

**THE
BRITISH STEEL
PENSION SCHEME**

News Brief

April 2018

FOR MEMBERS OF THE BRITISH STEEL PENSION SCHEME

Welcome to the new British Steel Pension Scheme



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Message from your Trustee Chairman

Dear Member

It is with mixed feelings that I welcome you to this, the first newsletter, of the new British Steel Pension Scheme. Whilst I am pleased and proud about what has been achieved in getting the new scheme up and running, there is a measure of sadness that the old scheme was not able to continue.

The former British Steel Pension Scheme was well run and managed with a very successful investment track record. However, the Trustee and the various regulatory bodies accepted that the financial position of the sponsor meant that, without change, Tata Steel UK would become insolvent and the old scheme would enter the Pension Protection Fund (PPF).

Against this background, we have successfully carried out what is probably the largest pension consultation exercise of this type in the UK. We sent option packs to the scheme's membership of around 122,000. Just under 97,000 members completed and returned option forms, of which 86% were from members choosing to switch to the new scheme and 14% were from members choosing

to move into the PPF. A take up rate at this level is highly commendable for an exercise of this type.

It is a source of great personal satisfaction that the Trustee, Tata Steel UK and the various regulatory bodies were able to give members a choice. I am delighted that over 80,000 members decided that the new scheme represented the best outcome for them based on their personal circumstances. I would like to thank my former Trustee colleagues, scheme officers and advisers, and all those involved with or who took part in the Time to Choose exercise.

As many features of the old scheme have been retained in your new scheme, I am pleased to say we have been able to keep the name British Steel Pension Scheme. As well as providing continuity, this reflects the background, history and traditions of our scheme and its objective to provide a secure income in retirement for steel workers and their families.

Best wishes to you and yours

Allan Johnston

The new scheme has launched

After many months in the planning and one of the biggest member choice exercises this country has ever seen, the new British Steel Pension Scheme is now up and running. Members' records for those who chose to switch to the new scheme, along with the assets necessary to pay their pensions, have been transferred from the old scheme to the new one.

To reflect the fact that this is a brand new scheme, we've given our communications an updated look, including a new logo. But many things about the new scheme will be familiar to you.

To give continuity during the early days of the new scheme, Allan Johnston continues as chairman of the Trustee – the organisation that looks after the scheme. Allan is joined by a number of trustee colleagues from the old scheme, details of which you can find below. The Pensions Office in Glasgow continues to administer your scheme benefits and the assets of over £10 billion will continue to be managed by the London Investment Office. Both

the London and Glasgow Offices will continue to be supported by a range of trusted professional advisers.

A key objective in making the new scheme available was to ensure that no pensioner would suffer a reduction



in their monthly pension and non-pensioners under age 65 would not be subject to the reduction of 10% or more applying in the PPF. The new scheme meets that objective and additionally every member, whether they are receiving a pension already or not, will be receiving increases at

least as good, or better, than they would have been paid in the PPF.

The new scheme began to pay monthly pensions to its members on 29 March 2018. These payments included the April 2018 pension increases that the new scheme offers.

The new scheme is in good financial shape

As your Trustee, we're pleased that over 80,000 members decided that the new scheme represented a better outcome for them based on their personal circumstances. It was only possible to provide this better outcome because the new scheme was able to comfortably meet the size and funding conditions required for it to get started. With the assets that were transferred from the old scheme, the new scheme is well positioned to pay benefits securely on a low risk basis now and in the future.

We are very confident about the financial health of the scheme.

But you also have the security of knowing that if the scheme's sponsor, Tata Steel UK Limited, was to become insolvent in the future, the new scheme will keep the protection offered by the PPF. We do not expect to need this protection but it is nevertheless a very valuable safeguard for members.

The first actuarial valuation of the new scheme will be as at 31 March 2018 and will tell us more about the exact financial position of the new scheme. We'll be able to update you after that.

Other members are moving into the PPF

The old scheme is now in a PPF assessment period. During this period the PPF will check the information about each of the members of the old scheme to make sure they receive the correct payments based on the PPF rules. The PPF will also assess the old scheme's funding level. This work has to be done before the old scheme can move fully into the PPF. It is a complex process so could take a few years to complete.

During this PPF assessment period, these members' benefits are being looked after by a new trustee called Open Trustee Ltd. Similarly, administration for the old scheme is no longer provided by the Glasgow Pensions Office and is instead provided externally by Barnett Waddingham.



Meet the Trustees of your new scheme

The new scheme will be run by six Trustee directors. Two Trustee directors have been nominated by Tata Steel UK, as the sponsor of the scheme. Two Trustee directors have been chosen from the Member Nominated Trustee directors of the old scheme under transitional arrangements, and two are Independent Trustee directors.

We have made sure that the new scheme is ready to pay benefits for members who have switched to it. We have also made sure that suitable arrangements are in place for running the new scheme and for investing the assets that have been received from the old scheme.

Company Nominated Trustee Directors



Allan Johnston (Chairman)

Allan followed a career in the steel industry which culminated in him being an Executive Director of Corus Group Plc. Allan retired from this position in 2004, and until 2009, was HR Director for Avon and Somerset Constabulary. During this time he was the Association of Chief Police Officers' spokesperson on pensions.

Allan has also served as Chairman of the Trustees of the City & Guilds pension scheme, and is non-executive chairman of UK Steel Enterprise Ltd.

Allan was originally appointed to the British Steel Pension Scheme Trustee board in 1994 and served as Trustee Chairman from 2007. Allan was also a member of the

Investment Committee and the Valuation and Covenant Committee. Allan's term of appointment runs until 31 March 2019.



Jo Regan

Jo is a chartered accountant, who has worked for Tata Steel UK and its predecessors since 1993. Jo is currently Accounting and Transactions Controller, UK. Jo was appointed to the British Steel Pension Scheme Trustee board in 2016. Jo's term of appointment runs until 30 October 2020.

Member Nominated Trustee Directors



Shaun Corten

Shaun worked in the steel industry from 1974 until his retirement in 2009. He's the Member Nominated Trustee director drawn from the ranks of former employee pensioners. Shaun is also a non-executive director of the Gwent Hospitals Workmen's and Contributory Fund.



Peter Rees

Peter has worked in the steel industry since 1979 and is based in Trostre Works.

Peter and Shaun were appointed as Member Nominated Trustee directors of the new British Steel Pension Scheme under the transitional arrangements put in place as part of the 'Regulated Apportionment Arrangement' (RAA).

The RAA is the process that allowed the old scheme to start moving into the PPF. Peter and Shaun will remain in office until the first Member Nominated Trustee director selection process has been completed. We expect this to be early in 2019.

Independent Trustee Directors



Catherine Claydon

Catherine has worked for over 30 years in the City, with most of her career at Goldman Sachs where she was a Managing Director in the Pensions Advisory Group. She is currently an Independent Director on the Barclays UK Retirement Fund, and Independent Member of the Unilever UK Pension Fund Investment Committee. She was previously Deputy Chair of the BT Pension Fund.

Catherine's term of appointment runs until 31 December 2020.



Keith Greenfield

Keith is a Chartered Accountant, who spent the majority of his working life in the Financial Services industry. He acted as the Finance Director of Royal Sun Alliance's Life business and then Managing Director when the business was transferred to Resolution plc. He has been a Final Salary DB pension Trustee for the Royal Insurance Group Pension Scheme for over 12 years, the last 10 as Chair of Trustees.

Keith's term of appointment runs until 30 June 2019.

Facts and figures from 'Time to Choose'

As part of one of the largest pension consultations conducted in the UK, we sent option packs to the scheme's membership of around 122,000. Just under 97,000 members completed and returned option forms. This means around 80% of members took part – a figure that compares well with other large-scale pension scheme consultations in recent years.

86% of the forms we received were from members choosing to switch to the new British Steel Pension Scheme. 14% were from members choosing to move into the Pension Protection Fund (PPF).

Around 25,000 members did not return an option form. They include members who wanted to move into the PPF, members who decided to transfer out of the scheme, and members who, despite our best efforts, did not respond to the Time to Choose exercise for one reason or another. Those members have stayed with the old scheme and have started moving with it into the PPF.

Members who have switched to the new scheme represent over 80% of the old scheme's assets and liabilities.

122,000
members

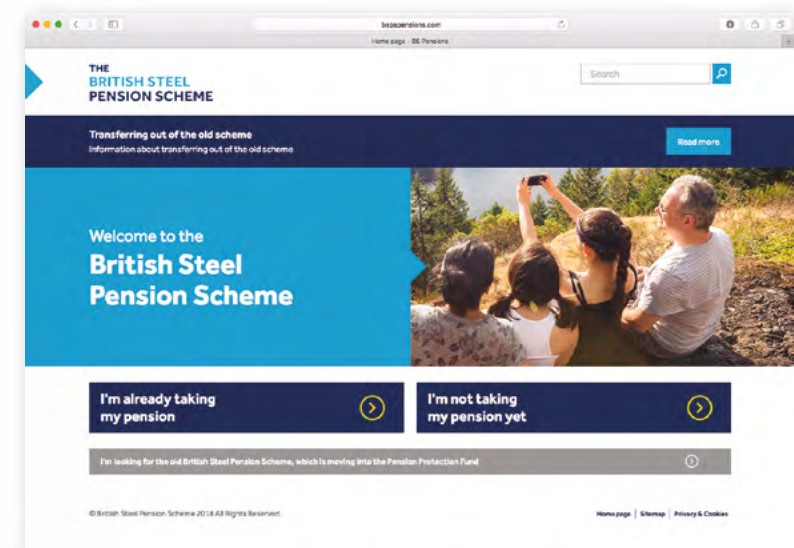
80%
of whom
responded

86%

of those who
responded chose
to switch to the
new scheme

Find answers and updates on our website

If you want to know more about the new scheme, or have questions about what's happening to the old scheme, please start by going to our website www.bspspensions.com



We will be adding all the newsletters, documentation and background information about the new scheme on to this site, along with updates about pension increases, financial reports and any other useful information.

We'll send out regular newsletters like this one, but for the latest information, please check the website first.

Our contact details are the same

If you have any other questions or concerns about your pension,
you can get in touch with us in all the usual ways:



Email pension.enquiries@tatasteel.com



Phone **0330 440 0844**

Our normal hours are 8.45am to 4.45pm Monday to Friday



Writing from the UK

(no need for a stamp)

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