

THUS Group PLC
Pension Scheme

2024 Trustees' Summary Report

Autumn 2024

In this issue

In numbers	2
Investment update	3
In the news	4-5
More information	6

Welcome to this latest issue of your Trustees' Summary Report.

For many people, the increased cost of living remains an issue. While inflation rates are falling, interest rates remain high, putting continued pressure on household budgets. We are alert to the current fragility of the markets and of broader national and international matters that could affect the Scheme's financial position. We continue to monitor the economic landscape in case we need to take proactive action.

The Pension Regulator's new general code of practice came into effect at the end of March, increasing the focus on effective governance of pension schemes, and we are fully committed to complying with the new code.

Scheme funding update

Please note there is no Summary Funding Statement included in this year's newsletter as the Scheme is currently in the midst of its triennial valuation. Details of the funding position will be made available to members once the valuation is complete.

Scheme website

Remember that the Scheme website is there to support you if you are looking for information about the Scheme or if you have a general query. See page 6 for details.

Corporate Trustee

At the request of Vodafone, the Scheme is currently in the process of moving to a Corporate Trustee. This means that the current Trustees will become directors of a corporate entity, which itself will become the Trustee of the Scheme. Current Trustees will become known as 'Trustee Directors' but their responsibilities remain the same: to ensure that benefits to members are paid in line with the Trust Deed & Rules of the Scheme and legislation.

The three year terms for the incumbant Member Nominated Trustees ('MNTs'), J Pender and R Braithwaite, have expired, however both have expressed their interest in continuing as Member Nominated Trustee Directors ("MNTDs") once the Scheme has transitioned to a Corporate Trustee arrangement. The Scheme will run an election process once the transition is complete, allowing members the opportunity to become a MNTD of the Scheme.

Wider pensions news

You can find our usual round-up of news on pages 4 and 5. In this issue, we report on changes to the pension tax allowances and the updated Retirement Living Standards, designed to help you assess whether you're on track to achieve the lifestyle you would like in retirement. We've also included reminders on how to stay safe from pension scams along with an update on the Pensions Dashboards Programme.

If you have any questions about the Scheme or your benefits which are not covered on the Scheme website, or you have a topic you want to see covered in our next issue, please do get in contact. The relevant details are on page 6.

Ian Armour
Chair of the Trustees

In numbers



The membership

At 31 December 2023 there were 587 members in the Scheme compared with 589 members at the same date last year.

25	Active members Working for the Company and paying regular contributions.
267	Deferred members No longer building up benefits but have benefits in the Scheme for when they retire.
295	Pensioner members Receiving benefits from the Scheme (and including the dependants of members who have died).



The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.



The value of the assets supporting the Scheme at 31 December 2023

£159.8M



The increase in the value of the assets over the reporting year

£3.7 M



The total value of Company contributions paid in to the Scheme during the year

£4.9 M



The total value of member contributions paid in to the Scheme during the year

£28,000



The total value of benefits paid to members during the year

£6.1 M

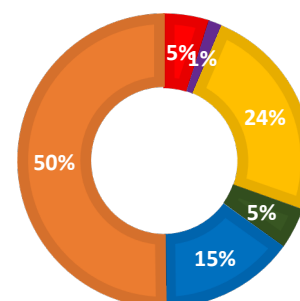
Investment update

As Trustees, it is our responsibility to agree on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers, and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2023, the Scheme held assets of £158.1 million in pooled investment vehicles, compared with £156.2 million at the same date last year (not including insured policies and AVCs).

- LDI Funds 50.2%
- Equity Funds 14.9%
- Property Funds 4.5%
- Diversified Growth Funds 24.0%
- Cash and Liquidity Funds 1.5%
- Bond Funds 4.9%



Performance

The table below shows how the Scheme's investments have performed compared with their agreed benchmarks for any holdings of more than 5% of the Scheme's assets. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

	Over the year to date		Over three years (% per year)		Over five years (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Equities	15.64%	15.62%	8.71%	8.70%	12.15%	12.14%
Equities - Hedged	20.94%	20.89%	7.31%	7.31%	11.62%	11.62%
Diversified Growth Fund	7.74%	20.15%	2.29%	9.18%	5.39%	12.82%

You can see that performance was largely positive over the year to date with most managers achieving their target returns over the one, three and five year periods.

We will continue to monitor performance and make any changes we feel are necessary.

Earlier in 2024, we agreed to diversify the Scheme's assets by investing in alternative credit. As of 30 June 2024, 7% of the Scheme's assets were invested in alternative credit. The aim of this investment is to diversify the investment portfolio and help secure the Scheme's funding position.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at https://pensions.vodafone.co.uk/documents/thus/thus_group_plc_pension_scheme_sip_update_october_2023.pdf.

You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.



In the news

Your pension tax allowances for 2024/25

The Government has made several changes to the tax allowances that apply to pension benefits, which are set out below. There are more details on pension tax in general on the Government's website at:

<https://www.gov.uk/tax-on-pension/tax-free>

If you are unsure of your tax position, please speak to an independent financial adviser (see page 6).

Staying: Annual Allowance

This applies to the pension benefits you can build up in a tax year before you incur a tax charge on those new savings.

Most people will have an Annual Allowance of £60,000. Higher earners will have a lower allowance. You may have a lower Money Purchase Annual Allowance if you have savings in a Defined Contribution pension scheme and have used these to provide certain benefits. Examples include taking some of your savings as cash or moving them into a drawdown arrangement and using them to provide you with an income. The Money Purchase Annual Allowance is £10,000.

Abolished: Lifetime Allowance and Lifetime Allowance charge

The Lifetime Allowance used to apply to the total pension benefits you could build up over your lifetime (excluding any State pension) before you had to pay a Lifetime Allowance tax charge.

The Lifetime Allowance was also used to limit certain lump sum benefits and its removal means that new allowances have been brought in to maintain those limits.

New: Lump Sum Allowance

This is the maximum amount of tax-free cash you can take when you retire. The standard allowance is £268,275. (This is 25% of the final standard Lifetime Allowance amount of £1,073,100.)

The Lump Sum Allowance is a cumulative limit, applying to the total tax-free lump sum you can take if you access your benefits on a series of separate occasions. Tax-free lump sums are also usually limited to 25% of the total value of benefits coming into payment.

New: Lump Sum and Death Benefit Allowance

This covers the maximum amount of tax-free cash you can receive when you retire and your beneficiaries can receive following your death. It also covers any serious ill-health lump sums paid. This allowance is £1,073,100 (the same as the final standard Lifetime Allowance amount).

The Government hasn't announced whether either of the above allowances may change over time, but if you had any Lifetime Allowance 'protection' in place, your new lump sum allowances will be higher.

New: excess lump sums

Also in effect from 6 April 2024 is the new Pension Commencement Excess Lump Sum (PCELS). This allows for payment of an additional lump sum at retirement in certain circumstances. Any such lump sum taken is subject to tax at the person's marginal rate. You can only take a PCELS once you have used up all your Lump Sum Allowance.

Newsbites

Minimum retirement age to increase

The youngest age most people can start to receive their pension benefits will go up in April 2028 – from age 55 to age 57. The aim of this change is to keep the minimum retirement age at around 10 years below the State Pension Age, which is due to rise gradually from 66 to 67 between 2026 and 2028. If you have a protected pension age in relation to your benefits from the Scheme, we will write to you in advance of the change being implemented in April 2028.

Pensions Dashboards update

The Pensions Dashboards Programme (PDP) is developing an online portal that anyone will be able to use to keep track of all their pension savings. There is now a single 'backstop' deadline for all schemes to connect: 31 October 2026. Schemes will still be given recommended earlier connection dates starting from April 2025 for the biggest schemes, to aim to avoid a 'bottleneck'. The PDP is yet to announce the date at which the pensions dashboards will be available to the public to use. www.pensionsdashboardsprogramme.org.uk



In the news

Retirement Living Standards

Do you know roughly how much money you will have in retirement? Does it align with the standard of living you are expecting?

New research shows that if you want a moderate standard of living when you retire, you will need to be able to spend around £31,000 a year if you are single. If you have a partner, that spend rises to around £43,000 a year combined. If you live in London, those figures are even higher.

These are some of the takeaways from the latest research by the Pensions and Lifetime Savings Association who created the Retirement Living Standards. These show the kind of lifestyle you could have in retirement and roughly how much money you might need to spend to support that lifestyle.

The standards reflect the current cost of living and an up-to-date mix of goods, services and other retirement expenses. The latest figures were published in January 2024.

Retirement Living Standard	How much you might need to spend	
	Single person	Couples
Minimum: covers all your needs, with some left over for fun.	£14,400	£22,400
Moderate: more financial security and flexibility.	£31,300	£43,100
Comfortable: more financial freedom and some luxuries.	£43,100	£59,000

The standards are based on independent research by Loughborough University and are reviewed and updated on a regular basis. A diverse cross-section of the public covering a broad range of income levels, backgrounds and circumstances help to inform the standards to ensure they are balanced.

Note: the figures show what you might need to **spend** in retirement rather than the income you might need. Your retirement income will be subject to tax as earned income, so it is important to factor this in when reviewing your own situation.

www.retirementlivingstandards.org.uk

Protect yourself from pension scams

Sadly, the current economic environment with pressure on budgets, provides a situation where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

There are common signs to look out for to protect yourself. These include unsolicited contact about your pension, undue pressure to commit to an offer, promises of guaranteed investment returns, and offering early access to your pension savings.

To learn more, visit MoneyHelper. Go to www.moneyhelper.org.uk and choose Money troubles > Scams > How to spot a pension scam.

The Financial Conduct Authority (FCA) also provides guidance on how to spot potential scams. Visit the ScamSmart area of their website: www.fca.org.uk/scamsmart.

The National Cyber Security Centre has a Cyber Aware website that contains up-to-date advice on how to stay secure online. For more information, including a free personalised action plan to improve your cyber security, visit their website at www.ncsc.gov.uk/cyberaware.

More information

Scheme website



To find out more about the Scheme, go to:
<https://pensions.vodafone.co.uk/db/thus>
or scan the QR code left with your tablet or smartphone.

You can find the following information on the site:

- General information about the Scheme
- Member guide and other useful documents
- Questions and answers
- Contact details

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: thus.admin@aon.com

Phone: 0330 123 9791

(lines are open Monday to Friday, 9am to 5pm)

Write to the Scheme Secretary:

Thus Group plc Pension Scheme

Aon, 144 Morrison St, Edinburgh EH3 8EX

Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
IR Armour, Chairman of the Trustees	R Braithwaite
C Kingston on behalf of Capital Cranfield Pension Trustees Limited	J Pender
C Scott	

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any lump sum benefits that become payable in the event of your death. As the Trustees, we have the final say over who receives these benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

You can download a blank Expression of Wishes form from the Scheme website.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose *Pensions and retirement > Taking your pension > Find a retirement adviser*.

Remember

If you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details on the left).

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Solutions UK Limited
Actuary	Stuart Cook, FIA WTW
Auditor	Grant Thornton UK LLP
Investment Adviser	WTW
Investment Manager	Legal & General Assurance (Pensions Management) Limited ('LGIM') M&G Investments ('M&G')
Legal Adviser	Pinsent Masons LLP