Your annual update from the Credit Suisse Group (UK) Pension Fund Trustee

Keeping you updated

Defined benefits (DB) Edition
Summer 2022

Welcome...

...to your 2022 DB Trustee update, which aims to keep you informed about developments affecting your pension and update you on financial and other matters behind the scenes in running the Fund.

What's new?

The latest formal funding assessment results – Actuarial valuations take place every three years in line with pension funding laws. The latest valuation as at 31 December 2020 was completed earlier this year. It revealed a surplus of £403.0m – **equivalent to a funding level of 119%** – on what's known as the 'Technical Provisions' basis. The position had improved further at 31 December 2021. There are more details in the enclosed DB Funding Update.

Pensioner members to access electronic payslips – If you're a pensioner member, you won't receive any more paper payslips from May 2023 unless there's a material change to your monthly amount. Instead, you'll be able to securely access your payslips by logging into MyDBPension, the DB administrator's website. You'll receive full details and instructions in March next year.

New laws on transfers help to protect members from pension scams – Pension regulators continue to be worried about members falling victim to pension scams, where criminals and introducers without the right regulatory qualifications and permissions encourage people to transfer their retirement savings away from good quality schemes. Example tactics include failing to advise of the nature and full extent of fees to be paid; falsely representing investments and anticipated levels of returns; and offering pension loans or cash incentives (which could lead you to suffer serious tax consequences). Trustees must now, by law, request additional evidence and information from you (directly) to assess if pension scam warning flags are present, before progressing your transfer request. If there are amber flags, we will refer you for a compulsory 'pension safeguarding appointment' with **MoneyHelper** before your transfer can proceed. We may refuse to make transfers where we determine there are red flags. This extra protection may mean pension transfer requests take a bit longer. Please bear this in mind if you are considering a transfer.

Changes to the Trustee Board – We recently said farewell to Paul Brine, whose contribution has been greatly appreciated, and welcome a new Trustee Director, Laura Jackson, formerly Credit Suisse's Global Head of Wellbeing and Benefits Strategy. There is a full list of the Trustee Directors on page 4.

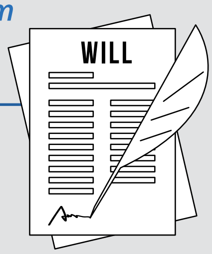
I hope that you find this update informative and wish you all the best for the coming year. As always, we would welcome any thoughts on how we can improve our communications to members generally, and on what else we might usefully include on the website and in future Trustee updates.

Glenn Wellman, Chair of Trustees

What's inside?

Mythbuster:
True or false?

I have made a Will, so I don't need to complete a nomination form for the Fund



FALSE – Lump sums payable from the Fund on your death are typically outside your Estate because the Trustee has discretion over who receives them. As such, you need to fill out a nomination form to let the Trustee know who you'd like to receive them. Page 4 tells you how.

Future updates by email – Please provide your email address to the Fund administrator

In future, we intend to use email to send you updates like this one and other information about the Fund.

Please check or update your email address, by contacting Fidelity (see back page) or log onto **www.mydbpension.com**.

(If you do not have an email address or do not want to receive communications by email, you will need to let Fidelity know in order to continue receiving paper communications.)

What DB members ask about their pensions

There are no daft questions when it comes to understanding pensions. Some of the more frequently asked questions are shown below. Our Fund website, My CS Pension Place, answers more questions and guides you to support elsewhere. The address is **www.mycspensionplace.co.uk**.

When can I retire?

Your Normal Retirement Age (NRA) will either be 60 or 65, depending on what section of the Fund you are a member of. You can usually start taking your benefits before or after NRA, as long as you are over the Government's minimum pension age. **The Government's minimum pension age will increase from 55 to 57 on 6 April 2028 unless you have a lower protected pension age**.

How much will I get? How much will I need?

If you're over the minimum pension age, you can request a pension estimate from the Fund administrator - tell them the age at which you are thinking of drawing your pension. How much you will need depends on the kind of retirement you want. Fidelity's retirement budgeting tool can help you think about your likely expenditure after you stop working. Learn more at **https://retirement.fidelity.co.uk/retirement-budget-calculator/**

As I approach retirement, what should I expect?

The Fund administrator will contact you around 12 months before your NRA and ask you to complete a security form. This is to ensure you are still living at the address on their records. On receipt of your completed security form, the Fund administrator will provide you with a pension estimate, including the option to exchange pension for tax-free cash. You'll also be given access to a secure online modeller which is a great way to explore the different ways of taking a retirement income, either by drawing your pension from the Fund or if you were to transfer your benefits.

Is my pension safe?

The enclosed DB Funding Update explains the arrangements in place to support members' benefits and the most recent actuarial valuation results. It also answers "what if" scenarios on funding and the security of members' benefits.

Can I transfer my benefits?

Your DB benefits can be converted to a DB transfer value, which you can take out of the Fund and put into another pension arrangement if the receiving scheme meets the conditions for a transfer. Transferring out could give you access to more flexible retirement options that are not available from the Fund, but this may not be the best option for you. Transferring is an irreversible decision, so it's important you take appropriate financial advice first. (If your transfer value is £30,000 or more, this is a legal requirement.) If you're considering a transfer, you should find a financial adviser (see below) and request a transfer pack from the Fund administrator.

What happens to my pension when I get divorced / dissolve a civil partnership?

If you get divorced or dissolve a civil partnership, both parties should consider all things of value, including pensions. You should request a transfer value of your benefits from the Fund administrator, stating clearly that it is needed in connection with divorce. There is generally a charge for this. There are various options for sharing pensions and it's important to get specialist financial advice to help ensure a fair settlement.

Could tax allowances restrict the benefits I can take from the Fund?

The lifetime allowance limits the value of benefits you can take from all UK registered pension schemes before paying an additional tax charge (the lifetime allowance charge). The lifetime allowance is currently £1.073 million for most people (unless you have applied to HM Revenue & Customs to protect a higher amount). When you access retirement savings from any scheme, including the Fund, you'll be asked to confirm whether you have enough lifetime allowance remaining. If your benefits from the Fund take you over your lifetime allowance, you will have to pay the lifetime allowance charge on the excess (55% if you take the excess as lump sum). You can find more information on the pension tax allowances on our website **Pensions and tax** page.

What can I expect from financial advice?

A regulated financial adviser can help you understand any aspect of your retirement savings, including the pros and cons of the different options available. They will relate this to your personal and financial circumstances, and your plans and goals for when you stop work. My CS Pension Place contains helpful information about getting advice, including a link to a Financial Conduct Authority video on what to expect: **www.mycspensionplace.co.uk/help-and-contacts/getting-financial-advice** Always check that anyone offering advice about your pension or other financial services is on the Financial Services Register at **www.fca.org.uk/register**

DB membership, financials and investments

Membership

Over the year to 31 December 2021, the DB membership (including hybrid members with both DB and defined contribution benefits) developed as follows:

	2021	2020
Active members	68	77
Deferred members	3011	3,579
Pensioners and dependants	977	909

Financials

Each year, we prepare an Annual Report and Financial Statements which are audited by an independent auditor. The table opposite summarises how the DB section's finances developed over the year.

	£000
Value as at 31 December 2020	**2,518,508**
Income – Contributions	0
Income – Other	22,559
Investment return	(49,230)
Outgoings (includes benefits paid, transfers out of the Fund and administrative expenses)	(322,437)
Value as at 31 December 2021	**2,169,400**

Investments

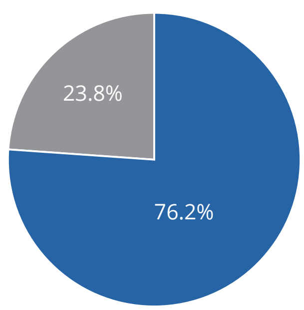
Our investment committee works with the Fund's investment advisers to ensure that the investments are managed in line with our Statement of Investment Principles, and to monitor the effectiveness of the strategic asset allocation relative to our investment objectives and funding assumptions.

Over the last few years, we have reduced significantly the level of risk in the DB investment strategy. In 2021 we de-risked further by halving the allocation to bonds.

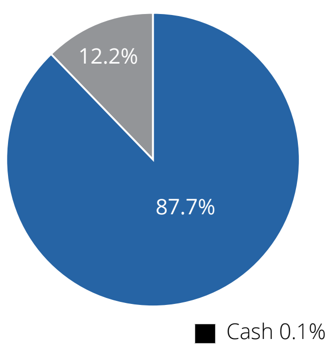
Our liability hedging portfolio continues to play an important role in ensuring the Fund has enough money to pay members' benefits as they fall due. This portfolio uses assets that aim to closely match the behaviour of the liabilities, particularly in relation to interest rates and inflation.

The charts show the asset allocation of the Fund as at 31 December 2020 and 2021.

31 December 2020



31 December 2021



- Liability hedging portfolio
- Bonds
- Cash

Performance

Over the year to 31 December 2021, the DB section's assets achieved an overall return of -1.3%, compared with a composite benchmark of -1.9%.

Find out more

Our latest Annual Report and Financial Statements and Statement of Investment Principles are on My CS Pension Place: **www.mycspensionplace.co.uk/document-library/**

How do I...?

Contact the DB Fund administrator

For information about your benefits or the Fund in general, contact Fidelity

By phone:	**0800 3 68 68 70**
In writing:	**Fidelity, PO Box 203, Brinkburn Road, Darlington DL1 9HD**
By email:	**Dbpensions.service@fil.com**
Administrator DB website:	**www.mydbpension.com**
Administrator DC website:	**www.planviewer.fidelity.co.uk**

Check and update my beneficiary nomination details

If you have both DB and DC benefits, you can update your beneficiary nomination (along with your personal details) online through Fidelity PlanViewer. (See link above.)

Members with DB benefits (only) can contact the Fund administrator (above) or download a form from My CS Pension Place: **www.mycspensionplace.co.uk/document-library/**

Contact the HM Revenue & Customs tax office that deals with my pension

If you have a query about how your pension is taxed, phone **0300 200 3300** and quote your National Insurance number and the tax office reference **567/ZZ31839**. Their address is **Pay as You Earn, HMRC, BX9 1AS**.

Check how you use my personal details

As the Fund Trustee, we are 'data controllers' under UK data protection laws. Our Privacy Notice explains how we collect, store and use your personal details.

Find out more

Our Privacy Notice is on My CS Pension Place: **www.mycspensionplace.co.uk/document-library/**

Don't forget to update us when...

When	Why
Any of your contact details change	We need to be able to update you about the Fund and your benefits. Please also make sure your records include an email address.
You move house	To make sure personal or sensitive information doesn't go to your old address.
If you're a pensioner and your bank details change	We need to know by the 10th of the month to avoid delays to your pension. (Pensions are paid on 1st of each month.)
Your family or personal circumstances change (e.g. you divorce or separate)	You'll need to update your beneficiary details (see *'How do I...?'*) so your wishes are known to the Trustee if you die.

About the Trustee (Credit Suisse First Boston Trustees Limited)

Current Trustee Directors

You can contact the Trustee via the Fund's Chief Operating Officer:

By email:
cspensions@pegasusplc.com

In writing:

Chief Operating Officer to the Trustee
Credit Suisse Group (UK) Pension Fund
Pegasus Pensions Plc, 8th Floor,
100 Bishopsgate, London EC2N 4AG

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Credit Suisse Group (UK) Pension Fund

DB funding update

September 2022

In our 2021 Trustee update, we reported the estimated funding position of the DB Section as at 31 December 2019. The Fund has now completed its triennial valuation as at 31 December 2020, which showed the Fund continues to be in a strong financial position.

An actuarial valuation takes place every three years. It compares:

- how much money the Fund is likely to need to pay everyone their benefits (the 'liabilities'); with
- the total amount of money it currently has (the 'assets').

	Funding update as at 31 December 2019	Actuarial valuation as at 31 December 2020	Funding update as at 31 December 2021
Assets	£2,286.3m	£2,531.3m	£2,169.4m
Liabilities	£1,873.6m	£2,128.3m	£1,829.2m
Surplus	£412.7m	£403.0m	£340.2m
Funding level (assets divided by liabilities)	122%	119%	119%

The table shows the results of the 2019 update shared previously, alongside the results of the 2020 valuation and also a more recent update carried out as at 31 December 2021.

What's changed?

A key part of the triennial valuation as at 31 December 2020 was to reassess the assumptions that are made about the future when setting the funding plan. The main assumption changes were to:

- The assumed return on the Fund's investments, which was reduced to reflect de-risking that has taken place in the Fund's asset portfolio
- The outlook for future life expectancy
- The outlook for CPI inflation relative to RPI inflation

The net impact of these assumption changes, and in particular the reduced return, was to reduce the disclosed funding level from 122% in 2019 to 119% in 2020, as shown in the table.

Over 2021 the funding position has been maintained at the same level of 119%, although the size of both the assets and liabilities – and hence the surplus - reduced materially. This was due to an Enhanced Transfer Value, or ETV, exercise which was carried out in late 2020 and over 2021. This exercise gave most members of the Fund who were yet to retire an opportunity to consider their retirement plans, in conjunction with a free IFA advice session, and take an enhanced transfer value if they wanted to. A reasonable number of members took up this option, with the payment of the resulting transfer values reducing both the Fund's assets and its liabilities.

Overall the ETV exercise improved the funding level, although this change was largely offset by market movements over 2021. The ETV had a larger positive impact on the Fund's solvency position (see opposite).

Contributions and security from the Bank

As the 2020 actuarial valuation showed a surplus, no additional deficit reducing contributions are needed from Credit Suisse.

Credit Suisse maintains an escrow account to provide additional financial security for the Fund should it be needed. This arrangement aims to maintain sufficient funds to provide benefits in full if the Fund had to be wound up and benefits secured through an insurance company – allowing for the assets in the Fund and the assets in the escrow. The funds in the escrow account are subject to periodic rebalancing and a cap of £325 million.

There are no amounts in the escrow account currently as the Fund is estimated to have sufficient assets of its own to fully secure member benefits on wind-up (see section below).

The Pensions Regulator and payments to Credit Suisse

We are required by law to tell you whether the Pensions Regulator has used any of its powers in relation to the Fund – either to change the rate of contributions or benefits, or the way in which liabilities are calculated. We also have to tell you if any payments of surplus have been made to Credit Suisse since our last funding update.

We can confirm that we didn't pay any surplus assets to Credit Suisse and no such orders have been imposed by The Pensions Regulator.

If the Fund was wound up

Even though Credit Suisse has no current intention of winding up the Fund, pension regulations mean that we have to tell you the funding level (as at the last valuation) if the Fund was wound up.

The estimated amount needed, if the assets and the responsibility for paying your DB benefits were transferred to an insurance company on 31 December 2020 was £2,248.0m. The value of the assets at the same date was £2,531.3m.

This meant that the Fund could cover over 100% of the estimated cost of securing benefits via an insurer, with an estimated solvency ratio of 113%.

This measure is estimated to have improved to 116% as at 31 December 2021, largely due to the ETV exercise.

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