

## Oracle UK Pension Plan – Newsletter 2021

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](http://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 Leanne Coomber 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 2019 and an approximate update is carried out every 12 months to monitor progress. Last year's newsletter included details of the actuarial valuation as at May 2019 and the update to May 2020. The results of these estimates and the May 2021 position are shown in the table below and commentary on the results is provided underneath the table:

£million	Valuation at May 2019	Update at May 2020	Update at May 2021
Assets (Section 1)	285	309	351
Liabilities (Section 1)	593	675	623
<b>Shortfall</b>	<b>(308)</b>	<b>(366)</b>	<b>(272)</b>
Funding level	48%	46%	56%

### Update in May 2021

An approximate update of the Plan's funding position was carried out as at 31 May 2021 showing how the financial position has improved since the May 2020 update as a result of the economy beginning to recover and a reversal of the negative market conditions brought on by the COVID-19 pandemic that were described in last year's newsletter.

Over the year to May 2021 the funding level increased from 46% to 56%, revealing a shortfall of £272m. The decrease in shortfall since last year stems from global equities delivering strong returns together with changes in market conditions affecting the value placed upon the liabilities. Contributions paid by the Employer (as described below) also contributed to the improved funding position, with the Plan now slightly ahead of target in terms of the Recovery Plan agreed as part of the May 2019 actuarial valuation.

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 2022.

## Employer contributions

As reported last year, following the results of the May 2019 actuarial valuation the Trustee and Employer agreed that:

- The Employer will pay contributions of £10m over the year to May 2020, followed by £35m 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 was increased to £800m (previously £600m). 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 2019	31 May 2020	31 May 2021
Assets	290	310	351
Solvency liabilities	1,080	1,210	1,090
<b>Shortfall</b>	<b>(790)</b>	<b>(900)</b>	<b>(739)</b>
Funding level	27%	26%	32%

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 will 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 <http://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](http://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>).



### COVID-19

We remain in unprecedented times with the COVID-19 pandemic, however it appears that there is an end in sight. The COVID vaccination programme, alongside ongoing monetary and fiscal policy support, has accelerated the prospects for economic recovery. For example, the UK economy in May was estimated to be only 3.7% smaller than its peak. This means the UK recovery is now outperforming the recovery from the global financial crisis, despite a much deeper fall during the pandemic.

As noted in last year's newsletter, for members with Section 1 benefits, the Pensions Underpin provides some protection against changing asset values given its guaranteed nature. For members with Non-Core funds, strong investment returns have in general resulted in increases to members' funds over the year. If you wish to understand the impact on your benefits, please look at either your annual benefit statement or you are able to view your benefits online (more details on this below).

The Trustee continues to carefully monitor the funding position of the Plan together with the strength of the Employer. The Trustee works closely with the Employer to ensure that the maximum level of contributions can be paid to the Plan whilst maintaining sustainability of the Employer.

Barnett Waddingham, the Plan's administrators, are continuing to operate with a combination of working at home and in the office to ensure members receive a high quality service.



### 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. Please review your investments regularly so you know whether your savings are on track or not.



### Guaranteed Minimum Pension (GMP)

You may have heard that pension schemes must remove any gender inequality in the way that GMPs are calculated – this is referred to as "GMP Equalisation". In the Oracle Plan, GMPs are typically a small part of the Pensions Underpin earned between 1992 and 1997. Work on the equalisation of members' GMPs is ongoing following revisions to the GMP recorded on members' records as a result of a reconciliation exercise with HMRC.

For members who are yet to retire, any changes will happen in the background, as the impact of GMP equalisation is only expected to increase benefit entitlements once members retire. For members who have already retired, further calculations will be necessary to determine if any additional benefits are due. Affected members will receive correspondence on this setting out any changes to benefits. In the meantime the benefits for members who transfer their pension to another arrangement will be adjusted appropriately.



## Transferring benefits out of the Plan

Members can transfer their benefits to another registered pension scheme provided they have not 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](http://www.fca.org.uk/consumers/finding-adviser) or you can get guidance via the website <https://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](http://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/>



## Annual and Lifetime Allowance

The **Annual Allowance** is a limit on pensions savings that can be built up each year. The limit remains at £40,000 for the 2021/22 tax year.

For high earners the limit can reduce to as low as £4,000. This reduction – known as “tapering” starts if pre-pension contribution earnings exceed £240,000 in the 2021/22 tax year. There are also lower limits if you start to access benefits flexibly, such as drawdown. Seek 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** puts a limit on the amount of pension savings you can build up that receive tax relief. The allowance increased on 6 April 2020, from £1,055,000 to £1,073,100 and is expected to be frozen at this level until the 2025/26 tax year. While most members aren't affected by the Lifetime Allowance, any member approaching or above the allowance should take action as there are high tax rates on benefits that exceed the allowance.

Members with Fixed Protection are reminded that they cannot build up any further retirements savings, for example all contributions must stop. Investment returns on any DC savings and revaluation on the Pensions Underpin (or revaluation on other final salary benefits) are permitted under Fixed Protection.



## 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 BWebstream platform.

If you haven't got a BWebstream 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 - 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.



## 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 BWebstream platform.



## 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](http://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 2019
- 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 2021)
- 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](http://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](mailto:oracle@barnett-waddingham.co.uk)

**Phone:** 0333 555 0001

**Write:**

Barnett Waddingham LLP  
3 Devon Way  
Longbridge  
Birmingham  
B31 2TS

### The Trustee

**Email:** [Leanne.Coomber@dalriadatrustees.co.uk](mailto:Leanne.Coomber@dalriadatrustees.co.uk)

**Phone:** 020 4513 5485

**Write:**

Leanne Coomber  
Dalriada Trustees Limited  
46 New Broad Street  
London  
EC2M 1JH