



Following a review of the market and a comprehensive selection process, from 15 May 2025 your pension from the Brush Group (2013) Pension Scheme (the “Scheme”) is covered by an insurance policy with the Pension Insurance Corporation (“PIC”). This is good news for you because it means that there’s more security for the payment of your pension in the future. Although the support from the Company remains strong, reducing our reliance on that support is good news for the Scheme, and it removes certain risks that come with managing a defined benefit scheme like ours.

Your pension is unchanged and you don’t need to do anything. This letter is for your information.

You won’t see a difference

From August 2025, PIC will begin to make monthly payments into the Scheme to cover the cost of members’ pensions that are already in payment. PIC will also provide the money needed to pay any benefits due in future to members who haven’t yet taken them (either as an income through the Scheme or as a transfer value payment).

The Scheme administrator, Aon, will still make the individual payments to you and the benefits you are entitled to will remain the same. You can still contact the Scheme administrator, Aon, if you have any questions.

Why we’re making the change

The Trustee has been aiming to secure all Scheme benefits with an insurance company for some time.

With the financial support of the Company we have now been able to buy the insurance policy with PIC covering all members’ benefits.

It’s very common for pension schemes like ours to want to secure benefits in this way. This is because the amount of money needed to pay benefits fluctuates over time, predominantly affected by the political and economic environment, and also by how long our members live for. Securing all the benefits with an insurance policy gives substantially greater protection against the risk of the Scheme becoming underfunded in the future.

The Trustee ran the project to select PIC and undertake a buy-in alongside similar projects for the Company’s other defined benefit pension schemes in the UK.

Looking ahead

The Trustee will be carrying out a data verification exercise to help ensure members’ benefit entitlements are accurate and are fully covered by the PIC insurance policy. If there are any changes affecting you that result from this data verification exercise, we will write to you with details.

Once the data verification is completed, we expect to move the management of the Scheme benefits to PIC and then wind-up the Scheme. This would not affect the pension benefits you’re entitled to but it does mean that the day-to-day administration of your benefits, including how your pension is

Why we chose PIC

PIC is one of the leading providers of pension insurance policies. It is regulated by the Financial Conduct Authority (the “FCA”) and the Prudential Regulation Authority (the “PRA”) and specialises in insuring pensions.

The Trustee, with their professional advisers, conducted a full review of the market before choosing PIC, considering various factors such as:

- Financial strength
- Customer service
- Administration capabilities

PIC at a glance:

- 397,000 policy holders
- 99.3% policyholder satisfaction
- £12.7bn sustainable investments
- Other customers include Cadbury, Coop, M&S and the Old British Steel Pension Scheme.

You can find out more about PIC at www.pensioncorporation.com



paid, will be taken over by PIC. You will hold an insurance policy directly with PIC and they will be responsible for paying your pension. This is a natural next step for pension schemes like ours and you'll be provided with full details about this in due course.

Check your details

To help us keep you informed about any future activity in a timely manner, and to ensure all our records about you are up to date, please consider whether you need to update us about any of your personal information. You can do this by contacting the Scheme Administrator, Aon, using the details below.

For any questions

If you have any questions, please see the FAQs included with this letter. If you can't find what you need, or if you need to share any information with us (e.g. to update your personal details), you can contact the Scheme administrator by phone, post, or email. Please make sure you have your National Insurance number to hand for security identification purposes.



Tel: 0345 268 8475



Email: brushpensions@aon.com

Post: Brush Pension Scheme, Aon Scanning Division, PO Box 196, Huddersfield, HD8 1EG

Yours sincerely

Andrew McKinnon
Chair of Trustee for the Brush Group (2013) Pension Scheme

Protecting your data

To complete the arrangement with PIC we needed to provide them with information about the Scheme's members and their benefits. We take the protection of your personal data very seriously and sharing this information was in line with the Scheme's Data Protection Privacy Notice, which you can read https://www.brushpensions.co.uk/pdf/br2-brush_privacy_notice_november_2024_vf.pdf.

(Under the terms of the General Data Protection Regulations ("GDPR"), PIC is a Data Controller.)

PIC is equally committed to the correct use of your information, and you can find a copy of its Privacy Notice: <https://www.pensioncorporation.com/content/dam/pic/corporate/documents/privacy-notices/privacy-notice-buy-in.pdf.downloadasset.pdf>

Frequently Asked Questions (FAQs)

Background to the insurance policy

What currently happens (and why change)?

The benefits you have in the Scheme are 'defined'. How much you receive is calculated under the Scheme's rules and worked out based on a set formula. It's then up to the Trustee (with the support



of the Company) to make sure there's enough money within the Scheme to pay these promised benefits to members when due.

The amount of money needed to pay these promised benefits changes over time and is affected by many factors. This includes changes in life expectancy, inflation, interest rates, and the political and economic environment. It's a 'volatility' risk that the Trustee needs to constantly manage.

Why is the purchase of an insurance policy a good thing?

Being able to sustain a positive funding level (where the Scheme has enough assets or investments to pay members' benefits) is an ongoing challenge for all defined benefit schemes. Ahead of purchasing this insurance policy, the Scheme's funding position was in deficit. With the financial support of the Company we have now been able to buy the insurance policy with PIC covering all members' benefits.

The benefit of purchasing this insurance policy is that it significantly reduces the Scheme's risk of not having enough money in the future, which could happen if there were changes in circumstances outside the Trustee's control, like the points covered above.

Overall, the insurance policy means more certainty and additional security over your income now and for the future. You receive greater benefit protection, including a guarantee from the Financial Services Compensation Scheme (FSCS) to provide benefits in the highly unlikely event that PIC is unable to pay.

Insurance companies like PIC are regulated by the Financial Conduct Authority (the "FCA") and the Prudential Regulation Authority (the "PRA"). The UK insurance regime requires them to run their businesses in a very prudent way and hold high levels of capital, which provides further security for the benefits they insure.

How does the insurance policy work?

In exchange for a premium paid to the insurer by the Scheme, the insurer provides an income that exactly matches the benefit payments covered by the insurance policy.

This means that the Trustee has transferred assets from the Scheme to PIC as payment for the insurance policy and PIC will make regular payments into the Scheme to cover the costs of the benefits that have been insured. It will also provide the money to pay any benefits due to you (or your eligible dependants) in the future if you haven't yet taken your benefits (either as a lump sum from the Scheme, as a pension, or as a transfer value payment).

What did the Trustee consider when making its decision?

We've been working towards purchasing the insurance policy with PIC for many months, with support from our legal, investment and actuarial advisers, as well as an expert team specialising in advice on these policies.

There was a lot to weigh up and, as well as looking at buying a policy with PIC, we considered alternatives for the long-term management of the Scheme, such as continuing to run on without an insurance policy or buying a policy from a different insurer.

We considered a wide range of factors including security of members' benefits, the Trustee's powers under the Scheme's governing documents, any impact on member experience, and the pricing and terms of the policy. Taking all this into account, we agreed that buying a policy with PIC will provide a positive outcome for members.

What additional security is there for member benefits?

PIC is regulated by the Financial Conduct Authority and the Prudential Regulation Authority, so the Scheme has the security of a policy that's subject to the strict regulatory regime for UK insurance companies. There's also a "safety net" underlying UK regulated insurers, known as the Financial Services Compensation Scheme, which provides compensation in the unlikely event that a UK insurer becomes insolvent.

How you are affected

Will I still be a member of the Scheme?

Yes. Currently, the insurance policy is simply an asset or investment that's owned by the Scheme. It doesn't change the position of any individual members, your relationship with the Scheme or who you contact about your benefits.

My pension is in-payment – will my current pension payments be affected?

No. There won't be any differences in the pension payments you receive (or the increases payable in retirement) because of the insurance policy. You will continue to receive your monthly payments in the usual way and the support you receive is not changing.

If the insurance policy is converted to individual member policies, known as a buyout, you will see changes in the day-to-day management of your benefits, for example who to contact if you have a query, but this will not impact the benefits you are entitled to under the Scheme's rules (see below for further details).

I haven't retired yet – are my benefits affected?

No. Your benefits and your options remain the same – so will the increases that are applied until you retire. The Scheme administrator will contact you around 6 months before your Normal Retirement Age with details of your benefits and what you need to do next (and you can continue to contact them at any time before then).

In due course, if we move the management of the benefits to PIC and wind-up the Scheme, the insurance policy will be converted to individual member policies, known as a buyout. You will see changes in the day-to-day management of your benefits, for example who to contact if you have a query, which will be taken over by PIC, but this will not impact the benefits you are entitled to under the Scheme's rules (see below for further details).

Will the benefits payable upon my death be affected?

No. The benefits payable upon your death will remain the same.

If PIC take over the administration of the Scheme, you will need to complete a new "Nomination Form" for benefits payable on death, but this will not impact the benefits you are entitled to under the Scheme's rules. You'd be given more information about how to update your "Nomination Form" at the relevant time.

What about my Additional Voluntary Contributions (AVCs)?

If you have AVCs, these will not be directly affected by this insurance policy; the policy only covers defined benefits.



If the day-to-day management of the Scheme benefits is passed to PIC as part of a buyout, there will be changes to your AVCs (see below for further details).

Will there be any other changes as part of the data verification?

Alongside the data verification exercise, as previously noted in our Scheme newsletters, the Trustee must review member data in relation to "Guaranteed Minimum Pensions" (GMPs), which is a minimum pension that we have to provide to eligible members of the Scheme with pensionable service before 6 April 1997. Following recent legal clarification, we have been working to carry out:

1. GMP equalisation – to remove any sex-based inequality for relevant Guaranteed Minimum Pension (GMP), and
2. GMP rectification – to ensure GMP records in the Scheme are consistent with those held by HMRC.

All defined benefit schemes like this one, that were contracted-out on a salary related basis between 1978 and 1997, need to address these issues.

If there are any changes affecting you that result from this exercise, they are likely to be small, but we will write to you with details.

Certain other issues are being considered by the Trustee as a result of the work that was done in preparation for purchasing the insurance policy and some corrections to pension amounts may be required. If you are affected by this, you will be contacted separately as part of the data verification exercise.

Looking ahead

What happens next?

The Trustee will be carrying out a data verification exercise. It's expected that once that exercise is complete, the Trustee and the Company will convert the insurance policy (held as a Scheme investment) into individual pension policies between PIC and the Scheme members. This process is known as a 'buyout'. PIC will take on the day-to-day management of the benefits payable as part of this process. Further information will be provided to you in due course.

If buyout is completed, the Company may close or "wind up" the Scheme.

How do buyouts work?

Following buyout, you'd no longer be a Scheme member and instead you'd have an individual insurance policy in your name with PIC covering the same level of benefits that you're currently entitled to.

The day-to-day management of your benefits, including how your pension is paid, will be taken over by PIC. You will hold an insurance agreement directly with PIC and they will be responsible for paying your pension.

On completion of the buyout, you'll have a secure pension income from PIC, which is bound by strict UK insurance regulations and robust safety net requirements.

You'd receive full details about your individual policy if the buyout progresses.



What about my AVCs following buyout?

The insurance policy purchased has the option to transfer AVCs to the insurer's AVC investment vehicle at the point of buyout, in order to be able to use your AVCs towards any tax-free cash lump sum taken at the point of retirement following buyout.

If you have AVCs, we'll contact you before this point to let you know what to expect, and when.

When will the Scheme wind up?

The Scheme may be wound-up following completion of a buyout. This is a natural next step for schemes like ours to take, as once buyout is completed, there won't be any members left in the Scheme for the Trustee to support.

However, winding up a Scheme like ours isn't a quick process and there are many steps to take first. We'll contact you before any wind-up process begins and let you know what to expect, and when.

Have another question? Please contact the administrator, Aon; see the end of the covering letter for details.

Your data

Does PIC hold my personal data?

To purchase the insurance policy, the Trustee provided information about your pension to the insurer, so that they can make the correct payments to the Scheme. Under the terms of Data Protection Laws this means that PIC is a Data Controller. For more on how your data is looked after, please see the privacy notice at:

<https://www.pensioncorporation.com/content/dam/pic/corporate/documents/privacy-notice-notice-buy-in.pdf.downloadasset.pdf>

Please ask the administration team if you would prefer a printed copy – contact details are above.

We will also be updating the Scheme's privacy notice to say that we will be sharing data with PIC as insurer – available on the Scheme's website here:

<https://www.brushpensions.co.uk/documents/privacy/>