



arqiva

Pensions Newsletter

JUNE 2022

Bringing you the latest news
from the Trustees of the Arqiva
Defined Benefit Pension Plan

Image courtesy of
Stephen Garnett Photographic

Message from Tom O'Connor

Chairman of the Trustees

Welcome to your 2022 newsletter, bringing you the latest news from the Trustees of the Arqiva Defined Benefit Pension Plan.

Firstly, our thoughts go out to those who are impacted by the war in Ukraine. This conflict is having an unimaginable impact on families, friends, and communities around the globe. It is also causing many businesses to revisit the way that they operate, including a review of the investments that they hold. The Trustees are in regular communication with our investment advisors, Mercer, and will continue to monitor the Plan's investments to ensure that they remain appropriate. In the meantime, we hope that you are all keeping well during these troubling times.

In other Plan news, it has been another busy year for the Trustees, with the completion of the triennial valuation as at 30 June 2020; discussions regarding the Plan's long-term investment strategy; as well as the conclusion of the recent member nominated Trustee process.

Plan Activity

As Trustees to the Plan, it is our duty to closely monitor the funding status of the Plan and ensure that your benefits as members are safe and protected. An important part of this is to commission, from the Plan Actuary, a detailed valuation of the Plan's funding liabilities (the amount in today's terms that is needed to pay for members' future benefit payments) at least once every three years. This involves the Trustees assessing the long-term support provided by Arqiva to the Plan, updating

assumptions used to value future benefit payments and agreeing a new schedule of contributions from the Company to cover any shortfalls.

I'm pleased to confirm that we recently finalised the 30 June 2020 triennial valuation.

The results of this valuation showed that the Plan had a funding deficit of £7.1 million, which equates to a funding level of 98%. This is an improvement from the actuarial valuation carried out as at 30 June 2017, which showed that the Plan was funded to 93%. Further information on the valuation is set out on page 4.

As part of the valuation, the Trustees and Company agreed a revised funding plan which commits the Company to pay £12 million into the Plan over the next two years. We view this as a positive result that will increase the security of members' benefits. Further information on this is set out on page 5.

Since the formal valuation, a funding update was carried out as at 30 June 2021. This update showed that the funding level had improved further to 110% on a consistently derived set of assumptions. This improvement was mainly due to changes in market conditions reducing the value placed on the liabilities, the Company's £5.35 million contribution in July 2020, as well as a strong asset performance as markets rebounded from Covid pandemic uncertainty.

Further detail on the Plan's assets, including their investment performance can be found on the following page.

Member-nominated Trustee process

As noted in the 2021 edition of the Plan Newsletter, two of the Trustees, Dick Buckle and Jack FitzSimons, recently reached the end of their term as member-nominated Trustees of the Plan. Whilst we did not receive nominations for other candidates from the membership, we were pleased to receive applications from Dick and Jack to continue on in their role, and so I'm delighted to announce that they will both remain members of the Trustee Board for another 5 year term.

I'm also pleased to announce that Alan Taylor has been re-elected for another 5 year term as BECTU representative on the Trustee board.

Pension Scams

We remind members to be extra vigilant about scammers after the Pensions Regulator has alerted the industry to an increase in scamming activity relating to pension transfers. As a result, the Regulator has recently introduced requirements for pension scheme administrators to carry out additional due diligence as part of statutory transfer value requests. Whilst in some cases this may lengthen the process, I hope you will agree that this a positive step to help innocent pension scheme members avoid falling victim to scams. See page 7 for more details.

Keeping you up-to-date

You will find a lot of information to browse through in this newsletter. I hope that you find it useful, and it helps you stay informed about your pension and the Plan. If there are any matters that you would like to see covered in future issues, please do let us know.

Best regards



Investments

Twelve Month Market Overview to 31 March 2022¹

The world entered the second quarter of 2021 with heavy Covid-19 related restrictions in place but the successful roll-out of vaccinations in developed countries created optimism over imminent reopenings that would be more sustainable this time than a year before.

The reopening rebound in July and August 2021 in developed countries did indeed materialize and drove risk-on sentiment initially. However, some emerging economies re-imposed restrictions, which added to already existing supply chain pressures. The supply impact was felt with increasing intensity in September with bottlenecks in a large number of areas. One major event was a run on UK petrol stations at the end of September after rumours of fuel shortages became a self-fulfilling prophecy. Soaring energy future prices in the UK and Europe led to a further deterioration in sentiment.

In the emerging world, China's attempt to deflate its property market by tightening credit increased financial distress and led to the bankruptcy of some large property developers, most notably Evergrande. This came in addition to its disruptive regulatory campaign that created enormous uncertainty for

Chinese companies and led to a sharp deterioration in business sentiment.

The fourth quarter did not bring much better news for investors. Persistently high inflation in both developed and emerging countries prompted central banks to become more hawkish. Tightening in emerging markets that had already started reacting earlier in the year continued. The Federal Reserve began to taper asset purchases, setting the stage for interest rate rises in 2022. The Bank of England increased rates by 15bps to 0.25% in December. Only the European Central Bank and Bank of Japan remained on the fence.

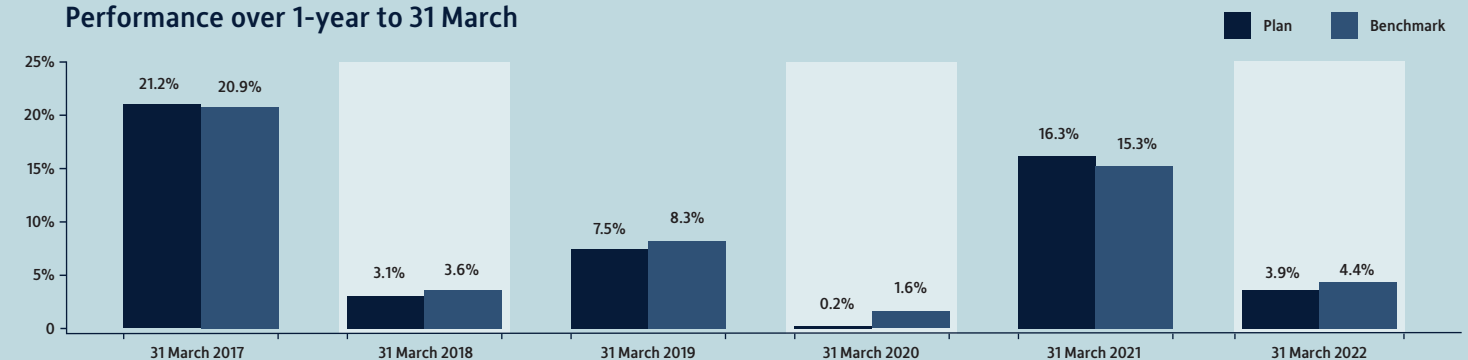
There was a further Covid-19 variant scare from late November onwards but with a more limited impact this time. International travel restrictions were somewhat tightened and only few countries in Europe re-imposed meaningful domestic restrictions. The US and UK opted instead for a more pragmatic approach of keeping their economies open and focusing on making booster vaccinations more widely available. Some optimism returned late in the year as existing vaccines proved to still be sufficiently effective against severe symptoms whilst the new variant

also appeared to be less severe than feared, although more contagious.

At first, 2022 started on a positive note. The continued absence of far-reaching Covid restrictions in developed countries supported demand. Although inflation came in at elevated levels, a combination of improving supply chains and moderate monetary tightening was expected to bring it under control. The invasion of Ukraine and subsequent spike in commodity markets completely changed this narrative, however. Central banks were forced to accelerate this pace of tightening even as growth expectations were dialled down. The recovery in supply chains was nipped in the bud both due to the conflict, sanctions on Russia and China locking down large manufacturing hubs.

Overall, the 12-month period was shaped by a strong global economic recovery supported by economies reopening, higher increased household savings and loose monetary policy. This position fell under pressure in 2022 amid rising inflation, tightening monetary policy, the conflict in Ukraine and renewed lockdowns in China, just when there was hope that supply chains would improve and Covid-19 would cease to cause major economic disruptions.

Performance over 1-year to 31 March



Note: (1) Statistics sourced from Thompson Reuters Datastream unless otherwise specified.

JARGON BUSTER

What is the “funding level” of a scheme?

Here’s a guide to some of the pensions jargon and terms you may come across in this newsletter and elsewhere.

ASSETS

The value of the pooled funds invested to provide pension benefits to Plan members.

LIABILITIES

The estimated total amount required today to provide members of the Plan with their agreed benefits when they fall due.

FUNDING DEFICIT

The amount by which the value of the Plan’s liabilities exceeds its assets.

FUNDING SURPLUS

The amount by which the value of the Plan’s assets exceeds its liabilities.

FUNDING LEVEL

The percentage of liabilities covered by the assets of the Plan.

WHAT CHANGES HAVE BEEN MADE TO THE PLAN’S INVESTMENT STRATEGY?

The Trustee’s primary objective in managing Plan assets is to ensure that they are sufficient to pay your pension benefits (which are liabilities for the Plan). Plan assets are invested in company shares – known as equities – and in bonds, including corporate bonds (loans to companies), gilts (loans to governments) and multi-asset funds, which invest in a mixture of equities and bonds. It is the balance of these different types of investments and the returns on them that the Trustee closely monitors and manage through their investment strategy.

The Trustee continually monitors the Plan’s assets and investment managers with advice from Mercer. An update is provided to the full Trustee board at every quarterly meeting.

Over the course of the year there have been no strategic changes to the investment strategy of the Arqiva Defined Benefit Pension Plan, although the Trustee has taken opportunities to rebalance the asset allocation back towards the strategic benchmark where appropriate. The Trustee will be discussing the Plan’s long term investment strategy over the year ahead.

HOW HAS THE PLAN BEEN IMPACTED BY RUSSIA’S INVASION OF UKRAINE?

Given the ongoing developments in light of Russia’s invasion of Ukraine during Q1 2022, the Trustees have engaged with their investment consultant and, in turn, with the Plan’s investment managers to understand the potential implications for the Plan. In summary, the Plan has very limited direct exposure to investments

in Ukraine and Russia (c.0.1% of total assets) and all investment managers have confirmed that they are complying fully with any relevant sanctions and government advice. The Trustees will continue to monitor developments carefully.

SCHEME FUNDING

As mentioned in the Chairman’s introduction, the latest formal actuarial valuation of the Plan was at 30 June 2020 and completed in January 2022. The valuation showed a deficit in the Plan of approximately £7.1 million, representing a funding level of 98%.

As part of the valuation process, the Trustees and Company formally agreed to put in place a new schedule of contributions payable by the Company, details of which are given on the next page. This schedule will be reviewed again as part of the next formal actuarial valuation as at 30 June 2023.

In the years where there is not a formal valuation, the Plan actuary produces an update of the funding position so that we can keep track of whether or not the valuation objectives are being met. Since the 30 June 2020 formal valuation, the Plan actuary has prepared an update as at 30 June 2021. The results of this update are given in the table below, along with an approximate position as at 31 March 2022.

The funding level on the statutory ongoing funding measure has continued to improve since the 30 June 2020 valuation. The main reason for this is the better-than-expected returns on the Plan’s invested assets over the period, as well as deficit reduction contributions paid into the Plan. In addition, changes in market conditions over the period have reduced the value placed on the liabilities.

Results (£m)	30 June 2020	30 June 2021	31 March 2022
Assets	283.0	296.1	294.8
Liabilities	290.1	267.6	258.4
Funding (deficit)/surplus	(7.1)	28.5	36.4
Funding Level	98%	111%	114%

*Source: Isio Fusion

Deficit payments

At the 30 June 2020 formal valuation, the Trustees and Company agreed a revised funding plan, including a new schedule of contributions set out below. The Company will also continue to meet the ongoing costs of running the Plan.

As shown above, the Plan currently has sufficient assets to cover the liabilities calculated on the agreed funding basis. However, the Trustees are looking beyond this ‘statutory funding objective’ to help increase the security of members’ benefits on a lower risk funding strategy. This will be a requirement under new funding regulations expected to come into force next year. As such, the Trustees negotiated these additional contributions with the Company to help achieve this.

Paid on 25 March 2022	£5 million
To be paid by 30 June 2023	£7 million

Other disclosure information from the 2020 valuation

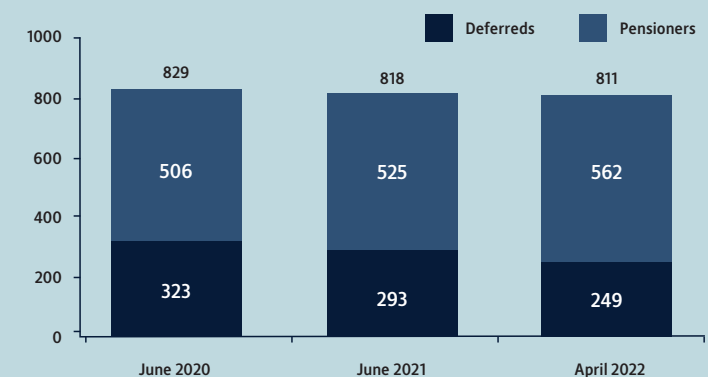
At the valuation date the estimated amount required so that all members’ benefits could have been paid in full if the Plan had started winding up and benefits were to be bought out with an insurance company, was £380.8 million (i.e. a shortfall of £97.8 million).

In the unlikely event that the Company becomes insolvent and there is not enough money to buy all the benefits with an insurance company, members may be protected by the Pension Protection Fund (known as the PPF). The latest estimate shows that the Plan has a funding level of approximately 103% on a PPF basis.

Inclusion of this information does not imply that the Company is considering winding up the Plan, or that the Plan would be expected to enter the PPF.

Membership of the Plan

The charts below show the combined membership of the Plan, and how the numbers have changed since the valuation as at 30 June 2020.



Freedom

and choice in pensions

You will have read in previous years' newsletters about the pensions options available at retirement from defined contribution (DC) plans. We include a summary again to remind you of these options.

Please note that all members should read the news item on the following page entitled "pensions transfer scams" before making any retirement decisions regarding their benefits.

Option	How benefits are accessed	Tax treatment
Full withdrawal	Taking the entire value of a DC pot as a one-off cash lump sum.	25% of the lump sum can be taken tax free, the remainder is taxed.
Partial withdrawals	Taking a series of lump sum payments from a DC pot (regular and/ or one-off). At a subsequent time, the remaining pot can be accessed via any of the other options.	25% of each lump sum withdrawal can be taken tax free, the remainder is taxed.
Flexible access income drawdown	Withdrawing varying amounts out of a DC pension pot as and when required while keeping the remaining pot invested (i.e. like a savings account).	Up to 25% of DC pot can be taken as tax-free lump sum only at retirement. Withdrawn amounts are taxed.
Annuity purchase –traditional option	Using a DC pot to purchase an annuity with a provider in the open market, which will give a regular income guaranteed for life and can be tailored to suit the needs of an individual.	Up to 25% of DC pot can be taken as tax-free lump sum only at retirement. Regular income is taxed.

How can you access these pension options?

If you have Defined Benefit (DB) Plan savings

If you would like to have access to the options shown above at retirement, you will have to transfer your DB pension savings into a DC arrangement first. You should think carefully before transferring to a scheme where you are not guaranteed an income for life. Should you wish to request a quotation of the value of your benefits (known as a 'transfer value'), please contact the Plan administrators, Isio. You are entitled to one free quotation each year.

Note that if your transfer value is above £30,000 you will be required to take independent financial advice before a transfer to an alternative DC arrangement can take place. Neither the Trustees of the Plan nor your employer can advise you on this decision. If you do not have an adviser, you can find one at:

www.unbiased.co.uk

From an existing DC arrangement

If at retirement you have any savings built up in a DC pot, such as the Arqiva Group Personal Pension Plan, and would like to have access to the options shown above, you will need to speak to your relevant DC provider. Some DC plans may not offer all of these options, but you have a right to transfer a DC pot to an arrangement that does.

If you have a small DB pension ('small pots' and 'trivial commutation')

If your DB pension is valued at less than £10,000 or if the total value of all your pension pots is less than £30,000 then, subject to certain conditions, you can take it as a lump sum from age 55. Please note that such a lump sum will subject to income tax (although 25% may be tax-free if you have yet to start drawing your pension). You can check if this option applies to you by contacting the Plan administrators, Isio.

You should be aware that taking such a lump sum would remove all your entitlements in the Plan, i.e. no other benefits would be payable and as such we recommend taking independent financial advice if you are unsure about this option.

If you have a dependant's pension

If you are receiving a dependant's pension from the Plan, for example in respect of a deceased partner or spouse, this can also be paid as a single, taxed, lump sum if it is worth less than £30,000.

For further information on whether this applies to you and how you can consider this option contact the Plan administrators, Isio.

If you have Additional Voluntary Contributions ('AVCs')

If you paid AVCs within the Plan, you have the option to take up to 25% of your AVC fund as part of your tax-free cash sum at retirement. The remaining portion of your AVC fund must be used to purchase a pension (called an "annuity").

However, if you do wish to access the new options shown above, you have the option of transferring your AVC fund (with or without also transferring your main Plan benefits), before you retire to an external provider offering these options. You can get further information about this option from the administrators, Isio.



Pension wise is a government service from MoneyHelper that offers free and impartial pensions guidance which aims to explain the retirement options for DC pension savings including AVCs. It's accessible online at www.pensionwise.gov.uk or alternatively in person or over the phone from the Citizens Advice Bureau and the Pension Advisory Service. The guidance will be tailored and personalised, but will not recommend specific steps, products or providers.

Plan

and pension news

Pension scams & new transfer regulations

New regulations came into force from 30 November 2021 to help trustees and administrators identify high risk transfers and help stop potential scams. This includes more detailed checks on transfer requests, on both the arrangement nominated to receive the transfer payment and the advice taken by members requesting the transfer. In certain circumstances, members will be referred to MoneyHelper to obtain mandatory guidance before the transfer can be processed, and we remind members to be extra vigilant of potential scams.

It is expected that these additional checks will provide greater protection for members, and will usually have little or no effect on the processing time in the vast majority of cases.

Scammers use a variety of methods to get their hands on people's savings. Often they will convince members to transfer the benefits they have built up to a new scheme offering 'incentives' and 'loopholes' which in reality don't exist. Examples include claims that members will be able to access their money before age 55, or to offer guaranteed investment returns. These claims are not true.

To help us to protect your interests, the Scheme's administrators, Isio, will initially direct you to the guidance and information available at the ScamSmart website:

www.fca.org.uk/scamsmart

Please also consider the advice from the money and advice service, available here:

www.moneyhelper.org.uk/en/pensions-and-retirement

Should you still require a quotation after having considered the guidance, please confirm you have read the information concerning pension scams and are satisfied that you are not at risk when requesting a quotation with Isio. Only then will Isio process your request. Should you wish to transfer your benefits out the Scheme, you may still be required to take independent financial advice.

Always make sure that anyone giving you financial advice is approved by the Financial Conduct Authority ('FCA'). You can check if an advisor is approved at:

www.fca.org.uk/register

Pension Tax

In the Chancellor's Budget 2021, it was announced that the Lifetime Allowance will be frozen at £1,073,100 up until 2026.

GMP equalisation

A High Court judgment in the Lloyds Banking Group case was announced on 26 October 2018, which may impact the benefits for a small number of members in the Plan.

The Trustees are in the process of analysing the potential impact of equalising benefits for the Plan and are aiming to write out to affected members in due course. This is only expected to impact a very small number of members with benefits built up between 1990 and 1997 in the Arqiva Services Scheme.

Increasing the normal minimum pension age

Last year, the government reaffirmed its intention to go ahead with plans to increase normal minimum pension age from 55 to 57 with effect from 6 April 2028. Further detail can be found at:

www.gov.uk/government/publications/increasing-normal-minimum-pension-age

The Trustees will be taking legal advice to determine how this proposed change may impact early retirement options for Plan members.

Online Plan Information

The online Plan information platform can be used in order to find out extra information about the Plan. You can find, amongst other things, a copy of the Plan Member Booklets as well as the latest Trustee Report and Accounts, Plan Valuation and this Newsletter. In addition, there are links to other sites where you can find helpful pension information and advice.

Access to the online area is through the main Arqiva business website. Just go to:

www.arqiva.com/about/arqiva-defined-benefit-pension-plan/

This will take you to some listed results where you can click on a link to Plan information.

Member-nominated Trustee elections

As mentioned in the Chairman's introduction, Dick Buckle and Jack FitzSimons have been re-elected as Member-nominated Trustees for another 5 year term following a selection process ran by the other members of the Trustee board, in which no other nominations were received. In addition, Alan Taylor has been re-elected for another 5 year term as BECTU representative on the Trustee board. We will continue to update you on any future changes to the Trustee board.

Is your nomination for death benefits up to date?

If your circumstances change in the future, such as a change of address, or if you just want to make sure the Trustees have a recently dated document, simply request a form from Isio at any time.

Current Arqiva employees are covered for life assurance benefits outside of the Plan. Further details can be found on the member site. (Please note: if you are already receiving benefits as a dependant of the Plan, then no additional dependant benefits are payable and this section is not relevant to you.)

The Virgin Media Pension Plan

If you have benefits within the Virgin Media/ NTL Plan, our own administrators Isio will not be able to give you any information about benefits that you might have in the 'old NTL Plan'. For any enquiries, please contact XPS Pensions Group on 0118 313 0700.



Need more information?

If you have any questions on your pension or any other related matters, please contact the Plan's administrators Isio using the details below, or take a look at the online Plan information

Your contacts

Isio administrators

Daniel Bell
Isio, Isio c/o SPS, PO Box 721, Salford, M5 0QT
Tel: 0118 338 4442 / 0118 338 4432
email: ukfmarqiva@isio.com

Arqiva

People and Organisation helpdesk
Tel: 01962 822424
email: P&O.helpdesk@arqiva.com

Your Trustees

(no changes from last year):

Company Appointed Trustee Directors

Tom O'Connor (Chair)
Peter Heslop
Edward Thomas

Member Nominated Trustee Directors

Dick Buckle
Jack FitzSimons

BECTU Nominated Trustee Director

Alan Taylor

Our professional advisers

We are supported by a number of professional advisers:

Actuary and administrators

Isio Group Limited

Legal advisers

Baker & McKenzie LLP

Investment advisers

Mercer

Auditors

Crowe UK LLP

Investment managers:

Legal & General Investment Management; Standard Life Investments Ltd; Insight; Vontobel Asset Managements; Nordea Asset Management; Barings

AVC managers

Legal & General Investment Management

Bankers

Lloyds Bank Plc

Plan website

<https://www.arqiva.com/about/arqiva-defined-benefit-pension-plan/>

Your personal data

Please help us maintain our high standards of member data. Contact Isio directly to let them know about any change in your circumstances such as a change of address, updated beneficiary nominations and marital / civil partnership status.

Other help with your pension

State Pension information can be found at www.gov.uk/browse/working/state-pension

If you would like any information relating to pensions guidance, debt advice, money guidance or consumer protection, a new single financial guidance body called the Money and Pensions Service was set up in 2019. This financial body replaces the Money Advice Service, The Pensions Advisory Service and Pensions Wise. Further information can be found at www.moneyandpensionservice.org.uk

Tax advice cannot be given by the Trustees or our advisors. If you need further tax information please contact HMRC by visiting www.hmrc.gov.uk or calling 0300 200 3300.

About Arqiva

Arqiva is at the heart of the broadcast and utilities sectors in the UK and beyond, providing critical communications infrastructure and media services.

We are the only supplier of national terrestrial television and radio broadcasting services in the UK, consistently delivering digital TV, analogue and digital radio to people in all four corners of the country. We distribute over 1,000 channels internationally using our fibre and satellite infrastructure. Our advanced, secure and dedicated networks are also supporting the management of critical data for a range of smart metering networks in the energy and water sectors.

Our teams are behind the scenes, delivering millions of vital connections every day for our customers - major UK and international broadcasters, independent radio groups as well as major utility companies and networks. They include leading brands such as the BBC, ITV, Sky, Global, Bauer, Thames Water and Anglian Water.