



Northern Bank Pension Scheme

Report to Members

September 2023

Danske Bank



Welcome

Dear Member

Welcome to the 2023 Member Report which is being published slightly earlier this year so the Trustee can provide members with updates on key projects and work which has been undertaken so far during 2023.



Firstly, we are delighted to announce that the Trustee has entered into a further insurance policy with Prudential (now a subsidiary of M&G plc). This policy is in addition to the three existing insurance policies already bought by the Trustee (one with Prudential in 2015 and two with Aviva in 2021). This means that all members' benefits are now backed by insurance policies, effectively removing most risks (including changes in life expectancy, interest rate, inflation and investment risk) from the Scheme. To reassure members, these insurance policies are Scheme investments and there are no changes to your benefits; these will continue to be paid now and in the future in accordance with the Scheme's Trust Deed and Rules. As part of the transaction, the £30 million previously held in an escrow account has been paid into the Scheme by the Bank. Further details about the transaction can be found in the next section of the Member Report.

Secondly, the Trustee has been working hard with the Scheme Administrator, Equiniti, to improve the service provided to you. Unfortunately, some of you have experienced a poor service from Equiniti over the last few years. To improve the service you receive, we have worked with Equiniti to increase the number of people in their team supporting the Scheme and agreed with them stringent service targets to ensure members receive information in a timelier manner.

We have also worked with Equiniti to set up, and are delighted to announce the launch of, a Member Self-Service ('MSS') online member portal. Included with this Member Report is a letter providing further information about this portal and inviting you to log on to view more information about your benefits and the Scheme. We hope this development will be welcomed by the membership and would encourage you to log on and explore the portal. If you have any comments or suggestions regarding the portal, please let us know using the contact information at the back of the Member Report.

Thirdly, the Bank has confirmed that it will make a one off payment to members who, in September, are in receipt of a pension. This is in recognition of continuing inflationary pressures and will be paid in October 2023. Further details are set out in the next section.

In the previous Member Report, we informed members that the Actuarial Valuation as at 31 December 2021 had been concluded. The Trustee has since received the Annual Actuarial Update as at 31 December 2022 and, enclosed within this Member Report, is the associated Summary Funding Statement as at 31 December 2022. In addition, we also include the updated funding position as at 30 June 2023. In the funding section we outline that, although it has been a turbulent year for financial markets, particularly following the 'mini budget' in Autumn 2022, the Scheme remains in a very strong funding position.

[continued on next page /](#)

Welcome / continued

Mike and I will be hosting townhall events where we will have the opportunity to meet you in person. We are delighted to confirm that the date has been set for 16 October 2023. There will be three townhall events across two locations (one in Armagh and the other two in Belfast) which we hope will enable us to meet as many of you as possible. Further details are provided within the report.

2023/2024 Trustee Agenda

Following the conclusion of the fourth and final insurance policy, and the launch of the MSS online member portal, the Trustee will continue to work on further projects related to the running of the Scheme. This will include monitoring the success of MSS and Equiniti's service improvement plan; work in relation to GMP equalisation for those impacted members; planning for and work in relation to the launch of the Pensions Dashboard; and work in relation to ensuring the Scheme is fully compliant with The Pensions Regulator's General Code (previously known as the Single Code) once it is published.

Finally, as a brief reminder, if you have retired from the Scheme, you are welcome to join the Northern Bank Pensioners Club. More details about the club and how to join are included on the back page.

Nicholas Chadha
Chair of the Trustee



Scheme News

Townhall meeting dates

Start and finish time	Venue name	Venue Address and directions
10:00 to 11:30	Armagh City Hotel, Armagh Fisher Suite	2 Friary Road, Armagh, BT60 4FR Located around 15 minutes south of the M1 and 45 minutes from Belfast. Free car parking is available. When using a sat nav please do not use the postcode, this will take you outside of Armagh, please use 2 Friary Road, Armagh.
14:30 to 16:00	Crowne Plaza, Belfast The Malone Suite	117 Milltown Road, Shaws Bridge, BT8 7XP Located c.2 miles outside the city centre, and close to all main transport links. There is also free parking available at the hotel.
18:00 to 19:30	Crowne Plaza, Belfast The Malone Suite	

In order for us to provide numbers for catering purposes to the respective venues, could you please let the Scheme Secretary know if you would like to attend by Wednesday 11 October by emailing on Northern.bank.ps@wtwco.com.

The Trustee looks forward to meeting many of you there.

Trustee Role – A Summary

In response to queries raised in the last few weeks, we thought it would be helpful to explain the role of the Trustee, particularly in the context of powers to award discretionary increases.

Pension scheme trustees are subject to a wide range of statutory duties and obligations, which have developed over many years. Ultimately, however, the Trustee's job is to make the decisions necessary to ensure that the benefits set out in the Scheme's governing documentation – its "trust deed and rules" – are paid to the right beneficiaries at the right time. Trustees must act in accordance with the powers given to them under the trust deed and rules and must act diligently and prudently.

In some cases, powers under the Scheme's trust deed and rules can only be exercised with the agreement of another party, such as the Bank. This is the case for the award of discretionary increases to members' benefits.

In cases where the other party hasn't agreed to the use of certain powers, it is not possible for those powers to be exercised. Furthermore, the Trustee does not have a role to "lobby" the other party on behalf of the Scheme's members. It therefore must strike a balance between:

- putting forward a reasonable argument in favour of a particular decision; and
- not applying inappropriate pressure which the Trustee has been advised would go beyond its legal duties.

This has been the approach taken by the Trustee when considering, and discussing with the Bank, whether either a discretionary increase or additional benefit can be granted during 2023.

Scheme News / continued

Scheme Administration update

The Trustee has been working with Equiniti, the Scheme's Administrator, to enhance service delivery and improve the member experience. You are now able to access the new Member Self-Service ('MSS') online portal and can access, in real-time, the pensions data relating to you held by Equiniti. You will also be able to log in to view information about your pension, change your address and update your death benefits nomination information.

Included with this Member Report, is a cover letter detailing your registration details to enable you to register for MSS. Please follow the guidelines in the cover letter and if you have any queries, please contact Equiniti in the first instance.

Please note that, in the coming months, the Trustee will be working with Equiniti to enable your pension advice slips and P60s to be available for download securely online in addition to receiving paper copies.

Other member documents will also be available to be viewed online and downloaded, if required. This includes, for example, AVC Statements and Nomination forms.

Equiniti and the Trustee hope that the above changes will enable members to enjoy a more positive experience in relation to your interactions with Equiniti and the provision of information about your Scheme benefits.

Additional Payment to Pensioner Members

In respect of those members who have pensions in payment, we understand the disappointment expressed by many of you that we were unable to secure Bank approval earlier this year for an additional discretionary increase above the annual increase provided for in accordance with the Rules of the Scheme. We have remained in regular and constructive dialogue with the Bank on this matter recognising particularly that inflationary pressures are continuing for longer than was forecast at the time of the Bank's decision.

We are pleased to inform you that we have recently reached agreement with the Bank for a one off payment from the Bank to members who have pensions in payment in recognition of those continuing inflationary pressures and that also recognises that the impact of inflationary pressures is proportionately greater for those with lower incomes. The Bank will make the payment through the Scheme's existing payroll arrangements (in effect, using the Trustee as its agent for the payment). All members who are in receipt of a pension payment in September 2023 are eligible and will receive a payment based on the level of annual pension from the Scheme as follows:

Annual Scheme pension	Payment £
Up to £5,000	300
£5,001 to £10,000	500
£10,001 to £15,000	750
Greater than £15,000	1,000

The payments will be included in October 2023 pension payments and will be subject to tax in the same way as your pension payments.

New Pension Age ('NPA')

This is the age at which pension accrued for service after 31 December 2007 will be payable without an actuarial reduction being applied. The NPA is currently 61 years and 6 months. It is normally reviewed every year based on changes in life expectancies measured by data published by The Office of National Statistics, but this information has currently not been published since 2021. The Office of National Statistics has announced it will release the relevant information needed to update the NPA in November 2023. We therefore hope to provide an update to those affected members in December 2023.

Scheme Investments

Scheme Funding and Investments

Over the past few years, defined benefit pension schemes have been subject to significant volatility in their funding levels. Following the success of the previous buy-in contracts (one with Prudential in 2015 and two with Aviva in 2021), the Trustee has been targeting a further buy-in covering all remaining liabilities in the Scheme. This provides greater certainty over future pension payments as all of the remaining risks associated with the future investment returns and life expectancy are transferred to an insurer, whilst maintaining the benefit of the Bank's continued support.

As highlighted in the introduction to this Member Report earlier this year, the Trustee and its advisers identified a buy-in opportunity with Prudential (now part of the M&G plc group) and worked with the Bank to secure the payment of £30m held in escrow to increase the Scheme assets to fund the transaction. Under the terms of the contract agreed with M&G in September 2023, M&G will begin to make monthly payments to the Scheme to cover the insured benefits.

Please note that this policy does not affect your pension payments or your relationship with the Scheme. The contract is simply an investment held by the Trustee. The Trustee is still legally responsible for paying your pensions and the Bank remains liable for the funding of the Scheme. Equiniti will still administer benefit payments and you should continue to contact Equiniti with any questions and notify them of any changes to your circumstances.

We trust you will join the Trustee in welcoming the above developments. We have set out below answers to your potential questions. However, should you have any additional questions regarding any of the points in this announcement, in the first instance please contact the Equiniti Scheme Administration team. Their contact details are included towards the rear of this Member Report.

What is a buy-in?

A 'buy-in' is effectively an insurance contract bought by a pension scheme whereby, in exchange for an up-front lump sum (a premium), the insurer will provide an income that exactly matches the benefit payments to those covered by the contract.

When the Trustee considers how much money is needed by the Scheme to pay all member benefits, many assumptions need to be made such as how long members will live, future inflation, and how assets can be invested so they grow enough to cover benefit costs. The buy-in policy will help to provide more certainty over future pension payments for the Scheme as the risks associated with these assumptions have been transferred to the insurer. The insurance company is subject to the robust UK regulatory regime for insurers, and the Financial Services Compensation Scheme provides further protection for the Scheme.

This provides an additional layer of protection, over and above the security already provided by the funding level, the strong covenant of the Bank as the sponsor of the Scheme, and of the "safety net" underlying the UK pensions regime provided by the Pension Protection Fund (PPF).

Buy-in policies are an increasingly common investment decision by pension scheme trustees, with around 150 transactions each year.

Scheme Investments / continued

Under a buy-in, the policy is an asset which belongs to the Scheme and is not assigned to individual members. The Trustee of the Scheme remains responsible for paying benefits to all members. It does not affect the way in which any members receive their pension or change any of the benefits they are due from the Scheme, and the Bank remains overall responsible for any funding requirements of the Scheme. As noted above, the Scheme previously bought buy-in policies with Prudential in 2015 and Aviva in 2021.

What is the difference between a “buy-in” and a “buyout”?

Under a “buy-in” (as is the case here) the insurance policy is held by the Trustee as an investment in the Scheme. The Trustee remains responsible for paying members’ benefits and the sponsoring employer will continue to support the Scheme financially.

In the case of a “buyout” (which is not the case here), the insurance company would be responsible for paying members’ benefits and the Trustee and sponsoring employer would have no further relationship with the members covered by the policy.

Will I still be a member of the Scheme?

Yes. A buy-in transaction does not change the position of any individual members. All members remain members of the Scheme. The benefit of the insurance policy belongs to the Scheme as a whole.

Will my current monthly pension payment be affected?

Your pension under the Scheme will not change as a result of this insurance contract. The Trustee is separately in the process of verifying that the Scheme’s pension records are in line with members’ entitlements under the governing documentation of the Scheme, to ensure that the buy-in covers the correct amounts payable by the Scheme.

Will this affect how my benefits are paid?

Your benefits will continue to be administered by the Trustee and paid by the Scheme’s administrator, Equiniti. If you are yet to retire under the Scheme then you can continue to request retirement and/or transfer quotes in the usual way.

Does this mean the Scheme is winding-up?

No. The purchase of the policy is simply a different way of investing for the Scheme. The Trustee is not aware of any plans to wind-up the Scheme.

Does this investment affect the Scheme’s relationship with the Scheme’s sponsoring employer?

No, as noted elsewhere it is simply a different method of investing for the Scheme. The purchase of the policy has been made with the full co-operation and support of the Bank.

How was the buy-in agreed?

As part of the insurance broking process, the Trustee conducted extensive due diligence on the financial strength of M&G.

The buy-in premium required additional funding over and above the assets available within the Scheme. To achieve this the Trustee agreed a package of support with the Bank, including:

- Payment of £30m into the Scheme previously held in escrow
- Interest-free loan to cover the value of one of the directly held property assets owned by the Scheme (at 10 Pond Street, Hampstead, London) providing the Trustee with additional time to sell this property
- Continued support for the ongoing costs of the Scheme

A revised funding agreement capturing this package has been agreed by the Trustee and the Bank, replacing the previous agreement.

In addition, M&G agreed to purchase the Scheme's other directly held property (at Southend Road, Woodford Green, Essex) as part payment of the premium.

What about my AVCs?

Your AVCs under the Scheme will not be directly affected by this insurance contract, as the policy only covers defined benefits, not AVCs. That said, the Trustee routinely monitors the appropriateness of the AVC funds in which members are invested.

How does M&G protect your data?

In order to enter into the policy, the Trustee provided M&G with information about your pension for M&G to make the correct payments to the Scheme under the insurance policy. Under the terms of the General Data Protection Regulations ("GDPR") this means that M&G is a Data Controller. You can access a copy of M&G's Privacy Notice which explains more about this and how the information is used by them online at the following website: <https://www.mandg.com/site-services/privacy-policy>.

Please note if you are a member who retired before October 2021 then your benefits will have been covered by the former buy-in policies and information about your pension will not have been shared as part of this latest buy-in.

The Scheme's Investment and Hedging Strategies

The Scheme is in a very strong funding position and its investment strategy prior to the latest buy-in was primarily aimed to reduce the risk of a deterioration in the funding level (the value of the Scheme's assets divided by the value of the Scheme's liabilities) due to changes in expected long-term interest rates and inflation.

As noted earlier, the Scheme uses buy-in policies with two insurance companies - Prudential (now part of the M&G plc group) and Aviva - and the Trustee has now entered into a fourth buy-in arrangement with Prudential earlier this month. Following the conclusion of the fourth buy-in policy, all members' benefits are now covered by insurance policies.

As a result, the Scheme's previous investment and hedging strategy have been superseded by the insurance buy-in policies.

Changes to Scheme Advisers

Since the last Member Report there have been two changes to Scheme advisers that we would like to inform you of.

Steve Yates (WTW) stepped down as Scheme Actuary in August, and Colin Downie (WTW) was appointed as Scheme Actuary with immediate effect following Steve's resignation. Colin will still be supported by Claire Muirhead and Anna Sloan in the actuarial team at WTW who maintain a robust historical knowledge of the Scheme. The Trustee would like to extend their gratitude to Steve for all his sound advice over the years. We look forward to working with Colin going forward.

Ian Cormican stepped down as the lead legal adviser at Sackers earlier in the year. He is succeeded by Stuart O'Brien. We would also like to thank Ian for his advice and help over the years whilst he worked on the Scheme and take the opportunity to formally welcome Stuart to the team.

Summary Funding Statement

As a member entitled to benefits from the Northern Bank Pension Scheme (“the Scheme”), we are writing to give you an update of the Scheme’s funding position as at 31 December 2022. The Scheme’s Trustee is required to provide a statement like this once a year to give you updated information about the Scheme.

Valuing the Scheme

A formal valuation of the Scheme was carried out on 31 December 2021 and this Summary Funding Statement gives you an update of the Scheme’s progress to 31 December 2022 (subsequent developments are not reflected in the figures). This showed that the funding position of the Scheme at 31 December 2022 was as follows:

Scheme assets	£886 million
Assets needed to provide benefits	£861 million
Surplus assets	£25 million

As the Scheme was in surplus at the 2021 formal valuation, there is no requirement for any shortfall contributions to be paid by the Bank.

Change in funding position

The above figures continue to show the Scheme in surplus, with a funding level of 103%, at 31 December 2022. For comparison purposes, the corresponding funding level at the formal valuation date of 31 December 2021, was 105%.

When the Trustee works out how much money they need to set aside now to meet accrued pensions in future (i.e. the Scheme liabilities), they assume that the Scheme’s assets will generate an investment return in future. This assumed investment return is linked to the yield on a government bond, and is also set cautiously.

During 2022, the yield on government bonds rose substantially, meaning that the amount of money the Scheme needs to hold now (i.e. the Scheme liabilities) is a lot lower than it was at the start of 2022. However, the Scheme holds a sizeable proportion of assets which are also impacted by the change in gilt yields. As gilt yields rose substantially over 2022, which meant that the price of government bonds fell, so too did the value of the Scheme’s assets. The Scheme’s hedging strategy meant that the value of the Scheme’s liabilities and the value of the Scheme’s hedging assets fell by a similar proportion, which would have meant that the Scheme’s funding level would have been maintained.

However, in addition to the fall in the value of the hedging assets, other asset values fell including corporate bonds, equities and property assets that the Scheme was invested in during 2022. This meant that the value of assets fell further than the value of the Scheme’s liabilities thereby reducing both the Scheme’s funding level and surplus.

The next formal funding valuation of the Scheme is due at 31 December 2024 with a further annual actuarial update due as at 31 December 2023. In the meantime, the Trustee continues to monitor the funding position of the Scheme on an informal basis (as discussed below).

Solvency position

As part of the formal valuation, an estimate was made of the additional money that the Bank would be required to pay into the Scheme to secure members’ benefits with an insurance company. This might be required if, for example, the Scheme were to be wound up. The Trustee is required by law to provide you with this information - it does not mean that there is any intention of winding up the Scheme.

If the Scheme had been wound up on 31 December 2022, it is estimated that an additional £65 million would have been needed to ensure that all members' benefits could have been paid in full. At the previous assessment on 31 December 2021, this figure was £145 million. This reduction in the solvency deficit is as a result of the combined impact of increased gilt yields and the reduced cost of insurance policies.

Payments to the Bank

There have not been any payments to employers from the Scheme's assets since we sent you the last Summary Funding Statement (again, the Trustee is required by law to provide you with this information).

The Pensions Regulator's powers

The Pensions Regulator can change the Scheme, give directions about working out liabilities or impose a schedule of contributions to be paid to the Scheme. The Trustee is pleased to say that the Pensions Regulator has not needed to use its powers in this way for the Scheme.

Where can I obtain more information?

If you have any other questions, or would like any more information, please contact the Scheme Secretary (see General Information at the back of this Member Report).

Latest Funding Position

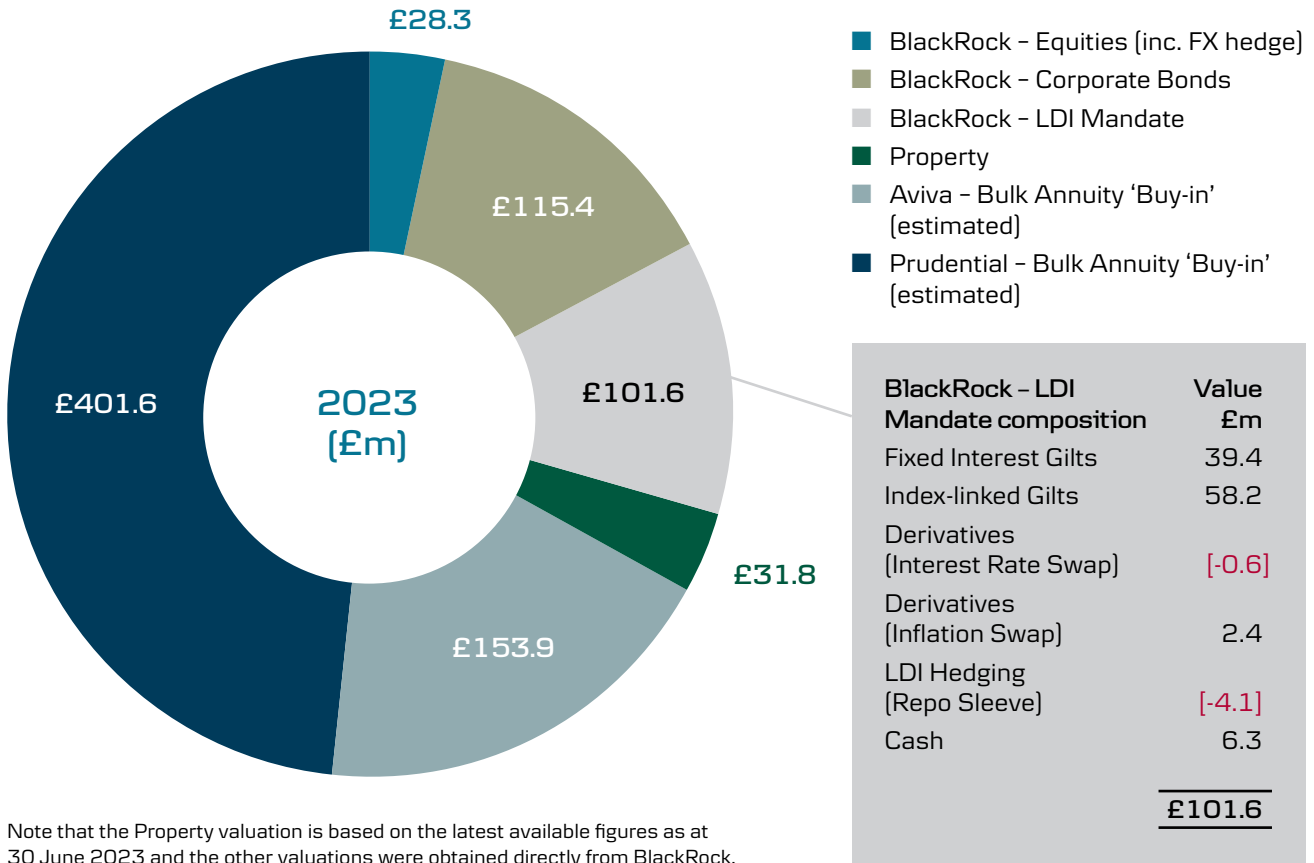
Funding update

The table below summarises the recent estimate of the Scheme's funding position as at 30 June 2023. In particular, this highlights that, on the Scheme's main funding measure, the funding position has remained broadly unchanged from the position at the end of 2022 (which was summarised above). As can be seen, there has been a further reduction in the values of the Scheme's assets and liabilities and this has been caused by an increase in gilt yields over the course of 2023.

	31 December 2022	30 June 2023
Assets needed to provide benefits	£861m	£811m
Scheme assets	£886m	£835m
Surplus	£25m	£24m
Funding level	103%	103%

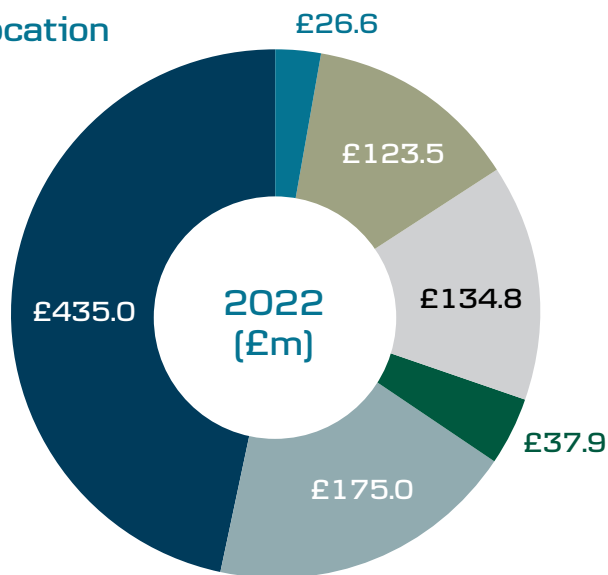
Scheme Investment Update

Asset allocation as at 30 June 2023 (£m)



For comparison: investment allocation as at 30 November 2022 (£m) (the last update to members)

- BlackRock - Equities (inc. FX hedge)
- BlackRock - Corporate Bonds
- BlackRock - LDI Mandate
- Property
- Aviva - Bulk Annuity 'Buy-in' (estimated)
- Prudential - Bulk Annuity 'Buy-in' (estimated)*



* Includes allowance only for the crystallised element of the over-insurance which was nil.

The Scheme's Investment Strategy

Since 30 June 2023, the Trustee took steps to further de-risk the investment strategy by selling the Scheme's equities in July 2023 and corporate bonds in August 2023. Sale proceeds were reinvested either directly in gilts or in the liability driven investment ("LDI") mandate which closely tracks movements in the value of the Scheme's liabilities. In early September 2023, the Scheme's LDI mandate was redeemed and reinvested in gilts prior to the purchase of the latest insurance policy with Prudential.

At the time of writing, the Scheme's investments now consist of the two insurance policies with Aviva, the two policies with Prudential, the property at 10 Pond Street, Hampstead, London (which is due to be sold) and cash. We consider this a very low risk, but very secure, investment strategy.

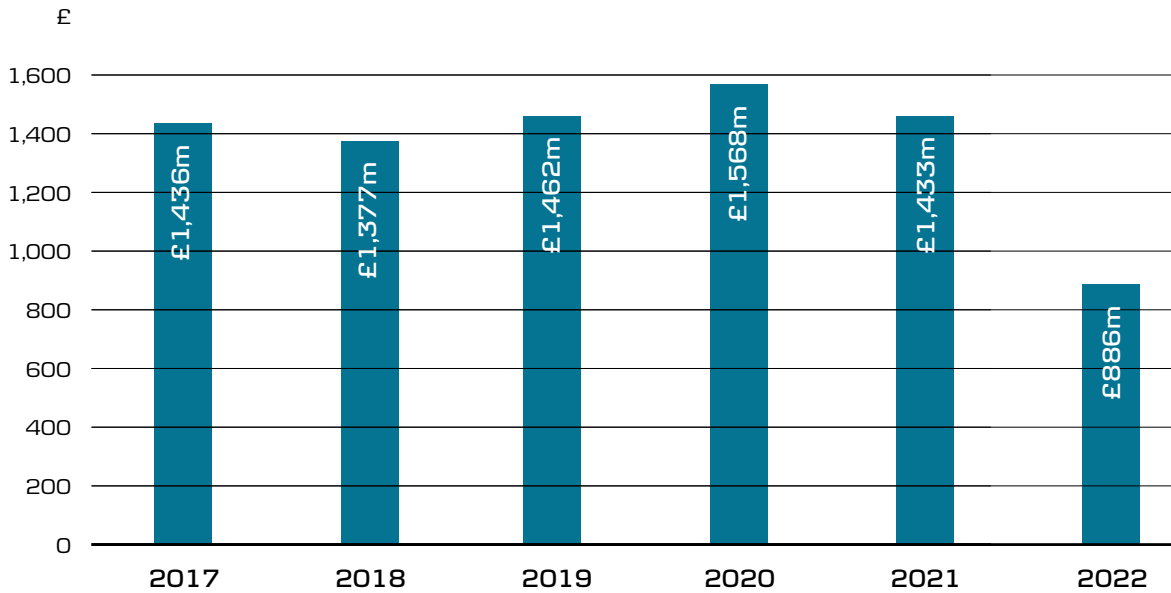


Scheme Assets and Statistics

How the Scheme's Fund Value has changed

The Scheme's audited assets (excluding AVCs) amounted to £886m at 31 December 2022.

Fund Value (£millions) 2017-2022



As noted earlier, the significant fall in the Scheme's assets during 2022 was caused by the increase in underlying gilt yields leading to a fall in the value of the Scheme's LDI mandate.

Membership Statistics (as at 30 June 2023)

Active Members	0
Active Deferred Members	503
Deferred Members	1,271
Pensioner Members	2,480
Spouses / Dependants	233
Total Membership	4,487



Annual Report and Financial Statements (2022)

A copy of the Scheme's latest Annual Report and Financial Statements (which includes the Trustee's Statement of Compliance with the Scheme's Stewardship Policy) for the year ended 31 December 2022, as audited by Deloitte LLP, is available on the Scheme's website and a summary is shown below:

Income	£m	Total £2.1m
Employer Contributions (expenses)	1.0	
Employer Contributions (early retirement funding/other)	1.1	
		LESS
Expenditure	£m	Total £49.0m
Pensions paid	35.6	
Commutations and retirement lump sums	3.1	
Transfers out	8.8	
Administration expenses	1.5	
PPF Levies	0.0	
		PLUS
Return on Investments	£m	Total £(500.3)m
Annuity Income (Buy-in)	35.0	
Investment income	18.2	
Investment expenses	(1.1)	
Change in market value of investments*	(552.4)	
		EQUALS
Assets	£m	Decrease £547.2m
Net assets (inc. AVCs) at 1 January 2022	1,434.5	
Net decrease	(547.2)	
Net assets (inc. AVCs) at 31 December 2022	887.3	

* Investment income from assets held in pooled funds with BlackRock is included in the 'change in market value of investments'.

Pension Scams – avoiding pension scams and tips for keeping your money safe



Pension scams continue to be a worry; you may have seen the advertising campaigns warning you to be wary about them and to check who you are dealing with before reinvesting your savings. You should always be vigilant when discussing your pension options with third parties, especially those that may have cold called you.

Scammers may offer a free pension review or suggest they can help you to access your pension savings before age 55 or claim to get you higher returns on your pension fund by transferring to another pension vehicle or other incentives such as legal loopholes or increasing your tax-free cash entitlement. As the old adage says, “if it sounds too good to be true, it probably is”.

Tips for keeping your money safe include:

- Don't respond to cold calls;
- Be particularly suspicious of anyone who:
 - Offers you a 'free pension review'
 - Says they can help you access your pension – especially if it's before you are 55;
 - Claims they can get you higher returns on your retirement savings;
 - Pressures you to invest quickly to avoid losing out on a one-off opportunity;
 - Talks about legal loopholes or tax incentives, like taking more than 25% as tax free cash.

If in doubt, put the phone down, delete the email, or put the leaflet in the bin.

- Don't assume scammers are easy to spot - they are con-artists and often use professionally produced brochures and websites, sometimes copying the colours and fonts used by well known companies. If in doubt, check with the Financial Conduct Authority (FCA) as they hold a register of authorised financial services providers.

To learn more about how to avoid pension or investment scams, visit:

- The FCA is responsible for regulating the conduct of 50,000 firms in the UK, to ensure that financial markets are honest, fair and effective to ensure that consumers get a fair deal. Their ScamSmart website: <https://www.fca.org.uk/scamsmart> provides more information on how to avoid scams.
- The Pensions Advisory Service is now part of MoneyHelper which has been set up by the Government to make it quicker and easier to get clear, free, impartial help for all your money and pension choices: <https://www.moneyhelper.org.uk/en>
- MoneyHelper's advice on how to spot a pension scam can be found at: <https://www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam>

Your Scheme benefits are very valuable and are intended to look after you in your retirement and your loved ones who rely on you financially. You should therefore think very carefully about transferring them out of the Scheme and if for any reason you are, you should ensure that you receive advice from an authorised financial adviser. You should always check that any financial adviser you engage with is approved by the FCA and you should check their status on the Financial Services Register (<https://register.fca.org.uk/s/>).

Topical updates

GMP Equalisation

In previous reports we have raised awareness of the need to equalise benefits in respect of the Guaranteed Minimum Pension ('GMP') element of pension earned from 17 May 1990 to 5 April 1997 between men and women. The calculations required are complex and the Trustee is still considering the most efficient way to progress this work. Further updates will be provided in due course.

2023 State Pension increase

As a member of the Scheme, you will receive a State pension in addition to your Scheme pension, although this will not become payable until you reach State Pension age. The payment amount will depend on your National Insurance contribution record. Like most occupational pension schemes, the Scheme was contracted out of the upper tier of the State Pension until 5 April 2016 (reducing your national insurance contributions) and accordingly a deduction may be applied to your single-tier State pension to reflect contracted out service. Details on how to get a State Pension estimate and to calculate your State Pension age can be found at www.gov.uk/calculate-state-pension.

Currently, the annual increase is subject to the 'Triple Lock', which ensures that the State Pensions increases each year by the highest of 2.5%, average earnings (as of the previous July) or inflation (as of the previous September). The next increase to the State Pension is due in April 2024.

Budget 2023

The Budget 2023 announced two headline changes to the way people can save towards their retirement before paying tax and a summary of both is provided below:

Lifetime Allowance

The Lifetime Allowance ('LTA') is the total you could save into your pension over your lifetime before paying extra tax. In the 2023 Budget, it was announced that the charge for exceeding the LTA would be removed from April 2023 and it would be abolished altogether from April 2024.

Restrictions on the amount of tax free lump sum you can receive when you retire mean that only up to £268,275 is tax free (25% of the LTA for the 2022/23 tax year). Other benefits that were taxed at 55% if you went over the LTA will now be taxed at your marginal rate.

The information provided above on the LTA should not be taken as tax advice. You are encouraged to take independent financial advice on tax matters.

Annual Allowance

The Annual Allowance ('AA') limits how much you can save tax efficiently each year. The AA has not been abolished, but it is rising for the first time in several years. As the Scheme is closed to future accrual, it is not impacted directly by this, however, if you are saving elsewhere, this change may apply to you. The key points are:

- For most people, the AA increased from £40,000 to £60,000 a year from April 2023.
- If you are a high earner, your AA will still gradually reduce as your income rises. The tapered AA will also not start to take effect until you have reached a slightly higher adjusted income of £260,000 (£240,000 in previous tax years). The lowest that this reduced AA can fall to is now £10,000 (up from £4,000 in previous tax years).
- If you started to take any of your pension savings but then want to start saving again, the Money Purchase AA ('MPAA') might apply instead. This limit has risen from £4,000 to £10,000.

Topical updates / continued

Do	Check how much you are currently saving and check whether you can afford to save more for retirement.
Know	Go to MoneyHelper for a helpful overview of how tax-relief works.
Explore	What will suit your finances in the short and long term - retirement savings or something more flexible so you can access your money more quickly.

Pensions Dashboard

The Pensions Dashboard is a national initiative which has been set up by The Money and Pensions Service ('MaPS') with support from the Department of Work and Pensions ('DWP'). It will allow you to access all your pension information regardless of how many pensions you may have, including your State Pension, online securely and in the one place. The aim is to enable easier planning for retirement and strengthen financial wellbeing. Like all UK pension schemes, work is underway to connect the Scheme with the Pensions Dashboard. It is important to note that there is no central database within the Dashboard that holds personal or pension information supplied by users. Instead, it acts as a giant switchboard which will connect users with their pensions via online dashboards and Equiniti's database systems.

Our Scheme Administrator, Equiniti, will be managing the connecting of our Scheme to the Dashboard and ensuring that, once you are able to log on, you will see information about your Northern Bank pension. It was previously anticipated that the launch date would be in 2025, however, earlier this year, the DWP announced its revised target launch date of late 2026.

More details can be found at the Pensions Dashboard Programme:

<https://www.pensionsdashboardsprogramme.org.uk/>

The Pensions Regulator's Single Code of Practice

In the previous Member Report, we informed you about The Pensions Regulator's ('TPR') work in relation to its Single Code of Practice - a new Single Code consolidating 10 out of the 15 existing Codes of Practice covering the governing body, some funding and investment, administration, communications and disclosure and reporting to TPR in to one single code.

The draft Single Code has been renamed the "General Code". It was previously anticipated that the draft General Code would be laid before Parliament in early 2023 with a view to it becoming effective around the end of Q1 2023, although it was noted that this timeline could be subject to change. The General Code is now anticipated to be laid before Parliament in Autumn of 2023 with a view to it possibly not becoming effective until early 2024. Once it is effective, the Trustee and Scheme Secretary will be working to ensure the Scheme is compliant with the provisions as laid out in the General Code.



General Information

Keeping your contact details up to date

Deferred and Pensioner members are reminded to inform Equiniti if their personal details change (e.g. name, address or marital status). If your contact details are not correct, please contact Equiniti (see Contact details section). Active Deferred members should inform the Human Resources team at Danske Bank of any changes to their personal details.

It is important that you ensure your contact details are up to date, as otherwise the Trustee may not be able to contact you (for example, to arrange payment of your pension).

Also, from time to time, the Trustee (or its appointed agents) may need to contact you with important information regarding your Scheme benefits.

Who will receive your pension benefits on your death?

When you die, the people you nominate may be entitled to a Scheme benefit. Telling the Trustee who you would like to receive these benefits (and keeping this up to date) is important – particularly if you have loved ones who rely on you financially. Often the Trustee finds personal circumstances have changed due to divorce or separation and forms are not up to date. To keep this benefit free of inheritance tax, the Trustee is not bound to follow any nomination, although, it can help a lot if the Trustee understand your wishes.

To reduce uncertainty, you should regularly update your beneficiaries by completing an Expression of Wish form which can be requested from the Scheme Administrators, Equiniti, using the email or telephone contact details at the back of this Member Report.

Transferring your Pension out of the Scheme and the Trustee's obligations to carry out enhanced due diligence

Pension benefits from the Scheme are normally paid by way of an annual pension or by way of a reduced pension and cash lump sum. Retaining the security and certainty of such regular pension payments from the Scheme (including, in periods of inflation, guaranteed annual increases) is expected to be in the best interests of the majority of Scheme members. However, depending on personal circumstances, transferring benefits out of the Scheme to a Defined Contribution (DC) arrangement may be more attractive for some members (for example a DC fund provides greater flexibility on how pension savings are accessed in retirement – e.g. an annuity from an insurance company, income drawdown, cash or a combination thereof).

The Scheme Rules allow for members to transfer out of the Scheme if you haven't retired already. This includes partial transfers of AVCs, or 'split transfers' for those who became Active Deferred members on 1 October 2018.

Before transferring your benefits from the Scheme, you need to fully consider the implications and risks of doing so and you should get independent financial advice. If the transfer value is £30,000 or above, under legislation, a member must provide evidence that they have taken 'appropriate independent advice' from a financial adviser who is regulated by the Financial Conduct Authority ('FCA') and has permission to advise on pension transfers. The FCA Financial Services Register can be accessed online at www.fca.org.uk/register. More information on what to expect from financial advisers can be accessed from the following web address: www.fca.org.uk/consumers/pension-transfer. Further details are available from the Scheme Administrator.

Please note that you will likely have to pay for any independent advice you receive and you will also need to decide where any transfer would be payable.

The Trustee does not give financial advice, nor does it promote or encourage one retirement option over another. The Trustee would encourage members, particularly those approaching retirement, to seek independent financial advice when considering their retirement options.

Legislation was introduced in November 2020 which requires trustees and administrators to carry out more checks before processing pension transfers to reduce the risk of pension scams. (Please note these checks cannot definitively rule out the risk of a pension scam.) Unless the receiving scheme is a public service pension scheme or, a TPR-listed authorised master trust or collective defined contribution scheme, further checks have to be carried out. Based on the information provided, the Trustee must refuse the transfer if any 'red flags' are present. If any 'amber flags' are present further information may be required and if any amber flags remain present, the member will be required to attend a guidance session with MoneyHelper (a Government-backed financial guidance provider) before the transfer can proceed. Equiniti is available to assist with any queries and if you have any reason to be suspicious or have concerns, please inform them immediately.

Additional Voluntary Contributions ('AVCs')

Members who have AVC investments in the Scheme are reminded to regularly review them to ensure that the selected funds remain appropriate to your own circumstances (particularly if you are approaching retirement). In reviewing your AVC arrangements, you may wish to consider your investment objectives as these may have changed over time. For example, you may wish to consider what impact your planned retirement age, your other pension arrangements and your own work plans have on your AVC savings. You may also wish to consider your attitude towards investment risks and your need for investment returns (bearing in mind any taxation considerations). You are encouraged to take independent financial advice when making investment decisions.

General Data Protection Regulation

The Trustee holds, shares and processes certain personal information about Scheme members and, where applicable, their dependants for the purpose of administering the Scheme. Much of the data held and processed by the Trustee in running the Scheme will be "personal data" - in other words, it is information from which you as an individual (or your dependant) can be identified. Under the General Data Protection Regulation, the Trustee, as Data Controller, must process this information fairly, transparently and lawfully.

The Trustee's Privacy Notice is available on the Scheme's website - www.northernbankpensionscheme.co.uk.

Internal Dispute Resolution Procedure ('IDRP')

The Scheme is required by law to have a procedure for the resolution of disagreements between complainants and the Trustee. Should any member have a dispute that cannot be resolved informally, they may formally raise their complaint through the Scheme's IDRP. Further information, as well as a copy of the procedure, is available from the Scheme Secretary or from Equiniti.

Contact Details

Scheme Website – www.northernbankpensionscheme.co.uk

Members are reminded that the Scheme website, which is maintained by the Trustee, can be accessed at: www.northernbankpensionscheme.co.uk. The website enables you to access general information about the Scheme, including information which the Trustee is required to make available to members on a publicly accessible website [i.e. the Scheme's Statement of Investment Principles]. Please visit the website and also check it periodically for Scheme news and updates. The website will not include individual member information and if you have any queries regarding your benefits, you should continue to contact the Scheme's administrator (Equiniti – at danske.administration@equiniti.com or on 0203 997 6720).

Contact us

Northern Bank Pension Trust Limited, which is the corporate Trustee of the Northern Bank Pension Scheme, is governed by a Sole Trustee, PAN Trustees UK LLP.

PAN Trustees

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Mike Roberts
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Administrator

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Scheme Secretarial

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WTW
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The key professional advisers to the Trustee:

Scheme Actuary and Actuarial Advisors

Colin Downie FFA
WTW

Administrator

Equiniti

Auditor

Deloitte

Covenant Adviser

PwC

Legal Advisers

Sacker & Partners LLP
Burgess Salmon LLP

Investment Adviser

Hymans Robertson LLP



The Northern Bank Pensioners Club

The Northern Bank Pensioners Club is a group of former employees of the Bank who have retired from the Scheme. They meet annually for a lunch in October, usually held at Malone Golf Club, and also act as a forum to enable old friends to get in touch with one another. All pensioners are strongly encouraged to join! If you are interested, please send an email to lorrynelauder12@gmail.com.

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