

# Yorkshire Building Society Pension Scheme

## Summary funding statement as at 31 December 2021

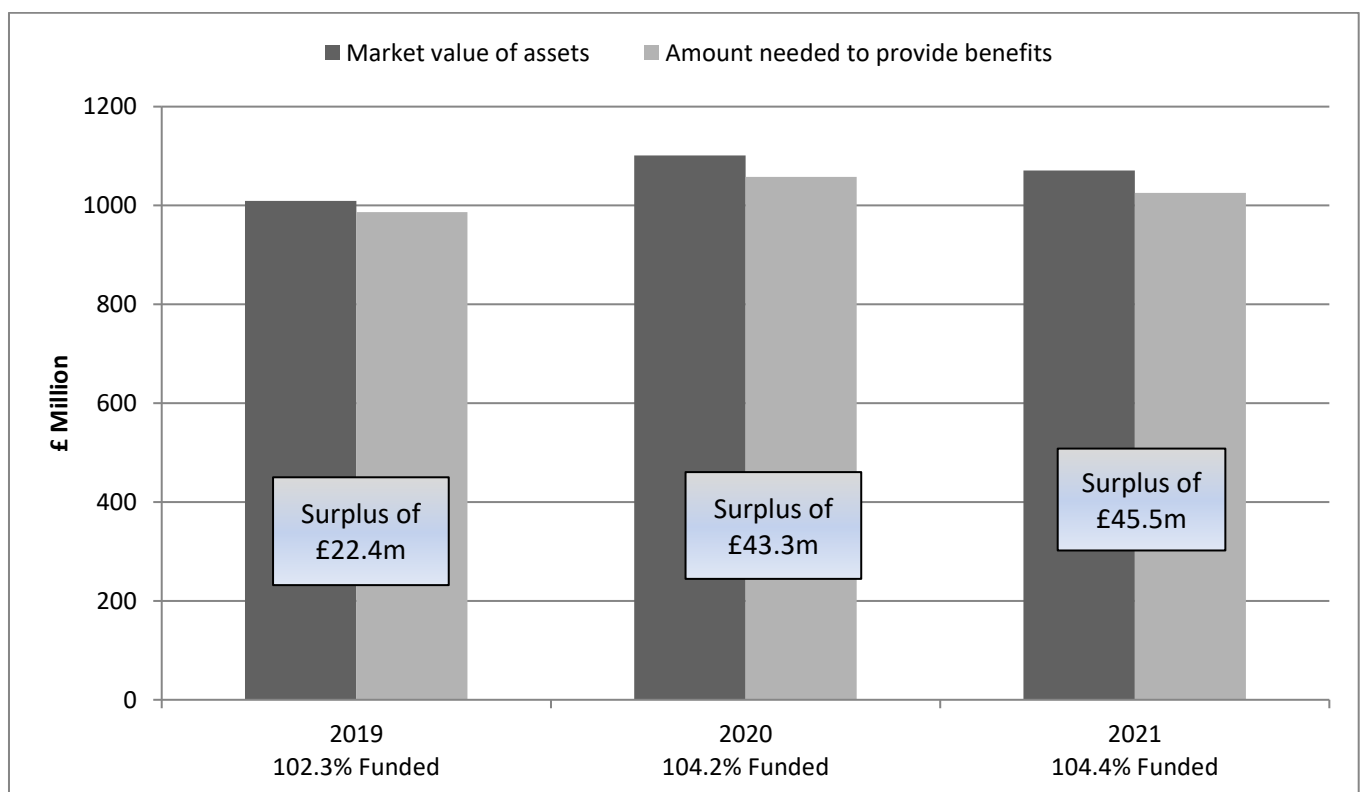
### Purpose of statement

This statement is issued on behalf of the Trustee of the Yorkshire Building Society Pension Scheme (“the Scheme”), to provide members of the Defined Benefit (DB) sections with information about the Scheme’s funding position.

The Trustee works to ensure the Scheme has the funds it needs to pay the Scheme’s members when they are due to receive their pension benefit and the Scheme Actuary (a professional funding expert) carries out regular checks by way of assurance. A full valuation of the Scheme is carried out every three years, to work out the cost of providing the benefits that have already been earned, with further assessments made in the years in between. The last full valuation was carried out as at 31 December 2019, and included a wider review of all funding assumptions (e.g. inflation, investment returns, life expectancy, etc.). In years where there is no full valuation the Scheme Actuary carries out an interim approximate update.

### Previous full valuation and latest approximate update

As stated above, the last full valuation of the Scheme was completed as at 31 December 2019. Subsequent approximate updates were completed as at 31 December 2020 and 31 December 2021. The Scheme’s funding positions at these dates were:

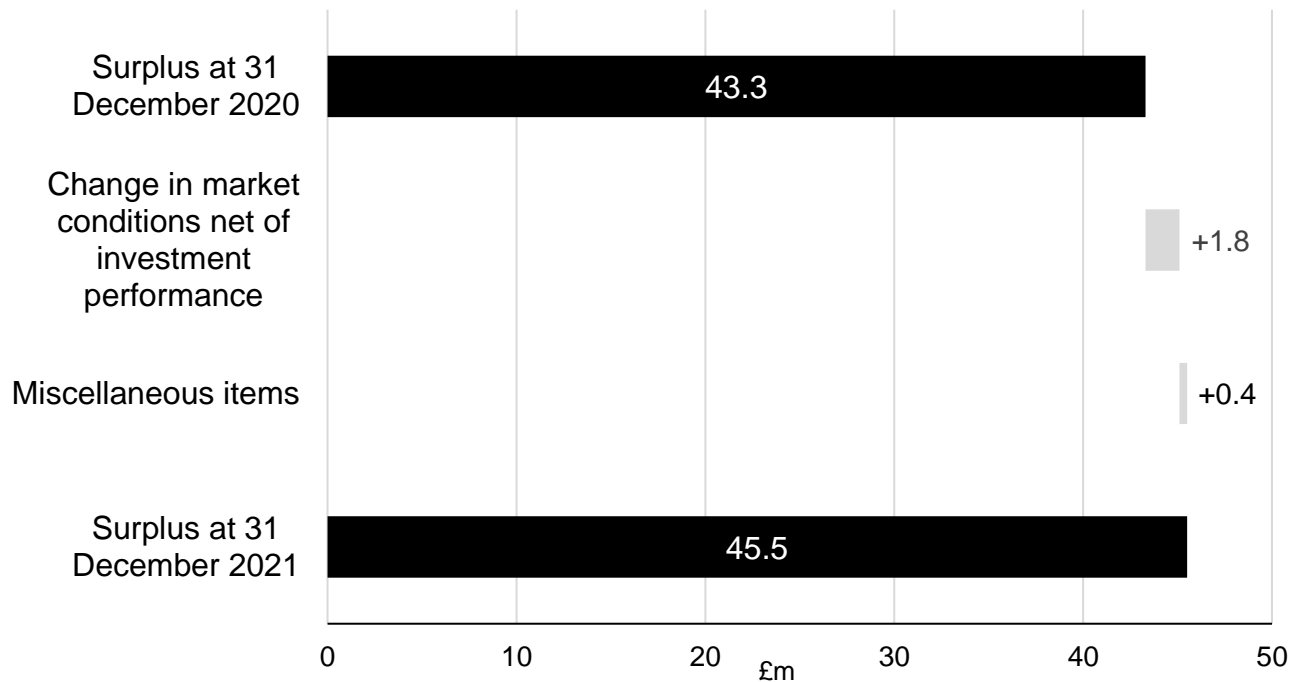


#### Notes:

- All figures exclude individual insured annuities held in the Trustee’s name
- All figures include the pensioner buy-in contract (see further details on next page).

### Update on the financial position

An updated assessment of the Scheme’s financial position has been carried out with an effective date of 31 December 2021. This involves an approximate update of the full valuation carried out as at 31 December 2019. The funding position has improved further since the 31 December 2020 assessment with the Scheme now in a surplus of £45.5m, which will be used as a buffer to explore further de-risking activities to protect members’ benefits. The chart on the following page illustrates the main movements since the 31 December 2019 actuarial valuation.



Miscellaneous items relates mainly to higher than expected levels of members choosing to transfer their benefits out of the Scheme since 31 December 2019. The impact of the COVID-19 pandemic on global financial markets has had a negligible impact on the surplus due to the Scheme's hedging strategy.

### Future contributions

As there was a surplus in the Scheme as at 31 December 2019, the Society is not required to pay contributions to rectify funding shortfalls.

### Pensioner buy-in

In mid-November 2018 the Scheme entered into a pensioner buy-in contract with Pension Insurance Corporation (PIC), an insurance company regulated by the Financial Conduct Authority. A buy-in contract is an insurance policy that provides the Scheme with the pension payments due to be made to the insured individuals. It increases security of all members' benefits and helps the Scheme reduce the risks it faces (eg inflation, interest rate movements and longevity). The premium of £250.4 million was paid for out of the Scheme's assets, with no additional funding required from the Society.

### As part of this statement we have to tell you:

- If the Scheme had wound up on 31 December 2021, then the DB Section had enough money to cover 90.4% of the estimated cost of buying members' benefits with an insurer (increased from 88.3% as at 31 December 2020 and 88.2% as at 31 December 2019). The Society has no plans to wind up the Scheme.
- That there had not been any payment to the Society out of the Scheme's funds in the previous year.
- The Scheme has not received any directions from the Pensions Regulator to change contributions or benefits.

In the unlikely event that the Society became insolvent and was unable to pay the full amount, members might not get the pension you expect from the Scheme. If that happened the Pension Protection Fund (PPF) could take over the Scheme's liabilities and pay compensation to members. You'll find more information about the PPF online at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

In the unlikely event that PIC became insolvent and unable to pay the benefits due under their insurance contract the benefits would be protected in full by the Financial Services Compensation Scheme (FSCS). You'll find more information about the FSCS at: <https://www.fscs.org.uk>

## **Guaranteed Minimum Pension (GMP) equalisation judgment**

On 26 October 2018, the High Court handed down its judgment in the Lloyds Bank Trade Union case, relating to equalisation of benefits for the gender effects of GMP (“GMP equalisation”) for men and women earned from 1990 to 1997. The judgment has left a number of details to be decided, but it may have an effect on some members’ benefits in the Scheme. Affected members might be due top-ups to their pensions, although for most members any ongoing top-up amount is likely to be small. The calculations will be complex, and will take time to complete. A reserve of £4 million has been included in the 31 December 2019 actuarial valuation to cover the estimated changes to benefits and cost of equalising the benefits. We will provide you with further information on this in due course.

## **More about the Yorkshire Building Society Pension Scheme**

Further information regarding your benefits in the Scheme can be provided by the administrators of the Scheme:

XPS Group at 4<sup>th</sup> Floor Wellbar Central, Gallowgate, Newcastle upon Tyne, NE1 4TD or via email to [ybs@xpsgroup.com](mailto:ybs@xpsgroup.com).

Further information about the Scheme is available by written request to Caroline Cheetham at Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ or via email to [hrrservices@ybs.co.uk](mailto:hrrservices@ybs.co.uk).