

Oracle UK Pension Plan – Newsletter 2024

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This newsletter from the Trustee of the Oracle UK Pension Plan provides an update on how the Plan is doing and covers topical pensions issues. A newsletter is normally issued every year to update you on developments within the Plan.

If you are thinking about withdrawing or transferring your benefits, then please seek independent financial advice first. This website can help you find an adviser: www.fca.org.uk/consumers/finding-adviser



Role of the Trustee

The Trustee of the Plan is Dalriada Trustees Limited (Dalriada), an independent professional trustee company. Adrian Kennett, Greig McGuinness and Fay Robinson work for Dalriada and look after the Plan together with colleagues.

The Trustee is responsible for managing the Plan; to make sure that members receive their benefits and that the Plan complies with all legal and regulatory requirements. The Trustee uses legal, actuarial and investment advisers to help with the strategic decisions and has delegated some of the day-to-day activities to external specialists.

The Trustee meets regularly to monitor the performance of the Plan and its various service providers. They also discuss matters that may affect the Plan, such as legal and economic developments, and the support provided by the Oracle Corporation UK Limited (the Employer).



Financial Update

The Trustee regularly monitors whether the Plan has sufficient money to pay members' pensions, which includes providing the Pensions Underpin under Section 1.

The Trustee obtains an actuarial valuation every 3 years to assess whether the monies invested in members' Core Funds and the Trustee Reserve Account are sufficient to pay members' pensions now and in the future. The estimated cost of paying pensions (referred to as the Plan's liabilities) are compared to the Plan's assets. If there is a shortfall the Trustee asks the Employer to pay extra contributions to close the gap.

The actuarial valuation was last carried out on 31 May 2022 and an approximate update is carried out every 12 months to monitor progress. The results are shown in the table below and commentary is provided underneath:

£million	Valuation at May 2022	Update at May 2023	Update at May 2024
Assets (Section 1)	346	356	419
Liabilities (Section 1)	598	418	440
Shortfall	(252)	(62)	(21)
Funding level	58%	85%	95%

Update at May 2024

An approximate update of the Plan's funding position was carried out as at 31 May 2024 showing how the financial position has improved since the May 2023 update. Over the year to May 2024, the funding level improved from 85% to 95%, corresponding to a shortfall of £21m. This improvement primarily stems from further rises in long term gilt yields used to value the liabilities, and Employer contributions. Asset returns were also high over the year, and these better-than-expected investment returns also drove the improvement in funding level. However, this overall positive movement has been partially offset by higher-than-expected inflation over the period.

The Trustee meets regularly with its advisers and the Employer to discuss developments and the Trustee checks that Oracle Corporation in the United States ("Oracle Corp") is able to meet the guarantee.

Results of the next actuarial valuation will be as at 31 May 2025.

Employer contributions

As reported last year, following the results of the May 2022 actuarial valuation the Trustee and Employer agreed that:

- The Employer will pay contributions of £35m each year until May 2024, followed by £31m each year until May 2029.
- The Employer will continue to meet the costs of running the Plan.
- The Parent Company guarantee provided by Oracle Corp remains at £800m. This guarantee means that Oracle Corp is required to step in if the Employer is unable to fund any shortfall in the Plan.

Solvency position

The Trustee is required to calculate the amount of money needed if the Plan were to stop and secure members' pensions with an insurance company. This is known as the Plan's "solvency" position.

This normally requires a lot more money than most pension schemes hold. Insurance companies take a cautious view of how much pensions will cost, as well as making allowances for administrative expenses and profit margins. This means the Plan's liabilities are much higher if measured using an insurance company approach.

The table below shows the position if the Plan needed to secure members' pensions with an insurance company.

£million	31 May 2022	31 May 2023	31 May 2024
Assets	346	356	419
Solvency liabilities	840	600	560
Shortfall	(494)	(244)	(141)
Funding level	41%	59%	75%

The Trustee is required to tell you about the solvency position but it does not mean they are currently thinking about securing members' pensions with an insurance company.

The Pension Protection Fund (PPF)

If the Employer ever became insolvent and there was insufficient money in the Plan after any recovery from Oracle Corp's guarantee then the PPF may take over the Plan and pay members' pensions. The PPF does not provide full protection, so members would see a reduction to their overall retirement benefits if the Plan went into the PPF.

The amount that benefits are reduced by will depend on whether a member had retired or not at the point the Plan went into the PPF. The PPF's website www.ppf.co.uk provides further information.

Other information

The Trustee is required to tell you that no payments have been made to the Employer from the Plan and the Pensions Regulator has not had cause to intervene with the running of the Plan.



Website reminder - www.myoraclepension.com

The Plan's website is a useful source of information regarding the Plan. With just a few clicks you can find information about the Plan, the benefits it provides, information on investment funds, performance and charges and other helpful documents. In particular, the website includes the Plan's implementation statement which sets out broadly how the Trustee invests the Plan's assets in line with the Statement of Investment Principles, including its policies on voting and engagement (<https://myoraclepension.com/documents.html>).

Salary link information

The Trustee has recently added a flyer to the website with some information about how the Plan works – specifically in relation to how benefits are linked to salary. This information is relevant to you if you paid into the Plan before 31 May 2004, you're still employed by Oracle UK and you haven't voluntarily opted to break your salary link. See the documents section of the website for more information.



Investment guide

There is a booklet on the Plan's website that explains how your contributions are invested, your investment options and charges. It can be found in the "investment guide and options" section of the website and has recently been updated following the review of available funds by the Trustee. Please review your investments regularly so you know whether your savings are on track or not.



Changes to Normal Minimum Pension Age (NMPA)

The NMPA was introduced in 2006 and is the earliest age (other than if you are in ill health) that you can take your benefits without incurring a penal tax charge. It increased from age 50 to age 55 in 2010.

In 2014, following the consultation on 'Freedom and Choice in Pensions', the government announced it would increase the NMPA to age 57 in 2028 to coincide with the rise of state pension age to 67. The law changed on 24 February 2022 confirming that the increase in NMPA will take effect on and after 6 April 2028. The intention is that the NMPA will remain 10 years below State Pension Age thereafter.

This change may affect you if you have plans to retire early and your 55th birthday falls in 2028 or later.



Annual and Lifetime Allowance

The Annual Allowance is a limit on pensions savings that can be built up each year. The limit remains at £60,000 for the 2024/25 tax year.

For high earners the limit can reduce to as low as £10,000. This reduction – known as "tapering" starts if pre-pension contribution earnings exceed £260,000 in the 2024/25 tax year. There are also lower limits if you start to access benefits flexibly, such as drawdown. Seek financial advice if you think the limits will affect you.

Section 1 members employed by Oracle – any increase in your Pensions Underpin as a result of increases to Pensionable Pay or bonuses each year above annual CPI inflation will count towards the Annual Allowance limit. Members are responsible for monitoring the growth of their pensions savings against the Annual Allowance and

notifying HMRC of their Pension Input Amounts each year. You can ask Barnett Waddingham for further information if needed.

The Lifetime Allowance was abolished from the 6 April 2024 (previously £1,073,100). However, the Government still wishes to control tax relief on lump sums taken and has therefore introduced two new allowances called **The Lump Sum and Death Benefit Allowance (LSDBA)** and **The Lump Sum Allowance (LSA)**. These items are broadly summarised below. Seek financial advice if you think these allowances will affect you.

- The **LSDBA** replaces the overall 'lifetime' check on cumulative tax-free elements of lump sums and its value for the 2024/25 tax year is £1,073,100.
- The **LSA** serves to replace the 25% tax-free allowance cap relating to retirement lump sums. Its value is retained at $25\% \times £1,073,100 = £268,27$ for the 2024/25 tax year.

Following the general election on 4 July 2024, the above may be subject to change again in the future.



Benefits on death

Core and Non-Core Funds will provide valuable benefits to your dependants on your death. Make sure your Expression of Wish details are kept up-to-date to help the Trustee identify your beneficiaries. As a reminder, the Plan provides for the following.

Death before retirement

Your Core Funds are used in the first instance to provide a pension from the Plan to your legal spouse (if applicable) to meet the minimum contracting-out requirements. Any Non-Core Funds alongside any remaining Core Funds are paid as a death benefit lump sum. The recipient(s) of this lump sum are determined at the discretion of the Trustee after considering any Expression of Wishes you have submitted.

Death after retirement

Core Funds (or the Pensions Underpin if higher) will provide a pension to your legal spouse or dependant. The spouse's/dependant's pension will be 50% of the annual rate in payment at death. The outstanding balance of the first 5 years' pension instalments, ignoring future increases will also be paid as a death benefit lump sum.

Death benefits from Non-Core Funds will depend on the annuity options selected at retirement.



Expression of Wish forms

One of the Trustee's roles is to decide who receives a lump sum if you die before retirement or up to five years after retiring. The Trustee will normally take account of your wishes, provided these are known.

You can make your wishes known by completing an Expression of Wish form. If you can't remember completing a form, or perhaps your circumstances have changed since you last completed one then you can update your Expression of Wish form via the Clarity platform.



Transferring benefits out of the Plan

Members can transfer their benefits to another registered pension scheme provided they have not yet retired. Members with Section 1 benefits can transfer an amount that incorporates the value of their Pensions Underpin – known as a Cash Equivalent Transfer Value (CETV). Members with Non-Core Funds will receive the value of their funds at the point of transfer. Transferring your benefits may provide additional flexibility, such as when and how much pension you can draw but in return you may have to accept more risk and uncertainty over your retirement income.

The law requires members to take independent financial advice before transferring Section 1 benefits unless the amount being transferred is less than £30,000 or you are transferring to a final salary arrangement.

You can find an adviser from the FCA's website www.fca.org.uk/consumers/finding-adviser or you can get guidance via the website www.moneyhelper.org.uk/en/pensions-and-retirement

Overseas transfers

Members can transfer their pension savings to an overseas arrangement but the Trustee must undertake extensive checks before allowing the transfer to happen. These checks can take a significant amount of time so we ask that you allow for this in your planning and inform us of your intention to transfer overseas as early as possible in the process.

If you are transferring to an overseas pension arrangement, there can be a 25% "overseas tax charge" on overseas transfers if you can't show a genuine need for the transfer to happen. A genuine need might be something like you are a permanent resident in the home state of the receiving arrangement. Transferring overseas often requires specialist advice so make sure your adviser has the appropriate experience.

A lot of scammers trick their victims into transferring to an overseas arrangement because once your savings are moved overseas it can be difficult to get your money back.

Pension Scams

Sadly, pension scheme members are being targeted by pension scammers, typically promising to unlock significant amounts of cash for you or offering you so-called 'deals' that assure high investment returns. Tempting though these offers may sound, the sad reality is that most individuals end up with lost savings and a high tax charge (usually 55% of what's transferred).

Being vigilant will help you avoid being the next victim of a scammer. You should watch out for:

- claims you can access your cash before age 55
- offers of 'one-off' investment opportunities
- being put under pressure to make a decision
- being contacted out of the blue also known as cold calling (despite a law that bans this)
- promises of cash in advance or other incentives to transfer
- so called "loopholes" to avoid paying tax or complying with regulations
- Unusual investments such as storage pods, overseas property, car parking spaces, loans, unlisted shares

If you have concerns you can get more information about pension scams at www.fca.org.uk/scamsmart

Always check your adviser is authorised by the FCA and be suspicious if they give an excuse for not being authorised. You can check someone's authorisation to provide financial advice at <https://register.fca.org.uk/s/>

It is also important to be vigilant against **cyber-attacks**, including "phishing scams" (when criminals use scam emails, text messages or phone calls to trick their victims). You can find useful information on the National Cyber Security Centre website (www.ncsc.gov.uk) and at www.moneyhelper.org.uk.

Paperless communications

Feedback suggests most members want information provided in a digital format. That's why the Plan has set paperless communication as the default. You can still have paper sent in the post if you want – just let Barnett Waddingham know if you haven't done so already.

Under the paperless approach, all correspondence, benefit statements, announcements and payslips will be delivered via Barnett Waddingham's 'Clarity from BW' platform (previously known as BWebstream). **Please note that if you activate your online Clarity account, you will be automatically set up for paperless communication even if you have previously opted for paper copies.**

If you haven't got a Clarity account, please contact Barnett Waddingham and they will help set one up. Once you have an account you will receive an email from Barnett Waddingham to let you know when new information or a statement is available to download.

Online access – Clarity from BW

To manage your account online, members can access Clarity to:

- ✓ check on the current details of your Member Account
- ✓ update information, like your Expression of Wish Form (see below)
- ✓ change your investment options
- ✓ email the Plan's administrators with any questions
- ✓ store correspondence and statements issued by the Plan's administrators

Access to Clarity is via this website: account.claritybw.co.uk

If you have forgotten your User ID or your password, please use the forgotten login details link on the website to restore access to your account.



Additional information

The Trustee prepares a number of documents to help with the management of the Plan. Copies of these documents are available on request or from www.myoraclepension.com. They include:

- the Trustee's annual statement, which comments on the investment policy, performance and charges
- the Statement of Investment Principles, which explains how the Trustee invests the Plan's money
- the Statement of Funding Principles, which explains how the actuarial valuation is carried out, including the assumptions being made about the future development of the Plan
- the Schedule of Contributions and the Recovery Plan, which shows the contributions to be paid by the Employer towards the Plan's shortfall
- the Actuarial Valuation Report following the check of the Plan's funding position as at 31 May 2022
- the Actuarial Reports which set out the approximate funding position of the Plan for each year between full valuations (the latest one is as at 31 May 2024)
- the Annual Report and Accounts for the Plan, which shows the Plan's income and expenditure



Who to contact

If you have a question about the Plan or benefits there are lots of ways to find the answer:

There's lots of information about the Plan, benefits and investment information on the Plan's website www.myoraclepension.com

You can also email, call or write to the Plan's administrator Barnett Waddingham if you have any questions or wish to inform the Trustee of a change of address. Alternatively, if you have any questions about how the Plan is run you can contact the Trustee.

Plan administrator

Email: oracle@barnett-waddingham.co.uk

Phone: 0333 555 0001

Write:

Barnett Waddingham LLP
3 Devon Way
Longbridge
Birmingham
B31 2TS

The Trustee

Email: Fay_Robinson@dalriadatrustees.co.uk

Phone: 0117 959 5001

Write:

Dalriada Trustees Limited
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Disclaimer

The information provided grants no right to benefit if it's found to be inaccurate. Pension benefits will only be paid according to the Plan Rules.