NielsenIQ

# Trustee Report

ACNielsen (UK) Pension Plan

February 2024

# Welcome

**“ As we head into 2024, I’m pleased to introduce another newsletter from the Trustee of the ACNielsen (UK) Pension Plan.**

Much of the last year was dominated by high inflation, rising gilt yields and an uncertain geopolitical landscape. The Plan has been resilient to the volatile market conditions, largely due to it holding a proportion of its assets in investments which are designed to move in line with its liability to pay future pensions (known as Liability Driven Investment or LDI).

In December 2022, the Trustee concluded an ‘insurance company buy-in’ with Aviva, covering the benefits of members in the Final Salary/CARE sections who were pensioners at the time of the transaction. This means that the Plan now owns an insurance policy that very closely matches the benefits payable to its pensioners, backed up by the security of a regulated insurer and its significant capital reserves. The Trustee remains responsible for paying members’ pensions, exactly as before, with Plan administration run by Capita.

I am pleased to report that the governance, stewardship and administration of the Plan continued without interruption, to ensure that all pensioners received their pension as normal, and that member correspondence and requests were dealt with promptly. I would like to take this opportunity to thank all our advisers for their hard work, considerable guidance and assistance to the Board over the past year of challenges.

Finally, I would like to remind you all to remain alert to the threat of pension scams. Don’t let a scammer enjoy your retirement. The newsletter explains what to look out for, and what the Trustee is doing to help protect you.

**Chris Martin**
On behalf of ITS Limited
Chair of the Trustee Board

# At a glance

As at 5 April 2023:

- the Plan's assets were worth **£226.5 million**
- the Plan had **1,893 members**
- during the year, the Plan paid benefits to members worth over **£8 million**
- the Plan's funding level was **101%.**

# Contents

# Plan noticeboard

## Buy-in with Aviva

In December 2022, the Trustee purchased a buy-in policy valued at £71 million from Aviva. This is a type of insurance product where the Plan pays a lump sum (a premium) to an insurer, in exchange for which the insurer will provide an income that exactly matches the benefit payments due to those members covered by the buy-in policy (in our case, our pensioners).

You will not notice any change to the way your pension is paid or administered. The Trustee remains responsible for paying pension benefits to members and there will be no change to the benefits you receive. The buy-in policy with Aviva is simply a new investment for the Plan that will provide further security for members.

## New Plan website

If you have a question about your ACNielsen pension, the Plan website should be your first port of call. We've been busy giving the site a refresh to make it easier to find the information you need, and the new-look website is now available to explore.

Take a look at:
**www.acnielsenpensionplan.co.uk**

## Employer changes

The Plan is supported by its sponsor, ACNielsen Company Limited, which is part of the NielsenIQ Group. On 1 July 2022, the NielsenIQ Group announced plans to merge with German market research firm GfK, and this transaction was completed on 11 July 2023. The Trustee has taken advice in relation to the details of the transaction and is satisfied that the transaction had no impact on the Plan's sponsor.

# Pensions news

## Changes to pensions tax allowances

The government has raised the limits on how much you can save into a pension scheme without having to pay tax on those payments. Most people can now pay up to £60,000 tax free into their pension pot a year (up from £40,000). If you have a very high income (over £200,000) or have already taken money out of your pension pot, the limit is lower: £10,000 a year (it was £4,000).

Another change has been made to the Lifetime Allowance. This is a limit on how much you can build up in a pension pot tax free over your lifetime and has been frozen at just over £1 million for some time. If you went over the limit, you had to pay a charge at retirement on the amount over the LTA of up to 55%. The government scrapped this tax charge from April 2023 and plans to get rid of the LTA entirely from next year – but this change still has to be passed into law.

Neither the Trustee nor Capita can provide advice on personal financial matters, so if you think you might be affected by these changes, you should consider speaking to an independent financial adviser. You can search for an adviser on the MoneyHelper website, **www.moneyhelper.org.uk**

**Pensions dashboard –** an online system which will allow people with a number of pensions to view them all in one place. This project has been delayed and the launch is now scheduled for 2026.

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**Normal minimum pension age –** remember, this is changing from 55 to 57 from 6 April 2028.

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**State pension –** the earliest you can claim yours will depend on the year you were born. The State pension age is set to rise from 66 to 67 by 2028 and to 68 between 2044 and 2046. You can find out what your State pension age is at: **www.gov.uk/state-pension-age**

# Financial highlights

**The Trustee produces a formal annual report and set of accounts for the Plan, which are summarised below. You can view them at www.acnielsenpensionplan.co.uk or ask Capita for a copy.**

Grant Thornton LLP – who audit our annual report – believe our financial statements give a fair and true reflection of the Plan's finances over the year.

## Financial overview

| | |
|---|---|
| Value of the Plan at 6 April 2022 | £299.0 million |
| Money in less money out | (£3.7 million) |
| Change in market value of investments | (£68.8 million) |
| Value of the Plan at 5 April 2023 | £226.5 million |

## Income and expenses

| MONEY IN | £'000 |
|---|---|
| Company contributions | 5,152 |
| Income from investments | 7,892 |
| **Total money in** | **13,044** |

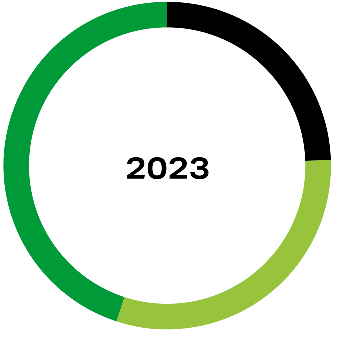
| MONEY OUT | £'000 |
|---|---|
| Benefits paid to members | (8,264) |
| Payments to leavers | (7,076) |
| Administrative and investment expenses | (1,408) |
| **Total money out** | **(16,748)** |

# Who's in the Plan?

**The Plan's members are either deferred members (current and former employees who have benefits in the Plan but haven't taken them yet) or pensioners (members or their dependants) who are receiving a pension from the Plan.**

The chart shows the split between deferred and pensioner members on 5 April 2023.

| | 2023 | 2022 |
|---|---|---|
| **Money Purchase Section** | | |
| Deferred members | 464 | 709 |
| **Final Salary/CARE Section** | | |
| Deferred members | 580 | 640 |
| Pensioners | 849 | 829 |
| **Total** | **1,893** | **2,178** |




In June 2022, all 242 members in Section C (New Money Purchase Section) were transferred into the Fidelity Master Trust.

# Focus on investments

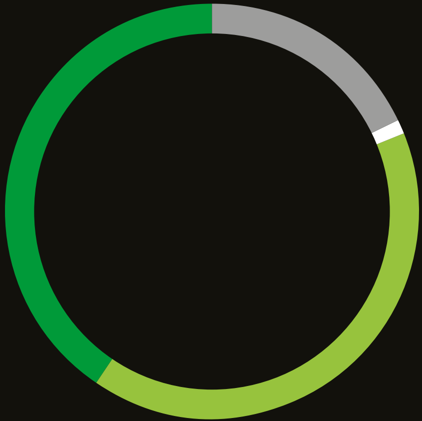
**One of the most important aspects of the Trustee's role is to invest the Plan's assets in a way that supports its ability to pay the pensions promised to members. The Trustee has appointed Willis Towers Watson (WTW) as the Plan's fiduciary manager; this essentially means the Trustee has outsourced the Plan's investment management to experts.**

WTW is able to invest in areas that the Trustee would not be able to research adequately and take advantage of market opportunities as they arise. This frees the Trustee to concentrate on high-level investment strategy and other matters concerning the Plan's operations.

## Final Salary/CARE investments

The Plan's investment portfolio is built using a diverse range of return-seeking assets and a dedicated allocation to liability driven investments which seek to match the sensitivity of the Plan's liabilities to inflation and interest rates.

The chart shows how the assets were invested as at 5 April 2023.



- Multi-asset funds (return-seeking assets) 17.8%
- Downside risk hedge 1.1%
- Liability driven investment & cash (matching assets) 40.8%
- Pensioner buy-in 40.3%

**Total 100.0%**

To fund the pensioner buy-in, the Trustee sold its holdings in the TWIM Core Diversified Fund – one of two growth assets held by the Plan.

**Investment strategy**

The Plan's investment strategy is documented in the latest Statement of Investment Principles (SIP). You can download the SIP from **www.acnielsenpensionplan.co.uk**, along with the Plan's Implementation Statement. You can also request copies of these documents from the Plan administrator, Capita.

## Investment performance

The table below compares the Plan return against the benchmark return over the year to 31 March 2023 and since the inception of the current investment strategy in September 2016.

| One year (%) | | Since Sep 2016 (% p.a.) | |
|---|---|---|---|
| **Plan** | **Benchmark** | **Plan** | **Benchmark** |
| 26.7 | 25.5 | -1.15 | -3.6 |

## Money Purchase (Section A) investments

Members with investments in the Old Money Purchase Section (Section A) are invested in the ACNielsen Lifestyle strategy. This is the only available investment option within this section of the Plan.

The ACNielsen Lifestyle strategy is made up of two funds managed by Legal & General Investment Management (LGIM).

Member accounts are invested in the LGIM Global Equity Market Weights (30:70) Index Fund 75% Currency Hedged until five years before the member's 65th birthday, when the funds are gradually switched into the LGIM Pre-Retirement Inflation Linked Fund. The Plan and ACNielsen meets all the costs associated with these investments.

The table shows the net investment return for the two funds over 12-month and three-year periods to 31 March 2023.

| | One year (%) | Three years (% p.a.) |
|---|---|---|
| LGIM Global Equity Index Fund | -2.64 | 15.16 |
| LGIM Inflation-Linked Annuity Aware Fund* | -25.81 | -8.49 |

*Previously named the LGIM Pre-Retirement Inflation Linked Fund

# Stay alert to scams

**During 2023, data and identity theft have been in the news more, with large organisations and even governments targeted by cyber criminals. You may have seen in the news that Capita, who provide our pension administration, experienced a cyber-attack earlier in the year.**

The Trustee takes cyber security extremely seriously. The Plan has internal controls in place to identify and minimise the risk of a cyber incident occurring, and the Trustee Board has received specialised training on data protection and cyber security.

However, you can also play your part in protecting your personal data, particularly against scammers who might approach you online. It's important that you:

- use strong passwords for all your online accounts (tip: use three random words to create a single password that is difficult to crack)
- do not share your password with anyone
- install the latest security updates to your browser software and personal computing devices
- check that any links look correct before you click on them
- be suspicious of anyone who asks for your bank account or credit card details.

We've also seen many scams that are trying to cash in on the current economic uncertainty. Scammers might approach you and say that pension schemes are at risk of collapse, so you're better off transferring your pension. Even if you've seen recent headlines about the economy, don't panic and rush a decision about your retirement savings.

You can find out more about pension scams and what to look out for here:
**www.fca.org.uk/scamsmart**

# Summary Funding Statement 2023

**As a member of the Plan, you are building up valuable benefits for your future so knowing how the Plan is doing financially, and whether your benefits are secure, is really important.**

This Summary Funding Statement provides an overview of the Plan's financial health at the date of the last formal actuarial valuation, which was carried out as at 5 April 2021 and also gives an update on how the Plan's finances had changed by the time the Actuary carried out an annual review as at 5 April 2023. The next full valuation will take place next year, as at 5 April 2024.

When carrying out the Plan's financial health-checks, the Actuary looks at two scenarios:

- the 'ongoing basis' – this assumes that the Plan will continue; and
- the 'discontinuance basis' – this looks at the Plan's funding if the Plan were discontinued and wound up. The fact that figures are produced on this basis does not mean that the Trustee is planning to wind up the Plan; it just provides another measure against which to assess the Plan's health. It is also information that we are required to provide you with by law.

## The Plan's financial health – ongoing basis at 5 April 2021

The most recent three-yearly 'ongoing' full actuarial valuation, which looked at the Plan's financial health, showed that:

| | |
|---|---|
| **The value of the Plan's liabilities was:** | **£324.4m** |
| Defined Benefit liabilities | £290.2m |
| Money Purchase investment funds (including AVCs) | £34.2m |
| The Plan's assets were valued at: | £297.1m |
| Resulting in a shortfall of: | £27.3m |
| **The funding level (assets/liabilities) was:** | |
| Overall Plan | 92% |
| Defined Benefits in isolation | 91%* |

* The overall funding level is 92%, but excluding Money Purchase and AVC investment funds, the funding level for the Defined Benefits in isolation is 91%.

**Not just for Final Salary/ CARE members…**

Although this Summary Funding Statement is intended mainly for Final Salary/CARE members, it also provides information for Money Purchase members. Benefits built up in the Old Money Purchase Section (Section A) (if you joined before 1 January 2005) are backed by a Defined Benefit guarantee, which may in some cases provide an uplift to the pension that can be bought from your investment fund. The value of this uplift, to the extent it exceeds member investment funds, is included in the Defined Benefit liabilities in the table on this page.

## What is being done about the shortfall?

The Company and the Trustee have agreed a Recovery Plan to address the shortfall of £27.3 million at 5 April 2021, the aim being to restore the Plan to 100% funding over the period to 31 May 2028, reflecting the Company's long-term commitment to the Plan. This included the following shortfall contributions payable from 5 April 2021:

- Shortfall contributions of £5.182 million a year, payable by equal monthly instalments to March 2022;
- £3.671 million a year, subject to an inflation adjustment each year, payable in monthly instalments from April 2022 to May 2028; and
- £1 million a year payable in the first half of each calendar year from 2021 to 2025.

This represented a re-spreading of the deficit contributions over a longer period (to May 2028) compared to the previous recovery plan (to May 2026) although the aggregate deficit contributions remain unchanged. This change was made at the request of the Company.

**April 2023 update**

The funding update at 5 April 2023 shows that the overall ongoing funding level had risen slightly to around 101% (and 101% for Defined Benefits in isolation) compared to the position at 5 April 2022 (96% and 95% respectively). This is based on assumptions consistent with those used in the 2021 valuation updated to reflect market conditions at 5 April 2023. This improvement is largely due to the shortfall contributions paid into the Plan and the impact of the pensioner buy-in on the Plan.

**Benefits secured with Aviva**

In December 2022, the Plan purchased a bulk annuity ('buy-in') policy from Aviva to secure the Plan's pensioner liabilities. A bulk annuity contract is a type of insurance product and remains an investment of the Plan. Under the contract, Aviva will meet the future benefit payments of those members covered by the contract.

### Discontinuance basis at 5 April 2021

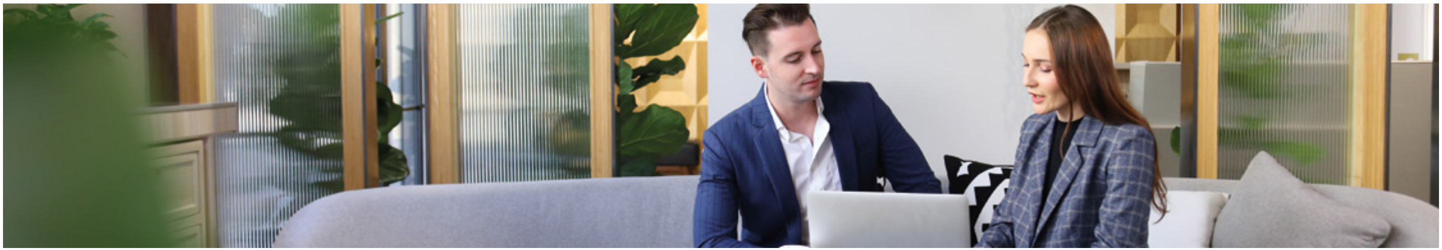
As part of the valuation, the Actuary also looks at the funding level on the discontinuance basis – if the Plan was wound up. The Trustee is required by law to consider this scenario and share this information with members – it doesn't mean anyone is planning to wind up the Plan.

If the Plan had been discontinued (wound up) on 5 April 2021 and its benefits secured with an insurance company, the Actuary estimated that there would have been a shortfall of around £94.4 million, i.e., a solvency level of 76%.

Buying benefits from an insurance company is a secure but expensive way of providing benefits, as insurance companies are very risk averse and also need to make a profit. In the unlikely event that the Plan were to be wound up, the Company would have to pay whatever is needed to enable the Trustee to buy the insurance policy for the Plan. If the Company becomes insolvent (another unlikely event), there is a government-backed 'lifeboat scheme' called the Pension Protection Fund (PPF) that might be able to step in and pay members' pensions. More details about the PPF and the level of benefits it provides can be found at **www.ppf.co.uk**

We also have to tell you that:

- There have not been any payments to the Company out of Plan funds since the last funding update
- The Pensions Regulator has not intervened in the funding of the Plan or the benefits provided by it.



# Running the Plan

**The Plan is managed by a corporate Trustee company called ACNielsen (UK) Pension Plan Trust Limited, which has a board of six Trustee Directors. Four Trustee Directors are appointed by the Company and two are nominated by the Plan's members.**

The Company's appointments include Independent Trustee Services Ltd (ITS), a professional trustee company that serves on the boards of many pension schemes. ITS is represented by Chris Martin and David Brickman.

### Your Trustee Directors

Richard Cowdrey*
Michael Watkins*
Robert Clayton
Independent Trustee Services Ltd, represented by Chris Martin (Chair of the Trustee Board)
Michael Danilovich
Sam Williams

*Member nominated

# Get in touch

**If you have any questions about the Plan or your benefits, or if you need to let us know about a change to your personal details, please contact Capita, the Plan administrator.**

Capita Employee Solutions
PO Box 555
Stead House
Darlington DL1 9YT

**Tel:** 0333 222 0085

**Email:** nielsen@capita.co.uk

**Have you recently moved house, or changed your details?**
It's important we have your correct contact details, so we can get in touch with you about your pension quickly if we need to.

If you've changed your address, phone number, email address or the bank account your pension is paid into, you need to tell Capita straight away.