

# Oracle UK Pension Plan – Summary Funding Statement and Newsletter 2019

This statement is issued by the Trustee of the Oracle UK Pension Plan (the Plan) to provide you with information about the Scheme's funding position. The sole independent Trustee, Dalriada Trustees Limited (Dalriada) is represented by Adrian Kennett and Greg McGuinness. A statement will be issued on a regular basis to update you on the position each year.

**The Trustee strongly recommends that you take independent financial advice before taking any action regarding your benefits.**

## Role of the Trustee

The Trustee is responsible for the strategic management of the Plan; ensuring that Members receive the benefits and that the Plan is compliant with all legal and regulatory requirements. The Trustee has delegated the day-to-day management of the Plan's affairs and investments to external specialists. The Trustee retains appointed legal, actuarial and investment advisers to assist with strategic decision making.

The Trustee meets regularly to monitor the performance of the Plan, its various service providers and matters that may affect the Plan including legal developments and the position of the Employer.

## Summary Funding Statement

One of the key areas monitored by the Trustee is the ability of the Plan to fund the Pensions Underpin for all Section 1 Members. The Trustee must determine to what extent the funds invested in Members' Core Funds and the Trustee Reserve Account are sufficient to cover the cost of the Pensions Underpin.

The Trustee is obliged to carry out a formal actuarial valuation once every three years in order to determine to what extent the cost of the Pensions Underpin is covered and what contributions are required from the Employer.

## Funding position at 31 May 2018

To determine the level of assets the Plan ideally needs to hold, the actuary assesses how much money is needed to cover the Pensions Underpin accrued to date for all Members – known as the Technical Provisions. As part of this valuation the Scheme Actuary has to make assumptions about future investment returns, salary increases, inflation and life expectancy.

To determine how well the Plan is currently funded, the Technical Provisions are compared to the Plan's assets used to back the Pensions Underpin. This identifies any surplus or shortfall of assets compared to the Technical Provisions.

Using the results of the valuation, the Actuary can determine how much money the Employer needs to pay into the Plan in order for any funding shortfall to be eliminated.

The results of the formal actuarial valuation at 31 May 2016 and the approximate updates since then are shown in the table below for comparison:

£Million	31 May 2018	31 May 2017	31 May 2016
<b>Value of Plan assets</b>	276.1	263.3	237.6
<b>Value of Technical Provisions</b>	531.5	536.6	403.1
<b>Shortfall</b>	255.4	273.3	165.5
<b>Funding level</b>	52%	49%	59%

Over the year to 31 May 2018 the funding position improved slightly to 52%, compared to 49% at the start of the period. The improvement is mainly due the contributions paid in to the Plan and the fall in the Technical Provisions.

Following discussions between the Trustee and the Employer, it has been agreed that:

- The Employer will continue to pay £10M pa (in monthly instalments) until May 2035.
- The Employer will continue to meet the costs of running the Plan
- The Parent Company guarantee provided by Oracle Corporation in the United States (“Oracle Corp”) stands at £600M. This guarantee means that if the Employer were ever unable to fund any shortfall of the Plan, Oracle Corp would be legally obliged to step in.

The Trustee regularly reviews the ability of the Employer and Oracle Corp to meet their obligations and as part of the valuation process received professional advice that Oracle Corp were able to fulfil their increased guarantee obligation. The Trustee has also received legal advice regarding the enforceability of the guarantee in the UK and the USA.

The next formal actuarial valuation will be as at 31 May 2019, where the Trustee and the Company will consider the funding position and the need for payment of contributions.

### Payments to and from the Employer

The Trustee is required to inform you if there have been any payments to the Employer from the Plan. No such payments have been made.

### Wind-up position

The Trustee is required to calculate the amount that would be needed to meet the Plan’s liabilities in full were it to be wound up. That is, if the Plan’s assets were used to secure insurance policies to provide members’ benefits.

This typically leads to a higher value being placed on the liabilities compared to the Technical Provisions as insurance companies take a cautious view of the future, as well as making allowances for administrative expenses and a profit margin as well as holding a minimum cash reserve in accordance with legal requirements.

If the Plan had started winding up at 31 May 2018, the actuary estimated the position would have been as follows:

£Million	31 May 2018	31 May 2017	31 May 2016
<b>Value of Plan assets</b>	276	263	238
<b>Wind-up value of liabilities</b>	986	1,063	795
<b>Shortfall</b>	710	800	557
<b>Funding level</b>	28%	25%	30%

This does not mean that the Employer is thinking of winding-up the Plan.

### The Pension Protection Fund

If the Plan were to start to wind-up, the Employer is required by law to pay enough money into the Plan to enable the Trustee to buy insurance policies to secure all members' benefits in full. If the Employer were unable to pay this amount, for example if it were insolvent, then the Pension Protection Fund (PPF) might be able to take over the Plan, in which case a proportion of members' benefits would continue to be covered. For more information on the PPF please go to: [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

## Benefit options

### How the Plan works

An explanatory note is issued with the annual Benefit Statements which reminds Members about how the Plan works and answers some frequently asked questions. This document is reviewed and updated regularly and can be found in the "Plan Overview" section of [myoraclepension.com](http://myoraclepension.com)

Similarly an explanatory booklet is available which explains what choices are available for your investments and details of the default strategies which can be found "investment options" section of [myoraclepension.com](http://myoraclepension.com).

You have a number of choices regarding what you can do with your benefits, including:

- Continue to leave your Member Account in the Plan, invested as you choose, until you are ready to retire
- If you are over age 55, you can access your benefits
- Transfer your benefits out of the Plan to another registered pension arrangement.

The benefit options will be different depending upon whether or not they are in respect of Section 1 core contributions. This is because of the Pensions Underpin applying in respect of Section 1 core benefits. Further details relating to how your benefits might be taken are set out below.

### Flexibility regarding non-core contributions

There is more choice for members on how to access defined contribution (ie non-core contributions) benefits when they retire. There are three main options but you can also choose any combination of these:

- Lifetime annuity - you can use some or all of your funds to buy an annuity which will be payable at least for the rest of your life. When you buy an annuity you can take a tax free lump sum of up to 25% of your pension pot at the same time

- Flexi-access drawdown - you can put funds into drawdown with no limits on how much or how little you can take from your drawdown fund each year. When you put funds into drawdown you can take a tax free lump sum of up to 25% of your pension pot at the same time
- Lump sum payment - you can take money direct from your pension pot without having to buy an annuity or put the money into drawdown, and 25% of this sum will be tax free. This is called an 'uncrystallised funds pension lump sum' (UFPLS)

All payments from an annuity or drawdown, and 75% of the amount of any UFPLS, are taxable as income on a standard PAYE basis. Other options are available although you may need to transfer some or all of your funds to another scheme to access them, you should seek independent advice if considering this.

## Transferring benefits out of the Plan

Members have the option to transfer their funds to another registered pension scheme. Those with Section 1 benefits will be entitled to a minimum transfer value based on their Pensions Underpin known as a Cash Equivalent Transfer Value (CETV). Transferring your benefits can provide additional flexibility over your benefit options but in return you may be accepting more risk and uncertainty over your retirement income.

The law requires that members take independent financial advice before transferring Section 1 benefits to a Defined Contribution (also known as Money Purchase) pension scheme unless their Section 1 CETVs less than £30,000.

## Pension Scams

Sadly, pension scheme members in the UK 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 investments and a high tax charge (usually 55% of what's transferred).

Please be very cautious if you are approached about ways to cash-in or enhance your retirement benefits. Scammers often find their victims by cold-calling or targeting individuals through Facebook, Linked-in or Twitter. If you want to speak to an independent financial adviser then the FCA website has information about how to choose an adviser or you could look at the website [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk).

The Trustee cannot advise members on their financial affairs. If members do consider transferring their benefits to any other arrangement, we would always recommend members take independent financial advice before the transfer takes place and to be vigilant in checking the validity of the arrangement to which they are transferring to.

## Overseas transfers

Trustees are required to undertake relatively extensive due diligence to ensure that transfers are going to Qualifying Recognised Overseas Pension Schemes (QROPS). This due diligence can take a significant amount of time; 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. Much of the time taken to perform this due diligence is dependent on the supply of information from the receiving scheme and whilst this is out of our control we would be grateful for your patience while we fulfil our regulatory requirements.

If considering a QROPS, you should note that there is now a 25% "overseas tax charge" on overseas transfers. There are exceptions to this where people have a 'genuine need' to transfer their pension overseas (e.g. you are permanently resident in the home state of the QROPS) and in these circumstances transfers will still be available tax free.

## Topical issues

### Going paperless

To save on printing and postage costs and to reflect that most members prefer to work online, the Trustee's intention is to communicate with you in the future via an electronic/online format rather than by post.

The intention is that all future correspondence, such as benefit statements, announcements and payslips will be delivered via the Barnett Waddingham's BWebstream platform.

If you wish to have online access but haven't got a BWebstream account, please contact Barnett Waddingham as shown on page 7. Once an account is set up we will send you an email to let you know when new information or statements are available to download.

If you want to continue to receive paper copies of statements and newsletters you will need to contact us to let us know (see contact Barnett Waddingham as shown on page 7). Please include your name, date of birth and pension reference number in any written communication.

#### Online access - BWebstream

To manage your account online, members can access BWebstream 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 BWebstream is via this website: [logon.bwebstream.com](https://logon.bwebstream.com)

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.

### Guaranteed minimum pension equalisation

You may have seen articles in the pensions press recently about the Lloyds court case regarding the equalisation of pensions which include Guaranteed Minimum Pension (GMP). In the Oracle Plan, GMP is part of the Pensions Underpin that is typically earned between 1992 and 1997.

Previously, the way that GMP was calculated depended on your gender. The judge ruled on 26 October 2018 that:

- schemes are required to equalise member benefits so that members are not disadvantaged based on their gender;
- there is a list of acceptable methods to equalise for GMP; and
- past payments will be required to be gender-equalised.

The judge's decision was specific to the Lloyds pension scheme so there are still questions relating to how the ruling impacts other pension schemes, which the Trustee is currently reviewing. Even if GMPs are equalised in the Plan and you have service in the relevant period you may not necessarily be entitled to an increase to your pension. We will keep you updated with all developments and let you know the effect on your pension once the work in this area is completed.

## Annual and Lifetime Allowance

The Lifetime Allowance for the value of tax free pension benefits you can build up over your life was increased on 6 April 2018, from £1 million to £1.03 million and will increase to £1.055m on 6 April 2019. When you receive your benefits any value above the Lifetime Allowance will be taxed at a punitive rate.

Members with Fixed Protection in place are reminded that they are not allowed to accrue any further benefits and, whilst DC investment growth and normal deferred revaluation does not count as benefits accrual, better than inflation salary growth could affect this for In Service Deferred Members. If you think that you could be affected by this you should contact Barnett Waddingham to discuss opting out of the salary link.

The level of Annual Allowance is currently £40,000, but is tapered to as low as £10,000 for those with total taxable income and value of pension savings in a defined benefit (DB) scheme or contributions in a defined contribution (DC) scheme exceeding £210,000. The allowed level of new contributions to a DC scheme is reduced to £4,000 a year if you access benefits flexibly.

Investment growth of DC funds and normal deferred revaluation of your Underpin Pension do not count towards the Annual Allowance but taking your Plan benefits may affect the level of contributions that you can make to other arrangements. Please seek independent financial advice if you think you may be affected.

## GDPR and Data Security

The Data Protection Act 1998 (DPA) was replaced by the General Data Protection Act (GDPR) on 25 May 2018. The GDPR is more extensive than the current (DPA), extending the data rights of individuals, requiring organisations to develop clear policies and procedures to protect personal data, and adopt appropriate technical and organisational measures. Under the new regulations we are required to write to all Members to confirm how we use your data and you should have received this communication around May last year.

## Expression of Wish forms

One of the Trustee's roles is to determine where to make payments due in the event of your death before retirement. In particular, one of the key responsibilities of the Trustee is to decide who should receive the cash lump sum benefit and they will normally take account of your wishes, provided these are known.

The Trustee therefore wishes to remind you that as a member of the Scheme, you should complete an Expression of Wish form to indicate how you would like any benefits due in the event of your death before retirement to be paid. If you have not completed a form or if your wishes have changed since you last completed one, an Expression of Wish form is available through BWebstream, the administrator's online platform.

## Additional information

The Trustee ensures that a number of documents are prepared as required under legislation. Copies of these documents are available on request or from [www.myoraclepension.com](http://www.myoraclepension.com). They include:

- 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 Company towards the Plan's shortfall
- the Actuarial Valuation Report following the check of the Plan's funding position as at 31 May 2016

- the Actuarial Reports which set out the approximate funding position of the Plan for each year between full valuations (as at 31 May 2017 and 31 May 2018)
- the Annual Report and Accounts for the Plan, which shows the Plan's income and expenditure
- Chairman's annual statement.

## Who to contact

### Contacting the Plan

If, as a Plan member, you wish to obtain further information about the Plan, including copies of the Plan documentation, your own pension position or who to contact in the event of a problem or complaint, you can contact:

### Plan administrator

If you have a question about the Plan or your benefits and you can't find the answer here or via your online account with BWebstream, please contact the Plan administrator, Barnett Waddingham. Please also contact Barnett Waddingham if you wish to inform us of a change of address.

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### The Trustee

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