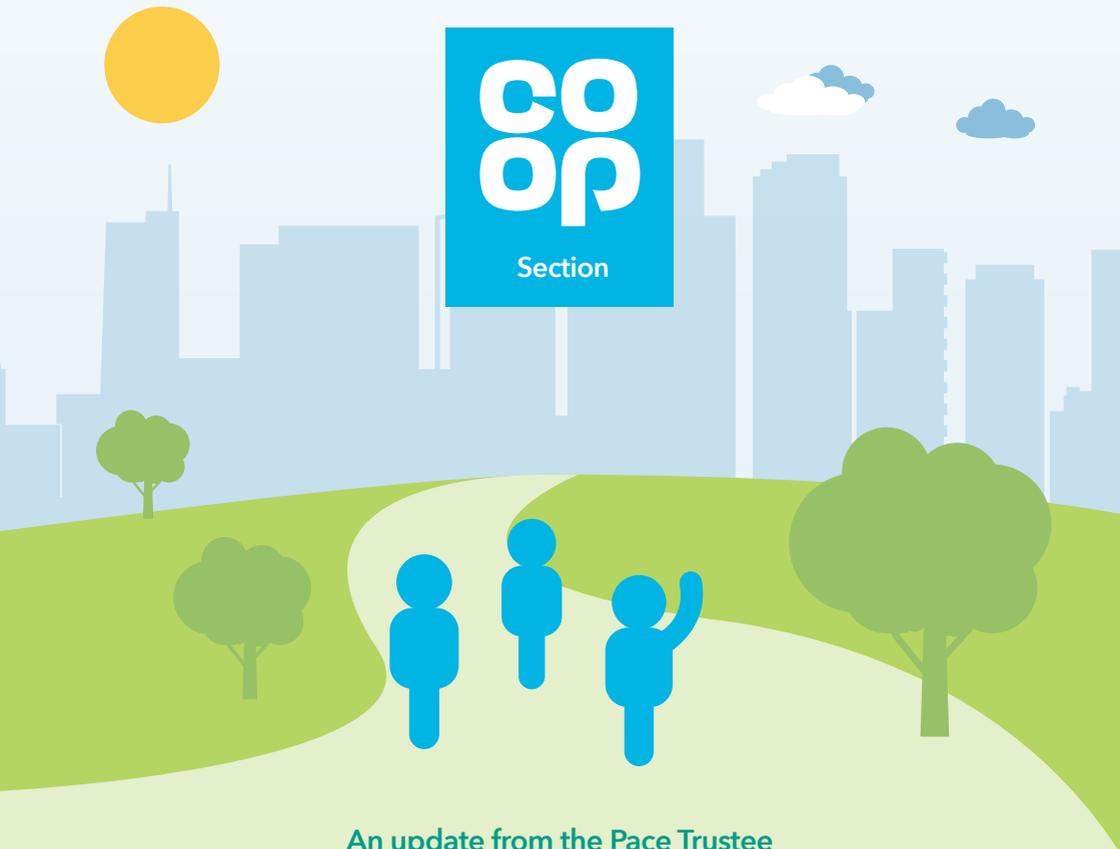




# Changes to Pace

## looking to the future

Later this year, you'll become a member of the Co-op Section of Pace. This leaflet explains more.



An update from the Pace Trustee

# Background to the changes

**As we explained in the booklet sent to you in April, we need to create two separate sections within Pace.**

This will allow the pension obligations of The Co-operative Group and The Co-operative Bank to be financially and legally separate.

The Co-op Section will have around 81% of the total assets and liabilities of Pace. The Co-op Section will be larger because more members work or used to work for The Co-operative Group than for the Bank.

Splitting the membership, assets and liabilities is a complex task that has been done with the help of the Trustee's specialist advisers in a fair and impartial way. Also, the Co-op and the Bank have verified the results.

## Remember

Your benefits are secure. This change will have **NO IMPACT** on the security of the benefits you've built up in Pace or on any pension you're already getting.



Although the two sections of Pace will be supported differently by their respective employers, the Trustee, the Co-op and the Bank are satisfied that members' benefits in both sections will be supported and protected appropriately.

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.

Pace will continue to be managed by the same single Trustee Board. The day-to-day administration will continue to be carried out by the Co-op Pensions Department. If you have Pace DC benefits, these will continue to be managed by Legal & General.

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 Co-op to safeguard all members' interests in both sections of Pace.



# Why the Co-op Section?

Later this year you'll become a member of the Co-op Section of Pace.

This is because:

- Our records show that you were directly employed by The Co-operative Group when you stopped building up benefits in Pace Complete, or
- Our records show that you were directly employed by The Co-operative Group when you retired and became a Pace pensioner, or
- Our records show that you weren't directly employed by either The Co-operative Group or The Co-operative Bank, so it's the Trustee's responsibility to allocate you to a section of Pace. The Trustee, helped by its specialist advisers, has used a fair and impartial system to do this and, as a result, you will become a member of the Co-op Section later this year. The Co-op and the Bank have reviewed and agreed this process, and the allocation of members to sections has been finalised.

It's important to remember that there won't be any impact on the benefits you've built up in Pace or on any pension you're receiving, whichever section you are a member of.



# What does this mean for my pension?

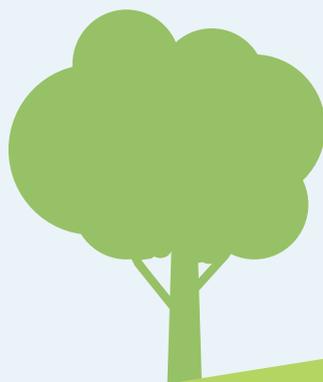
This change will have **NO IMPACT** on the security of the benefits you've built up in Pace or on any pension you're already getting.

When the two sections of Pace are created, the Co-op will be responsible for ensuring that there are sufficient funds to pay the benefits due to members in the Co-op Section.

The Trustee and the Co-op have agreed to work closely together over the long term to ensure that the Co-op Section remains strongly funded. This approach will be supported by a low-risk investment strategy, which will help to protect the funding of your section from sudden changes in the investment markets.

In addition, in certain circumstances, the Co-op has agreed to pay up to an extra £20m a year to the Co-op Section of Pace.

The Trustee will continue to work closely with the Co-op to ensure that the Co-op Section remains strongly funded.



# More information

If you have any questions, please visit the website at [coop.pacepensions.co.uk](http://coop.pacepensions.co.uk) for more information.



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.