



Changes to Pace

looking to the future

A special communication from the Pace Trustee



The **co-operative** bank

In the last annual Members' Report, we told you about some changes we have to make to the way that Pace is set up.

This booklet tells you what's going to change and why the changes are needed. You don't need to do anything - these changes will happen automatically.

The Trustee has worked hard to make sure that members' benefits remain secure through these changes. We'll continue to work closely with the Co-operative Group and the Co-operative Bank to safeguard all members' interests.

Please note

The changes will have **no impact** on the security of the benefits you've built up in Pace or on any pension you're already getting, whichever section of Pace you become a member of.



NO ACTION
NEEDED

So, what's changing?

During the second half of 2018, two separate sections will be created within Pace Complete:

- **The Co-op Section:** for members who work or worked for the Co-operative Group
- **The Co-operative Bank Section:** for members who work or worked for the Co-operative Bank

You'll be allocated to a section based on the information that the Trustee holds about your employment.

If you didn't work directly for either company - for example, if you're a pensioner who used to work for the Co-operative Insurance Society - it's our responsibility as the Trustee to see that you're allocated to a section. We have asked our specialist advisers to do this in a fair and impartial way, and the Group and the Bank will also review and agree this process.

When the two sections of Pace are created they'll be financially and legally separate. The Co-op (and some other employers) will be responsible for supporting the Co-op Section, and the Bank will be responsible for supporting the Bank Section.

What's staying the same?

The same Trustee Board will look after both sections of Pace, on behalf of all the members, helping to ensure that your benefits remain secure in the future.

Over the coming months, we'll add an additional Trustee Board Director, who'll be elected by employees of the Bank who are members of the Bank Section.

The Co-op Pensions Department will continue to manage both sections of Pace, and Legal & General will continue to manage Pace DC.

Why are the changes needed?

Last year, the Co-operative Bank successfully raised additional capital to support its development plans. For the Bank to complete its capital-raising exercise, it was necessary for the pension responsibilities of the Group and the Bank to become separate.

By creating two ring-fenced sections in Pace, the pension obligations of the Group and the Bank will be separate both financially and legally. This will allow both companies to focus on their plans for the future.



Your benefits are secure

- It's important to remember that the benefits you've built up in Pace, or any pension you're receiving, won't be affected by these changes - whichever section you become a member of.
- Likewise, the changes won't affect any benefits you've built up in Pace DC.



Looking to the future

Pace Complete as a whole is strongly funded. In the last annual Members' Report, we told you that Pace had a surplus of £251 m, based on the results of the April 2016 valuation.

When the two sections of Pace are created, the Co-operative Group and the Co-operative Bank will be responsible for ensuring that there are sufficient funds in their respective sections to pay the benefits due to its members.

As at present, in the unlikely event that the Bank goes out of business, the Co-operative Group would step in and take responsibility for supporting the Bank Section as well as the Co-op Section.

We'll write to you again to let you know which section of Pace you'll be a member of.

Our next update will also tell you more about your section and explain how it will be supported by its relevant employer.



Creating the two sections of Pace

The legal and financial separation of Pace will happen later in 2018, when the two ring-fenced sections will be created.

Each section of Pace will have its own members, assets and liabilities, funding plan, investment strategy, branding and website.

Each section will be responsible for paying the pensions that have been built up by its members.

The Co-op Section will be the larger of the two sections, with around 80% of members. Around 20% of members will be in the Bank Section. The Co-op Section will be larger because more members work or used to work for the Co-operative Group than for the Bank.

The assets and liabilities of Pace will be split between the two sections - so the Co-op Section will have around 80% of the total and the Bank Section will have around 20%. The work to split assets and liabilities will also be done by our specialist advisers, and the Group and the Bank will verify the results.

**financially and
legally separate**

More information

We'll write to you again to let you know which section of Pace you're going to be a member of.

Please don't contact us in the meantime to ask which section of Pace you'll be in. We won't be able to tell you this until we write to you again.



If you have any questions please visit the website at pacepensions.co.uk/changes for more information. You can also watch a video we've made about these changes.



If you can't find the information you need, you can contact the Co-op Pensions Department via an online form on the website.

As the Trustee of Pace, we have worked hard to make sure that your benefits remain secure. We'll continue to work closely with the Group and Bank to safeguard all members' interests - now and in the future.





This leaflet provides a high level summary of the changes being made to create two separate sections within Pace. The Trustee, the Co-operative Group Limited and the Co-operative Bank plc have put in place formal agreements to effect the changes. In the event of any conflict between the information provided in this booklet and the terms of the formal agreements, the agreements will prevail.