NielsenIQ

Trustee Report

ACNielsen (UK) Pension Plan

December 2022

Welcome

I am delighted to provide members of the ACNielsen (UK) Pension Plan with this new-look Trustee Report. I hope the new format helps you understand how the Trustee manages your benefits and how developments in the wider world of pensions might affect your retirement plans.

It seems strange to think that our focus a year ago was on the effects of the pandemic on the Plan. This year, there has been considerable volatility in global investment markets, not least because of the war in Ukraine, rising inflation and higher interest rates. You may also have heard alarming news reports in recent months suggesting that Defined Benefit schemes were hours away from insolvency as a result of volatility in gilt markets. I would like to reassure you that the Plan continues to be well placed to withstand market changes and the funding position remained stable throughout this period. The Trustee and its investment managers continue to closely monitor the Plan's investments to ensure the Plan continues to be well-positioned to respond to market changes. You can read more about our investments on pages 8 to 11.

The Plan Actuary has completed the latest triennial valuation, and also looked at the funding position as at 5 April 2022. These results are provided in the Summary Funding Statement starting on page 12.

During the year, the Trustee also signed off on a plan to transfer Section C members to a master trust arrangement. This project was completed in June, when all 277 members were transferred from Aviva into the Fidelity Master Trust. Having taken advice, the Trustee's view was that members would get better value from their retirement savings if their accounts were transferred to a master trust pension arrangement. Section C members are therefore no longer in the Plan and instead have a personal retirement account with Fidelity.

The rest of this newsletter provides the usual summary of payments into and out of the Plan and latest membership numbers on pages 6 and 7. Our Plan noticeboard and pensions news sections provide a round-up of issues that may affect your retirement plans.

I hope you find this newsletter interesting and useful. If you have any questions or would like further information, please contact the Plan administrator, Capita. Their details are given on the back page.

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

At a glance

As at 5 April 2022:

- the Plan's assets were worth £299 million
- the Plan had 2,178 members
- during the year, the Plan paid benefits to members worth £6.9 million
- the Plan's funding level was 96%.

Contents

Plan noticeboard

New rules for transfers

New transfer regulations came into effect from November 2021 to help protect savers from pension scams. These regulations mean that if you apply to transfer your pension out of the Plan, Capita and the Trustee will need to do more checks to make sure your transfer does not show any signs of being part of a scam. This may mean your transfer takes a little longer to complete.

You already have to prove you've taken independent financial advice if your transfer value is over £30,000, but the additional checks aim to provide an extra level of security.

First of all we need to check where the transfer is going to. If it's to a public sector scheme or a master trust, these schemes are highly regulated so the transfer can take place straight away. If it isn't, we have to carry out further checks to make sure the transfer is to a legitimate scheme which is unlikely to be a scam.

Transfers are assessed using green, amber and red flags:

- Green – it can go ahead
- Amber – you will need to get guidance from MoneyHelper (**www.moneyhelper.org.uk**) before the transfer can take place
- Red – unfortunately the transfer will not go ahead but we will contact you to explain the reason for this.

Pensions news

How to spot a pension scam

As the cost of living continues to go up, you might feel tempted to access your retirement savings to help pay the bills – but beware! This makes you an ideal target for pension scammers. Find out more on how to avoid a pension scam at the FCA's website: **www.fca.org.uk/scamsmart**

Or, for a bit of fun with a serious message, why not check out this online pension scam predictor tool: **https://helpandadvice.co.uk/pension-scam-predictor-tool**

How sure are you that you wouldn't be fooled by a scammer?

Earlier rise in State Pension Age to 68?

At present, the State Pension Age is 66 for men and women and will rise to 67 by 2028, while the government has previously said it will then go up again to 68 by 2039. However, it has been suggested in the media that the increase to 68 could be brought forward to as early as 2033.

The government has said a decision will be made in the next six months.

This might have a knock-on effect on the normal minimum pension age (NMPA), which tracks the State Pension Age at 10 years younger. The NMPA is due to increase to 57 from 2028, when the State Pension Age rises to 67.

Pensions dashboard

A major change coming to the pensions world is the launch of pensions dashboards. Work is ongoing to get this ready for later in 2024.

Once fully operational, the pensions dashboards project will enable you to see all of your pension data in one place via your chosen dashboard. So, not only would you be able to see your ACNielsen pension information, but also data from any other pensions you have, whether personal or workplace, as well as your State Pension figures. If you've lost touch with any previous pension providers, the dashboard will help you reconnect with those too.

Financial highlights

The Trustee produces a formal report and set of accounts for the Plan each year. The information on these pages is a summary of the accounts, which have been audited by Grant Thornton LLP, who confirm that they show a true and fair view of the Plan's financial transactions for the year to 5 April 2022.

If you would like to see a copy of the full report, you can find it on the Plan website (**www.acnielsenpensionplan.co.uk**) or request it from the Plan administrator.

Financial overview

Value of the Plan at 6 April 2021	£297 million
Money in less money out	£13.4 million
Change in market value of investments	(£11.4 million)
Value of the Plan at 5 April 2022	£299 million

Income and expenses

MONEY IN	£'000
Company contributions	6,662
Income from investments	16,865
Total money in	**23,527**

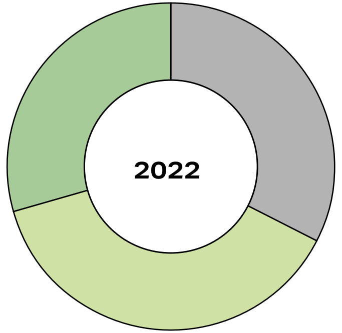
MONEY OUT	£'000
Benefits paid to members	(6,860)
Payments to leavers	(1,628)
Administrative and investment expenses	(1,663)
Total money out	**(10,151)**

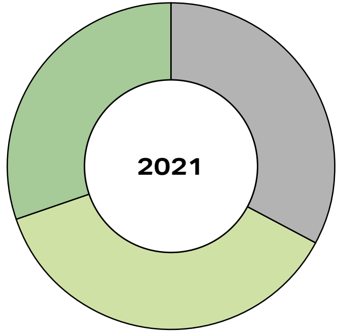
Who's in the Plan?

The Plan is closed to new members, so total membership will gradually reduce over the years. The charts compare the Plan's membership at 5 April 2022 with the previous year.

In June 2022 277 members in Section C (New Money Purchase Section) were transferred into the Fidelity Master Trust and ceased to be members of the Plan. Next year's report will therefore only show our Final Salary/CARE members and those who remain in the Old Money Purchase Section (Section A).

	5 April 2022	5 April 2021
Money Purchase Section		
Deferred members	709	728
Final Salary/CARE Section		
Deferred members	829	817
Pensioners	640	670
Total	**2,178**	**2,215**





Focus on investments

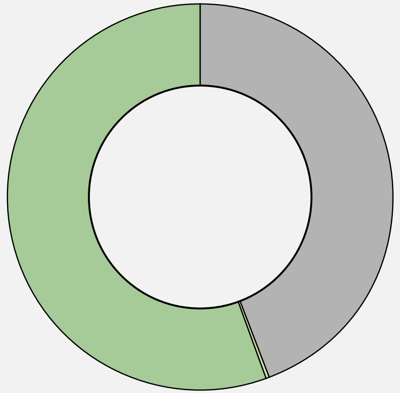
The Trustee's approach to investing the Plan's assets is set out in in a formal document called the Statement of Investment Principles (SIP) which you can download from www.acnielsenpensionplan.co.uk.

An Implementation Statement is available on the same website that sets out how and to what extent the SIP has been followed during the Plan's financial year. If you don't have internet access, you can request copies of these documents from the Plan administrator, Capita.

Final Salary/CARE Section investments

The Trustee's policy for the Final Salary/ CARE Section is to invest in various types of investments. Return-seeking assets aim to generate growth for the Plan, while matching assets aim to protect the Plan against changes in interest rates and inflation.

The chart shows how the assets were invested as at 31 March 2022.



Multi-asset funds (return-seeking assets)	44.4%
Downside risk hedge	0.1%
Liability Driven Investment and Cash (matching assets)	55.5%
Total	**100%**

Investment performance
The table below shows the Plan's investment returns over the year to 31 March 2022 and from September 2016 (when the current investment strategy started) to 31 March 2022.

One year (%)		Since September 2016 (% p.a.)	
Plan	**Benchmark**	**Plan**	**Benchmark**
1.68	0.87	3.87	2.29

Focus on investments continued

Market volatility and your pension
As you may know, the Bank of England stepped in to quell unprecedented market volatility at the beginning of October, by promising to buy £65bn of gilts, which the media reported as being necessary to 'save pension funds from going bust'. First of all, let us reassure you that the Plan has not run out of money, and pensions will continue to be paid as normal.

The issue arose because of a sudden increase in gilt yields following the chancellor's mini-budget announcement (although gilt yields had been rising throughout 2022).

Many Defined Benefit pension schemes, including the ACNielsen Plan, invest in gilts. Buying gilts helps a scheme to match movements in its liabilities caused by changes in inflation and interest rates and therefore helps to provide protection against these risks. This type of investment strategy is called Liability Driven Investment (LDI), and as you can see from the chart on page 8, the majority of the Plan's assets are held in an LDI portfolio.

The LDI portfolio did what it was intended to do and preserved the funding level of the Plan. The Plan's funding position remained stable throughout the recent volatility, and the Plan remains in a healthy position.

The Trustee and its advisers will continue to review the Plan's funding and investment strategy regularly and aim to ensure the Plan remains resilient to any further volatility and to protect the healthy funding position that has been achieved.

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 2022.

	Last 12 months	Last 3 years (p.a.)
LGIM Global Equity Index Fund	11.00%	11.36%
LGIM Pre-Retirement Fund	-0.87%	2.11%

Summary Funding Statement 2022

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 2022.

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.

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 this table.

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%.

Summary Funding Statement 2022 continued

The corresponding funding level at the last formal funding update as at 5 April 2020 was 81% (overall). The improvement over the year to 5 April 2021 was mainly due to shortfall contributions being received from ACNielsen and favourable investment returns, partially offset by changes in investment return and inflation assumptions. Regular shortfall contributions of £6.123 million were paid during the year, plus an additional special contribution of £42 million. This special contribution was negotiated by the Trustee following the sale of Nielsen's former Global Connect business, now known as NielsenIQ, and the consequential termination of the parental guarantee previously provided by Nielsen.

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 2022 update

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

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.

The formal Summary Funding Statement for 2022 is available on the Plan website, at **www.acnielsenpensionplan.co.uk**

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.

During the year covered by this Trustee Report, we had a number of changes on the Trustee Board. As we mentioned in last year's newsletter, ITS was appointed as an independent Trustee (represented by Chris Martin and Sarah Horan), while Philipp Loman was appointed by the Company. Since then, Philipp and Jocelyn Colyer have resigned from the Trustee Board, and Michael Danilovich and Sam Williams were appointed in their place.

Has anything changed? Let us know
If any of your circumstances change, it's important that you let Capita know so they can keep in contact with you about your benefits.

Your Trustee Directors

- Richard Cowdrey*
- Michael Watkins*
- Robert Clayton
- Jocelyn Colyer (resigned 31 August 2022)
- Independent Trustee Services Ltd, represented by Chris Martin (Chair of the Trustee Board)
- Michael Danilovich (appointed 31 March 2022)
- Philipp Lohan (resigned 31 March 2022)
- Sam Williams (appointed 1 October 2022)

*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.

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