

Private and Confidential

Old British Steel Pension Scheme

Member Id

December 2021

Dear

An update from Open Trustees

We wrote to you in March this year to update you about the Scheme moving to an insurance company (known as a 'buy-out') with Pension Insurance Corporation plc (PIC). This is instead of moving into the Pension Protection Fund (PPF). We also gave you some information about the Scheme valuation.

This letter is to let you know that we've made good progress towards completing the buy-out and that, following the results of the valuation, the Scheme exited its PPF assessment period on 9 November 2021. We now expect to complete the buy-out by late summer 2022.

Exiting the PPF assessment period

The Scheme was able to exit its PPF assessment period because there is enough money in the Scheme for PIC to provide guaranteed future pension payments for all members at, or above, PPF levels of compensation. This is good news, as most members will get more pension income from the buy-out than they would from the PPF.

There is more information about this on the Scheme's website. Just go to www.oldbritishsteelpension.co.uk/faqs and select the box called 'Exiting PPF assessment'.

An update on the buy-out process

In our previous updates, we said that we expected to complete the buy-out by the end of 2021. Unfortunately, this process is taking longer than expected. This is because of recent legal rulings affecting pensions in general, not just this Scheme.

The rulings mean that we now have to do more work to finish our calculations. Because of this extra work, we now expect to complete the buy-out with PIC by late summer 2022.

Some benefits will increase in 2022

Currently, benefits are being paid at PPF levels. For most members, PPF level benefits are less than full Scheme benefits. When the buy-out happens, these members will see an increase to their current level of benefits so they will receive more than PPF levels. All other members will see no change to their current level of benefits as a result of the buy-out. The delay in completing the buy-out will not impact the way in which increases to benefits are determined.

We'll be able to tell you exactly what your benefits will be shortly before the buy-out is completed. We expect to be able to do this in summer 2022.

As we have said before, there are also other exercises happening that might affect you. These are:

- checking member data and how benefits have been calculated
- adjusting benefits where necessary so they are at the correct level
- increasing benefits where required by the recent legal rulings mentioned above.

Some members might see their benefits change as a result of these exercises. If you are affected, we'll tell you more about it when the final calculations have been made. That will be shortly before the buy-out is completed in summer 2022.

How pension payments are being managed in the meantime

Until the buy-out is completed, we'll continue to have responsibility for paying benefits, which are at current PPF levels.

When the buy-out is completed, PIC will take over paying pension benefits directly to members based on the benefits we have calculated as detailed above. You will receive more information about this when it happens.

Transferring benefits to another pension arrangement

Pensions law in relation to transfers means it hasn't been possible to transfer benefits out of the Scheme since its PPF assessment period which started on 29 March 2018. As the Scheme has now exited PPF assessment, you may be able to transfer your benefits to another pension arrangement if you have not started receiving your pension.

If you want to consider this, please contact our administrators to find out more using the contact details at the end of this letter.

Tell us if you have Lifetime Allowance protection

If you have enhanced or fixed protection from the Lifetime Allowance (LTA) from HMRC, please contact our administrators (details below). Most people don't need to apply for this tax protection and so won't have it.

If you do have LTA protection – or if you intend to apply for it – and we don't know about it, an increase to your benefits could result in an extra tax charge. So it's important that you tell our administrators. There's more about this in the FAQ section of our website.

Latest information and contacting us

For news and answers to frequently asked questions, please go to the Scheme website at www.oldbritishsteelpension.co.uk

We'll write to you again when we know more.

Yours sincerely

Jonathan Hazlett

Managing Director of Open Trustees Limited

Open Trustees are the trustee of the Old British Steel Pension Scheme

If you have any questions about this letter, please contact our administrators, Barnett Waddingham:

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