

Yorkshire and Clydesdale Bank Pension Scheme Trustee announces longevity insurance contract which provides additional security for member benefits

The Trustee is delighted to announce that it has taken an important step to enhance the security of benefits for members.

The Trustee has entered into a longevity insurance arrangement that provides long term protection to the Scheme against the costs associated with increases in life expectancy of members. The c£1.6bn transaction covers approximately 50% of the Scheme's total exposure to improvements in longevity.

The Scheme is transferring longevity risk to Pacific Life Re International Limited ("PLRe") through a UK intermediary insurer, Zurich Assurance Limited ("ZAL"). The longevity insurance policy will form part of the Scheme's investment portfolio and will provide income to the Scheme in the event that members live longer than currently expected.

No action needs to be taken on your part. Your benefits will not be changed by these arrangements and all pensioners will continue to receive their pensions from the Scheme each month as normal.

A list of frequently asked questions has been included below for your information. If after reviewing these questions, you have additional queries regarding your benefits please feel free to contact the administration team.

Q&A

What decision has the Trustee made?

The Trustee has entered into the longevity insurance arrangement to provide long term protection to the Scheme against the costs associated with increases in life expectancy of members. The transaction will provide greater protection and improved security of members' benefits. It will have no impact on the payments that members (or their dependants) receive now or in the future.

Who is PLRe?

PLRe, a reinsurer based in Bermuda, is the primary international reinsurance business of Pacific Life, one of the largest life insurance companies in the United States. PLRe operates through a branch in the UK.

Why was PLRe selected to provide reinsurance?

The Trustee continues to look for ways of improving the security of the Scheme and consider that this transaction provides considerable benefit to the Scheme. The Trustee took detailed professional advice, conducted a thorough review of the market and ran an extensive competitive selection process before selecting PLRe to provide the reinsurance.

Who is ZAL?

ZAL is a UK insurance company and is part of the Zurich Group, a global insurance group headquartered in Zurich, Switzerland.

What is ZAL's role in the arrangement?

As the Trustee does not hold a primary insurance license, an intermediary insurer is required to facilitate the reinsurance from PLRe. ZAL has been selected by the Trustee to act as the intermediary insurer, but the longevity risk is transferred fully to PLRe.

What does this mean for me and what do I need to do?

You do not need to do anything. Your position as a member of the Scheme is unchanged. The Trustee retains responsibility for paying your benefits and the payment of pensions will continue in the same way as now.

What will happen to my pension benefits?

Your pension benefits are not changing and pensions will continue to be paid from the Scheme in the same way as now. Similarly, there is no change to any benefits that may be payable to your spouse or dependant(s) following your death. The Scheme will retain the direct relationship with its members and continue to manage all benefits.

Which members are covered by the transaction?

The transaction does not change the position of any individual members. The policy covers the longevity risk in respect of approximately half of the Scheme's members but it belongs to the Scheme as a whole and was entered into following an investment decision by the Trustee and with the support of the Bank.

Do PLRe and ZAL hold my personal data?

We are required to provide PLRe and ZAL with certain information about members and their dependants. This data will be used by them only for the purposes of providing the insurance and reinsurance contracts (including to record, manage and finance their payments under these arrangements). Various obligations on PLRe and ZAL have been included as part of the transaction to ensure that this data is properly protected in accordance with the requirements of GDPR. More information about how these companies process personal data and your rights in respect of that processing can be found on Zurich Assurance Ltd's privacy notice (available at <https://www.zurich.co.uk/privacy/fair-processing-notice#longevity>) and Pacific Life Re International Limited's privacy notice (available at <https://www.pacificlifere.com/home/misc/footerlinks/privacy-policy/policyholder-privacy-notice.html>).

April 2023