

ING UK PENSION FUND

To: All employed members of the DC Section of the ING UK Pension Fund (the "Fund")

From: The Trustees of the Fund

Date: June 2020

Subject: Benefits payable on death in service

This is a note from the Trustees of the ING UK Pension Fund to inform you of the changes that were made to the benefits payable on the death of a member of the DC Section of the Fund while in service with ING. The Fund's legal rules have been amended to reflect the changes to these benefits.

Background

Towards the end of 2019 the Trustees received notice from ING Services Limited (the "Company") of its proposals to amend the death in service benefits provided by the Fund for members of the DC Section. The Company's main reasons for making the changes were that the cost to insure the existing form of benefits had become prohibitively expensive.

The Company wrote to all members who would be affected to let them know what changes were being proposed, consult with them in relation to the proposed changes and answer any questions or comments that members had. Members' questions were answered by way of a Frequently Asked Questions document. Overall, the responses received by the Company suggested that members were largely accepting of the proposed revised benefit amounts and structure and having considered the responses to the consultation the Company decided to proceed with the changes. As the Trustees were broadly satisfied with the approach that the Company had taken and its reasons for proposing the changes, the Trustees agreed to amend the Rules of the Fund to reflect the revised benefits. The benefit changes and rule amendments took effect from 16 March 2020.

Summary of changes

Previous benefits

Prior to 16 March 2020, under the Fund rules, if a member of the DC Section of the Fund died in service, the following benefits were payable:

- 1) a lump sum death benefit of 4 x Pensionable Salary (the "**Cash Death Benefit**");
- 2) a pension payable to the member's surviving spouse of 30% of Pensionable Salary and pension(s) payable to the member's surviving children of 10% of Pensionable Salary (subject to the eligibility criteria in the Fund rules and benefit limits). These pensions were funded from the Member's DC pension account (with the balance of costs being met by insurance if the Member's account was insufficient to meet the cost of providing the pension) (the "**Spouse or Child Pension**"); and
- 3) a further lump sum representing the part of the Member's Account attributable to AVCs and if a balance of the Member's DC pension account remained, having funded the Spouse or Child Pension (or if no Spouse or Child Pension is payable), the Member's account would be applied:
 - a. either to provide a lump sum death benefit in the same way as the AVC part, or
 - b. to provide a pension for any Dependants.

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The changes introduced from 16 March 2020 served to replace the **Spouse or Child's Pension** that was payable from the Fund with a dependant's lump sum of 4 x Pensionable Salary payable under a separate excepted group life arrangement administered by the Company.

Current benefits

From 16 March 2020, on the death in service of an active member of the DC Section the following benefits are payable from the Fund:

- 1) the **Cash Death Benefit**; and
- 2) the Member's DC pension account would be applied as follows:
 - a. the part of the Member's account attributable to AVCs is applied to provide a lump sum death benefit; and
 - b. the part of the Member's account not attributable to AVCs is applied either to provide a lump sum death benefit in the same way as the AVC part, or to provide a pension for any Dependents.

An additional dependant's lump sum of 4 x Pensionable Salary may be payable under a separate excepted group life arrangement administered by the Company, subject to the terms of that arrangement. This is not part of the Fund. More details in relation to the additional dependant's lump sum can be found on the Company intranet.

The Trustees intend to update the Fund booklet in due course to reflect the 'current benefits' described above. In the meantime, this note serves as an update to any information previously provided to you by the Trustees about the benefits payable under the DC section on death in service of an active member, (including information in the Fund booklet). The benefits payable from the Fund are determined under and subject to the terms of the Fund's trust deed and rules. This summary note does not confer a right to benefits under the Fund, and in the event of a conflict between this note and the Fund's trust deed and rules the trust deed and rules shall prevail.

If you have any questions in relation to the benefits payable from the Fund, please contact Capita by email at INGUKpf@capita.com. Any questions on the changes outlined in this note should be referred to your ING HR contact.

For and on behalf of the Trustees of the ING UK Pension Fund
