

British Tourist Boards' Staff Pension and Life Assurance Scheme

Questions and Answers for Members of Welsh Government Section

1. Why am I being sent this letter?

This letter has been sent to you for information as you are in receipt of a pension from the Welsh Government Section of the British Tourist Boards' Staff Pension and Life Assurance Scheme ("the Scheme"). There is no action for you to take; this announcement is being provided solely for your information.

2. What decision have the Trustees reached?

On 4 March 2021, the Trustees agreed to purchase a bulk annuity policy from Aviva Life & Pensions UK Limited ("Aviva") as a new investment which will provide an income to the Welsh Government Section of the Scheme relating to a substantial proportion of the Welsh Government Section's defined benefit liabilities. The purchase of this policy is another important step in the Scheme's strategy to increase benefit security and reduce risk over time, and starts to take effect on 9 March 2021.

3. Who is Aviva?

Aviva is a leading and substantial UK insurance company, with a history of providing bulk annuity policies to defined benefit pension schemes. Over recent years, Aviva has carried out similar transactions with a wide range of pension schemes.

4. What is a bulk annuity policy?

A bulk purchase annuity policy (also known as a "buy-in") is a type of insurance contract entered into between the Trustees of a pension plan and an insurance company. It is purchased as an investment in a similar way to bonds and equities, however buy-ins reduce risk within the Scheme. The Trustees pay a premium to the insurance company and, in return, the insurance company makes payments to the Scheme to cover the monthly pension payroll for a proportion of the Scheme's pensioners and their dependants. This means that certain risks previously faced by the Scheme (including changes in life expectancy) will be covered by the insurance company, so increasing the security of members' benefits.

5. How is a bulk annuity different to an individual annuity?

An individual annuity provides an individual with a pension directly in exchange for a pot of retirement savings (typically from a defined contribution pension scheme). A bulk annuity is an investment held by pension scheme trustees that provides income to the Scheme relating to pension payments that the Scheme makes to members.

6. What does this mean for me and what do I need to do?

This letter is for information only and you do not need to take any action. Your position as a member of the Welsh Government Section of the Scheme is unchanged. The Trustees retain responsibility for paying your benefits from the Scheme and the payment of pensions will continue in the same way as now.

7. Are all members being treated equally?

Yes. The transaction does not change the position of any individual members whose benefits form part of the buy-in. The bulk annuity policy belongs to the assets of the Welsh Government Section.

8. How did the Trustees make this decision?

The Trustees took detailed professional advice, conducted a thorough review of the market and ran a competitive selection process before deciding to purchase the bulk annuity policy. The Trustees also considered the financial strength of Aviva.

9. How are insurance companies regulated?

As an insurance company, Aviva is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) - formerly the Financial Services Authority. The insurance regulatory framework is set up with strict reserving requirements and oversight from the PRA to provide a secure environment for providing pension benefits over the long term.

10. Will Aviva hold my personal data?

The Trustees need to provide Aviva with certain membership information about you and any dependants. This data will be used by them only for the purposes of providing the bulk annuity policy, including to record, manage and finance their payments to the Welsh Government Section. This may involve data being sent outside the United Kingdom. Aviva will be a 'Data Controller' in respect of the personal data they receive.

As a Data Controller, Aviva will have certain obligations in relation to the way in which they process any personal data. This includes the requirement to provide you with a privacy notice explaining Aviva's processing activities and how it applies data protection principles. Aviva has asked the Trustees to send you the link below where you can access their privacy notice:

<https://www.aviva.co.uk/services/about-our-business/products-and-services/privacy-policy/>

The Trustees will continue to act as data controller in relation to the personal data that they process for the Scheme as a whole. You have previously been provided with a copy of the Scheme's privacy notice.

11. What will happen to my pension benefits?

Your pension benefits are not changing and your pension will continue to be paid in the same way as now. Similarly, there is no change to any benefits that may be payable to your legal spouse or dependant(s) following your death. Buck will continue to administer your pension on behalf of the Trustees, and you should continue to direct all correspondence to Buck, just as before.

12. Do the Trustees plan to purchase further bulk annuity policies?

Further investments may be considered as part of the Trustees' strategy to reduce risk over time and further increase benefit security. The Trustees will take such steps if they consider it is in members' interests to do so based on professional advice and taking account of market conditions and bulk annuity pricing at the time.

13. How can I get further information?

If you have any further questions about this announcement, please contact Catherine Palarca, Secretary to the Trustees by email at Catherine.palarca@lawdeb.com or in writing to Pegasus Pensions Plc, 8th Floor, 100 Bishopsgate, London, EC2N 4AG.