



arqiva

Pensions Newsletter

February 2025

Bringing you the latest news
from the Trustees of the Arqiva
Defined Benefit Pension Plan

Image courtesy of
Stephen Garnett Photographic

Message from Tom O'Connor

Chairman of the Trustees

Welcome to your 2024/25 Newsletter, bringing you the latest news from the Trustees of the Arqiva Defined Benefit Pension Plan ('the Plan').

As the Trustees of the Plan, our role is to safeguard the benefits you built up in the Plan and enhance security of those benefits. Over recent years, we have seen the funding position of the Plan greatly improve thanks to a combination of Company contributions, positive investment returns and favourable changes in market conditions. This enabled us, with the support of Arqiva and our advisers, to explore options to enhance the security of your Plan benefits.

In April 2024, we were delighted to share the news that we had completed a transaction to fully insure all member benefits within the Plan. After much deliberation and due diligence, a transaction was completed with Pension Insurance Corporation plc (PIC) to secure the Plan's benefits through the purchase of a defined benefit bulk annuity policy, also known as a buy-in.

While this transaction does not impact the day-to-day running of the Plan or affect your benefits in the Plan in any way, it enhances the security of your benefits through an insurance company's backing. Whilst the support of the Company remains, the insurance policy provides a robust safeguard against increasing costs of pension provision from the unpredictable nature of financial markets, life expectancy and regulation. On page 3 of this newsletter, we provide more information about PIC and explain the practical implications of this transaction.

I would also like to take this opportunity to extend sincere thanks to Peter Heslop and Edward Thomas, who have served as invaluable consultants to the Board during this transitional period. Having generously agreed to stay on and provide their expertise as we completed the buy-in transaction, they stepped down from their roles in October. We are deeply grateful for their contributions and dedication to the ongoing success of the Plan.

Plan Activity

It is the Trustees' duty to closely monitor its funding status and ensure that your benefits as members are safe and protected. An important part of this is to commission, from the Plan Actuary, a detailed valuation of the Plan's funding liabilities (the amount in today's terms that is needed to pay for members' future benefit payments) at least once every three years. I'm pleased to confirm that we recently finalised the 30 June 2023 triennial valuation which showed that the Plan had a funding surplus of £12.5 million, equating to a funding level of 106%. Further information on this is set out on page 4.

Having completed the formal valuation, a funding update was carried out as at 30 June 2024, which showed that the funding level was 105%, allowing for the premium paid for the buy-in policy with PIC.

Pension Scams

We remind members to be extra vigilant about scammers as the Pension Regulator continues to alert the industry to increased scamming activity relating to pension transfers, particularly through correspondence received out-of-the-blue. See page 6 for more detail.

Keeping you up to date

You will find a lot of information to browse through in this newsletter. I hope that you find it useful, and it helps you stay informed about your pension and the Plan. If there are any matters that you would like to see covered in future issues, please do let us know.

Best regards



Tom O'Connor



Overview of the Buy-in/ Insurance Transaction

The security of your pension is dependent on the level of assets held by the Plan, and the Employer being able to continually support the Plan.

In April 2024, the Trustees purchased an insurance policy with Pension Insurance Corporation plc (PIC) which is referred to as a 'buy-in policy'. This means that PIC now make regular payments to the Plan that will match the benefits being paid to the members covered by the policy. The insurance policy is designed to match the benefits for all members in the Plan, removing risks the Plan would otherwise face in meeting these obligations in the future. For example, if members live a lot longer than expected, then the insurance policy will also pay amounts to the Plan for longer.

Importantly, this transaction has not impacted the day-to-day governance or administration of the Plan, nor the benefit entitlements of members. For clarity, the purchase of the insurance policy means no change to the benefits (including future increases) you are entitled to receive from the Plan.

In addition to the new insurance policy, the Plan retains residual funds of c.£8 million (as at 31 December 2024) which will in part be used to cover its future running costs. For additional risk cover, as ever, the Plan still has the ongoing support of Arqiva. Members of the Plan should feel comforted that their benefits are safe and well protected for the future. Further information about the transaction can be found on the Isio Engage website:

<https://engage.isio.com/clients/Arqiva/home>

If you have not previously used the site, please register at the following website:

<https://engage.isio.com/registration>

When prompted enter client code: LnR6gu

Who is PIC?

PIC is a UK insurer authorised by the Prudential Regulation Authority (PRA – part of the Bank of England) and Financial Conduct Authority (FCA). PIC have been specialists in the retirement market since 2006 and are a leading and established provider of retirement income products and services to people and businesses.

As at 31 December 2023, PIC managed £47 billion of assets. To date, PIC has secured benefits for approximately 340,000 pension scheme members and prides itself on their 99.3% policyholder satisfaction rate. During the due diligence process, the Trustees obtained specialist advice to give the assurances needed over the financial stability of PIC (and the wider insurance regulatory regime) to meet its future obligations to the Plan.

Further information about PIC can be found on their website:

<https://www.pensioncorporation.com/about-us>



Scheme funding

2023 actuarial valuation

The latest formal actuarial valuation of the Plan, as at 30 June 2023, was completed in the latter part of last year. The results showed that there was an estimated surplus of approximately £12.5 million, representing a funding level of 106%, i.e. more than sufficient assets to cover the liabilities calculated on a suitably low-risk calculation basis.

As part of the valuation process, the Trustees and Company formally agreed to put in place a new schedule of contributions. With the healthy funding position, the Trustees do not anticipate that the Plan requires further contributions from the Company at this time. As such, the Trustees have agreed with the Company to meet the ongoing

running costs of the Plan from its residual assets. The schedule of contributions will be reviewed again as part of the next formal actuarial valuation as at 30 June 2026.

In the years where there is not a formal valuation, the Plan actuary prepares an update of the funding position so that the Trustees can keep track of whether or not the valuation objectives are being met. Since the 30 June 2023 formal valuation, the Plan actuary has prepared an annual update as at 30 June 2024, which estimates the Plan has a funding level of 105%.

The movement in the funding level over the year was mainly due to changing market conditions in the period up to securing the buy-in policy with PIC.

Results (£m)	30 June 2023	30 June 2024
Assets	210.7	205.1
Liabilities	198.2	194.8
Funding surplus	12.5	10.3
Funding level	106%	105%

Other disclosure information from the 2023 valuation

The Trustees are obliged by pensions legislation to provide information concerning the potential winding up of the Plan. Inclusion of this information does not imply that the Company is considering winding up the Plan, or that the Plan would be expected to enter the Pension Protection Fund (“PPF”). Winding up means that members’ accrued benefits are ‘bought out’ with individual insurance policies using the Plan’s assets (a slightly different insurance position to the current bulk insurance policy that has been secured). This could happen in several circumstances, including the unlikely event of the Company becoming insolvent. If the Plan was to wind up, it is expected that your full benefits in the Plan would be secured.

In the unlikely event of Arqiva becoming insolvent, there is also another layer of protection from the PPF which provides a certain level of compensation to pension scheme members. Given the healthy funding position of the Plan, it is likely that benefits could be secured in excess of PPF compensation levels. Should PIC become insolvent as an insurance company, and other regulatory protections fail, the Financial Services Compensation Scheme (“FSCS”) would be expected to pay the Trustees the full value of the buy-in policy such that members’ full benefits could still be provided. The Trustees took advice on FSCS applicability.

JARGON BUSTER

What is the “funding level” of a scheme?

Here’s a guide to some of the pensions jargon and terms you may come across in this newsletter and elsewhere.

ASSETS

The value of the pooled funds invested to provide pension benefits to Plan members and the value of the insurance policy held by the Plan.

LIABILITIES

The estimated total amount required today to provide members of the Plan with their agreed benefits when they fall due.

FUNDING SURPLUS

The amount by which the value of the Plan’s assets exceeds its liabilities.

FUNDING LEVEL

The percentage of liabilities covered by the assets of the Plan.

Freedom

and choice in pensions

You will have read in previous years' newsletters about the pensions options available at retirement from defined contribution (DC) plans. We include a summary again to remind you of these options.

Please note that all members should read the news item on the following page entitled "pensions transfer scams" before making any retirement decisions regarding their DC benefits.

Option	How benefits are accessed	Tax treatment
Full withdrawal	Taking the entire value of a DC pot as a one-off cash lump sum.	25% of the lump sum can be taken tax free, the remainder is taxed.
Partial withdrawals	Taking a series of lump sum payments from a DC pot (regular and/ or one-off). At a subsequent time, the remaining pot can be accessed via any of the other options.	25% of each lump sum withdrawal can be taken tax free, the remainder is taxed.
Flexible access income drawdown	Withdrawing varying amounts out of a DC pension pot as and when required while keeping the remaining pot invested (i.e. like a savings account).	Up to 25% of DC pot can be taken as tax-free lump sum only at retirement. Withdrawn amounts are taxed
Annuity purchase –traditional option	Using a DC pot to purchase an annuity with a provider in the open market, which will give a regular income guaranteed for life and can be tailored to suit the needs of an individual.	Up to 25% of DC pot can be taken as tax-free lump sum only at retirement. Regular income is taxed.

How can you access these pension options?

If you have Defined Benefit (DB) Plan savings

If you would like to have access to the options shown above at retirement, you will have to transfer your DB pension savings into a DC arrangement first. You should think carefully before transferring to a scheme where you are not guaranteed an income for life. Should you wish to request a quotation of the value of your benefits (known as a 'transfer value'), please contact the Plan administrators, Isio. You are entitled to one free quotation each year.

Note that if your transfer value is above £30,000 you will be required to take independent financial advice before a transfer to an alternative DC arrangement can take place. Neither the Trustees of the Plan nor your employer can advise you on this decision. If you do not have an adviser, you can find one at:

www.unbiased.co.uk

If you have a dependant's pension

If you are receiving a dependant's pension from the Plan, for example in respect of a deceased partner or spouse, these can also be paid as a single, taxed, lump sum if they are worth less than £30,000.

For further information on whether this applies to you and how you can consider this option contact the Plan administrators, Isio.

From an existing DC arrangement

If at retirement you have any savings built up in a DC pot, such as the Arqiva Group Personal Pension Plan, and would like to have access to the options shown above, you will need to speak to your relevant DC provider. Some DC plans may not offer all of these options, but you have a right to transfer a DC pot to an arrangement that does.

Find out more about the pension reforms at:

www.gov.uk/government/news/pension-reforms-eight-things-you-should-know

If you have a small DB pension ('small pots' and 'trivial commutation')

If your DB pension is valued at less than £10,000 or if the total value of all your pension pots is less than £30,000 then, subject to certain conditions, you can take it as a lump sum from age 55. Please note that such a lump sum will subject to income tax (although 25% may be tax-free if you have yet to start drawing your pension). You can check if this option applies to you by contacting the Plan administrators, Isio.

You should be aware that taking such a lump sum would remove all your entitlements in the Plan, i.e. no other benefits would be payable and as such we recommend taking independent financial advice if you are unsure about this option.

If you have Additional Voluntary Contributions ('AVCs')

If you paid AVCs within the Plan, you have the option to take up to 25% of your AVC fund as part of your tax-free cash sum at retirement. The remaining portion of your AVC fund must be used to purchase a pension (called an "annuity").

However, if you do wish to access the new options shown above, you have the option of transferring your AVC fund (with or without also transferring your main Plan benefits), before you retire to an external provider offering these options. You can get further information about this option from the administrators, Isio.



Pension wise is a free and impartial Government guidance which aims to explain the retirement options for taking DC pension savings including AVCs. It's accessible online at <https://www.pensionwise.gov.uk/> or alternatively in person or over the phone from the Citizens Advice Bureau and the Pensions Advisory Service. The guidance will be tailored and personalised, but will not recommend specific steps, products or providers.

Plan

and pension news



Pensions fraud

There continues to be a significant amount of pension fraud in the UK. You should continue to remain extra vigilant and be wary of any correspondence about your pension, in particular, if you are asked to provide any personal information. If you think you are being targeted by a scam or have any concerns about the legitimacy of correspondence, please immediately contact the Plan Administrators, using the details provided on the first page of this newsletter. Further information about pensions scams and how to avoid them can be found here:

www.thepensionsregulator.gov.uk/pension-scams

GMP equalisation

If you joined the Plan before 6 April 1997, part of your overall pension benefit is known as Guaranteed Minimum Pension (GMP). Historic rules set by the UK government meant the terms on which GMPs have been paid are not equal for males and females.

A High Court judgment in the Lloyds Banking Group case was announced on 26 October 2018, which may have an impact on benefits built up between 1990 and 1997 for a small number of members in the Plan, as outlined in previous Newsletter. The Trustees are progressing work with their advisers and will provide further updates and details to affected members in due course.

Increasing the normal minimum pension age

In 2022, the government reaffirmed its intention to go ahead with plans to increase normal minimum pension age from 55 to 57 with effect from 6 April 2028. Further detail can be found at:

www.gov.uk/government/publications/increasing-normal-minimum-pension-age

The Trustees will be taking legal advice to determine how this proposed change may impact early retirement options for Plan members.

Pensions Tax

In the Budget in March 2023, the then-Chancellor confirmed that the lifetime allowance ("LTA") was to be abolished from April 2024. Furthermore, he announced that the Annual Allowance was to increase from £40,000 to £60,000 from April 2023. This legislation has now been introduced. It should be noted that some lifetime tax limits still remain. In particular, there is a lifetime limit on the amount of tax-free lump sum an individual can take at retirement. This is set at 25% of the value of an individual's pension savings, subject to a maximum of 25% of the outgoing LTA (i.e. maximum tax-free cash of £268,275).

Online Plan Information

As well as the announcements of the insurance transaction with PIC, you can find other Plan information and documents on the Isio Engage website. This includes the latest Trustee Report and Accounts and Plan Rules. To explore the website, simply visit: <https://engage.isio.com/clients/Arqiva/home>

If you have not previously used the site, please register at the following website:

<https://engage.isio.com/registration>

When prompted enter client code: LnR6gu

Alternatively, you can still access Plan information by visiting the following page of the Arqiva website: <https://www.arqiva.com/about/arqiva-defined-benefit-pension-plan>

Isio Pension Web

Members of the Plan also have access to Isio's Pension Web service, which will allow members to login to a secure online portal to view details of their pension benefits within the Plan. It will also enable members to request benefit quotations, Plan information and updates to address and beneficiary details directly with the administration team.

To register for this service, simply log onto <https://member.thepensionsplatform.co.uk/> and enter your personal details and username (the unique reference number quoted on recent Isio correspondence, which can be found at the bottom of the address label used for this newsletter).

Please contact Isio if you have any questions accessing the portal.

Is your nomination for death benefits up to date?

If your circumstances change in the future, such as change of address, or if you just want to make sure the Trustees have a recently dated document, simply request a form from Isio at any time or log on to the Pension Web service outlined above. (Please note: if you are already receiving benefits as a dependant of the Plan, then no additional dependant benefits are payable and this section is not relevant to you.)

Current Arqiva employees are covered for life assurance benefits outside the Plan.

Need more information?

If you have any questions on your pension or any other related matters, please contact the Plan's administrators Isio using the details below, or take a look at the online Plan information.

Your contacts

Isio administrators

Isio Group Limited
PO Box 163, Blyth, NE24 9GS
Tel: 0330 135 5824
email: ukfmarqiva@isio.com

Arqiva

People and Organisation helpdesk
Tel: 01962 822424
email: P&O.helpdesk@arqiva.com

Your Trustees

Company Appointed Trustee Directors

Tom O'Connor (Chair)
Independent Governance Group (IGG),
represented by Dan Gilmour and Akash Rooprai

Member Nominated Trustee Directors

Dick Buckle
Jack FitzSimons

BECTU Nominated Trustee Director

Alan Taylor

Our professional advisers

We are supported by a number of professional advisers:

Actuary and administrators

Isio Group Limited

Legal advisers

Baker & McKenzie LLP

Investment advisers

Mercer Limited

Auditors

Crowe UK LLP

Investment managers:

Legal & General Investment Management

AVC managers

Legal & General Investment Management, Clerical
Medical, Utmost Life & Pensions

Bankers

Lloyds Bank Plc

Your personal data

Please help us maintain our high standards of member data. Contact Isio directly to let them know about any change in your circumstances such as a change of address, updated beneficiary nominations and marital / civil partnership status.

Other help with your pension

State Pension information can be found at www.gov.uk/browse/working/state-pension

Information relating to pensions guidance, debt advice, money guidance or consumer protection can be found from the Money and Pensions Service at <https://maps.org.uk/en>

Tax advice cannot be given by the Trustees or our advisers. If you need further tax information please contact HMRC by visiting www.hmrc.gov.uk or calling 0300 200 3300.

Plan website

<https://engage.isio.com/clients/Arqiva/home>

About Arqiva

Arqiva is at the heart of the broadcast and utilities sectors in the UK and internationally, providing critical data, network and communications services.

We work in partnership with our customers – major broadcasters and utilities like the BBC, ITV, Sky, Global, Bauer, Thames Water and Anglian Water – to meet everyone's demand for information, content and entertainment and enabling a switched-on world to flow.

We are the only supplier of national terrestrial television and radio broadcasting services in the UK, consistently delivering digital TV, analogue and digital radio to people in all four corners of the country. We distribute over 1,000 channels internationally using our fibre and satellite infrastructure. Our advanced, secure and dedicated networks are also supporting the management of critical data for a range of smart metering networks in the energy and water sectors.