

26 July 2023

Dear Member

## **Enhancing the security of your benefits in the Mitchells & Butlers Pension Plan (MABPP)**

**There is no action for you to take; this update is being provided purely for your information.**

For some time, the Trustee and the Company have been considering how best to serve the needs of MABPP members and secure their benefits for the future. In last year's member newsletter, I mentioned that the Trustee was thinking about securing members' benefits via an insurance company 'buy-in' but that this might only happen in a few years' time, when the Plan could afford it.

However, as a result of changing market conditions, the Plan is now in a very strong position with the funding position of the Plan improving to the point where it has been possible to purchase benefits with an insurance company. I am therefore delighted to report that the Trustee, having taken all the necessary actuarial, legal and investment advice from its consultants, has purchased a buy-in policy valued at £1.2bn from Standard Life.

### **What is a buy-in?**

A buy-in (or 'bulk annuity insurance policy') is a type of insurance product where the Plan pays a lump sum (a premium) to an insurer, in exchange for which the insurer will provide an income that exactly matches the benefit payments due to those members covered by the buy-in policy. The Trustee has agreed a full buy-in with Standard Life, which means that Standard Life will meet the future benefit payments of all members, including pensions not yet in payment. The buy-in policy would be held as an investment in the Plan.

Many buy-in transactions have been concluded in recent years, including for our own Executive Pension Plan. At some point in the future, the Trustee and the Company may decide to convert the buy-in policy to individual policies in the members' own names, a process called buy-out, which is the long-term goal for most defined benefit pension schemes that are no longer open to new members. However, this is not guaranteed.

### **Who is Standard Life**

Standard Life is a brand which has been trusted to look after people's life savings and retirement needs for nearly 200 years. Standard Life is part of Phoenix Group, which is the UK's largest long-term savings and retirement business. Phoenix Group is a UK insurer regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The strict regulatory regime which governs insurance companies in the UK provides further certainty regarding the payment of future pension benefits.

### **What does this mean for you?**

You will not notice any change to the way your pension is paid or administered. The Trustee remains responsible for paying pension benefits to members and there will be no change to the benefits you receive. The buy-in policy with Standard Life is simply a new investment for the Plan that will provide further security for members.

### **Data protection**

The purchase of the buy-in policy requires the Trustee to provide member details and benefit information to Standard Life. The Trustee takes the confidentiality of your information seriously and this information has been shared with Standard Life in line with the Privacy Notice, which is available on the pensions website, [www.mbplcpension.com](http://www.mbplcpension.com). Standard Life must comply with the UK General Data Protection Regulation (GDPR) to ensure that your data is properly protected. As such, the Trustee has updated the Plan's Privacy Notice to include a link to Standard Life's Privacy Notice, a copy of which is available at [www.phoenixlife.co.uk/legal-and-policies/privacy-notice](http://www.phoenixlife.co.uk/legal-and-policies/privacy-notice).

The Trustee is confident that this development is a significant positive step towards ensuring the security of your Plan benefits in the future. If you have any questions about this letter, please contact the Plan administrator, XPS Administration.

Yours sincerely,

**Jonathan Duck**  
**Chairman of the Trustee**