



Lubrizol Retirement and Death Benefits Plan Annual Newsletter

Welcome to the newsletter for the Lubrizol Retirement and Death Benefits Plan (“the Plan”). We hope you find this newsletter helpful and informative on matters relating to the Plan.

Your Trustee Board

During the year, the Trustees of the Plan were:

Steve Cook (Chair of the Trustees)
Anthony Smits (resigned 31 August 2023)
Marc Verthongen
Simon May
Michael Kelley (resigned 13 November 2023)
Cassie Leiby

The Secretary to the Trustees was Charles Ward, Dalriada Trustees Limited.

As noted above, Anthony Smits resigned as a Trustee on 31 August 2023 and Michael Kelley resigned as a Trustee on 13 November 2023. After many years on the Trustee board, Marc Verthongen has also more recently resigned following his retirement from the business and has been replaced by his successor, Arnaud Valet with effect from 28 February 2024. Clare Edwards has also been appointed as a Trustee from the same date. We would like to express our gratitude to Anthony, Michael and Marc for their contribution and look forward to working with Arnaud and Clare as our newly appointed Trustees.

In October 2023, the Trustees wrote to all pensioners of the Plan, inviting nominations to fill the Member Nominated Trustee (“MNT”) vacancy following the end of Steve Cook’s MNT term. The Trustees received one valid nomination for Steve to continue in his Trustee role for a further term. As only one nomination was received, no election was required.

The Trustees held four hybrid Trustee meetings during the year and also met virtually on an ad hoc basis as required.

For the year ahead, the Trustees of the Plan are:

Steve Cook (Chair of the Trustees)

Simon May

Cassie Leiby

Clare Edwards

Arnaud Valet

There is one vacancy for a company-nominated trustee that remains unfilled.

Administration provider

Members will be aware that we undertook a review of the Plan’s administration service during 2022. Following that review, the Trustees appointed Premier Pensions Management Ltd now known as Isio Group Limited (“Isio”) as the Plan’s new administrator, replacing Mercer Limited (“Mercer”) with effect from 1 February 2023.

We are aware of a few teething issues experienced by some members following the change in administration provider. These are being addressed and if you are affected, we appreciate your patience in this regard.

As a reminder, Isio can be contacted via any of the following methods:

www.yourisio.com

T: 0800 122 3200 or +44 208 663 5850 if calling from overseas

E: Lubrizol@isio.com

Post: Isio, PO Box 108, Blyth, NE24 9DY

My Pensions Tracker

Isio’s online portal (www.mypensiontracker.co.uk) is available to you to view and update your information. You can now register and obtain login details by clicking the “register” button on the home page, which will guide you through the required information in order to gain access. Should you have any issues, the team are contactable via the above noted methods.

We shortly expect members to be able to obtain projections of their retirement benefits via this portal and we will write to you to advise when this functionality is available. Unfortunately, there has been some delays in the set up but Isio are working to address these as soon as possible.

It is important that you keep your contact details up to date whether via updating My Pensions Tracker or contacting Isio using the details above.

You will also find copies of various Plan documents on the portal (link above), including the annual funding statement, member booklet, newsletter and privacy notice. In line with statutory requirements, the implementation statement and statement of investment principles can also be found on the existing publicly accessible member website (<http://tinyurl.com/Lubrizol-Pension>).

Plan Accounts

The Plan’s accounts as at 31 December 2022 were signed off in July 2023 and showed a decrease in the Plan’s net assets from £357,066,953 as at 31 December 2021 to £226,197,692 as at 31 December 2022. The Plan’s accounts as at 31 December 2022 are available upon request. The press coverage that followed the announcement of the 2022 mini-budget could have caused members to be unduly concerned. The Trustee would like to reassure members that they monitored the situation closely in conjunction with the Plan’s advisers and that the Plan is well-prepared to deal with such challenges. Whilst the value of the assets (and liabilities) fell significantly over the course of 2022, this is

not a cause for concern because the Plan remains in a healthy overall funding position and we do not expect to need any further contributions from the Employer at this time.

Actuarial Valuation

We carry out an in depth look at the Plan's finances at least every three years. This is carried out by a qualified independent professional, known as an actuary, and is called an actuarial valuation. The last actuarial valuation was completed as at 31 December 2021. We also receive annual updates from the actuary in the years between valuations and the annual update as at 31 December 2023 is now available. These results are shown in the summary funding statement accompanying this newsletter on My Pensions Tracker.

Plan retirement options – terms for retiring early, retiring late and exchanging pension for cash

The trust deed and rules (as amended from time to time) of the Plan set out the age at which each element of a member's pension can be paid to them without a reduction. Generally this is age 65 for benefits built up after 1 January 2009 and age 62 for benefits built up prior to that date*. When a member decides to retire earlier than this age, a reduction is applied to the annual pension amount to reflect that the pension is being paid earlier and is expected to be in payment for a longer period. Similarly when a member decides to retire at a later age, an uplift is applied to the annual pension amount given that the pension is expected to be in payment for a shorter period. In addition, at the point of retirement, most members will have the option to give up part of their annual pension in exchange for a cash lump sum.

The Plan's early retirement reductions, late retirement uplifts and the terms on which members can exchange pension for cash are reviewed from time to time by the Trustees with advice from the Scheme Actuary. There are no fixed timescales for these reviews but generally they are considered at least once every three years, after the Plan's actuarial valuation is completed, and more frequently if market conditions change materially or there are other events which mean that the Trustees believe it is appropriate to consider changes.

Generally, if a member requests an illustration from the Plan's administrators, this will be based on the terms in force at the time that the illustration is produced. It is possible that these terms may change over time and so illustrations for future retirement dates are not guaranteed.

**Note that a number of exceptions apply including some historic transfers in to the Plan and other historic benefit categories and that this is subject at all times to the governing documentation of the Plan.*

GMP Equalisation

Since our last update, we have been continuing to work with our advisers to equalise "Guaranteed Minimum Pensions" (part of your pension entitlement built up before 1997) between males and females. There have been some delays whilst we work through the complexities of the process. If you are affected by this issue, we are hoping to implement changes to your pension later this year and will be in contact separately to explain the change.

Effective System of Governance and Own Risk Assessment

The Pension Regulator's (TPR) new general code of practice has brought changes for pension scheme governance. Previously, trustees had to establish and operate internal controls which were adequate for the administration and management of the scheme and the safe custody and security of the assets. Now, trustees must establish and operate an effective system of governance (ESoG) including internal controls, which must be proportionate to the size, nature, scale and complexity of the activities of the scheme.

The Trustees have already started work on ensuring that the governance and administration of the Plan complies with the new requirements.

Privacy Notice

The Plan's privacy notice is available on My Pensions Tracker and sets out the ways in which the Trustees store, protect and (when necessary) share your data with third parties.

Pension Scams

We continue to be vigilant about 'pension liberation schemes' – arrangements that give members early access to their pension savings. Only in rare cases, such as terminal illness, is it possible to access funds as a lump sum before age 55 from the Plan. For the majority, promises of early cash will be bogus and are likely to result in serious tax

consequences or total loss of pension monies. Tax charges of over half the value of your pension could fall due from you if you take an 'unauthorised payment' from your pension fund in this way. In addition, fees deducted from your pension for the transfer are unlikely to be recovered. Such fees tend to be very high and could be 20% or more of your pension savings in some cases.

Further information on how to avoid Pension Scams can found here:

The Pensions Regulator: www.thepensionsregulator.gov.uk/en/pension-scams
Action Fraud: www.actionfraud.police.uk/a-z-of-fraud/pension-scams

Expression of wish

You are encouraged to advise the Trustees of who you wish to receive any lump sum death benefit by completing an Expression of Wish Form and keeping this updated as your circumstances change. These payments are made at the Trustees' discretion. Payment must be to one of your dependants and may include someone who was financially interdependent with you.

If you die while in retirement, then a spouse's pension can only be paid to your spouse or civil partner. No pension is available for other dependants including unmarried partners. There is therefore no place on the Expression of Wish form for you to make a nomination in relation to a death in retirement pension. If you would like to update your expression of wish form, please contact the Plan administrators, Isio, using the contact details below.

Contact Details

Isio is the Plan's administrator, to whom the Trustees delegate day to day responsibility for administering the Plan.

Therefore, if you have a query regarding the Plan, please contact Isio via any of the following methods:

<http://www.yourisio.com>

T: 0800 122 3200 or +44 208 663 5850 if calling from overseas

E: Lubrizol@Isio.com

Post: Isio, PO Box 108, Blyth, NE24 9DY

State and Other Pensions

www.gov.uk/check-state-pension

www.gov.uk/find-lost-pension

Guidance

www.moneyandpensionservice.org.uk

www.pensionwise.gov.uk

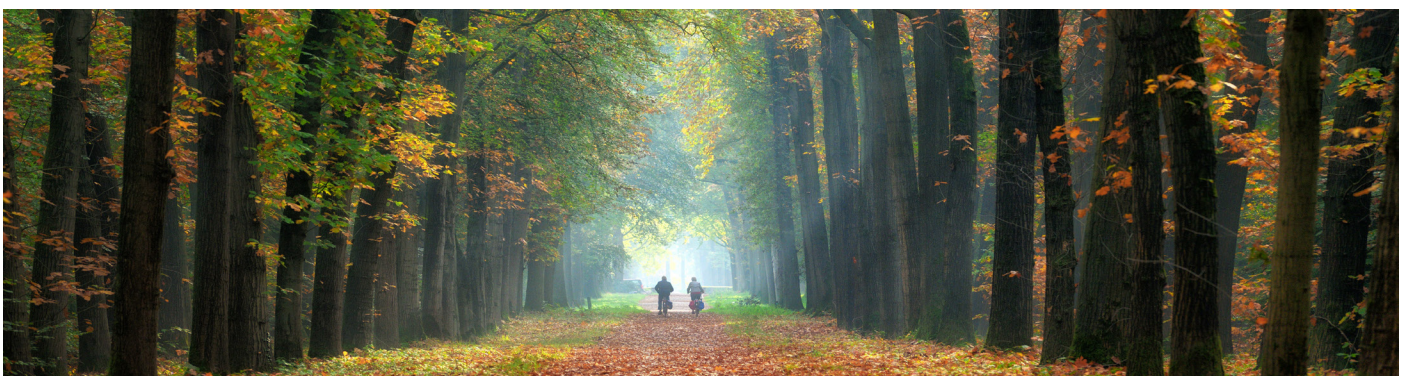
www.moneyadvice.service.org.uk/en/categories/pension-basics

Advice

Speak to an independent financial adviser:

www.unbiased.co.uk

www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser



Legislative Updates

STATE PENSION

The single-tier-flat-rate State Pension has been updated as follows:

- Full rate of the State Pension is now £203.85 per week
- Requires 35 qualifying years National Insurance contributions or credits
- State Pension Age for men and women is 66 from October 2020 (and rising to at least 68 in the future). You can check your State Pension Age here – www.gov.uk/state-pension-age.

The Plan contracted out of the State Second Pension up to April 2016 when this ended – until then you paid lower National Insurance contributions, while building up your Lubrizol pension instead.

Typically, this means that a lower level of State Pension is built up and therefore, your final State Pension may be less if, for example, you have been contracted out of the State Second Pension for many years.

State pension and other benefits are expected to be updated for 2024/25 under the Social Security Benefits Up-rating Order 2024. This Order fulfils the statutory duty on the Secretary of State to review the rates of social security benefits and provides for the up-rating of certain benefits.

TAX ALLOWANCES

Your pension is subject to certain allowances, known as the Annual Allowance and the Lifetime Allowance, beyond which you may be subject to tax charges.

LIFETIME ALLOWANCE

The standard Lifetime Allowance is currently £1,073,100. In limited circumstances it may be possible for you to have a higher protected Lifetime Allowance.

In the Spring Budget 2023 the government announced that it would abolish the Lifetime Allowance from 6 April 2024.

Although the government plans to abolish the Lifetime Allowance, it also plans to introduce new limits relating to the tax free cash available at retirement and lump sums paid on serious ill health or death. It is expected that these new limits will generally affect members who have benefits in excess of the existing Lifetime Allowance of £1,073,100.

If you think you may be affected by the Lifetime Allowance or the new allowances, we recommend that you seek financial advice.

ANNUAL ALLOWANCE

The standard Annual Allowance is currently £60,000 per annum. It is possible that individuals may be able to carry forward up to 3 preceding years' unused annual allowance. The Government has introduced the Money Purchase Annual Allowance and Tapered Annual Allowance which may restrict the Annual Allowance for certain individuals. If you have earnings over £200,000 (the level of Threshold Income from 6 April 2021) or have accessed a pension flexibly under the pension freedom rules this may affect you.

www.gov.uk/tax-on-your-private-pension/lifetime-allowance

www.gov.uk/tax-on-your-private-pension/annual-allowance