

News Brief

For members of the British Steel Pension Scheme (BSPS)



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Message from your Trustee Chairman



“The first newsletter of 2024 has been slightly delayed because the Trustee wanted to share with you some important news about the on-going operations of the Scheme.”

Welcome to the August 2024 edition of News Brief.

As you are aware we achieved the 103% funding target that was put in place at the time the Scheme was set up many years earlier than expected and were able to make restoration awards in the early part of 2024. These awards were worth around £200 million and are in addition to the c£58 million awarded to pensioners with pre 1997 service following the 2021 actuarial valuation.

As I reported in our last newsletter, having now insured benefits in full with Legal & General in May 2023, the Trustee believes that there will be an opportunity to distribute any residual surplus in the fund to secure some additional benefits for Scheme members.

Although the costs of operating a fully insured pension scheme are less than the costs of operating a scheme where the funding risks remain with the Trustee, they are not insignificant for a scheme the size of the BSPS. Additionally, as the membership declines, the efficiency of the scheme (in terms of cost per member) increases as many of the costs are relatively fixed and have to be paid irrespective of the size of scheme. This is a particular issue in periods of high inflation that we have just experienced. Since the establishment of the Scheme in 2018, our membership has reduced from over 80,000 in March 2018 to around 64,000 in March 2024; however, this is not reflected in an equivalent fall in the costs of governing and administering the Scheme, albeit the costs are lower.



The Trustee has always taken the view that any surplus funds in the Scheme should be used for the benefit of Scheme members.

The Trustee is required to hold reserves necessary to meet the on-going running costs of the Scheme. These are difficult to predict as many governance costs are outside the direct control of the Trustee (for example the cost of complying with new laws and regulations as they come into force) and the Trustee is required to look a long way into the future until the Scheme is eventually wound up. As the Trustee is required to be prudent when working out how much money it will need, this means in most (but not all) scenarios, it will set aside more money than it is likely to need to spend. The Scheme will only know with certainty how much money it requires when it has paid benefits in full. If the Scheme was to continue on a standalone basis this would be many years away.

The Trustee's ability to make further payments to members is therefore conditional on it having certainty over the future running costs of the Scheme. Looking at how this might be achieved has been a priority over the last 12 months or so.

The main way that a pension scheme, such as the BPS locks down costs is by 'buying out' benefits. A 'buyout' is where the responsibility for meeting scheme members' benefits is transferred from the trustee to an insurance company, usually the same one which a scheme has earlier insured its liabilities with. It is important to understand that whether the Trustee or the insurer is responsible for paying the benefits, they will be the same in both scenarios. In terms of benefits already in payment (or in the case of deferred members, due for payment), the amount members will receive is protected by law and cannot be reduced, however it can be increased through the distribution of any surplus, and this is the Trustee's aspiration. Distributing surplus at the earliest opportunity means that more members will benefit.

“As part of our on-going relationship with Legal & General, we have been looking at ways that we might use its significant resources to more efficiently and cost effectively administer the Scheme going forward.”

Transfer of administration services

After considerable evaluation, the Trustee has agreed to transfer the Glasgow Pensions Office to Legal & General with effect from 1 October 2024. This means that the Scheme will continue to have access to the existing knowledge and expertise of our colleagues in the Glasgow office but will at the same time benefit from the resources and expertise of Legal & General. Over time, this is likely to result in considerable savings for the Scheme when compared to running an in-house facility. It will also provide greater job security and opportunity for our Glasgow colleagues who, with the exception of the Senior Management Team, will all transfer to Legal & General. The Senior Managers will retain their current employment arrangements and will continue to serve the Trustee.

An Administration Service Agreement has been agreed between the Trustee and Legal & General setting out what is expected from each party, including service standards and reporting requirements. In the same way the performance of the Glasgow Pensions Office is monitored, representatives from Legal & General will report at each Trustee board meeting on the administration of the Scheme and achievement against service standards.

I would like to stress that the agreement reached with Legal & General is based on our long-term relationship and the cost to the Scheme will be significantly less than entering into a commercial relationship with a third-party administration provider.



What's in this for Legal & General?

Ultimately, the Scheme is likely to buyout benefits with Legal & General ahead of distributing any remaining surplus amongst members. Many pension schemes are going down this road. Taking on a scheme the size of the BSPS, as well as the other schemes it is transacting with, means Legal & General needs additional resources and who better to help with the administration of the BSPS than the people already doing it? So, in many ways this is a win-win situation.

Later in this newsletter we will set out what this will mean to you in practice. There will be some changes, however these are designed to enable a seamless experience for members with no interruption to the service you receive. Indeed, over the longer term we would expect to see improvements as members benefit from the greater resources of Legal & General. I want to be clear, however, that there will be no changes to benefits or to the standards of service that members should expect as a result of this transfer of administration to Legal & General.

The Trustee believes it should be possible to complete the buyout process with Legal & General by early 2026 with a view to making additional awards to members at that time and all our current plans are geared towards that timescale. Locking down the administration costs of the Scheme is the first step of that process. I will keep you informed of further developments as matters progress.

Best wishes.

Keith Greenfield

Chairman of B.S. Pension Fund Trustee Limited



Future administration arrangements

Legal & General – your new administration team from October 2024



With effect from 1 October 2024, the administration of the Scheme will transfer from the Glasgow Pensions Office to Legal & General.

We know from our member surveys how highly many of you rate the Glasgow Pensions Office. This is why it was a requirement for the Trustee to find a partner with a similar “member-first” approach to administration who, in the short-term, could offer an uninterrupted service, whilst in the long term, would have the size and resources to develop the offering beyond what would be possible by the Glasgow Office on its own.

Legal & General has strong administration credentials in its own right

- It has over 35 years of expertise in administering and paying pensions, and one of the most experienced administration teams in the pensions industry.
- It carries out all the administration and customer service in their UK offices. The pensioner payroll team are based in Cardiff. The team that supports deferred members are in Hove. These two offices will be supplemented by the new facility in Glasgow.
- It will provide members with a direct-dial phone number and dedicated Scheme mailbox to contact the team directly.
- It is an accredited member of the Customer Contact Association (CCA) which is the global industry benchmark for excellence in customer service.

As the Trustee executes the final steps in the Scheme’s data cleansing activities – anticipated to be completed in 2025 (see page 11) – it will work with Legal & General to ensure that records continue to be accurate, up to date and fit for purpose.

You can read more detail about how Legal & General use and protect your data at www.legalandgeneral.com/institutional/pension-risk-transfer/privacy-policy

“The Trustee has worked hard with Legal & General to ensure they have access to the pension records of members and are therefore able to offer a seamless experience for members with no interruption to the service they receive.”

Members will be able to manage their pension online after the administration transfer

The Scheme website at **www.bspspensions.com** will continue to host general information about the Scheme. Please continue to visit it regularly to look for updates.

We know that accessing your personal benefit information online is very important to you. As mentioned in last year's communications, we paused development of our own Scheme portal for deferred members knowing that Legal & General are likely to have a solution that meets your needs and could be available much earlier.

We can confirm that Legal & General are currently enabling online services for all its defined benefit pensioners and individual registration details will be included in your welcome pack – see the next page.

A message from David Poulton,

Chief Customer Officer of Institutional Retirement at Legal & General

We are delighted to welcome colleagues from the Glasgow Pensions Office to Legal & General in October and I'm grateful to have the opportunity to introduce myself and my team.

Our new Glasgow colleagues will be joining a team of over 250 people and will complement our huge breadth of expertise from payroll and scheme administration to customer service. We've worked with pension schemes like the BSPS for over 35 years and have supported more than 3,000 schemes and three quarters of a million people through this process.

Please rest assured that you are our main priority, and we are on hand to support you. The changes to the administration arrangements have been meticulously planned over a period of months, and as Keith said in his Trustee Chairman's message, our complete focus is on making this transition seamless.

We've been accredited by the Customer Contact Association (CCA) for six consecutive years. The accreditation demonstrates our ongoing commitment to customer experience and since 2021 we've won 13 CCA Global Excellence Awards including Team of the Year (2024), Back Office Team of the Year (2024), Great Places to Work (2023) and 5 Years of Excellence (2023).

Next steps

We will be writing to you in September with more information and we'll continue to work closely with the Pensions Office and the Trustee to ensure a successful transition to L&G on 1st October 2024.

In the meantime, thank you for reading this update and we look forward to welcoming you.

David Poulton,
**Chief Customer Officer,
Institutional Retirement**
Legal & General



What happens next for you?

In late September, you will receive a welcome pack from Legal & General. This will provide you with your unique member reference, details of how to contact its administration team and how to register for the Legal & General online portal 'My Account'. Your pack will also provide more information about Legal & General and answers to other questions you may have.

If you are currently receiving a pension:

- The Pensions Office will pay your regular monthly payment on 30 August 2024.
- From 30 September 2024, your monthly payments will be paid by Legal & General.
- Legal & General will send you a payslip on or before your first payment paid by them in September 2024 and then every time there is a change to your pension.
- At the end of each tax year, Legal & General will send you a P60 showing the gross payments made and any income tax paid. Attached to the P60 will be a forecast statement showing the amounts due in the new tax year and this will include any revised PAYE tax coding received.

If you are not yet receiving your pension, your welcome pack will also include details of what information will be provided to you ahead of retirement.

After the administration transition, you will continue to receive regular Scheme newsletters from the Trustee which will include information relevant to the Scheme's progress towards buyout and arrangements for using any surplus to secure additional benefits for members.

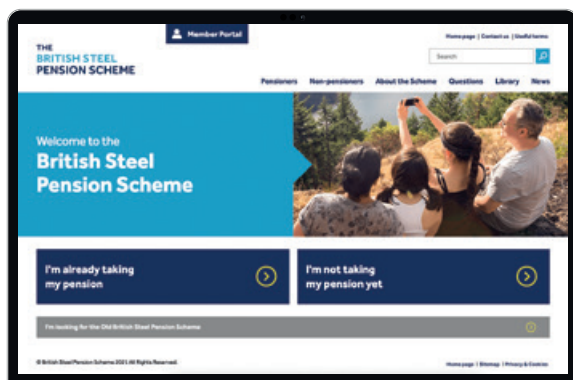
What changes can I expect?

Ultimately the Trustee retains overall responsibility for the governance of the Scheme and the correct and timely payment of your benefits. This does not change as a result of the transfer.

Whilst the Trustee retains overall responsibility for the governance of the Scheme, communications regarding administration of your benefits will be issued by Legal & General and will therefore carry its branding.

With effect from 1 October 2024, the existing telephone and e-mail contact details for the Glasgow Office will no longer operate, Legal & General will include details of the new contact details in its welcome pack. Short-term transitional arrangements will be in place to help you, however we would urge you to familiarise yourself with the new details and use them for any contact regarding your Scheme benefits from 1 October 2024 onwards.

Although the Glasgow Pensions Office will transfer to Legal & General, your enquiry may be dealt with through Legal & General's other offices in Cardiff and Hove. You can expect to receive an equivalent level of service wherever your enquiry is dealt with.



Questions & Answers

Which day of the month will my pension be paid?

Your pension payment date remains the same. Pensions will continue to be payable monthly in advance and will usually be paid on the last working day of each month. The Scheme website www.bspspensions.com includes the payment dates through to March 2025.

Will the tax office that deals with my pension change?

Yes, going forward it will be a different tax office that deals with the tax payable on your Scheme pension. Further details will be included in Legal & General's welcome pack.

How will I update my personal details after the administration transition?

Legal & General will provide you with details for you to contact them with any updates, including how to register for its member portal service.

Will I still be able to access my documents on the Member Portal via the www.bspspensions.com website?

From 25 September 2024, the Member Portal will be switched off and you will no longer be able to access it. Documents held on the portal will not be transferred to the new Legal & General member portal so you will need to save any documents you wish to keep before 25 September 2024.

How can I access past payslips, P60s or individual communications I have received?

Until the end of September 2024, you should direct any enquiries to the Pensions Office, thereafter you should contact Legal & General for all information about your Scheme pension payments.

What if I want to transfer my benefits to another provider?

If your BSPS pension is not being paid, you can ask Legal & General for a guaranteed transfer value.

I have registered to receive large print/Braille communications – will this be possible going forward?

Yes. Legal & General provide a similar service to the Pensions Office and if you have already registered for this service your record which transfers to Legal & General will show this.

What to do if you have more questions?

We encourage you to visit the Scheme website at www.bspspensions.com for all you need to know about the Scheme, how it works and your entitlements.

You can also find out more about Legal & General and their commitment to delivering excellent customer service (noting it addresses members of schemes that have already moved to buyout which doesn't currently apply to the Scheme) at legalandgeneral.com/prt-customers.

Please look out for your welcome pack from Legal & General in the post. If you have a question about your Scheme benefits in the meantime, please continue to contact the Pensions Office using the usual contact details (see back page).



Key dates



FROM 18 SEPTEMBER 2024

If you are planning to retire before this date, you must have returned all your completed forms to the Pensions Office by 18 September 2024. If your forms are received after this date, your monthly pension payments will not be set up until after the changeover to Legal & General is complete.



LATE-SEPTEMBER 2024

Legal & General will write to you with contact details if you need to contact them after 30 September 2024.



BY 25 SEPTEMBER 2024

After this date please do not update your details in the Member Portal accessed via the Scheme website **www.bspspensions.com**. If you need to change any details, you can contact the Pensions Office (see page 12) until 30 September or Legal & General thereafter.



FROM 25 SEPTEMBER 2024

The Member Portal will be switched off. Documents held on the Member Portal will not be transferred to the new 'My Account' member portal operated by Legal & General so you may want to save any documents you wish to keep before 25 September.



FROM 1 OCTOBER 2024

The administration changeover will be complete.

Pensioners can now register on the Legal & General member portal to manage their pension.

Data cleansing activities

Including an update on Guaranteed Minimum Pension (GMP) equalisation

This “data cleansing” project is to ensure that Scheme data meets the requirement to accurately calculate member benefits now and in the future. The Scheme is large and complex with over 100 different pension schemes transferred into it over time. This means that there are a lot of actions required before it could move to buyout. A key focus of the Trustee heading into 2025 is to complete the Scheme’s data cleansing project.

This work will result in our data being more complete and easier to work with, which should help with future administration. Legal & General is also heavily involved in this project, and the Pensions Office has developed a very strong and engaged relationship with them.

One of the key elements of the data cleansing project is ‘Guaranteed Minimum Pension (GMP) equalisation’. This is something that has affected all schemes that include GMPs accrued from 17 May 1990 and is currently being tackled by the pensions industry as a whole. We are still reviewing which members are affected, to ensure that all future payments will be equalised.

GMP equalisation – are you affected?

Possibly, if you have a GMP from service in the Scheme between 17 May 1990 and 5 April 1997. Men and women could both be affected by the equalisation exercise. However, it is likely that any change will make only a small difference to your total pension.

We expect to write to all affected pensioners in 2025 to confirm the payment of any one-off lump sum where one is due, and/or any relevant increase which will be applied to their ongoing pension. The Trustee has made a decision that any data cleansing cannot result in a reduction in the amount of pension you currently receive.

We will not write to you if your pension does not need adjusting.



Contact details

Legal & General will be writing to Scheme members in late September with new administrator contact details for any questions about your Scheme benefits after 30 September 2024.

In the meantime, you can get in touch with the Pensions Office in all the usual ways. When contacting the Pensions Office, please quote your National Insurance number.

Please remember we need your written and signed authority to discuss or release your personal information to a third party.



pension.enquiries@bspspensions.com

www.bspspensions.com

UK 0330 440 0844

Non-UK +44 141 274 2244

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

All our calls are generally recorded for
training and monitoring purposes.

The Pensions Office's address details are below.



Writing from the UK (no need for a stamp)

British Steel Pension Scheme
FREEPOST RUCT-GLGS-HLRU
Glasgow G2 5RU

Writing from outside the UK

British Steel Pension Scheme
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Scotland
United Kingdom

Your feedback

If you have any comments on this edition of the News Brief, or suggestions for future issues, please write to:



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An audio version of the newsletter will be added to the Scheme website, **www.bspspensions.com**. The Scheme website is compatible with Browsealoud, which allows you to have website content read to you. Browsealoud software is free to download.



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