

F.Y.I

For final salary members of the Volkswagen Group Pension Scheme

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Welcome to the 2024 edition of For Your Information (F.Y.I) for final salary members of the Volkswagen Group Pension Scheme.

In this edition we'll provide you with the key information you need to know about the Volkswagen Group Pension Scheme (the Scheme) and how regularly reviewing your Final Salary Pension benefits can help you plan for tomorrow, today.

This newsletter refers only to the Final Salary Section of the Scheme and for this reason has been sent to you as you're a member of the Final Salary Section through your current or past employment with either VW Group, VW Financial Services (UK) Limited or Volkswagen Bank GmbH (collectively referred to as the Company).





Meet the Trustees

The Scheme is governed by a Trustee Company – the Volkswagen Group Pension Scheme Trustee Limited – which is responsible for all aspects of running the Scheme. The Trustee Company is made up of both Company and Member Nominated Trustee Directors.

As a reminder, your Company appointed Trustee Directors are:

Alistair Shields (Chairman)

Volkswagen Group

Ian Borthwick

Bentley Motors

Katie Warrington

Volkswagen Financial Services

Aimée Denham

Independent Trustee, Vidett

Duncan Willsher

Independent Trustee, Vidett

You also have three member-nominated Trustees:

Mike Davenport

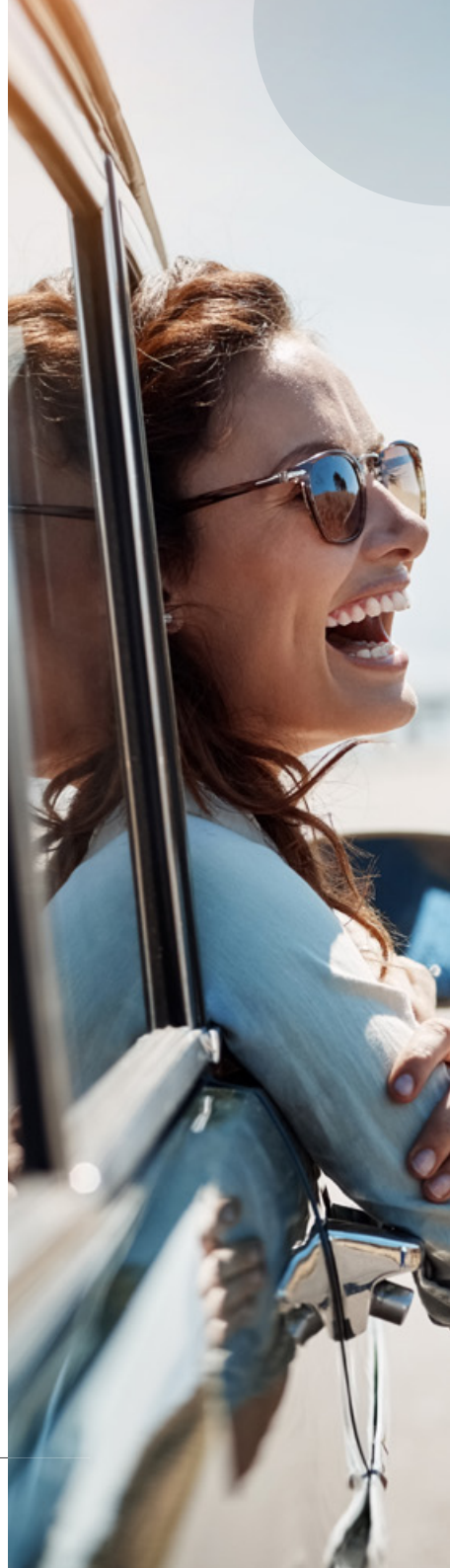
Volkswagen Financial Services

Robert Mark Jones

Bentley Motors

Sam Graham

Pensioner nominated Trustee





How does the Scheme work?

A Final Salary pension is a promise to pay you an income in retirement. How much income you'll receive depends on a variety of factors:

- **Years of service** – this is how long you were an active member of the Scheme, not how long you were employed by the Company.
- **Accrual rate** – this is the rate at which your benefits build up in the Scheme. Accrual rates vary from scheme to scheme and are usually expressed as a percentage, for example 1/60th or 1/80th of your salary for each year of service.
- **Final pensionable pay** – the amount of pay you were receiving at the date you stopped being an active member of the Scheme.

This equals your Final Salary pension, which is the amount of pension you'll receive each year and is usually paid to you monthly.

Example

- John has worked for the Company for 25 years and has been in the Scheme for 23 years.
- The Scheme has an accrual rate of 1/60th – this means he builds up 1/60th of his final salary for every year he's in the Scheme.
- His final salary when he left the Scheme is £25,000.
- This gives him a Final Salary pension of **£9,583 per annum**.

$$\text{23 years in the Scheme} \times \text{1/60th accrual rate} \times \text{£25,000 final salary} = \text{£9,583 per annum}$$




This example is for illustration purposes only. If you would like an illustration of the benefits that you are entitled to, you can contact the Scheme Administrators, Barnett Waddingham (see Useful contacts).



Membership information and investment performance

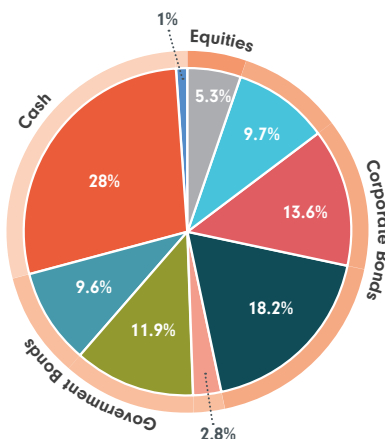
Membership figures

At 30 September 2023, which was the end of the Scheme's Financial reporting year, there were 903 members of the Final Salary Section of the Scheme, with the membership split as follows:

Deferred members (who are no longer building final salary benefits but are yet to start receiving a pension)		206
Pensioner members (those receiving a regular pension)		697
Total		903

Investments and performance

Currently, your pension benefits are invested in a mix of the following funds:



5.3%	LGIM Global Equities
9.7%	CT ARB
13.6%	LGIM B&M 2025-2029 Fund
18.2%	LGIM B&M 2030-2034 Fund
2.8%	CT Longer Real LDI
11.9%	CT Longer Nominal LDI
9.6%	CT Shorter Real LDI
28%	CT LDI Money Market
1%	LGIM Money Market

*Totals may differ due to rounding

As a reminder, the amount you receive from the Scheme isn't linked to the performance of these investments; instead, your benefits are calculated using the formula explained on page 3.

The Trustee invests in the funds and monitors the performance of these investments to ensure the assets will be sufficient to meet the cost of members' benefits. If shortfalls arise these are met by additional contributions from the Company. More information on the Scheme's funding can be found in the next section; 'Summary Funding Update'.

The return for the assets of the Scheme as a whole was -2.8% for the year ended 30 September 2023, which is 4.5% below the benchmark. The Trustee regularly reviews the funding strategy and the performance and suitability of the investment managers, and will continue to do so over the next year.

Fund name	Total 12 month return (%)	Benchmark (%)	Compared with the benchmark (%)
Columbia Threadneedle Global Absolute Return Bond Fund	3.2%	-0.8%	+4%
Columbia Threadneedle Dynamic LDI	-11.2%	2.3%	-8.9%
Legal & General Diversified Multi-Factor Equity Fund	16.4%	1.3%	+15.1%
Legal & General B&M Credit Portfolio*	7.9%	N/A	N/A
Legal & General Cash	4.0%	-0.1%	+4.1%
Columbia Threadneedle Cash	4.0%	0.0%	+4.0%

*Legal & General B&M Credit Portfolio funds do not have specified benchmarks.



Summary funding update

Every three years our scheme actuary carries out a formal review of the Scheme's funding position. This helps to inform the Trustee and the Company of the level of contributions that are needed to keep the funding level on track. The most recent actuarial valuation was carried out on 30 September 2020.

As at 30 September 2020, £238.3 million of assets were available in the Scheme for paying final salary benefits. The estimated cost of providing these benefits was £251.1 million – meaning there was a shortfall of £12.8 million (a funding level of 95%).

The Trustee and Employer agreed a recovery plan designed to remove this shortfall by making payments of £0.9 million each year to 2026. In addition, the Trustee and Employer has agreed an arrangement whereby the employers will pay further contributions of up to £1.3m each year to 2026 if the funding position does not remain on track (no further contributions have been payable to date). To view the Summary Funding update from last year, please review your copy of FYI and In Focus issued in 2023.

The next review, as at 30 September 2023, is currently underway and further details will be provided in a future update.





Amounts and accounts

Each year we produce a formal Report and Accounts to show the Scheme's income and outgoings.

This section summarises the Accounts for the Scheme for the year ended 30 September 2023.

	£'000
Total net assets at the start of the year	151,678
Income – paid in	
Member contributions	900
Employer contributions (expense contributions)	-
Transfers in from other schemes	-
Other income	-
Expenditure – paid out	
Benefits paid	-8,773
Transfers out	-469
Other payments	-3,322
Net return on investments	-4,165
Net return on the Scheme	135,849
Transfers between sections	3,014
Total net assets at the end of the year	138,863

You can obtain a full copy of the Scheme's Accounts by contacting the Scheme Administrators, Barnett Waddingham (see Useful contacts).



When can I access my benefits?

In line with current legislation, you can access your Scheme benefits any time after your 55th birthday (57 from 6 April 2028). You can do this whether you stop working completely or continue to work full or part-time (with the consent of the Company). You may also be able to take your Scheme benefits earlier if you're unable to work due to certain circumstances of serious ill-health (subject to the Trustee's agreement and His Majesty's Revenue and Customs' requirements).

Is there anything I need to consider if I'm thinking about taking my Scheme benefits early?

You can access your Scheme benefits at any time for age 55. However, it's important to remember the amount of income you receive each year will be affected by how early or late you take your benefits:

- **Age 55 – 59:** A Scheme specific reduction will be applied which reduces the amount of income you receive each year.
- **Age 60 – 65:** You'll receive the full value of your pension.
- **Over age 65:** A Scheme specific increase will be applied which will increase the amount of income you receive each year.

What are my options when it comes to taking my benefits?

Most schemes will give you the option to exchange some of your pension for a tax-free cash lump sum of up to 25% of the value of your benefits. Each final salary scheme has its own exchange rate, known as a 'commutation factor', which means the scheme will work out how much tax-free cash you'll receive for every £1 of pension you exchange.

Final Salary schemes also generally offer a spouse's benefit which in the Scheme is 50% of the pre-exchanged benefit amount.

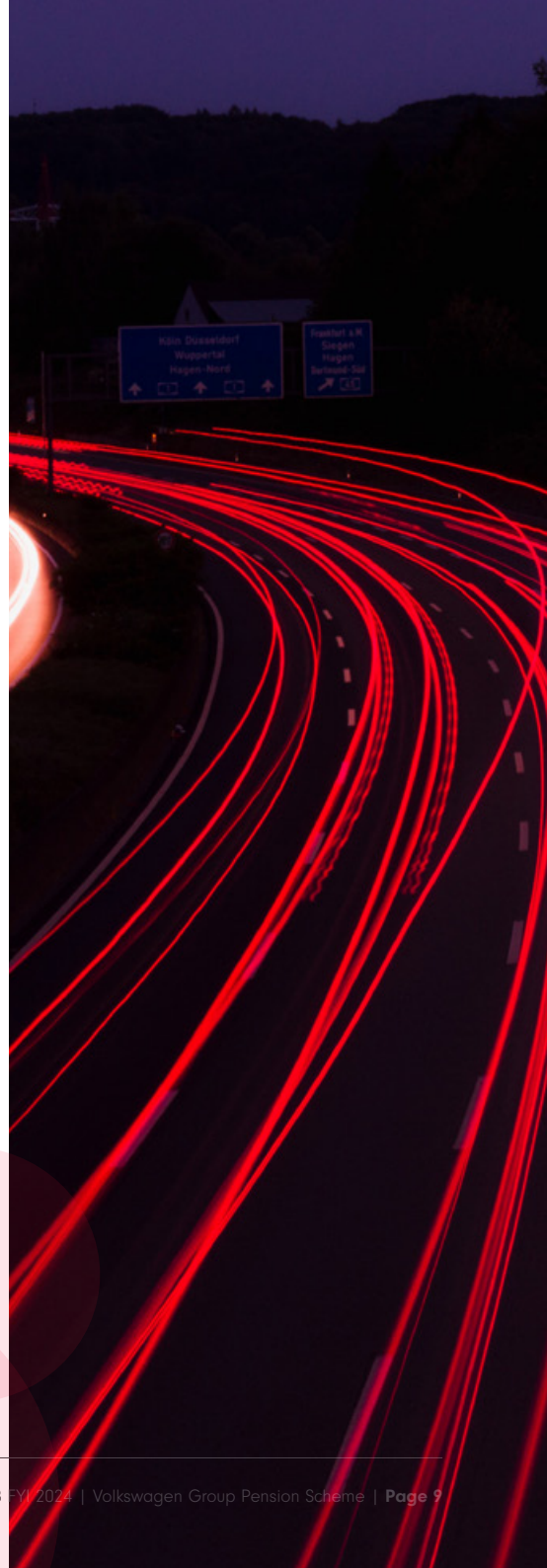
What happens if I'm not around to enjoy my retirement?

Although we don't like to think about it, your Scheme pension could provide a valuable benefit to a loved one if you were to pass away. For a Final Salary pension, your spouse or financial dependant will receive a payment if you die either before or after you've taken your benefits.

The amount your spouse/financial dependant will receive is based on a percentage of the pension payment you would have otherwise received.

Death benefits in relation to your Final Salary pension in the Scheme are usually only payable to a spouse or a financial dependant so it's important to keep your Expression of Wish form up to date.

This helps the Trustee to allocate the payment to your spouse or financial dependant. You can update your Expression of Wish form or get a new one by logging into Member self-service at www.vwpensions.co.uk or by contacting Barnett Waddingham (see Useful contacts).





Online services

We hope you're finding the Scheme's online services at www.vwpensions.co.uk useful. As a quick reminder, Member self-service helps you access online copies of scheme documentation, update your investment choices and check your personal details. We've included more information on the online services available to you below.

The Scheme website

The Trustee has ultimate responsibility for investing the Scheme's assets and is required, under legislation, to prepare and regularly review a Statement of Investment Principles. This statement sets out the principles governing decisions about the investments of Scheme assets and can be found at www.vwpensions.co.uk

We encourage you to review this information on the 'Discover' page of the website.

Member self-service

On Member self-service you can:

- Access your personal information and make changes.
- Ask questions about your details or pension.
- Access online copies of your Member booklet and other Scheme information.
- Access monthly payslips and P60s (if you're already receiving your pension).
- Securely receive electronic personal statements from the Trustees.
- Securely upload your documents quickly and safely.
- Request quotes or estimates of your retirement benefits from the Scheme.



How to register

If you haven't created your Member self-service account please contact Barnett Waddingham on **0141 447 0799**. Once your account has been set up you'll receive notification emails to let you know when any new information is available.

Paperless communications

The Trustee wants to communicate with members in the most efficient way, while also reducing the impact on the environment. For these reasons communications from the Trustee are now sent electronically via Member self-service unless you have asked to continue receiving paper copies, or if you haven't registered for Member self-service.

What if I want to receive paper copies?

If you want to receive paper copies of correspondence in addition to using Member self-service, please call Barnett Waddingham on **0371 964 2402**.

We want to hear from you!

As always, we welcome any feedback on the communications we send to you, so the Trustee would be grateful if you could fill out the short survey on this year's edition of **FYI** by scanning the QR code:



Alternatively, you can provide your feedback by emailing wvpensions@barnett-waddingham.co.uk

Actions for you

Now you've read this edition of **FYI** you might want to look at completing the following actions:

- Log in** to Member self-service and check your details are up to date.
- Update** your Expression of Wish form if it's not in line with your current wishes.
- Not sure what to do?** If you're not sure, you should get advice and we'd recommend you speak to a financial adviser. Neither the Trustee, nor the Company can provide you with financial advice. You can find a list of regulated financial advisers here: www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Where to get more information

Below is a list of useful pension websites that provide information and guidance on planning for your retirement.

MoneyHelper

MoneyHelper offers free and impartial financial guidance and support services about money matters and pension savings, help to find a financial adviser and a range of handy calculators and tools. Visit MoneyHelper at:

www.moneyhelper.org.uk/en

Financial advice

Find a financial adviser local to you at:

www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Tax on pension contributions

Help and information with tax on pensions at:

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

Pension Tracing Service

Trace lost pensions due to moving house or employer at:

www.gov.uk/find-pension-contact-details

Useful contacts

If you have any questions about the Scheme or your benefits, you can get in touch with us using the following details:

Scheme administrator

Barnett Waddingham
Decimal Place
Chiltern Avenue
Amersham
Buckinghamshire HP6 5FG

Phone: 0371 964 2402

Email: vw pensions@barnett-waddingham.co.uk

Volkswagen Group Pension Scheme website

Monitor your savings in the Scheme using our website at:

www.vwpensions.co.uk

Pensions team

Kristy Coogan, Benefits and Pensions Manager

Volkswagen Group United Kingdom Limited

Yeomans Drive
Blakelands
Milton Keynes
MK14 5AN

Phone: 07920 073013

Email: kristy.coogan1@vwg.co.uk