

Nationwide Pension Fund



**31 March 2023
ANNUAL REVIEW**

Message from the Chair



Welcome to the 2023 Nationwide Pension Fund Annual Review.

The valuation as at 31 March 2022 was completed during the year, with both the Nationwide and the Cheshire and Derbyshire sections being in surplus on a technical provisions basis. More details and the interim funding position as at 31 March 2023 can be found on page 11.

As we reported in our Summer 2023 Pensionwide magazine, we've entered into a £1.7 billion longevity insurance policy with the Zurich UK Assurance Ltd (Zurich UK) and the reinsurer The Prudential Insurance Company of America (PICA) — as a reminder, you can read more about the longevity swap here: nationwidepensionfund.co.uk/announcements and see our updated Privacy Policy at nationwidepensionfund.co.uk/privacy-policy.

You can read an investment update and about our Climate Risk Report on pages 7–8.

We also confirmed the results of the 2022 Member Nominated Trustee Director (MNTD) election process, where Sarah Garrett (a standing MNTD) and Pete Corrie were elected to the Board. Arthur Amos has stood down after more than 25 years' service, and I thank him for his dedication to the Fund and its members over all those years.

In this edition of our Annual Review, you'll find news from the world of pensions, as well as useful information that's relevant to your pension benefits in the Fund.

Within the 'Your Pension' section on page 3, you'll find some helpful information about scams and the importance of keeping your details up to date.

I encourage you to sign up to receive electronic communications through the Member Portal, so you can receive an email when future editions of Annual Review are published and keep up to date with information about your benefits in the Fund. More information about the features of our Member Portal, and how to register, can be found on page 3 and in our video hub at nationwidepensionfund.co.uk/video-hub.

In the 'Latest news' section on page 17, you'll find some details about a Government backed campaign called 'the Mid-Life MOT' — which aims to provide help to people aged 45–65 with planning for the future. We've also provided information on the recent 'Pension Awareness Week' and the 'Pay your Pension some Attention' campaign.

I hope you enjoy reading this edition of the Annual Review. If you need information about your pension, have any comments on this issue, or suggestions for future issues, email NPF@buck.com or write to us at

**Nationwide Pension Fund,
Buck (Bristol)
PO Box 319
Mitcheldean
GL14 9BF**

Catherine Redmond
(representing BESTrustees Limited)
Chair of the Nationwide
Pension Fund Trustee Board



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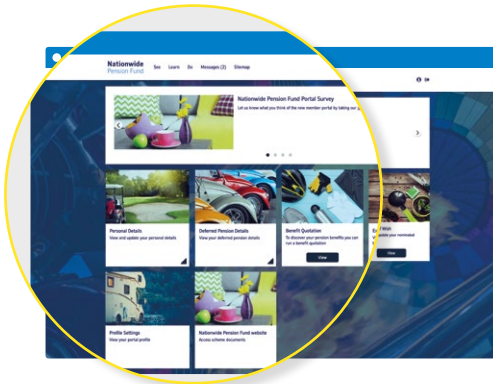
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Your Pension

Retire online — a new service coming soon

If you haven't already, we strongly encourage you to register on the Nationwide Pension Fund Member Portal today! Registering on the Portal gives you 24/7 access to your pension details online. To register on the Portal, simply visit the Nationwide Pension Fund website (nationwidepensionfund.co.uk) and click or tap on the 'Click here to log in to your Member Portal' option on the left of the screen, then select the 'First time user' option. You'll need a Unique ID to access the system, if you have misplaced your Unique ID, you'll need to contact Buck, the Fund administrator using the contact details on the back page.

In early 2024, we'll be launching new functionality on the Portal called 'Retire online', allowing you to manage your retirement process online. We'll provide you with further details once Retire online is launched.



Your annual benefit statement is ready to view

If you're a Deferred member, your latest Annual Benefit Statement is now ready to view; this includes a current estimation of the pension payable to you at your Normal Retirement Date.

All you need to do is:

Log on to the Member Portal.

Viewing your statement is important as it helps you to understand the potential value of your pension in retirement. Your statement is based on the current data we hold for you and contains information about the death benefits under the Fund. You should check that the personal details we hold for you are correct.



AVC portals

Did you know that if you've saved Additional Voluntary Contributions (AVCs) into Fidelity, Prudential or Zurich, you can access your AVC details online?

Please use the following details:

- **Fidelity PlanViewer** —
www.planviewer.fidelity.co.uk/newlogin/#/
You can talk to Fidelity about registering on 0800 368 6868
- **Prudential Portal** —
login.pru.co.uk/Login/dialog/customer/Login/EnterUsername
You can talk to Prudential about registering on 0345 601 0150
- **Zurich Portal** —
zurich.co.uk/pensions-and-investments/my-plans-portal
You can talk to Zurich about registering on 0370 241 6950

If you hold AVCs, they may play an important role in your retirement planning, so it is worth checking on them regularly. You should also ensure that the details linked to your AVC account are accurate and up to date in order to prevent any delays when receiving your benefits.

Your Pension *continued...*

Changes to the Lifetime and Annual Allowance

In the recent edition of Pensionwise, we covered the Spring Budget and how it could affect your pension. The changes to the Lifetime and Annual Allowances may affect your retirement planning. We explain the Lifetime and Annual allowances in further detail below:

What is the Lifetime Allowance (LTA)?

The Lifetime Allowance sets the total value of all the pension savings (excluding State pensions) you can build up before having to pay tax. It currently stands at £1,073,100 and had been expected to stay at that level until 2026, but from 6 April 2023 LTA tax charges were removed, and from April 2024 the LTA is scheduled to be a thing of the past. The amount of tax-free cash lump sum available at retirement is being frozen at the current limit of up to 25% of the 2022/2023 Lifetime Allowance (£268,275).

What is the Annual Allowance?

The Annual Allowance limits the amount that can be paid into your pensions in a tax year without having to pay a tax charge. It has increased from £40,000 to £60,000, with changes to the tapered Annual Allowance also from 6 April 2023.

There's a third limit, the Money Purchase Annual Allowance, which limits how much you can pay into your defined contribution pension arrangements in a situation where you've already started taking some benefits from them. It's increased from £4,000 to £10,000.

Changes to Normal Minimum Pension Age (NMPA)

The NMPA is the minimum age at which most people can access their pensions without incurring a tax charge. Different rules apply to those accessing their pension early due to ill-health.

The NMPA is currently age 55 but will be increasing to age 57 from 6 April 2028.

If your Preferred Retirement Date within the Fund falls between your 55th and 57th birthdays, you may be affected by the NMPA increase. You should factor this into your plans for retirement and review your financial plans to make sure you aren't caught out.

GMP equalisation

As mentioned in the summer edition of Pensionwise, the Trustee and its advisers are currently assessing any impact the high court ruling has on the Guaranteed Minimum Pension (GMP) for benefits accrued between 17 May 1990 and 6 April 1997.

The Trustee will communicate directly with any affected members in 2024.

Stop scams – Time to fight back!

Financial scams are on the rise — scammers are using increasingly sophisticated methods to try and steal your money.

Stop Scams UK have launched a service to enable you to easily report a suspected scam to your bank. If you receive a call from a suspected scammer who claims to be calling from your bank, all you need to do is:

- STOP
- HANG UP
- CALL 159

The 159 service works much the same way as the 101 service for the police or 111 for the NHS and will take you through an option menu to link you through directly to someone at each bank that has signed up to the service. You can then report the suspected scammer. For more information on this service, visit the Stop Scams UK website (stopscamsuk.org.uk).

Scams specifically aimed at stealing your pension are also on the rise, so remember to visit the FCA's Scam Smart website (fca.org.uk/scamsmart) to help you spot the signs of a pension scam.

MoneyHelper also has some helpful articles at moneyhelper.org.uk/en/money-troubles/scams.

We'll write to you occasionally to ask you to check or update your contact details. It's important for you to make sure your contact details are up to date, so we can send you important correspondence about your pension and so that we pay you the right pension at the right time.

We understand that if you receive a letter through the post from us asking you to provide personal details, you may think this a scam. Remember, if you do receive information about Nationwide Pension Fund, you can always contact Buck, the Fund administrator, to check if the communication is genuine.

Cyber Security and your Pension

A number of pension schemes have been affected by cyber security breaches at major UK companies, as reported in the news recently.

While these attacks pose a threat to any business, we'd like to assure you that the Fund's administrator, Buck, has protections in place to prevent, detect, and respond to cyber-attacks.

Buck continuously assesses its security measures and has not been the victim of a successful ransomware attack to date. We'd like to reassure you that we take the security of your data seriously.

If you have any questions about your pension, you can contact Buck, the Fund administrator.

Investment corner

The Fund's investments are there to meet the cost of providing benefits for all the Fund's members.

When deciding how best to invest the Fund's assets, the Trustee weighs-up the potential growth against any possible risks. It also considers any other factors that are financially material to the performance of each investment.

The Trustee closely monitors economic developments, particularly recent changes in interest and inflation expectations and works closely with its advisers to monitor the Fund's investments and understand the implications on investment objectives and strategy. The Trustee also closely monitors the Fund's liquidity position following the market volatility in late 2022.

Our Climate Risk Report is available in our Legal Documents in the website library at nationwidepensionfund.co.uk/library

Regarding climate change, the Trustee recognises and supports the UK Government's ambition to be Net Zero by 2050. The Fund has prepared its second Climate Risk Report and the Trustee's climate strategy continues to evolve. The Trustee has embedded considerations of climate risks and opportunities within day-to-day management of the Fund's portfolio, including annual Environmental, Social & Governance assessments where required.

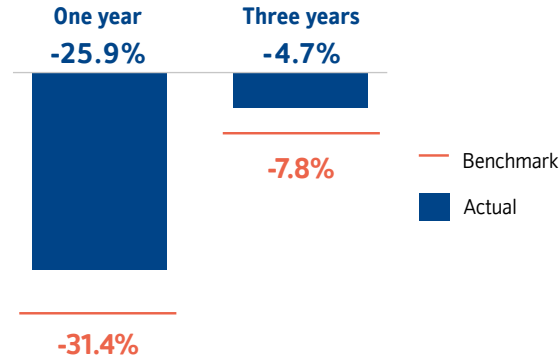
In May 2023, the Fund entered a £1.7 billion longevity insurance policy to cover the risk that pensioners and their dependants live longer than expected by transferring the risk to two insurers.

It provides the Trustee with more certainty over future funding costs and improves the security of members' benefits.

Over the year to 31 March 2023, the Nationwide Section's investment returns were 5.5% higher than benchmark with performance driven by Core Matching Assets (predominantly gilts) whose value fell by less than benchmark. The Cheshire & Derbyshire Section's investment strategy is mature and passive, so does not record performance relative to a benchmark.

Both the Nationwide and Cheshire & Derbyshire Sections are well funded. As a result, more than half of the Fund's assets are invested in matching assets, which are broadly expected to track the value of the Fund's liabilities (paying members' pensions both now and in the future).

The Nationwide Section's returns versus benchmark over one year and three years to 31 March 2023



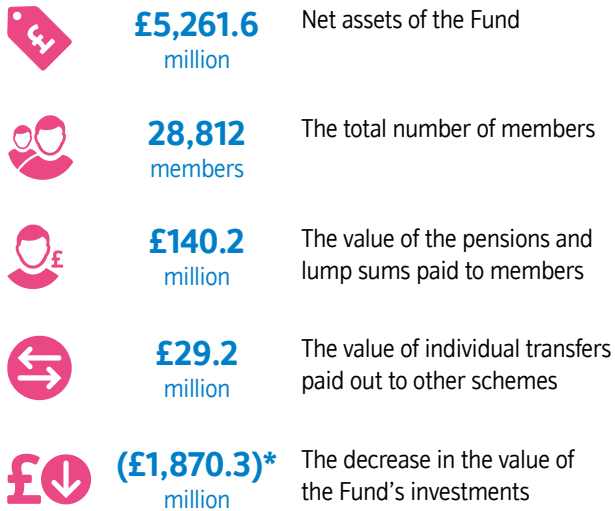
Please note that whilst returns were negative due to increasing interest rates, the value of the Fund's liabilities fell by more than the Fund's assets, improving the funding level and hence increasing the security of the Fund's pensions.

Both Sections have smaller allocations to return-seeking assets designed to further improve the funding position so that the Fund is less likely to need to rely on the financial support of the Society.



Snapshot accounts

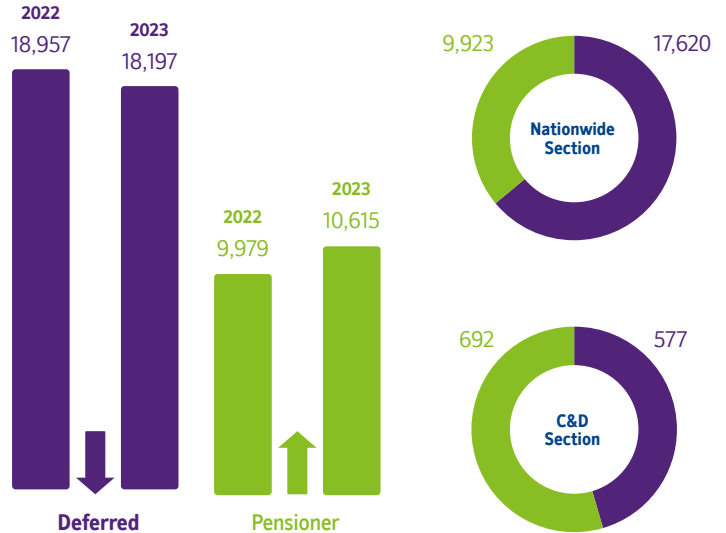
A snapshot of our accounts.
Over the year to 31 March 2023:



* Brackets represent a negative value.

How our membership has changed

A summary of how our membership has changed over the year to 31 March 2023 is shown below. Although the Fund is closed to new members, the Trustee remains responsible for almost 29,000 members.



Fund accounts

A summary of the payments in and out of the Fund and changes in the value of the Fund's assets over the year to 31 March 2023 is shown below:

| | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| | £m | £m |
| Contributions and benefits | | |
| Employer contributions receivable | - | 0.1 |
| Member contributions receivable | - | - |
| Total payments in | - | 0.1 |
| Benefits payable | (140.6) | (125.4) |
| Payments to and on account of leavers | (29.2) | (63.2) |
| Administrative expenses | (5.5) | (5.7) |
| Total payments out | (175.3) | (194.3) |
| Net payments out | (175.3) | (194.2) |

| | 2023 | 2022 |
|--|------------------|----------------|
| | £m | £m |
| Return on investments | | |
| Investment income | 103.0 | 54.1 |
| Change in market value of investments | (1,973.3) | 549.4 |
| Investment management expenses | (37.8) | (41.6) |
| Net (losses)/returns on investments | (1,908.1) | 561.9 |
| Net (decrease)/increase in the Fund during the year | (2,083.4) | 367.7 |
| Net assets of the Fund | | |
| At the beginning of the year | 7,345.0 | 6,977.3 |
| At the end of the year | 5,261.6 | 7,345.0 |

Summary Funding update

One of the main responsibilities of the Trustee is to monitor the finances of the Fund to make sure there's enough money to pay all of the benefits promised to members, both now and for many years into the future.

In part, this is achieved through a review of the funding position. A comprehensive review, known as an Actuarial Valuation (Valuation), is completed every three years by a qualified and independent Actuary. The most recent Valuation of the Fund was carried out at 31 March 2022. In between these full valuations, annual interim funding reviews are carried out.

What does the Valuation look at?

The aim of the Valuation is to assess the funding position of the Fund. To do this the Actuary has to determine:

- **How much money each Section needs to cover the benefits members have built up.** If the Fund has more invested money (assets) than money needed to pay promised benefits (liabilities) it has a 'surplus'. If the Fund has more liabilities than assets it has a 'shortfall'. Where a shortfall exists at a full Valuation, it's up to the Trustee and the Society to agree how this will be cleared and over what timescale.

How is the funding position calculated?

The funding position is calculated on an ongoing basis and on a solvency basis:

- **The ongoing basis** assumes that the Society will continue to support the Fund if necessary. Certain assumptions are made by the Actuary about future economic and financial conditions and the Fund's membership. While the assumptions cannot be guaranteed, they are agreed by the Trustee and the Society as being suitable.
- **The solvency basis** assumes that the Fund is ended (wound up) on the Valuation date and looks at whether there is enough money in each Section of the Fund to buy individual pensions for every member.

The funding position is a 'snapshot' of the Fund on a single day. However, in practice the liabilities are paid over a very long period of time. In fact, some of the liabilities may not be paid for another 30 or 40 years. Several factors can affect the funding position, including life expectancy, investment performance, interest rates and inflation levels. The Fund's assets are invested over the long-term, and therefore, fluctuations in funding levels are to be expected.

What were the results of the 31 March 2022 Valuation?

The formal Valuation results at 31 March 2022 are shown below. You'll see that the Nationwide Section had a surplus of £698 million and the Cheshire & Derbyshire Section had a surplus of £22 million at 31 March 2022.

| Nationwide Section | | Cheshire & Derbyshire Section |
|--------------------|--|-------------------------------|
| £7,015m | Assets — Money invested | £317m |
| £6,317m | Liabilities — Technical Provision or estimate needed to provide all benefits | £295m |
| £698m | Surplus | £22m |
| 111% | Funding level | 107% |

As the Valuation is only undertaken every three years, at 31 March in each intervening year the Actuary undertakes further estimates of the financial health of the Fund (an interim funding position). These use the 2022 Valuation assumptions, and then updates them to allow for the changes in market conditions.

What was the interim funding position at 31 March 2023?

The position at 31 March 2023 was similar to that at 31 March 2022, with both Sections remaining in surplus. Over the year to 31 March 2023 there were significant increases to UK government bond yields. The impact of this was to reduce both the value of the assets and the amount of money needed to provide the benefits (liabilities) for both Sections. The results of the interim funding update at 31 March 2023 are shown on page 13.

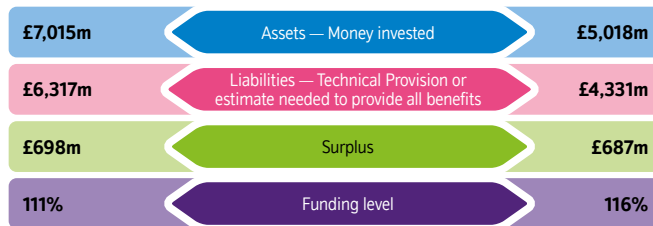


Summary Funding update *continued...*

Nationwide Section

31 March 2022 formal valuation

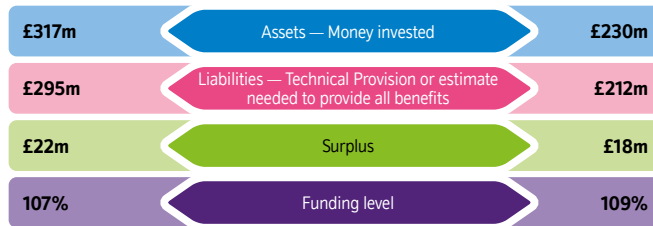
31 March 2023 update



Cheshire & Derbyshire Section

31 March 2022 formal valuation

31 March 2023 update



You should be aware that the funding level of both Sections will vary over time and the Trustee will continue to regularly monitor the funding positions.

Employer contributions agreed following the 31 March 2022 valuation

As both the Nationwide and Cheshire and Derbyshire Sections of the Fund are in surplus on the technical provisions basis, no deficit contributions are currently due. This position will be reviewed at each future valuation.

In addition, following the 31 March 2019 valuation the Society agreed to provide a Contingent Asset to the Nationwide Section of the Fund to provide increased security for members' benefits. This security is available to the Fund in the event that additional funding is required in the future above the level that the Society is able to provide.

How will my pension be paid if the Fund is wound up?

As part of the full Valuation, the Actuary works out what would have happened if the Fund had been wound up on the Valuation date. This is known as a solvency Valuation where the Actuary estimates if there's enough money to buy individual insurance policies to provide full pensions for every member. At 31 March 2022 the estimated solvency deficit was £2,721m for the Nationwide Section and £17m for the Cheshire & Derbyshire Section.

Since 31 March 2022 the solvency position has improved for both Sections as a result of rising bond yields. At 31 March 2023 the actuary estimated that the Nationwide Section solvency deficit had reduced to £1,567m and the Cheshire and Derbyshire Section's deficit had reduced to £3m.

The funding level on a solvency basis is lower than on the ongoing basis as the cost of providing all members' benefits straight away through insurance policies (pension annuities) is much higher than paying for them over the future life of the Fund. Also, insurance companies are required by law to take a very cautious approach to pricing pension annuities, which includes setting aside extra capital and reserves. In addition, their prices will include their costs and a profit margin.

In the unlikely event that the Fund is wound up and the Contingent Asset and further contributions from the Society were insufficient to meet any shortfall (for example because the Society became insolvent) additional security is provided through the Pension Protection Fund (PPF), which has been set up by the Government to assist schemes in such circumstances. The PPF would normally take over the Fund and pay compensation to members. More information is available on their website at [ppf.co.uk](https://www.ppf.co.uk).

Why do we include information about the Fund winding up?

This is a legal requirement. It doesn't mean the Society is thinking of winding up the Fund, or that the Trustee has any reasons to expect the Society to become insolvent.


Other information required by legislation

Legislation requires the Trustee to say whether any surplus funds have been paid to the Society from the Fund in the period since the last Summary Funding update was issued. The Trustee can confirm that there has not been any such payment over the period. The Trustee can also confirm that the Fund has not been modified by The Pensions Regulator, or had any directions or Schedule of Contributions imposed by it.

Pensioner Groups

Cheshire

Jenny Wilson:


 07887 554783

 jenny.wilson44@btinternet.com

 Cheshire Building Society Work

Covent Garden

Liam DeRoe:


 07960 447624

 liamderoe@hotmail.com

Somerset, Devon and Dorset


Diana King:

 diking@btinternet.com

 Nationwide Building Society
Staff Past & Present

Northampton


William Partis:

 01327 878818

 bill_partis@hotmail.com

Swindon


Dave or Jean Coe:

 01793 813396

 Deevee.coe@ntlworld.com

 jeancoe42@gmail.com

June Phillips:

 01793 520059

 nationwidepensioners.btck.co.uk

Northampton lunch dates

Poppyfields,
Duston NN5 6GT

**20 November
2023**


Swindon lunch dates

Conservative Club,
Swindon SN1 4BA

**9 November
2023**

Conservative Club,
Swindon SN1 4BA

**14 December
2023**



Pensioner groups and any Facebook groups are not run by the Society or the Fund. We share their details to give members the opportunity to reconnect with past colleagues.

Please contact us if you'd like us to share or update contact details for a group or send us news from your group meetings.

Email: NPF@buck.com

Latest news

Mid-Life MOT

The Department of Work and Pensions has launched a new website to support people aged 45–65 with planning for their future.

The site includes useful tools and guidance around the key areas that people aged 45–65 should be considering, including:

- Work;
- Health; and
- Money

Visit jobhelp.campaign.gov.uk/midlifemot today to make sure you're prepared for later life.

Pension Awareness Week and Pension Attention

Pension Awareness Week happens every year, and focusses on all things pensions, providing you with tools and resources to help you plan for the future.

This year, Pension Awareness Week took place from 11 to 15 September and included a range of 'live shows' covering a broad range of subjects relating to pensions,

You can view a recording of these shows by visiting the Pension Awareness website: pensionawarenessday.com

The 'Pay your Pension some Attention' campaign launched on 19 September 2023. The campaign focusses on the benefits of paying into a pension (where possible) and the importance of 'paying your pension some attention'!

This year the campaign is fronted by Timmy Mallet.

Visit the website pensionattention.co.uk for more information.



Useful contacts

Pensions

Money Helper

MoneyHelper joins up money and pensions guidance to make it quicker and easier to find the right help and is backed by government.

☎ 0800 011 3797

💻 moneyhelper.org.uk

State Pension information is available via yourpension.gov.uk or gov.uk/plan-for-retirement.

General services



The leading charity for older people that provides help, information and advice on financial, care and lifestyle support.

☎ 0800 055 6112

💻 ageuk.org.uk



Provides confidential information and advice to assist people with legal, debt, consumer, housing and other problems.

☎ 03444 111 444

💻 citizensadvice.org.uk



National charity providing advice and guidance on helping older people make informed choices about meeting their housing and care needs.

☎ 0800 377 7070

💻 eac.org.uk

nationwidepensionfund.co.uk



NPF team at Buck

Buck is responsible for the day-to-day administration of the Fund.

They can help you with queries about your personal benefits, updating the information we hold for you, as well as arranging pension payments and much more.

Please note that they cannot give you financial advice.

 0330 123 9677

 nationwidepensionfund.co.uk