



DeLaRue

DE LA RUE
PENSION SCHEME

FEBRUARY 2025

THOMAS

The pension magazine for Defined Benefit (DB) Scheme members

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A review of the year

Welcome to THOMAS, the annual magazine for members of the De La Rue Pension Scheme (the Scheme), keeping you in the know about the Scheme's management, developments, and other pensions-related news.

Trustee update

In recent communications, we shared important news regarding the sale of De La Rue's Authentication Division to Crane NXT, set to complete in 2025. The Trustee has been closely involved in reviewing the pension implications of this transaction, working with both the Company and The Pensions Regulator to protect members' interests.

As outlined in the member communication issued at the end of October 2024, the Scheme will benefit from a £30 million accelerated cash contribution at sale completion and an additional £12.5 million in deficit repair contributions through to April 2027. These measures will reduce the Scheme's current deficit and allow the Trustee to pursue long-term funding solutions for members' benefits.

Additional protections are also in place to maintain the Trustee's status as a secured creditor and prevent dividend payouts until the Scheme is fully funded.

The Trustee remains committed to safeguarding members' benefits and ensuring payments are made as they become due.

You can view the communication at delaruepensions.co.uk/news

The Scheme Valuation

The Scheme completed a valuation as at 30 September 2023 which showed the deficit had decreased to £78.3 million since the previous valuation. This has led to the Trustee agreeing a revised contribution schedule with the Company, but one which still targets full funding by the end of 2030. The Trustee is committed to ensuring the overall funding level of the Scheme's finances remains in a stable position. You can find out more about the funding level changes and how the Trustee aims to reduce the deficit on pages 4 and 5.

Investment update

You will no doubt be aware that there is considerable movement in global financial markets at the moment. The Trustee, together with the Scheme's investment adviser, Hymans Robertson, regularly reviews the Scheme's investment performance. These reviews include evaluating the robustness and continued appropriateness of our long-term investment strategies.

Connecting with your pension

We are always looking into ways to improve how you can control your pension. With this in mind, we want to remind you about Prism, your dedicated pension website: secure.delaruepensions.co.uk

Find out about Prism and the great tools available to you on the back page.

Also in this issue, we'd like to draw your attention to the Autumn Budget and how it may affect your pension. You can find out more on page 7.

We hope you enjoy this issue of THOMAS. Remember, we'd love to hear your feedback, so get in touch using the contact details on the back page.



Scheme update

Key figures from the 2024 accounts

The key figures at 5 April 2024 are shown below. This is so you can get a good idea of how the Scheme membership and finances are moving throughout the year. You can see a full version of the report by visiting delaruepensions.co.uk or by contacting the Scheme administrator using the contact details on the back page.

The number of Scheme members



6,204 members

Contributions paid to the Scheme



£1.6 million

The value of the pensions and lump sums paid to members



£43 million

The decrease in the value of our investments



£27 million

The value of the Scheme's assets at 5 April 2024



£653.6 million

Scheme investment performance

The table below shows how the Scheme investments have performed overall against the benchmark over the one-year and three-year periods ending 31 March 2024.

	Last 1 year (% p.a.)		Last 3 years (% p.a.)	
	Fund	Benchmark	Fund	Benchmark
Legal & General – Global Equities	8.5	8.4	8.1	8.1
Legal & General – UK Equities	21.1	21.1	8.1	8.2
Insight – Secured Finance	5.1	8.2	3.2	5.6
Insight – Buy and Maintain	7.6	7.6	(8.3)	(8.3)
Insight – LDI ¹	(13.2)	(13.2)	(38.9)	(38.9)
Insight – Liquid ABS	6.3	5.6	2.7	3.0
Insight – Global ABS	10.1	7.1	2.3	4.5
Partners Group Multi-Asset Credit 2016 (III) ²	-	-	-	-
Partners Group Multi-Asset Credit 2019 (V) ²	-	-	-	-
TOTAL	(2.1)	(1.1)	(13.4)	(12.9)

¹ Includes the performance of Liquidity Fund (cash element of the LDI)

² No performance available for Partners

The overall value of the Scheme's investment portfolio has reduced slightly since 31 March 2023.

Rising gilt yields over the year led to a fall in the Scheme's liability-driven investment (LDI) as shown by the negative returns. However, the value of the Scheme's liabilities fell by a similar amount, in line with the risk management approach of using LDI, which means that the Scheme's estimated funding level has remained stable.



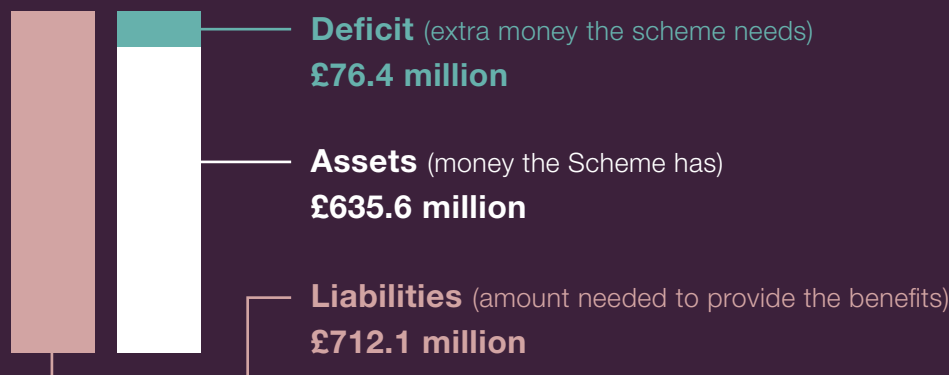
Funding update

Every three years, the Scheme Actuary carries out a financial review of the Scheme.

This is known as a valuation, and we use Hymans Robertson to do this. The valuation is important because it gives us a picture of where the finances of the Scheme are today, as well as a projection of what things might look like in the future.

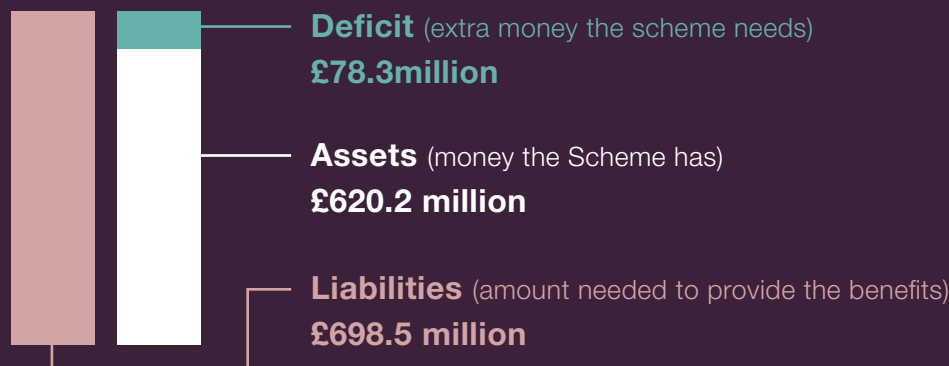
The last full three-yearly valuation was at 30 September 2023. In intervening years, the Actuary provides an update to show the Scheme's estimated funding position. The update at 30 September 2024 is shown below.

30 September 2024



Funding level 89.3%

30 September 2023



Funding level 88.8%

Over the period from 30 September 2023 to 30 September 2024, the funding deficit decreased to £76.4 million. The Scheme's liabilities increased over the year, driven by a reduction in gilt yields. This was more than offset by an increase in the Scheme's assets arising from a combination of the Scheme's liability-matching asset strategy, returns on growth assets, and deficit contributions paid. This has led to an overall improvement in funding level and a reduction in the deficit.

What is De La Rue doing about the deficit?

As part of the 30 September 2023 actuarial valuation, the Trustee and Company agreed to a schedule of contributions which was signed on 18 December 2023. Under this schedule, the Company is required to pay annual deficit contributions of £8 million each year from 5 April 2024, increasing to £12 million from 5 April 2027, and then again to £15 million each year from 5 April 2028 until the deficit is cleared (expected by 30 December 2030).

The security package which the Trustee has negotiated and which the Scheme benefits from (i.e. fixed and floating security across group assets ranking equally with the Company's lenders) helps support the Trustee's work in seeking full funding for members' benefits over time.

The Trustee, supported by its advisers, is confident that these arrangements protect members' interests while enabling the Company to generate the income needed to pay contributions into the future. As part of this, the Trustee has agreed a revised contribution schedule with the Company, which includes an additional contribution package and still targets full funding by the end of 2030.

How we aim to keep your pension secure

The Trustee aims to have enough money in the Scheme to pay pensions and other benefits to members. With the Company's continued support of the Scheme and the investments delivering the expected returns, your benefits will be paid in full when they become due.

The Actuary works out how much money the Scheme would need if the Company could no longer support it, the Scheme was wound up and the Trustee secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive because the insurance company pays members' benefits in full in exchange for a one-off payment.

Now for the legal bits

If there was not enough money in the Scheme to buy out all the benefits with an insurance policy, the Company would have to make up the shortfall. For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. You can find out more about the PPF on its website: [ppf.co.uk](https://www.ppf.co.uk)

Important: There are no plans to wind the Scheme up, but we are required to tell you about the PPF. It's been a difficult year, with some uncertainty, but we want to reassure you that the latest funding check showed the Scheme at present has more than sufficient assets to ensure that, if De La Rue was to stop supporting the Scheme, benefits over the PPF level would be secured for you, though this is unlikely to be the full level of promised benefits.

Legally, we have to confirm that the Company has not taken any surplus payments out of the Scheme in the last 12 months. We can also confirm that The Pensions Regulator has not intervened to change the way that benefits build up, the way valuations are calculated, or the way the funding shortfall is met.





Scheme news

Plan ahead by expressing your wishes

An Expression of Wish is a vital document that lets you specify who should receive any lump sum benefits from your pension plan if you pass away.

Why is updating your Expression of Wish important?

Your pension is more than just a financial plan for your retirement—it's a lasting gift that can provide financial security for your loved ones after you've gone. It's one of the most significant ways you can continue to care for those who matter most to you, even when you're no longer there.

Lump sum death benefits from the Scheme are paid at the Trustee's discretion so that they aren't subject to inheritance tax. This means that the Trustee doesn't legally have to follow your wishes, but they will normally be taken into account.

Completing an Expression of Wish:

- Tells the Trustee where you want your pension benefits to go
- Aligns your benefits with your personal circumstances and wishes
- Gets your benefits to your loved ones quicker
- Makes sure your dependents or chosen beneficiaries are financially supported
- Can optimise tax implications for your beneficiaries

You can check and update your Expression of Wish through Prism (see the back page). This is the most secure and efficient way to tell the Trustee your wishes, but if you would prefer to complete a paper form, you can request one from the administrators.

Transfer of Scottish Widows Bulk Annuities Portfolio

On 13 March 2024, Scottish Widows announced plans to transfer its bulk purchase annuities business, including the buy-in policy with the De La Rue Pension Scheme, to Rothesay Life Plc. This transfer is subject to High Court approval under a legal process called a Part VII transfer (Financial Services and Markets Act 2000). More information on the legal process can be found at scottishwidows.co.uk/bulk-annuities

Why the transfer?

A strategic review found that the bulk annuities business differs from Scottish Widows' retail consumer focus. Rothesay, a leading provider in the bulk annuities market, will continue delivering high-quality service to the Scheme.

Timeline and next steps

Pending High Court approval, including the Sanctions Hearing, the transfer is expected to complete on **June 11, 2025**. The Trustee's roles and responsibilities, as well as the terms of the buy-in policy, will remain unchanged. Additionally, benefit entitlements will remain unaffected by this transfer.

Have your say

Members and beneficiaries can raise concerns if they believe the transfer may adversely affect them. Contact details for Scottish Widows can be found at scottishwidows.co.uk/bulk-annuities

More information

Visit scottishwidows.co.uk/bulk-annuities for updates, key dates, and official documents. Rothesay, authorised by the PRA and regulated by the FCA and PRA, offers further details on its website: rothesay.com

Your data

The Trustee holds and processes personal data about you and (if applicable) your spouse/civil partner and dependants. Your personal data is held so that the Trustee can operate and administer your benefits under the Scheme in accordance with its legal obligations. This means that the Trustee is a 'data controller' under data protection legislation. The Trustee has recently made some updates to the privacy notice which can be accessed at delaruepensions.co.uk/resources

As the Scheme's Professional Trustee, PAN Trustees UK LLP may continue to hold personal data collected through its role as a Trustee even when it is no longer a Trustee of the Scheme. Information about PAN's approach in this situation to data security as a firm can be found at pantrustees.co.uk/Scheme-GDPR



Pensions news

Autumn Budget and your pension

On 30 October 2024, Chancellor Rachel Reeves delivered the first Budget by the new Labour government. Here's a breakdown of the key pension points and what they could mean for you.

State Pension and Pension Credit

The State Pension will increase

The Budget confirmed the government's commitment to the State Pension triple lock. State Pensions will therefore increase by 4.1% (in line with earnings growth) in April 2025. This will bring payments to £230.25 a week if you receive the full amount of the new State Pension, and £176.45 a week if you receive the full amount of the old Basic State Pension.

Pension Credit will increase

Pension Credit provides a top-up to a minimum amount for pensioners on low incomes. The Pension Credit Standard Minimum Guarantee will also see a 4.1% increase from April 2025, to £11,850 a year for a single pensioner.

The government is actively working to boost Pension Credit take-up. This is particularly important if you're eligible to receive the Winter Fuel Payment, which is being means-tested from 2024/25 and could be worth £200 for eligible households, or £300 for eligible households with someone aged over 80. If you're receiving Pension Credit, you're automatically eligible for the Winter Fuel Payment.

Tax changes

Your pension may be included in Inheritance Tax (IHT)

IHT is a tax on the estate (the property, money, and possessions) of someone who has died. In the past, pension savings have not typically counted towards the value of a person's estate for IHT purposes – so, for example, if you died before retiring and had pension savings worth £100,000, that sum could be passed to your dependants tax-free without being factored into IHT calculations.

From April 2027, inherited pensions will be included in IHT. More details are still to come regarding how this will work in practice, but it may mean more people's estates exceed the IHT thresholds and therefore trigger a tax payment.

Here's a reminder of the IHT thresholds:

- The first £325,000 of any estate can be inherited tax-free, rising to £500,000 if the estate includes a residence passed to the direct descendants, and £1 million when a tax-free allowance is passed to a surviving spouse or registered civil partner. Inheritance that exceeds these thresholds is taxed at 40%.
- From April 2026, the first £1 million of combined business and agricultural assets will attract no IHT, but assets over £1 million will be taxed at an effective rate of 20%.

To find out more about IHT, visit gov.uk/inheritance-tax

Rules around overseas transfers have changed

If you want to transfer your pension to a scheme outside of the UK, you'll need to check how much tax you'll pay. Visit gov.uk/transferring-your-pension for further information.

As ever, the Budget will affect some people more than others – but whatever your situation, we'd like to take the opportunity to remind you to check in on your Scheme pension and make sure you understand what it's worth.



Stay in touch

If you have any questions about your benefits or the Scheme, you can contact the Scheme administrators, Hymans Robertson:

Email: delaruepension@hymans.co.uk

Phone: 0141 566 7642

Write to: De La Rue Pension Scheme
Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

To view Scheme documents such as the annual report and accounts, the statements of investment and funding principles, and the most recent report from the Scheme actuary, go to the 'Resources' page of the Scheme website: delaruepensions.co.uk/resources



Take control of your pension online

Prism is your dedicated pension site which provides you with quick and simple online access to your pension held within the Scheme. Once registered, you'll be able to log in anytime on a desktop computer, smartphone, or tablet.

To register, go to: secure.delaruepensions.co.uk

Not accessed Prism previously?

If you're yet to register, simply visit secure.delaruepensions.co.uk and click 'Don't have an account? Register' then follow the onscreen instructions.