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

Pension News

Defined benefits (DB) Edition

November 2023

Welcome from the new Trustee

Earlier this year, Credit Suisse International ('CSi') told you about its decision to move to a Professional Corporate Sole Trustee to manage the Fund going forward. Independent Trustee Services Limited, part of the Independent Governance Group ('IGG'), was appointed as the sole Trustee of the Fund starting 1 August 2023. IGG is one of the UK's leading independent professional trustee firms and you can find more information about us on our website at www.weareigg.com

As Trustee, we have a responsibility to ensure that the Fund is run in line with its rules and the law. Running a pension plan is complicated, and the law requires us to take specialist advice. We are supported in the day-to-day running of the Fund by a team of advisers including administrators, auditors, investment advisers and legal advisers.

We appreciate that the past 12 months have proved to be a turbulent time for everyone, with the increased cost of living, the ongoing conflict in Ukraine and instability in financial markets. The Fund's DB investment strategy has been designed to withstand instability and we are pleased to report that the Fund's funding position on an ongoing basis remains strong, as shown in our Summary Funding Statement on page 3.

As previously communicated to you by CSi , on 19 March 2023, CSi and UBS entered an agreement to merge. Having received all the necessary regulatory approvals, the transaction was formally completed on 12 June 2023.

As a member of the DB Section of the Fund, we know it is important for you to understand what the merger of UBS and CSi might mean for your pension benefits. CSi continues to exist as an entity and has remained the sponsor of the Fund, now falling under the larger UBS Group (the parent company following the merger of both banks). As before, you may rest assured that the assets which support your pension benefits built up in the Fund are completely separate from the Bank's assets. The assets of the Fund are looked after by us as Trustee and held by custodians outside the UBS Group.

Though there is a new Trustee, there is no change to the Fund's administrator, Fidelity. You can continue to contact Fidelity for further information about the Fund or with any queries about your benefits – you can find their contact details on page 8.

Finally, we are delighted to be appointed as Trustee of the Fund and we hope to make our communications to you as informative and engaging as possible. If there are any pension topics you would like us to cover in more detail in a future newsletter, or if you have any suggestions for improving member communications, please get in touch with us. You can find our contact details on page 8.

Chris Martin
Independent Governance Group
Trustee of the Credit Suisse Group (UK) Pension Fund

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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.)

The Fund in numbers

Membership

The table on the right shows how the DB membership (including hybrid members with both DB and defined contribution (DC) benefits) changed during 2022.

	31 December 2022	31 December 2021
Active DB members	61*	68*
Deferred DB members	2,925	3,011
Pensioners and dependants	1,031	977

* These members have retained benefits in the DB section and are actively contributing to the DC Plus section of the Fund.

Funding

The Fund's appointed actuary carries out a formal valuation every three years in line with pension laws. The latest valuation, as at 31 December 2020, showed a funding surplus of £403.0 million – **equivalent to a funding level of 119%** – on an ongoing basis.

Since then, the funding position has improved further. As at 31 December 2022, there was a funding surplus of £224.1m – **equivalent to a funding level of 121%**.

Although the surplus decreased in monetary terms, this is due to the Fund's assets and liabilities decreasing significantly. See our Summary Funding Statement on page 3 for more details.

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.

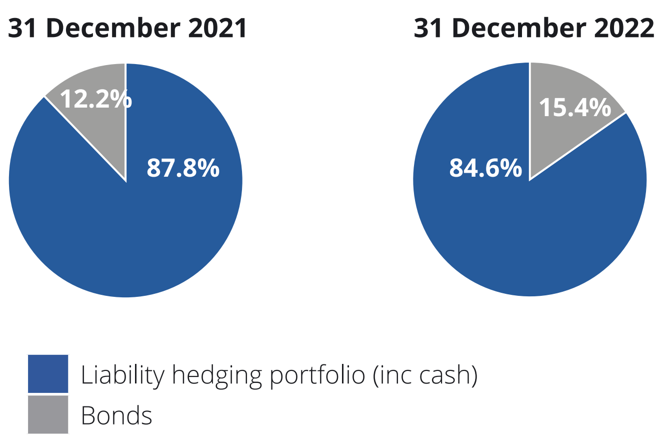
	£000
Value as at 31 December 2021	**2,169,400**
Income – Contributions	0
Income – Other	3,179
Investment return	(833,801)
Outgoings (includes benefits paid, transfers out of the Fund and administrative expenses)	(34,901)
Value as at 31 December 2022	**1,303,877**

Investments

The chart below shows how the Fund's assets were invested as at 31 December 2022 and how they have changed since 31 December 2021.

As you can see, following significant de-risking of the investment strategy in recent years, little change was made to the investments over the year to 31 December 2022 as the portfolio was performing as intended.

The portfolio uses assets that aim to closely match the behaviour of the liabilities, particularly in relation to interest rates and inflation.



Environmental, Social and Governance matters continued to be a key focus for the Trustee during 2022. The Trustee focused on identifying, assessing, monitoring, and managing climate-related risks and opportunities, and worked towards new reporting requirements, which are based on the Task Force on Climate-Related Financial Disclosures.

This led to the Trustee publishing its first climate change report for members this year, which you can find online at: www.mycspensionplace.co.uk/document-library/

Find out more

The Trustee's latest Annual Report and Financial Statements and Statement of Investment Principles are also on My CS Pension Place, along with the Trustee's climate change report. You can find all of these documents at: www.mycspensionplace.co.uk/document-library/

Summary Funding Statement

Every three years, the Fund actuary carries out a full financial health check on the DB section of the Fund – this is referred to as an actuarial valuation. Each year in between, the actuary produces an update. In this section we summarise the results of the latest update (as at 31 December 2022) and compare this to the results of the last full valuation as at 31 December 2020.

At the time of the report, the DB section of the Fund was in very good financial health. You can see the value of the assets (the value of the investments) and liabilities (the money it expects to need to pay benefits), along with the funding level in the table below.

- If the assets are worth more than the liabilities, the funding level is 100% or more and the Fund has a surplus.
- If the assets are worth less than liabilities, the funding level is less than 100% and the Fund has a shortfall.

The value of the assets has decreased significantly due to the reduction in the expected returns on government bonds but as the liabilities have reduced in a similar way, the funding position of the Fund has in fact improved as at 31 December 2022.

	31 December 2020	31 December 2021	31 December 2022
Assets	£2,531.3 million	£2,169.4 million	£1,303.9 million
Liabilities on an ongoing basis	£2,128.3 million	£1,829.2 million	£1,079.8 million
Funding level on an ongoing basis	**119%**	**119%**	**121%**
Surplus on an ongoing basis	**£403 million**	**£340.2 million**	**£224.1 million**

What would happen if the Fund wound up?

As part of the valuation, the actuary looks at what the DB section of the Fund's funding level would be if it was wound up (i.e. stopped existing).

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 £2,248.0 million.

The value of the assets at the same date was £2,531.3 million.

With an estimated solvency level of 113%, this meant that the Fund could cover more 100% of the estimated cost of securing benefits via an insurer.

This estimate does not allow the value of assets held in the escrow account, which is funded, as and when necessary, by the sponsor.

This measure (known as the solvency position) is estimated to have improved to 118% as at 31 December 2022.

	31 December 2020	31 December 2022
Solvency funding level	113%	118%
Surplus	£283.3 million	£196.5 million

Contributions and security from Credit Suisse

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

Credit Suisse has an escrow account in place 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 currently no funds held in the escrow account as the Fund is estimated to have sufficient assets of its own to fully secure member benefits on wind-up.

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 the last funding update.

We can confirm that the Trustee did not pay any surplus assets to Credit Suisse and no such orders have been imposed by The Pensions Regulator.

Fund news

Electronic payslips for pensioner members

As you may remember from last year's newsletter, from May 2023, pensioner members will no longer receive any more paper payslips, unless there is a material change to your monthly amount.

Instead, you will be able to securely access your payslips online, by logging into MyDBPension, the DB administrator's website.

Current pensioners should have received full details and instructions on how to log on to their account by post but if you are a current pensioner and you did not, please contact Fidelity, the Fund administrator. Fidelity's contact details are on page 8.

At retirement support

As well as the Fund website, we have put in place online support to help you understand your options with your DB benefits.

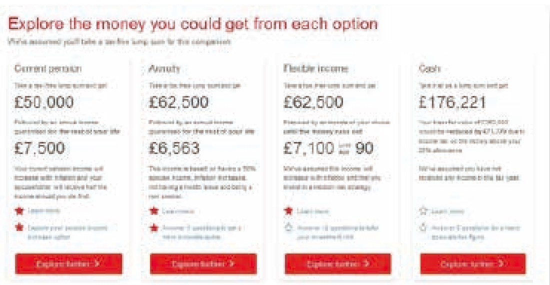
If you are age 55 or over (or age 50 or over if you have Protected Pension Age) and are looking to explore your retirement options or are ready to take action, you have the following support in place:

Your retirement pack

You can request a retirement pack by contacting Fidelity, the Fund administrator, and/or you will receive one automatically 6 months before your Normal Retirement Date. Your pack will include your pension estimate (the amount of pension you can expect to receive if you retire) and your transfer value (the amount equal to the overall value of your benefits, should you want to move to a new scheme).

Retirement Options Tool

Your pack will include log on details to access our online educational Retirement Options Tool. Once you have reviewed your retirement pack, we recommend using the Tool to dynamically explore your options and see the income you could get under different scenarios.



GMP equalisation

Some of your Fund pension might include a Guaranteed Minimum Pension (GMP) element if you were a member of the Fund between 1978 and 1997 or have transferred in benefits which were built up during this period.

Between 1978 and 1997, members of DB pension schemes could be automatically removed from part of the State Pension, known as the State Earnings Related Pension Scheme (SERPS), which changed to the State Second Pension (S2P) after 2002. This is known as being 'contracted out'.

Members and employers paid lower National Insurance contributions as a result. Contracted-out members were guaranteed a minimum level of pension (the GMP) from their pension scheme. This was broadly equivalent to the amount they would have received if they were still in the SERPS/S2P, to ensure they did not lose out.

GMPs are treated and calculated differently for men and women under legislation. However, the High Court has ruled that all pension schemes must equalise the overall benefits they provide to specifically allow for the effect of unequal GMPs earned between May 1990 (when another court case decided that pensions should be equal between men and women) and April 1997.

We are working with our advisers to identify what adjustments we need to make as a result of this ruling. Once this is completed, we will contact affected members with further information. **We do not expect any necessary adjustments to be significant.**

New Internal Dispute Resolution Procedure

If you have any questions about the Fund or your benefits, please contact the Fund administrator in the first instance. They have full details of your membership and will make every attempt to answer your questions.

We hope that you will never have reason to complain about your benefits in the Fund, but if you do have a complaint or dispute that you cannot resolve with the Fund administrator, you should use the Internal Dispute Resolution Procedure (IDRP). This is a formal procedure we have put in place to settle any complaints and disputes.

We have recently brought in a new one-stage IDRP. You can get a copy from Fidelity (see page 8).

New Privacy notice

Under UK data protection laws, as the Fund Trustee, we are the 'data controllers' of the personal data held by the Fund. Our privacy notice explains how we collect, store and use your personal details. You can find this on My CS Pension Place: www.mycspensionplace.co.uk/document-library/

Pension news

Spring budget 2023 – pension tax changes

The 2023 Budget included several changes to Government policy that affect pensions. There were three main changes:

Changes to the Lifetime Allowance (LTA)

The LTA is the amount of pension savings you can make over your lifetime that can receive tax relief and is £1.073,000. From 6 April 2023 however, anyone breaching the current LTA when starting to take money from their pension will no longer face an LTA charge, though there will still be income tax to pay at your marginal rate.

The Government intends to remove the LTA completely in future. The details are still being clarified, but the change is expected from 6 April 2024.

Changes to the Annual Allowance (AA)

The AA is the amount of savings you can make into a pension scheme each year that receive tax relief. The AA was set at £40,000 for most members but, with effect from 6 April 2023, it has risen to £60,000 a year.

There are some circumstances where a different limit may apply. If you are a very high earner, you may have a reduced AA. Previously this was on a tapered basis down to a minimum of £4,000 but from 6 April 2023, this rose to £10,000 a year.

If you have accessed money from a pension fund flexibly, while contributing to another pension scheme, the Money Purchase Annual Allowance (MPAA) may apply. The MPAA was previously £4,000 but from 6 April 2023, it rose to £10,000 a year.

A cap on the tax-free lump sum

Previously, you could take up to 25% of the value of your benefits as a tax-free lump sum. The Government has now limited the tax-free cash lump sum to 25% of the LTA that existed prior to 6 April 2023, which is £268,275 (unless you have relevant LTA protection for a higher amount).

If you would like more detail about tax and your pension, you can find more information on the Government website:
www.gov.uk/tax-on-your-private-pension

If you are thinking of taking your benefits from the Fund, we recommend that you seek independent advice as to what these tax changes may mean for you.

Changes to Normal Minimum Pension Age

In 2021, the Government announced that there would be an increase in the Normal Minimum Pension Age (NMPA). This is the minimum age at which most pension savers can access their pension, unless retiring due to ill health. It affects all pension schemes in the UK.

Unless an individual is suffering from ill health, currently, they must be at least 55 years old before they can start taking your benefits (unless they have a Protected Pension Age). This will rise to age 57 on 6 April 2028. This increase coincides with the increase in the State Pension Age to 67.

Some Fund members will have a Protected Pension Age. This depends on what section of the Fund you are a member of. You can check with Fidelity to see if you have a Protected Pension Age.

The Minimum Pension Age is different from the State Pension Age. Find out what your State Pension Age is on the Government's website
www.gov.uk/state-pension-age

If you are thinking of retiring early, please bear this rule change in mind.

Be scam smart

New laws on transfers help to protect members from pension scams

Pension regulators and trustees 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.

Trustees must now, by law, request additional evidence and information directly from the member to assess if any warning flags are present, before progressing a transfer request.

- If there are any amber flags, we will refer you for a compulsory 'pension safeguarding appointment' with the Government's free service MoneyHelper before your transfer can proceed.
  (Visit www.moneyhelper.org.uk or call **0800 138 7777**.)
- We may refuse to make a transfer if we determine there are any red flags.

This extra protection may mean pension transfer requests take a bit longer, so please bear this in mind if you are considering a transfer.

Pension scammers are now using the cost-of-living crisis as an opportunity to develop sophisticated ways of tricking pension members out of their life savings. It's worth reminding yourself of these four steps below to help protect yourself:

1. **Be suspicious of all unexpected telephone calls, texts or emails** from unknown numbers or email addresses.
2. **Reject unexpected pensions opportunities** with phrases such as 'free pension review', 'pension liberation', 'loan', 'cashback', and guarantees that they can get you better returns on your pension savings.
3. **If it sounds too good to be true, then it could be a scam**, for example, releasing cash from a pension before the age of 55, with no mention of the large tax implications.
4. **Never agree to download software or an app** unless you are certain it is safe, and always **carefully crosscheck website addresses**. Scammers can use these to access your device.

If you are in any doubt or worried something is a potential scam, help is available.

- Speak to an adviser authorised by the Financial Conduct Authority (FCA) by visiting https://register.fca.org.uk
- The FCA also has a list of unauthorised advisers and people they have received complaints about. Find out more about how to stay safe from scams at: www.fca.org.uk/scamsmart
- Visit the Pensions Regulator website for more information on pension scams at www.thepensionsregulator.gov.uk

Actions for you

Tell us if you are thinking of retiring abroad

If you retire abroad, your lump sum and pension payments can be paid into a UK or overseas bank account.

However, any cash lump sum which would be tax-free if you are a UK resident may be taxable if you live overseas when you retire.

Additionally, you need to think about the potential effects of currency exchange rates and possible taxation that could apply when you receive your pension income. Contact the Fund administrator (see page 8) to learn more about your options.

Tell us if your personal circumstances change

Please tell us if you change your name or address so we can keep the Fund records up to date. Please also tell us if you get married, enter into a civil partnership, or get divorced.

If you are a pensioner, tell us if your bank details change

Please tell the Fund administrator (see page 8) if your bank details change to make sure we pay your pension to the correct bank account. We need to know by the 10th of the month to avoid delays to your pension. (Pensions are paid on the 1st of every month.)

Update your 'my beneficiary' nomination form

As Trustee, one of our hardest jobs can be deciding who should receive death benefits where a member has died without letting us know their wishes. When this happens it can cause delay, distress and extra heartache for family members just when they are at their lowest.

To avoid this, please make sure you have completed an Expression of Wishes form and that you update it as your circumstances change (for example if you get married or divorced).

We are not bound by your wishes but will take them into account.

You can download a form from My CS Pension Place: www.mycspensionplace.co.uk/document-library/ or contact the Fund administrator (see page 8).

Take a 'mid-life MOT'

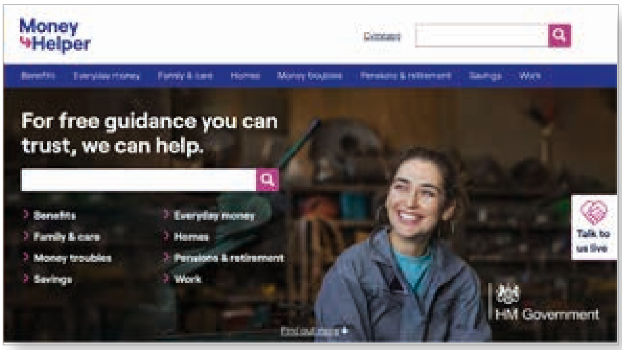
In July 2023, the Department for Work & Pensions announced the launch of a new 'online midlife MOT' website. The service includes a financial tool provided by MoneyHelper (see page 8) to help people identify actions to improve their finances, including pensions.
Go to jobhelp.campaign.gov.uk/midlifemot/home-page/

Finding out more

Where can I get more information about pensions?

The below websites are useful sources of information about pensions and general financial matters though this list is not exhaustive.

- www.gov.uk for Government information and public services, including workplace pensions and State benefits.
- www.moneyhelper.org.uk is the new one-stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof. MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it. MoneyHelper's financial adviser directory can also help you find an impartial FCA-regulated adviser local to you.



Where can I get more information about how my pension is taxed?

If you have a query about how your pension is taxed, contact the HM Revenue & Customs tax office.

- Phone: **0300 200 3300**
- Write to: Pay as You Earn, HMRC, BX9 1AS.

In either case, you should quote your National Insurance number, and the tax office reference 567/ZZ31839.

How do I find an old pension?

If you have pension benefits in another pension arrangement and you lose touch with your former employer or pension providers, the Government offers a pension tracing service.

- Phone: 0800 731 0193
- Web: www.gov.uk/find-pension-contact-details

How do I check my State pension?

You can check how much State Pension you could get and when you could get it on the Government website.

- www.gov.uk/check-state-pension
- www.gov.uk/state-pension-age

Contact details

Contact the DB Fund administrator, Fidelity, for information about your benefits or the Fund in general:

Phone: **0800 3 68 68 70**

Email: **Dbpensions.service@fil.com**

Write to: Fidelity
PO Box 203
Brinkburn Road
Darlington DL1 9HD

Administrator DB website: www.mydbpension.com

Administrator DC website: www.planviewer.fidelity.co.uk

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

Email: **creditsuisse@weareigg.com**

Write to: Chief Operating Officer to the Trustee
Credit Suisse Group (UK) Pension Fund
Independent Governance Group
4th Floor Cannon Place
78 Cannon Street
London EC4N 6HL

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