

KNOW YOUR PENSION 2024

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COMING SOON

It's a busy time of year for communications, so look out for your tax and annual allowance information which will be sent out soon.

NOW AVAILABLE

We've also updated the Scheme Booklet and created an accompanying FAQ document which you can see online now:

<https://www.essaroilukpensionscheme.co.uk/resources>

If you'd like a paper copy, please contact our administration team to request a copy using the details below.

If you have any questions about your pension, please contact the Scheme Administrator:

✉ Essar Oil (UK) Pension Scheme Administration, PO Box 27120, Glasgow G2 9NF

☎ 0121 212 8102

@ essar@hymans.co.uk

Please remember to let the Scheme Administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

If you would like to find out more about how your personal data is used, please follow the link to the Hymans Robertson Trust Centre:

www.hymans.co.uk/information/trust-centre

IN THE KNOW

Dear member

Welcome to the 2024 member newsletter. We are delighted to let you know that we have finalised the latest valuation. You can read all the investment and Scheme funding information on pages 6-9.

There have been a few changes in the pensions world recently with the introduction of two new allowances to replace the Lifetime Allowance. Take a look at page 12 to find out more.

As the Scheme's Trustee Board, the safety and security of your pension benefits is one of our top priorities. But unfortunately there are others who are looking to take as much of your money as they can. It's not always easy to spot a pension scam, so we've given you some tips on some of the red flags you might encounter if someone tries to contact you about your pension fund.

These people are very skilled at appearing to be the real thing. Go to page 10 for details of what to look out for and how to stay vigilant.

Finally, you can find an update on the Member-Nominated Trustee Director process on page 4, where you can also find details of the rest of the Trustee Board.

We're always keen to hear your opinion of the newsletter and our communications in general. Please contact the Scheme Administrator with your comments, or for any questions regarding your pension or benefits, using the details on the opposite page.

Yours sincerely,

Janine Wood

Chair of the Trustee

KNOW YOUR TRUSTEE

As the Trustee of the Essar Oil (UK) Pension Scheme, we are legally responsible for managing the Scheme and protecting the interests of you, its members. To help us do this, we need a diverse board of Trustee Directors.

The recent Member-Nominated Trustee Director (MND) invitation

Following our invitation for members to become an MND, we had just two applications – from the two existing MNDs whose terms were coming to an end.

Because there were only two nominations for two vacancies, we don't need to go through an election to appoint MNDs. We are therefore delighted to confirm that Craig Thomas and Matthew Jessop will continue as MNDs on the Trustee Board! Craig and Matthew will complete another four-year term and when Andy Roberts' term ends in January 2025 we will repeat the MND application process.

YOUR TRUSTEE DIRECTORS:

Company appointed directors	Member nominated directors
Janine Wood (Chair)*	Craig Thomas (Maintenance)
Michelle Bebbington (HR)	Matthew Jessop (Projects)
Arvind Chopra (Assurance)	Andy Roberts (Operations)

* Representing Independent Governance Group as an Independent Trustee

KNOW THE MEMBERS



OUR MEMBERS

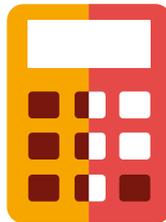
As at 31 July 2023



As at 31 July 2022



- Employed deferred: Members who remain in employment with Essar but are not yet in receipt of their pension.
- Deferred: Members who are no longer working for Essar, but not yet in receipt of their pension.
- Pensioners, including beneficiaries.



KNOW THE FINANCES

THE FINANCIAL POSITION OF THE SCHEME

To help us keep things on track, the Scheme undergoes a full valuation every three years, with the latest one taking place as at 31 July 2021. There are also annual checks in between each full valuation.

These valuations and yearly checks are done by our Scheme Actuary, who gives us a detailed financial health-check of how the Scheme's doing.

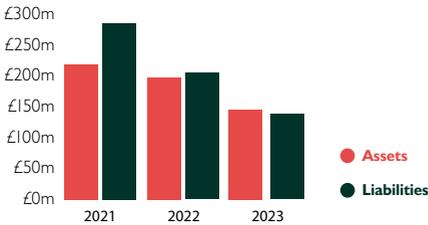
Here's the breakdown of the Scheme's financial health at the last full valuation, and how this compares with its recent annual checks.

	31 July 2021	31 July 2022	31 July 2023
 Assets The value of the Scheme's investments	£219.3m	£198.5m	£145.9m
 Liabilities The estimated costs of providing members' benefits	£286.9m	£205.6m	£138.6m
 Surplus / (Shortfall) The difference between the assets and liabilities	(£67.6m)	(£7.1m)	£7.3m
 Funding level The assets as a percentage of the liabilities	76%	97%	105%

At the last valuation, the Scheme had a surplus. This means that as long as the Company continues to support the Scheme, members' benefits will be paid in full when they become due.

Since 31 July 2021 the funding level of the Scheme has improved materially, primarily due to significant increases in interest rate expectations. The increase in interest rates reduced the value of the liabilities by considerably more than the assets, resulting in the deficit being removed and a surplus emerging. The Trustee has locked in a significant proportion of these funding gains through de-risking the investment strategy and increasing the Scheme's protection against future interest rate and inflation movements.

The Scheme's financial position



It's worth remembering that these valuations are only a snapshot in time. As the market changes, it's perfectly normal for the funding level to change from time to time.

The Scheme's in surplus...

As at 31 July 2023, the Scheme had a funding level of 105% which means it was in a great financial position with enough funds to pay our members their pensions when they become due.

The Company paid contributions to the Scheme of £1m per month between August 2021 and June 2022.

The funding level of the Scheme improved significantly since the valuation date of 31 July 2021 with the deficit being eliminated and the Scheme now being in a position of surplus. As the Scheme is now in a surplus, no further deficit reduction contributions are required from the Company.

The legal bit

Legally, we must let you know that the Company has not taken any surplus payments out of the Scheme in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Scheme, or to impose a direction, or a schedule of contributions.

Protecting your benefits

As your Trustee, we always aim to have enough money in the Scheme to pay pensions and other benefits to members, with the support of the Company.

If the Company goes out of business or decides to stop paying for the Scheme, it's expected to pay the Scheme enough money to secure all the benefits built up by members with an insurance company. This is known as the Scheme being 'bought-out' and 'wound-up'.

The Scheme's Actuary works out how much money the Scheme would need if the Company could no longer support it, and the Scheme was wound up.

So for example, if the Scheme had wound up on 31 July 2021, it would have needed £441.5m to buy the necessary insurance policies, resulting in a shortfall of £228.1m compared with the value of the Scheme's investments on the same date. In this case, the Company would have had to make up the shortfall.

When a company goes out of business and is unable to pay the benefits promised, the Pension Protection Fund (PPF) is set up to compensate members. If this were to occur, the PPF is there to ensure that members get the most from their pension. There is an overall cap on pensions, and it's important to note that any increases to pensions made after enrolling in the PPF may be less generous than those the Scheme would have provided. You can find out more about the PPF at www.ppf.co.uk

Including this information doesn't mean that we, or the Company, are thinking of winding-up the Scheme – it's simply required as part of our report.

UNDERSTANDING THE FINANCES

We receive regular payments from the Company which we invest and use to pay benefits. Here's a summary of the money we received, and the payments we made, over the last Scheme year.

The value of the Scheme's assets at 31 July 2022	£202.9m
Money coming into the Scheme	
Company contributions	£2.8m
Investment income	£1.2m
Total received	£4.0m
What's going out of the Scheme	
Benefit payments including regular pension payments, cash lump sums paid at retirement and individual transfers out	£4.6m
Total paid	£4.6m
Change in market value of assets	-£57.2m
Value at 31 July 2023	£149.7m

The total asset values given here are higher than in the funding section on page 6 – this is because the values here include all Additional Voluntary Contributions (AVCs), which are not a part of the funding numbers.

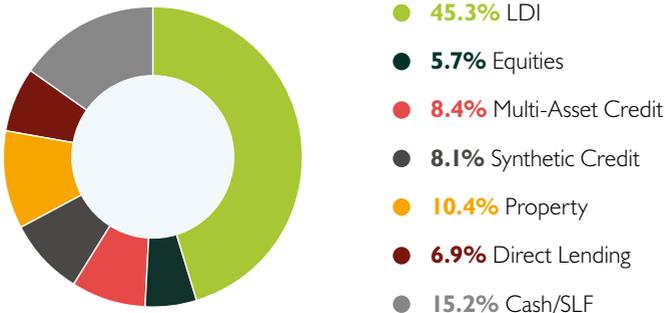


KNOW THE INVESTMENTS

OUR INVESTMENT STRATEGY

The Scheme's investment strategy is set by the Trustee after taking appropriate independent advice. As at 31 July 2023, the Scheme's assets were allocated to the following investment types.

THE INVESTMENT TYPES AS AT 31 JULY 2023



Since that date, the Trustee has made significant changes to reduce risk in the investments and help protect recent improvements in the Scheme's financial position. This has involved increasing the funds held in LDI, investments that are designed to match changes in the Scheme's liabilities. Whilst we saw a reduction in the value of our assets last year, this was because our LDI assets reduced in the same way as the Scheme's liabilities, just as they are designed to do.

The Trustee and the Scheme's investment advisers will also be considering whether further adjustments to the Scheme's investments might be appropriate in the light of Environmental, Social and Governance (ESG) criteria.

More information about our investment strategy is published in our Statement of Investment Principles. You can find this on the Resources page at www.essaroilukpensionscheme.co.uk

USEFUL TO KNOW



PENSION SCAMS ARE ON THE RISE

Pension scams are a rapidly growing issue within the pensions industry. As you read this, you may be thinking, "This doesn't apply to me – I know a scam when I see one" but it's happening to people of all professions, from all walks of life. **Anyone** can be the victim of a scam: between 2020 and 2022, more than £26m was lost to pensions scams.

HOW YOU CAN GUARD AGAINST SCAMS

There are steps you can take to ensure you don't become another scam victim. Here's some useful information for spotting when it's a scam:

- If you're contacted out of the blue. It's illegal for someone to approach you and try to talk to you about your pension. If this happens to you, please report it – details are on page 11.
- If you're told about legal loopholes that allow you to take any of your pension before age 55. This is just not true. The only way you can take your pension before the minimum retirement age (aside from early retirement due to ill health) is if you're prepared to pay up to 55% income tax on the amount you take. Some schemes, like this one, have a protected pension age of 55. Other schemes will see the minimum pension age rise to 57 in 2028.
- If you're offered an amazing investment opportunity which is based overseas. It will be much harder for you to check if an overseas company is legitimate or not.
- If there's a time limit on the deal you're being offered. Imminent deadlines, limited spaces and last chances are all designed to make you rush your decision and say "yes" for fear of missing out.

WHAT YOU CAN DO IF YOU THINK YOU'VE BEEN TARGETED

First, and most importantly, don't blame yourself. The people trying to get your pension funds often create sophisticated marketing packages, designed to convince you they're genuine.

They may have information about you they claim is from a pensions database (it's easy to obtain this data from a number of online sources), glossy brochures and a fully functioning, professional website – but it's all part of the scam.

Take these steps to check whether someone's offer is genuine:

- Use the ScamSmart Investment Checker at www.fca.org.uk/scamsmart.
- Check if the person contacting you is a registered financial adviser by going to www.fca.org.uk/firms/financial-services-register. You can also check whether their company is authorised or not by going to the same webpage.
- If someone says their company is based overseas, go to https://www.iosco.org/v2/investor_protection/?subsection=investor_alerts_portal to see if there are warnings about the investments you've been told about.

If you think you've been approached or tricked by a scammer, contact the Financial Conduct Authority (FCA):

 www.fca.org.uk/contact

 **0800 111 6768**

If you want to make changes to your pension arrangements, make sure the advice you receive is independent and not connected to the company or person who has contacted you.

We always recommend you take regulated advice before making any decisions about your pension benefits. The MoneyHelper website can help you to find an independent financial adviser – just go to www.moneyhelper.org.uk and under the Pensions & Retirement tab, click on Find a retirement adviser.

NEW PENSIONS TAX ALLOWANCES

In March 2024, the Lifetime Allowance (LTA) was abolished and two new allowances were introduced.

The LTA was the limit on the total amount of pension savings you could build up over your lifetime without facing additional tax charges. It also provided a limit to the amount of tax-free cash sum a person could take in their lifetime.

There are still limits to the amount of pension you can build up tax-efficiently each year and throughout your lifetime.

These are:

- **The Lump Sum Allowance (LSA)**, which limits the total amount of tax-free cash you can get from your pension arrangements to £268,275.
- **The Lump Sum and Death Benefit Allowance (LSDBA)**, which limits the total amount of tax-free cash you can get in your lifetime to £1,073,100. This applies to any payments that use your Lump Sum Allowance, as well as tax-free elements like serious ill health claims and non-taxable lump sum death benefits.

You, or your beneficiaries, may be liable for tax if you exceed either of these two new allowances. Find out more by visiting www.gov.uk/tax-on-pension

If you have any concerns, we recommend you speak to an independent financial adviser. Details of how to find an independent financial adviser are on page 14.

Alongside the recent changes to the Scheme, we've also updated the Scheme booklet – it's available to view online at:

www.essaroilukpensionscheme.co.uk/resources

If you have questions about the Scheme but don't want to read through the entire booklet, we've also added the FAQ (that sits within the booklet) as a separate web document. Go to the same webpage and look for "Benefit FAQs".



KNOW WHERE TO GET HELP

SELF-HELP

If you're a deferred member and looking for a bit of pensions DIY, why not visit www.essaroilukpensionscheme.co.uk and log in to your account to find out the pension and cash sum you could receive, as well as your estimated transfer value? You can also use our instant modeller to see how your pension income might change depending on your retirement date.

If you're already receiving your Essar pension, don't forget that you can log in to your account to view your pension payslips and review documents we've sent you in the past.

It's quick and easy to register or to change your password and or username if you have already registered.

Just enter the web address above into your web browser and follow the instructions. If you're having problems logging on or registering, please get in touch and we'll be happy to help:

☎ **0121 212 8102**

@ **essar@hymans.co.uk**



GETTING PROFESSIONAL HELP

Making decisions about your pension can feel overwhelming. After all, your retirement could last more than 30 years – that's a long period of time to plan when it comes to your finances. If you want some help deciding what to do next, you need to talk to a financial adviser.

Or maybe you want more flexible options for your pension benefits and are considering transferring to another scheme – if your transfer value is more than £30,000, the law says you will have to take independent financial advice first.

HELP FROM LV=

That's where we come in. The Trustee has appointed LV= to offer you a free chat with an LV= adviser. LV= are also offering a substantial discount to their standard fees for members of the Scheme, if you need additional sessions.

All LV='s advice is completely independent and will be based on your personal circumstances – LV= will **not** be operating on behalf of the Trustee or the Company.

LV= is one of the UK's leading retirement solutions providers and highly experienced in offering regulated financial advice to people looking to access their pension benefits safely and securely. For more information visit www.lv.com/essaroil

To speak to an adviser call:

 **0800 023 4391** (lines are open Monday to Friday from 8:30am to 6pm)

Or, if you'd prefer to choose an adviser yourself, why not visit the VouchedFor website at vouchedfor.co.uk? You can search based on your location and also find other advisers like solicitors on the same site.

HELP FROM MONEYHELPER...

There are many aspects to your retirement finances, in addition to your workplace pension.

MoneyHelper is a government-backed website, offering information and help on everything related to your money. Its "Pensions and retirement" page has tips on topics from how to grow your retirement savings to working out how much State Pension you'll be entitled to and when you'll receive it.

MoneyHelper also gives links to a number of other useful organisations, including the Financial Conduct Authority (FCA) and the Department for Work and Pensions (DWP).

Visit www.moneyhelper.org.uk and click on the "Pensions and retirement" tab on the home page.



WANT TO KNOW MORE?

CHANGES TO PENSION AGES

If you are not yet retired, there are some changes to the minimum pension age which may affect your plans. From 6 April 2028, for schemes with no protected retirement age, the earliest age you will be able to retire will be 57, up from the current age of 55. The only exceptions to this new minimum age will be if you take early retirement due to ill health, or have a protected retirement age like you have with Essar. It might be worth checking the scheme rules if you have different workplace pensions with other pension providers.

You can use our online modeller to see how different retirement ages will affect your pension income. Just go to <https://secure.essaroilukpensionscheme.co.uk> and log in to PRISM to access the modeller.

The State Pension age – the age at which you will begin to receive your State Pension – is currently 66, but this will also be rising. If you were born after April 1960, you will be part of a gradual rollout of an increase to 67. There are also plans to increase the State Pension age again, to 68, but no dates have yet been confirmed.

To check your State Pension age, go to www.gov.uk/state-pension-age. Just enter your date of birth and you'll receive your expected State Pension age as it currently stands.

You can also use the same webpage to get a State Pension forecast, which could be helpful when planning your full retirement income.



TO TRACK DOWN A LOST PENSION

Millions of pounds goes unclaimed in pension funds every year. If you think you have a workplace pension which you've lost track of, the Pension Tracing Service may be able to help you free of charge.

 www.gov.uk/find-lost-pension

 **0800 731 0193**

 Textphone: **0800 731 0193**

You will need to have some information about the company you worked for – like the name of the company and your start and leave dates – along with your National Insurance number.

HELP FROM THE ADMINISTRATOR

While the Scheme Administrator cannot provide you with advice about your pension, if you have any general questions about your pension or benefits, you can contact the Scheme Administrator in the usual way, using the contact details on the inside cover of this newsletter

