18 months or so has been a challenging period, with Covid-19 lockdowns affecting every single one of us. At the time of writing, lockdown restrictions have relaxed and tens of millions of people have now been vaccinated. The global economy has been, and is expected to continue to be affected by Covid-19, and on page 8 we have provided some information around how this could affect the Scheme. We would like to assure members that while the Trustee cannot provide certainty over the impact on investment markets, we work with our advisers to ensure that the Scheme’s investments remain appropriate, and we continue to review the situation.

Company News

London Stock Exchange Group Plc completed its all share deal to acquire the Refinitiv business on 29 January 2021. The transaction will not affect the day-to-day running of the Scheme or the benefits you receive from the Scheme.

We would also like to remind you that the Company has appointed a firm of financial advisers, WPS Advisory, to help members with their retirement planning. Please see the useful resources section at the end of this newsletter for further details.

I 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,

Chris Broad, Chair of the Trustees

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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 or contacting Premier directly. It's important to keep your EOW updated to ensure the Trustees have 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.

Getting in touch

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 administrators, 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



Your Trustee Board

LSEG Pension Trustees Limited is made up of member-nominated and Company-appointed Directors, including an independent Trustee Director. The Trustee works together with its advisers to make sure that the Scheme operates in the best interests of members.

The Trustee Board for the Scheme consists of:

Company-appointed Directors

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

Member-nominated Directors

Chris Broad - Chair
Susan Griffin
Mark Harries

*Independent Trustee

The advisers to the Scheme

Scheme Actuary

Gordon Clark, Mercer Ltd.

Investment Adviser

Redington Ltd.

Legal Adviser

Eversheds Sutherland

Covenant adviser*

Lincoln

Auditor

PricewaterhouseCoopers (PwC) LLP

Administrator

Premier Pensions Management Ltd**

* 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.

**It has recently been announced that Premier will become part of Isio Group Limited, subject to FCA approval.

The Trustee will monitor developments with this acquisition to ensure Premier maintain their high standards of service to members.

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 below or watching their short ‘Toolbox’ videos:

- Why is it important to have a plan?
- What is an informed decision?
- What types of pensions are there?
- What is income drawdown?

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



Your pension portal

In 2019 we set up a website to enable you to check your benefits and plan for retirement online. 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

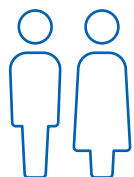
To log into the pension website to access your personal details, go to www.mypensiontracker.co.uk

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

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 2020



619

Members who left the Company but have not yet retired

211

Pensioners (includes those currently receiving a dependant's pension)

830

Total

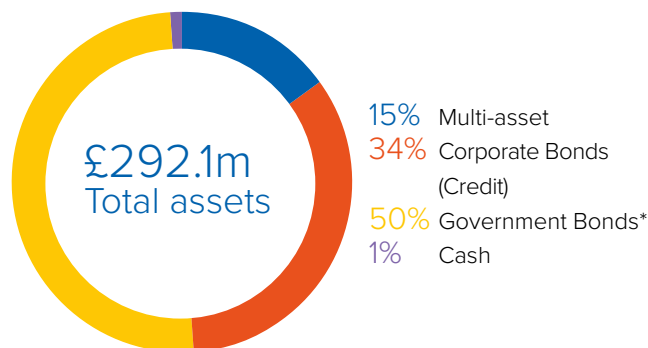
Company contributions to the LCH Section

The last formal actuarial valuation of the LCH Section of the Scheme was carried out as at 31 December 2017. As part of the new funding framework adopted at the 2017 valuation, the Sponsoring Employer, LCH Limited (the "Company") agreed to pay contributions of up to £3 million per annum (a maximum of £3 million or the shortfall at the year-end if less) in the years 2019 to 2022 inclusive. In addition, the Company agreed to make additional contributions to cover expenses.

The Actuarial Report carried out as at 31 December 2019 showed that the funding position of the LCH Section had improved from 92% funded at 31 December 2017 to 95% funded at 31 December 2019. The Summary Funding Statement covering the most recent full actuarial valuation (as at 31 December 2020) will be shared with members next year following the completion of the valuation.

Asset allocation as at 31 March 2021

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 LCH Section against market-related liability risks.

Growth assets: The assets which the Scheme invests in to try and earn an excess return to improve the funding position (e.g. equities). The LCH Section invests 49% of its assets in growth assets. The growth assets are invested with the following managers: Royal London Asset Management, Payden & Rygel Investment Management, Man Group and Ruffer.

Matching Assets: Trustees are legally required 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 50% of its assets in matching assets with Schroders (and 1% in Cash) and gains further exposure through derivatives to fully hedge movements in the liabilities resulting from changes in market conditions.

Investment performance and strategy

The performance of the LCH Section's investments over the year to 31 March 2021 is shown below:

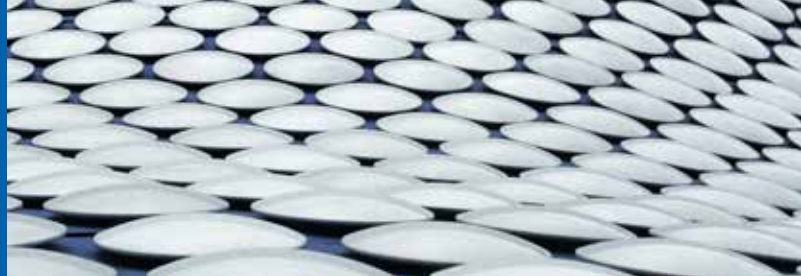
	%
Growth asset performance	+17.7
Matching asset performance	-6.7
Overall LCH Section performance	+4.5

Over the year to 31 March 2021, growth assets experienced particularly strong performance, with equity markets recovering largely due to coordinated monetary and fiscal policies, which helped support economies and financial markets. The roll-out of the Covid-19 vaccines also provided a more positive outlook for investors globally.

The continued divergence between the performance of different regions and sectors in combatting Covid-19 means that diversification remains important. Returns across equity, fixed income and private markets were, on the whole, positive over the period and the LCH Section's growth assets achieved a return of 17.7%.

The LCH Section's matching assets fell by around 6.7% over the year to 31 March 2021 due to an increase in the gilt yield. This does not have an impact on the Section's deficit as these matching assets are designed to move in line with the matched liabilities, which also fell by around 6.7%.

31/03/2021 – 30/09/2021 Update: Markets were largely strong in Q2 2021. Global equities continued their gains, supported by the accelerating roll-out of Covid-19 vaccines and increasing investor optimism as economies began to open back up. In Q3 2021, rising inflation, supply chain issues and large regulatory crackdowns in China meant markets gave back some of the gains achieved earlier in the year, with the MSCI world equity index posting its worst return in September since March 2020. Against this backdrop, each of the LSE Section's growth assets recorded gains over the 6 months, improving the funding position of the LSE Section.



Covid-19 and the Scheme

The Covid-19 impact on the global economy has resulted in more volatility in investment markets and there is still some uncertainty around the longer term implications.

Safety of your pension

The Trustee continues to closely monitor the evolution of the pandemic, including how it may affect the Scheme, the Company, financial markets, the economy and the general population. As noted on page 7 the LCH Section's growth assets have achieved very strong returns over the last 18 months and the sharp falls that we saw in markets at the start of the pandemic have now been largely reversed. The LCH Section's matching assets are designed to move in line with the liabilities and have therefore protected the funding position from changes in bond yields and inflation expectations.

The outlook remains uncertain and will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of Covid-19 on financial markets and the overall economy.

Our main message to you now is that as a member of a Defined Benefit (DB) pension scheme **you are not directly affected by changes in the value of the LCH Section's investments.** The Scheme provides benefits based on salary and length of service rather than on 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.

In the unlikely event that the Company goes out of business and does not have enough money to provide the additional funding required to secure members' benefits

with an insurance company, the government's safety net, the Pension Protection Fund (PPF) would pay a minimum level of benefits to members. However, the pension provided by the PPF may be less than your full benefits in the Scheme. Visit www.ppf.co.uk for more information.

Is now a good time to transfer my benefits out of the Scheme?

If you are thinking about transferring away from the Scheme, you should remember that a move away usually means that you take on the investment risk yourself. If you are planning a transfer we cannot advise you, but you should speak to a financial adviser who can help you decide whether this is the right move for you.

The Company provides support by way of financial advice through WPS Advisory, refer to page 5, or page 11 for more information on looking for financial advice.

The Financial Conduct Authority's guidance is clear that when advising on such transfers, advisers should start from the position that a transfer is likely to be unsuitable for most members.

Looking after your Scheme pension

We engaged with our advisers early in the pandemic regarding their business continuity plans. We are satisfied that our advisers have appropriate plans in place, including home working with access to secure IT equipment and platforms to minimise disruption to member services. We have also continued to hold Trustee meetings virtually during the pandemic.

The Trustee, Scheme advisers and the Scheme Administrators have worked hard over the last year to keep the Scheme running smoothly. If you have any queries, you can contact the Scheme administrators using the details on page 5.

GMP equalisation – an update

A recent Court Case ruled that an element of some members' pension, known as Guaranteed Minimum Pension (GMP), must be adjusted to remove historic sex inequalities. This only impacts LCH Section members who were employed by the Company before 6 April 1997. In line with many other schemes in the UK, the Trustee is working on a project to resolve any GMP inequalities where necessary.

GMP equalisation will in no way result in a reduction to your benefits, however, you could see a small increase in your benefits. We will write to you with an update once more information is available.

Pension scams – a reminder

Pension scams can rob you of your future, literally, and they should not be taken lightly. According to Action Fraud, up to £1.8 million was reported to be lost to pension fraud in the first quarter of 2021, which represented nearly a 45% increase compared to similar fraud in quarter one of 2020.

The true scale of the problem is likely far higher, since victims often won't realise they've been tricked until years later, and by then the money is long gone. The Pensions Regulator (TPR) warns that a lack of data may be hiding the full picture, since it seems not everyone is reporting fraud when they should. 2021 has already seen a rise in scam reporting, leading TPR to put the industry on high alert and encourage sign-up to its Pledge campaign to combat pension scams. Our administrator, Premier Pensions, has signed up to the Pledge.

Previously, Former Pensions Minister Ros Altmann warned Parliament of the risks on Pension Scams, the below quote is still relevant and worth repeating:

“The tactics used by these firms are geared to persuading people to transfer their money into ‘once-in-a-lifetime’ investment opportunities, or high-return special pension funds, which sound bona fide and attractive. Unregulated firms often pretend to be regulated or pass on names to other firms who entice unsuspecting members of the public into transferring to bogus investments.”

It's not just your pension savings that scammers want. Criminals are taking advantage of more people staying at home, and the result is an increase in cold calls and online scams.

The website (www.fca.org.uk/scamsmart) has quizzes and resources to help you spot a scam and a warning list of companies to watch out for.

Staying safe online

Internet use is an everyday occurrence for most people, from email, to shopping to banking, and virtually everything in between. Unfortunately this means that there are people who will try to take advantage of your online activity. Here are a few common ways that can be used to hack your personal information:

- **Computer viruses** – also known as malware (malicious software)
- **IT phone scams** – for example, someone calling claiming to be from your IT department or broadband provider
- **Fake websites**
- **Email scams** – known as ‘phishing’
- **SMS scams** – similar to email phishing

Thankfully, staying safe online is easy when you know how. We have put together the following tips to help.

1. **Use strong passwords**
2. **Do not write your passwords down**
3. **Keep your browsers and devices up to date**
4. **Keep your antivirus, firewall, and any other security software up to date too**
5. **Check for the padlock icon**
6. **Never click on links or open attachments** from emails claiming to be from financial companies

Being vigilant around your pension arrangements is key, particularly online. If you're concerned that you've been approached by someone trying to carry out a pension scam, you can report it with Action Fraud at <https://reporting.actionfraud.police.uk> or by calling **0300 123 2040** Monday to Friday 8am - 8pm.

Topical pensions news continued

RPI Reforms

It was announced in late 2020 that the government is to go ahead with plans to reform the Retail Price Index (RPI) bringing it in line with the Consumer Prices Index including owner occupiers' housing costs (CPIH) from 2030.

Background

RPI was introduced in 1947, and is one of the measurements of inflation that is used to calculate cost of living increases. It is used widely across the UK, and is used to calculate some pension increases. It has a number of shortcomings, and has been criticised for under or over estimating the rate of inflation at different times.

How will this affect my pension?

The announced change to RPI means that future RPI inflation expectations are lower from 2030, because CPIH construction generally gives lower inflation figures than RPI.

The majority of the Scheme's benefits increase in payment in line with RPI, subject to the annual maximum and minimum increases specified in the Scheme Rules. The alignment of RPI with CPIH will therefore mean that you are likely to receive lower annual increases to your pension after 2030 than would have been the case if the RPI were not being updated.

For Scheme members that have not yet reached retirement, the majority of benefits receive either fixed annual increases or increases linked to the Consumer Price Index (CPI) over the period before retirement. The RPI reform changes will not affect these pre-retirement benefit increases.

Other pensions news

- The standard **Annual Allowance (AA)** for this tax year remains at £40,000, and the threshold for high earners (which is the point that the Tapered Annual Allowance is triggered) is now £200,000. This means that people whose salary is £200,000 or more may see their AA reduce from the standard rate to a minimum of £4,000.

For more information, visit www.gov.uk/guidance/who-must-pay-the-pensions-annual-allowance-tax-charge

- The **Lifetime Allowance** (the amount you can save into all pension schemes over a lifetime before a tax charge is payable) remained at £1,073,100 for 2021/22, and is expected to remain at this rate until April 2026.
- **State Pensions** increased by 2.5% for the 2021/22 tax year. The government has recently announced a one-year suspension of the average earnings element of the 'triple-lock' protection, due to an artificially high increase in average earnings resulting from people coming off furlough and returning to full pay. This means that state pensions will increase by the higher of inflation or 2.5% next year. See the government website for more details on benefit and pension rates: www.gov.uk/government/publications/benefit-and-pension-rates-2021-to-2022/benefit-and-pension-rates-2021-to-2022

The **State Pension Age (SPA)** has been increasing since December 2018 and in October last year it was confirmed to be age 66. 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. The full State Pension amount for 2021/22 is £179.60 per week (£9,339.20 per year). Find out when your State Pension Age is expected to be at www.gov.uk/state-pension-age

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, the Company has appointed a firm of financial advisers, WPS Advisory, who members can go to before drawing a pension, for help with their retirement planning. You do not have to go to WPSA for advice 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 the Trustee are not in any way responsible for any financial advice that WPS may give you.

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/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 service that offers impartial help on all aspects of money, including benefits, savings and pension choices. It is backed by the government and free to use.

The three previous providers of Government-sponsored financial guidance: **The Money Advice Service**, **The Pensions Advisory Service** and **Pension Wise** have now been replaced by the MoneyHelper website service, bringing together the support and services of these three financial advice providers.

You can find out more at www.moneyhelper.org.uk

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 where you can find information about everything relating to tax, pensions and the State Pension. Pages you might find useful are:

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

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

If you need to trace an occupational pension scheme but have lost their information www.gov.uk/find-pension-contact-details

The Pensions and Lifetime Savings Association

(PLSA) 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 2021

