

Abbey Life Trust Securities Limited

Registered Office
1 Wythall Green Way
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8th April 2020

Dear Members

The Abbey Life Assurance Company Limited Staff Pension Scheme ("the Scheme")

THE IMPACT OF THE CORONAVIRUS (COVID-19) PANDEMIC ON THE SCHEME

You may be aware of the recent impact of the coronavirus pandemic on global financial markets, and the accompanying uncertainty that exists.

The purpose of this letter is to reassure you that the Trustee is working very closely with its advisers, suppliers and the Company, to consider the appropriate actions to take for the Scheme in these challenging and fast changing times.

The Trustee can provide you with the following assurances:

- If you have already retired, your pension will continue to be paid.
- If you have not yet retired, you will still be able to take your benefits and exercise your options at retirement in the usual way.
- The Trustee is monitoring the impact on the assets of the Scheme. The value of the assets has naturally fallen but the important thing is that money is available to pay benefits as members take their benefits from the Scheme. We agree and set out our Investment Strategy in the Scheme's Statement of Investment Principles, and we delegate the day-to-day management of the Scheme's investments to Aberdeen Standard Investments ('ASI'). They use their professional skills and insights to react rapidly and make any changes to the Scheme's investments they consider necessary. Whilst the situation is changing quickly from day to day, the investment strategy is working to minimise the impact on the Scheme's funding level. We expect markets to recover from the current volatility in the long-term.
- For those of you with Additional Voluntary Contribution investments (AVCs), the impact of recent events on the value of your AVCs will vary depending upon what you are invested in. The effect on your benefits at retirement will also vary depending on the length of time you are away from taking your retirement benefits, and the form in which you are planning to take your benefits (ie drawdown, annuity, cash). As AVC investors, you should not solely make decisions based on short-term (normally described as 'up to one year') market movements. The current market environment is volatile and is not necessarily an appropriate environment in which to make investment decisions or changes. Even if you are closer to the age you plan to take your benefits, you shouldn't make rushed decisions and you should always obtain professional advice from an FCA-regulated and fully qualified financial adviser.
- The Trustee and its advisers are able to continue to operate despite the restrictions resulting from the spread of the coronavirus. We have been testing and implementing our business continuity and resilience plans to ensure that we can respond to the changing situation, and carry out appropriate virtual meetings to make decisions.

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- All of the services provided by our advisers and our Scheme administrator (Equiniti) are continuing to be provided. To minimise the impact of the current situation on our members, please be assured that Equiniti are prioritising pensioner payroll, retirements, bereavements, transfers out and payments, and investment related transactions. Your enquiry will continue to be logged and tracked in the usual way during this period. However, please be patient as delays may occur if your enquiry is one of those that cannot be given priority.
- Due to the uncertainty and potential disruption to the postal service, items sent through the post to Equiniti may be delayed, and their call centre staff have relocated to a home working environment. Therefore, unless you have a really urgent enquiry, I would encourage you to please firstly contact Equiniti using the email address set out in the attached FAQs. Equiniti staff have the ability to work from home with secure access to systems, so there should be minimal disruption to the service you receive.
- The Trustee will continue to monitor the situation and provide updates that can be accessed from the Abbey Life Staff Pension Scheme section of the Phoenix Group website, at:

<https://www.thephoenixgroup.com/site-services/abbeylifestaffpensionscheme>

Note that there is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current coronavirus situation by targeting pension scheme members. We have included some tips in the attached FAQs to help you avoid this.

Finally, we hope that you and your family keep safe and healthy as the situation continues to unfold during the coming weeks.

Yours faithfully

Neil C H Tointon
Chairman of the Trustee

FREQUENTLY ASKED QUESTIONS (FAQs)

Are our Scheme administrators, Equiniti, still operational?

Like many firms, Equiniti are supporting their staff to work flexibly at this time. Whilst this flexibility should not impact the service Equiniti provides you with, we would ask you for your understanding to support Equiniti's flexible working patterns and for your patience if more routine enquiries take longer than normal. Unless you have a really urgent enquiry, I would encourage you to please firstly contact Equiniti using the email address shown in the following section.

Please note that the payment of benefits will be prioritised.

How do I find out more?

Equiniti is your first point of contact for the Scheme. If you have any queries about the Scheme, or your benefits, please contact Equiniti using the details below:

Email: abbeylifepensions@equiniti.com

Telephone: 0345 712 5921

Normal office hours are 9.00am – 5.00pm, Monday to Friday (excluding Bank Holidays)

Address: Equiniti Limited
PO Box 4991
Lancing
BN99 8WQ

Please quote your Scheme membership number, or have it to hand, when you contact Equiniti, as this helps to speed up the process and assists Equiniti to make sure that they are dealing with the right person.

How has this affected the Scheme's funding position?

These are testing times on the financial markets, with equity prices having fallen sharply in response to concerns about the coronavirus pandemic and its potential impact on the global economy.

This situation is having a knock-on effect on the Scheme, which, like many pension arrangements, invests a proportion of its assets in equity-based funds. However, we also have robust arrangements in place to manage the Scheme – including an investment strategy that is designed to help weather this kind of market volatility and support the Scheme's development for many years into the future.

We continue to work closely with ASI and our professional advisers to monitor developments, to understand what this might mean for the Scheme, and to consider any steps that might be appropriate.

We'd like to assure you that the Trustee and our advisors are closely monitoring the financial situation and we do not expect any impact on the Scheme's ability to continue to pay benefits that are due, as and when they are due.

I have Additional Voluntary Contribution investments (AVCs) – what's happened to my fund?

The coronavirus pandemic has had a substantial effect on global investment markets, and most likely an impact on your pension savings. However, our investment advisors believe that, despite the changes in the short to medium term outlook, it's important to retain a long-term perspective.

Over long periods of time, equities (ie shares) have historically provided strong returns, despite periods of poor performance. Our investment advisors are therefore recommending no knee-jerk action at this time.

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The effects of recent market movements will depend upon where your pensions savings are invested.

If you've chosen to manage your own investments, the effect of recent market events will vary depending upon your investment choices. Members with higher allocations to equities are likely to be the most affected.

If you're invested in the 'typical' investment strategy, the impact will depend upon your term to retirement:

- It is likely that younger members will be invested predominantly in equities, because these are expected to give the best investment return in the long run. They can be subject to large fluctuations in value but, as you're invested for the long term, you can afford to ride these out. Your fund value will have fallen significantly in recent weeks. However, while the cause was not expected, fluctuations of this size are to be expected from time to time, and the strategy is designed to ride them out. Our advisers believe that this shock is unlikely to have a big impact on your eventual pension pot, because of the historical strong returns achieved with equities.
- For those of you closer to retirement, it is likely that you have been gradually moving your investments to less risky assets over recent years, and this should have provided some protection to your savings from these recent market events.

In summary, our investment advisors have recommended staying calm and staying invested, remembering that pension investing is a long-term game.

You can obtain information on your AVC fund value by contacting Equiniti on the contact details shown on the previous page.

Whatever happens, don't make a rushed decision. If you are unsure of the suitability of an investment, you should speak to an authorised financial adviser. The Money Advice Service, at:

www.moneyadviceservice.org.uk

has a directory of financial advisers that is searchable by postcode, at:

<https://directory.moneyadviceservice.org.uk/en>

Furthermore, we recommend that you check your investment choices periodically, and ensure that they continue to be right for you.

What is a pension scam?

It's important to be aware that, while the majority of financial advisers are regulated, and most pension arrangements are registered, this is not always the case. There is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current coronavirus pandemic situation by targeting pension scheme members.

Your pension benefits are valuable assets. Like anything valuable, your benefits can become the target for scammers.

Pension scams can take many different forms, but they broadly take the form of members being persuaded to transfer their pension out of a scheme so as to allow access to their funds.

Some schemes will be unlawful and others may operate within the law, but members and schemes could face unauthorised tax charges. At worst, your whole pension could be lost or stolen.

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Pension scammers may:

- Try to obtain personal information about you (either illegally or by convincing you to provide the information).
- Apply pressure for you to make a quick decision.
- Make claims that seem “too good to be true”.
- May try to flatter you in to making a bad decision.
- May downplay the risk or risks associated with the decision.

You can find out more about pension scams at the ScamSmart website page of the Financial Conduct Authority (FCA):

www.fca.org.uk/scamsmart

How can I protect myself from a pension scam?

To avoid being the victim of a scam there are several steps you can take:

- Use the Financial Services Register website page of the FCA, at:
https://register.fca.org.uk/ShPo_HomePage
and, also, the Warning List website page of the FCA, at:
<https://www.fca.org.uk/scamsmart/about-fca-warning-list>
to check who you are dealing with.
- Beware of adverts on social media channels and paid for/sponsored adverts online.
- Do not click links or open emails from senders you don't already know.
- Avoid being rushed or pressured into making a decision. If a firm calls you unexpectedly, use the contact details on the Register to check that you're dealing with the genuine firm.
- Do not give out personal details (bank details, address, existing insurance/pensions/investment details). We strongly recommend that you read the Pension Regulator's guidance on pension scams, which you can find at:
<https://www.thepensionsregulator.gov.uk/en/pension-scams>
- If you are asked to transfer your pension elsewhere, we recommend exercising caution and visiting the ScamSmart website page of the Financial Conduct Authority, at:
www.fca.org.uk/scamsmart
which has specific guidance relating to the coronavirus.
- If you are approaching retirement, then the Money Advice Service, at:
www.moneyadviceservice.org.uk
is also a useful resource.

Remember that, if it sounds too good to be true, then it probably really is.

What if I have a complaint?

If you have a complaint or query, please contact Equiniti in the first instance. In the unlikely event that your complaint or query cannot be resolved by Equiniti, then you can apply to have your complaint considered by the Trustee under the Scheme's internal disputes resolution procedure ('IDRP'). You can obtain a copy of the IDR from Equiniti.

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