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# financial update

## Atos UK 2019 Pension Scheme



Your business technologists. Powering progress

# Atos





### Update on the Scheme's financial position

Welcome to the Summary Funding Statement from Atos Pension Schemes Limited (the Trustee). This update will be produced regularly for members of the Atos UK 2019 Pension Scheme (the Scheme) to provide an update on the Scheme's financial position. This is the first statement for the Scheme, following the merger of the legacy Atos (Sema) Pension Scheme, Atos Pension Fund and Atos CS Pension Scheme.

Every three years, the Scheme's Actuary carries out an actuarial valuation – a review as at 31 December of how much money the Scheme has, compared with how much the Trustee believes is needed to pay all benefits that have been earned by members. It essentially acts as an indication of the 'health' of the Scheme. Annual updates are completed by the Scheme's Actuary in between actuarial valuations. The results of the Scheme's first actuarial valuation, undertaken as at 31 December 2019, are set out on page 2.

The next annual update due as at 31 December 2020 will be considered by the Trustee shortly. The next full actuarial valuation is due to take place as at 31 December 2022.

### Reducing our carbon footprint

Don't forget – you can choose to receive these financial updates electronically rather than in printed format by contacting the Scheme's administrator (contact details below).

### Get in touch

If you have any questions about the information provided in this update please get in touch. We'd also like to hear from you if you have any general questions about your pension, or if your address or any other details change so that we can keep in touch! The Scheme's administrators are XPS Administration. You can contact us at:

#### Scheme Administrator:

Atos UK 2019 Pension Scheme  
C/O XPS Administration  
PO Box 205  
Huddersfield  
HD8 1ET

#### Helpline:

0118 918 5572  
Email: [atos@XPSgroup.com](mailto:atos@XPSgroup.com)





**Generally, your pension will be based on your length of service within the Scheme and your salary.**

### How does the Scheme work?

The Scheme is what is known as a defined benefit pension scheme. Generally, your pension will be based on your length of service within the Scheme and your salary. Atos IT Services UK Limited (Atos UK) also pays contributions on behalf of itself and the Scheme's other employers so that members' benefits can be paid as and when they fall due, and to also cover the expenses of running the Scheme. These contributions are held in the Scheme and invested by the Trustee with help from professional advisers. There is currently a 'contribution holiday' by agreement between the Trustee and Atos UK, so that Atos UK is not required to pay contributions. Benefits are paid from the Scheme.

Whilst Atos UK is legally responsible for funding the benefits earned by members, its parent company, Atos SE, has formally committed to provide additional financial support should Atos UK fail and has put in place a parent company guarantee in relation to the Scheme.

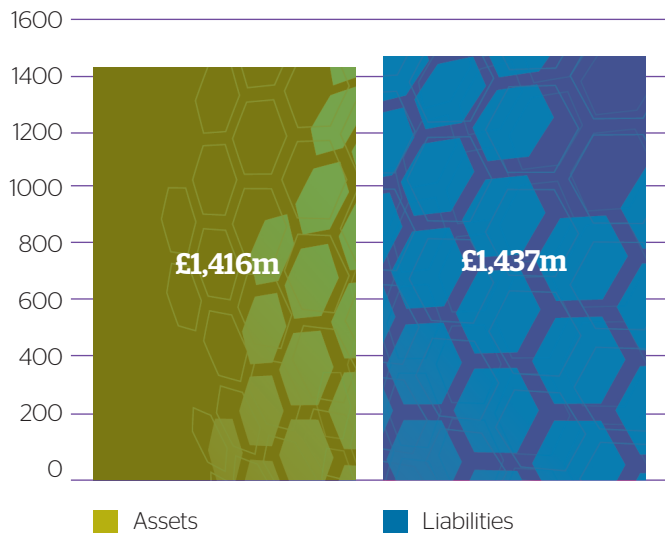
**There is currently a 'contribution holiday' by agreement between the Trustee and Atos UK, so that Atos UK is not required to pay contributions. Benefits are paid from the Scheme.**



## The Scheme's financial position

### The results of the 2019 valuation

The chart below shows the results of the recent actuarial valuation as at 31 December 2019



The results include £50 million of AVCs and other money purchase benefits at 31 December 2019.

At the valuation date of 31 December 2019, the Scheme had £21 million less than it would need to pay all promised benefits to all Scheme members. This is known as a deficit and means that the Scheme was 99% funded at that date.

### What steps are being taken to remove the shortfall?

Following the Scheme's actuarial valuation, Atos agreed with the Trustee to aim to remove the shortfall by 31 December 2022 through investment returns expected to be achieved on the Scheme's assets over that period.



### What would happen if Atos UK and the other Scheme employers could not continue to support the Scheme?

If Atos UK could not continue to financially support the Scheme, it would be wound up and you may not receive your full benefit entitlement. We are required, by law, to tell you what this would mean for you if this were ever to happen.

If the Scheme were wound up, we would seek to buy insurance policies to cover members' benefits. Our Actuary estimated that, as at 31 December 2019, the Scheme would have a shortfall of £590 million against the estimated cost of buying insurance policies for all members' benefits. The Scheme is in a larger shortfall on this basis compared to the funding level shown in the chart opposite because the estimated cost of buying insurance policies is more expensive than paying benefits from the Scheme.

Insurers are obliged to take a very cautious view of the future and also aim to make a profit. The cost of securing pensions in this way also includes future administration expenses. If the Scheme were wound up and there was insufficient money to secure all pensions with an insurance company, Atos UK and the other Scheme employers would be required to pay the difference. If they were insolvent and unable to do so (having taken into account any payment received under the terms of the parent company guarantee), the Pension Protection Fund (PPF) could take over and pay compensation to members.

You can read more about the PPF in the section headed 'Useful information' on page 8.

### Have there been any payments to Atos UK or the other Scheme employers from the Scheme?

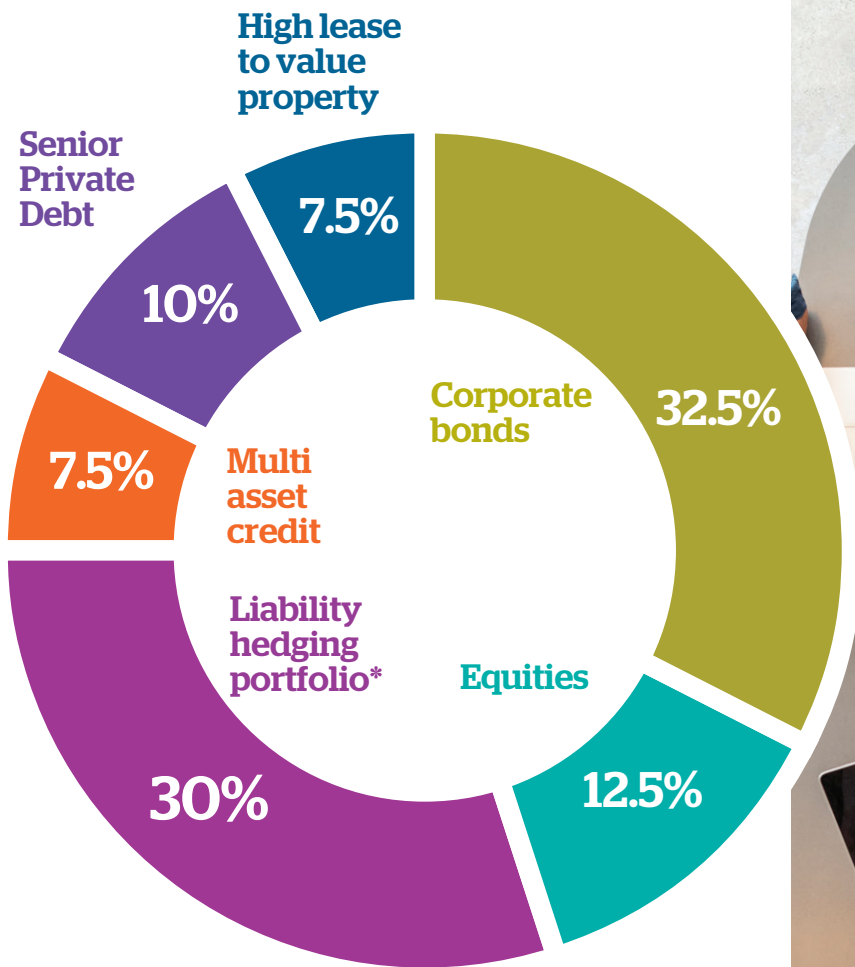
There has not been any payment to Atos UK or any of the other Scheme employers out of the Scheme since the date of the last Summary Funding Statement.



### How are the Scheme's assets invested?

The contributions paid into the Scheme by Atos UK are invested with the aim of increasing their value over the long term and providing income that can be used to pay for promised benefits in the future. We invest in a range of assets we believe will give us the best investment return at an acceptable level of risk, and also provide us with a flow of cash to ensure we can fund instalments of Scheme members' pensions as they fall due.

As at 31 December 2019 the Scheme's money was invested in line with the following benchmark strategy. For definitions of these assets please refer to the 'Jargon buster' on page 6.



\* This investment performs in a similar way to some of the Scheme's liabilities when interest rates or inflation change. Whilst this asset represents only 30% of the Scheme's assets, it is able to reflect almost the entire sensitivity of the Scheme's liabilities to changes in interest rates or inflation. In this way, it offers some protection for the Scheme's funding level.

**We invest in a range of assets we believe will give us the best investment return at an acceptable level of risk, and also provide us with a flow of cash to ensure we can fund instalments of Scheme members' pensions as they fall due**





# Jargon buster

## Actuary

Actuaries are qualified professionals who use their knowledge and experience to forecast how long pensions are expected to be paid for, and the associated costs of providing them.

## Corporate bonds

These are issued by companies as a way of raising capital, which they can then re-invest in their business. They have a set face value, which is the amount that will be returned to the investor on a stated future date (the redemption date). They may also attract interest each year - which is often at a fixed rate.

## Equities

Generally speaking, shares in companies. The holders of the shares in a company together own the business. They usually receive a payment from the profits of the business.

## Funding level

The funding level is a measure of the amount of money the Scheme has compared to the amount it needs to pay all promised benefits when they become due to members. It is usually expressed as a percentage, so a funding level of less than 100% shows that there is a shortfall in the Scheme.

## High lease to value property

This is a type of property investment where the lease on the property is long, with an agreed rental income that is typically linked to inflation and not affected by market fluctuations. A significant proportion of the return comes from the rental income.

## Liability hedging

An investment strategy specifically implemented to have similar characteristics to the Scheme's liabilities such as moving in a similar way to liabilities when inflation and interest rates change.

## Multi asset credit

An investment class covering a wide range of credit assets including bonds, loans and mortgages.

## Senior private debt

A form of corporate debt ranking above other debt on insolvency of the issuing company, hence generally considered to be a lower risk investment.





## Documents available on request

The following documents provide more detailed information on the Scheme. Further information relating to your pension can be viewed via Compendia 24 hours a day at

<https://www.xpsonline.co.uk/>

- ▶ **The Statement of Investment Principles (SIP)**  
This explains how the Trustee invests the money paid into the Scheme.
- ▶ **The Schedule of Contributions**  
This shows how much money is being paid into the Scheme.
- ▶ **Annual Report and Accounts**  
This shows the Scheme's income and expenditure in the last Scheme year.
- ▶ **Actuarial Valuation**  
This provides details of the Scheme's assets and liabilities at a given date.
- ▶ **Scheme Booklet**  
The current version can be accessed on the Compendia website.

# Useful information

## Finding a financial adviser

If you are thinking of making any changes to your pension arrangement, we recommend you get advice first. Neither the Trustee nor its advisers can give financial advice, but a financial adviser can. For a list of advisers go to [www.unbiased.co.uk](http://www.unbiased.co.uk)

## Money Advice Service

Use this website for interactive tools and information about pensions and money. Visit the site at [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

## The Pensions Advisory Service (TPAS)

TPAS is an independent voluntary organisation that aims to provide information and to help members with pension queries. They will provide guidance and general information on pensions.

TPAS can be contacted at: Money and Pensions Service, 120 Holborn, London, EC1N 2TD

Visit their website at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## The Pensions Ombudsman (TPO)

The Pensioners Ombudsman is appointed under the 1993 Pension Schemes Act. The Ombudsman's Office may investigate and settle complaints. They will help you if you have difficulty resolving a query that you cannot resolve with the Scheme Administrators.

TPO can be contacted at:

10 South Colonnade,  
Canary Wharf, E14 4PU  
Phone: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

## GOV.UK

The Government's website has information about pensions, savings and other money matters. Visit the site at [www.gov.uk](http://www.gov.uk)

## Pension Protection Fund (PPF)

The Pension Protection Fund aims to provide compensation to members of defined benefit schemes if their employer goes out of business and the scheme does not have enough money to pay the benefits promised.

The compensation provided by the PPF is not intended to completely replace a member's pension, but should the scheme get into difficulty and enter the PPF then, PPF compensation aims to provide members with the majority of their benefits. For full details about the PPF visit [www.ppf.co.uk](http://www.ppf.co.uk)

## The Pensions Regulator (the Regulator)

The Regulator aims to help protect members' benefits. The Regulator acts as a watchdog, ensuring that employers and trustees are fulfilling their responsibilities and that schemes are being run effectively. The Regulator is also able to help trustees and administrators run their schemes where necessary.

To date, the Regulator has not intervened to modify the Scheme's rules or impose any directions or a Schedule of Contributions. Visit their website at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

