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Annual review of Additional Voluntary Contributions (AVCs) with Utmost Life and Pensions over the year to 31 March 2023

In consultation with its investment advisor, Aon Investments Limited (Aon), NILGOSC has completed its annual review of the Scheme's AVC arrangement with Utmost Life and Pensions (Utmost Life). The outcome of the review is summarised in this letter and details the following information:

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If you are unsure of your investment funds, please refer to your last Utmost Life Annual Statement.

Utmost Life's Financial Strength

Utmost Life is a UK life and pensions company with 316,000 customers and £4.7 billion of assets under administration at 30 June 2023. With roots going back over 100 years, Utmost Life is part of the wider Utmost Group Limited (UGL), a specialist life assurance group with £59 billion of assets under administration and 515,000 customers as at the same date.

AKG Financial Analytics Limited (AKG), awarded Utmost Life a 'B' overall financial strength rating as at March 2023, which is defined as 'strong'. AKG is a specialist provider of ratings information and market assistance to the financial services industry.

Utmost Life AVC members are protected by the Financial Services Compensation Scheme (FSCS) for 100% of the value of their investment should Utmost Life default. In the case that a pension provider such as Utmost Life collapses, a claim would need to be made with the FSCS. In eight out of ten pension claims, the FSCS makes decisions within 11 months (as at 4 September 2023), but this process can take longer if it is a complicated case.

Views on the Investment Options

More information, as well as Aon's views on the AVC funds in which NILGOSC members are invested are set out below. Aon has also prepared performance data and cost information on the specific funds, as detailed in Annex A.

There are 15 unit-linked funds and one lifestyle strategy available to members. All of the funds are actively managed, except for the UK FTSE-All Share Tracker which is passively managed.

Aon notes that whilst a range of funds are available and they deem the underlying managers to be capable, the range of funds is predominantly actively managed and it does not include a responsible investment option or a Shariah fund. Members should note that these types of fund are available via NILGOSC's main AVC provider, Prudential.

Members' funds are all currently invested in five of the available fund options (highlighted in blue on the next page), upon which Aon has provided its view at Annex A, shown later in this letter.

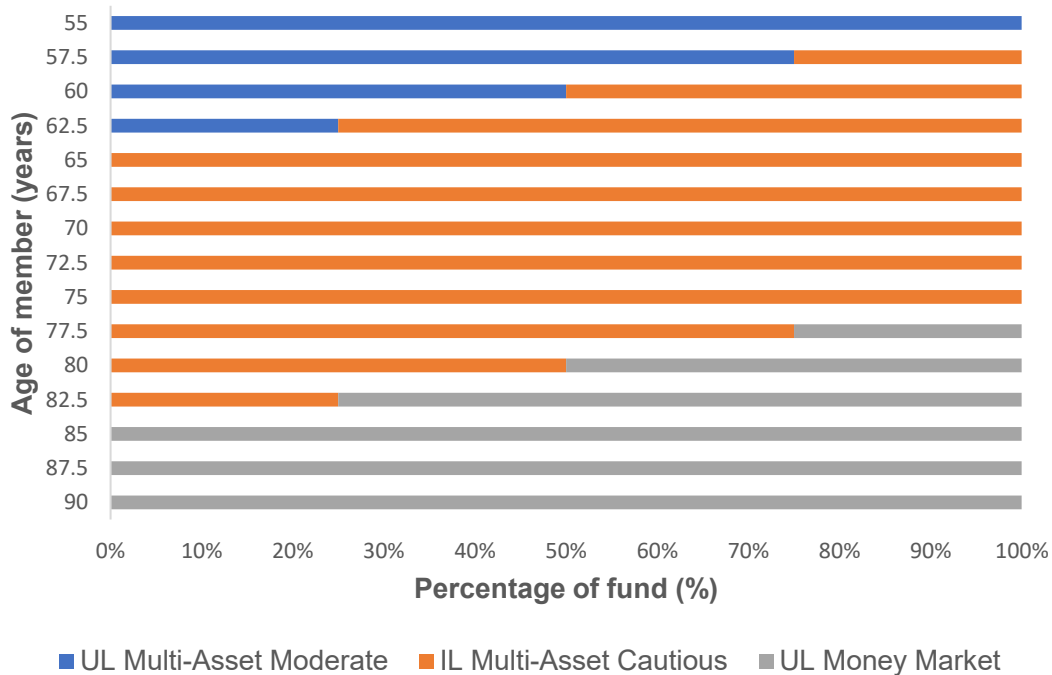
Asset class	Fund name	Annual Management Charge % Per Annum
Equity	UK Equity	0.75
	UK FTSE-All Share Tracker	0.50
	Asia Pacific Equity	0.75
	European Equity	0.75
	Global Equity	0.75
	US Equity	0.75
	US Dollar Global Equity	0.75
Multi-Asset	Managed	0.75
	Multi-Asset Cautious*	0.75
	Multi-Asset Moderate*	0.75
	Multi-Asset Growth	0.75
Bonds	Sterling Corporate Bond	0.75
	UK Government Bond	0.50
	US Dollar Global Bond	0.50
Cash/Money Market	Money Market*	0.50

* Denotes funds that are also used within the 'Investing by Age Strategy'.

Lifestyle Option – Investing by Age Strategy

Utmost Life's Investing by Age Strategy replaced the Equitable Life With Profits fund, and Aon believes that the strategy has the potential to achieve the investment returns over the long term and ensure that members are not worse off at retirement than if they had remained invested in the Equitable Life With Profits Fund. The Investing by Age Strategy automatically transitions from the Multi-Asset Moderate Fund to the Multi-Asset Cautious Fund and eventually to the Money Market Fund, as follows:

Age	Investing by Age strategy – underlying funds
Under 55	Multi-Asset Moderate Fund only
55-65	Gradual switch to the Multi-Asset Cautious Fund
65-75	Multi-Asset Cautious Fund only
75-85	Gradual switch to the Money Market Fund
Over 85	Money Market Fund only



This lifestyle option provides an automatic de-risking strategy for members, however it has some limitations:

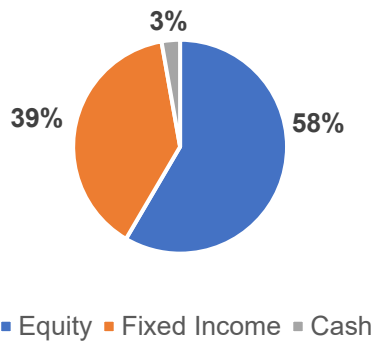
- It determines investment allocation by age attained rather than the term to selected retirement age, and
- It provides no flexibility for members to choose the age at which their fund is de-risked.

This strategy retains a multi-asset approach until members are approaching age 85 and is therefore best suited to members who access funds flexibly. If members take their AVCs at age 65, their funds will still be exposed to c.30% equity investment risk at retirement, even though they are likely to access these funds as cash. However, the key investment objective of this strategy is to provide sufficient returns to ensure members are not worse off at retirement than if they had remained invested in the Equitable Life With Profits Fund and as such, Aon is comfortable with this asset allocation.

The funds used in this strategy are managed by J.P. Morgan Asset Management and Abrdn Standard Investments. Asset allocations of the Multi-Asset Moderate fund and the Multi-Asset Cautious fund are subject to change over time, based on investment manager views, and are not the same as at launch. Both funds aim to provide long-term capital growth by

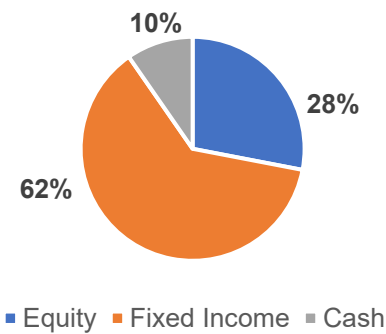
investing in a combination of asset classes including equities, fixed income, property and cash. Further details on each fund used in the strategy are set out below:

Multi-Asset Moderate Fund



The objective of this fund is to provide capital growth in the long term by investing in a combination of asset classes, with the potential for moderate levels of price fluctuations. Since launch in January 2020, asset allocations have flexed depending on market conditions. The 58% allocation to equities as at 31 March 2023 is largely aligned to the 60% allocation at launch, whilst exposure to fixed income has increased from 35% to 39% over the same period.

Multi-Asset Cautious Fund



This fund aims to provide capital growth in the long term by investing in a combination of asset classes, with the potential for low to moderate levels of price fluctuations. The Fund was launched in January 2020. Exposure to equity has reduced slightly from an initial 30% allocation at launch, while fixed income has increased from 60% to 63% over the same period.

Money Market Fund

This fund aims to preserve capital whilst providing returns in line with prevailing short-term money market rates. As the investments are in short-term deposits this fund may produce an overall return close to zero or even negative returns in low interest rate environments.

Aon's views on the performance of funds in which NILGOSC members are invested

Aon has provided its views on performance of the funds in which NILGOSC members are invested. Further details on fund performance are set out in Annexes A and B.

UK FTSE All-Share Tracker Fund (Passive Fund)

The UK FTSE All-Share Tracker is a passively managed fund with an objective of tracking the index as closely as possible. The fund performed reasonably well before charges, although it is behind the benchmark over the one-year, three-year and five-years periods to 31 March 2023 on a net of fee basis. Aon has no concerns over quality or suitability.

Managed Fund

The Managed Fund outperformed its benchmark on a net basis over the one-year, three-year and five-year periods to 31 March 2023. Aon considers this fund to be relatively well diversified and has no concerns over the quality of this fund.

Multi-Asset Cautious Fund

The Multi-Asset Cautious Fund underperformed its benchmark over the year to 31 March 2023, however outperformed over the three-year period. The fund has not been in existence long enough to have longer term performance information and Aon believes the asset allocation of the fund can achieve the returns required as part of the Investing by Age strategy over the longer term.

Multi-Asset Moderate Fund

Although the Multi-Asset Moderate Fund underperformed in comparison to its benchmark over the one-year and three-year periods to 31 March 2023, Aon believes the asset allocation of this fund can achieve the returns required as part of the Investing by Age strategy over the longer term.

Money Market Fund

The Money Market Fund has provided a return in line with short-term money market rates and has continued to outperform its benchmark over the five years to 31 March 2023. Aon has no concerns over quality, but highlights that returns have not kept pace with inflation. Therefore, this is unlikely to be a suitable long-term investment for members unless they

have minimal appetite for investment risk, are close to retirement, or invest in this fund as part of a diversified portfolio.

Aon considers the underlying managers (Abrdn Standard Investments and J.P. Morgan Asset Management) to be suitable managers of the assets members in the funds hold with them, and have not raised any concerns over performance or investment capabilities.

Members with investments in any Utmost Life funds should carefully examine their current investment and future contributions with Utmost Life.

The Utmost Life website provides full details of the funds available to you, their objectives, and Utmost Life's risk rating of these funds and charges, to help you select funds most suitable for your needs at:

www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/fund-information-heritage-equitable-life/.

A fund Guide entitled 'Guide to how we manage our unit-linked funds for Heritage Equitable Life Policies', which is specific to members who transferred from the Equitable Life With Profits is also available at:

www.utmost.co.uk/investment-funds/how-we-manage-our-unit-linked-funds/.

Utmost Life Administration Update

Administration

Utmost Life's service standards have been maintained at 5 to 10 working days for most tasks through the year. In Aon's experience, Utmost Life operates within these standards and service has been relatively good.

Investment Manager Capabilities

J.P. Morgan Asset Management is the manager of the Utmost Life funds. However, Abrdn Standard Investments continues to manage a portion of the unit-linked funds transferred from Equitable Life, while the gradual transition between managers is carried out.

Aon has confirmed that there are no concerns over the past performance of the funds in which members are invested other than returns produced by the Money Market Fund as noted above, or the financial stability or overall investment capabilities of the underlying managers. Aon considers J.P. Morgan Asset Management and Abrdn Standard Investments to be suitable managers of the assets that members hold with them.

Recent Developments and Other Information

2023 market volatility and your AVC investment

2023 has seen market volatility and economic uncertainty due to a range of factors and events including the ongoing Ukraine crisis and central banks tightening their monetary policy in response to inflationary pressures. This uncertainty and market volatility affects investment values, and it seems that markets may remain volatile for some time to come. When investment markets are experiencing volatility, the value of your AVC investment may go up or down, and each AVC investment fund will perform differently depending on the types of assets it invests in. If your AVC plan is invested in only one investment type it will be entirely exposed to the ups and downs of that particular type of investment.

If you are close to retirement, you should review the AVC funds you are invested in to ensure that you are protected from the possibility of big falls in value close to retirement.

If you are further from retirement and therefore a long-term investor, expectations are that long-term growth should offset the impact of short-term volatility. However, you should ensure that your investments are suitable for your needs and investment risk appetite.

We understand that seeing short-term drops or fluctuations in your AVC investment value may be worrying, however it is important not to panic, and to instead consider the current volatility in relation to your longer-term intentions for your AVC investments. It is important that you are comfortable with the asset types you are invested in. You should review your investment choices in light of recent market volatility and ensure that they remain suitable for your needs. If you are unsure whether your selected AVC investments suit your needs, you might like to seek advice from a qualified financial advisor. If you haven't got a financial advisor, you can find a list of advisors at www.moneyhelper.org.uk. **Please remember that NILGOSC cannot provide investment advice.**

Changes to AVC contribution limits

As flagged last year, from 18 April 2022, the 50% limit on AVC's for NILGOSC members was removed due to an amendment to the Scheme Rules. As a result, members can contribute up to 100% of their pensionable pay each pay period, subject to any deductions made by their employer. If you would like to amend your contributions, please contact Utmost Life.

Using your AVC

You can use your NILGOSC AVC fund at retirement in one of three ways:

- You can use some or all of your AVC plan to buy a top-up pension through the Local Government Pension Scheme Northern Ireland (LGPS (NI)). The amount of top up will depend on your age and whether you are retiring on ill-health grounds. The pension income you receive is taxable and the rate of tax payable will depend on your overall income. NILGOSC's Pensions Administration team can provide a personal quotation to members who are interested in this option in the approach to retirement.
- You can take up to 100% of your AVC fund as tax-free cash, subject to HMRC limits, providing it is drawn at the same time as your main Scheme benefits. If you left the Scheme before 1 April 2015, you may draw your AVC fund at a later date than your main Scheme benefits, however you are restricted to 25% of your AVC fund as tax-free cash.

- You can buy an annuity from an insurance company, bank or building society of your choice at the same time as drawing your main Scheme benefits.

You can transfer your AVC fund to another pension scheme or arrangement, even if you are still an active member of the main Scheme. However, you must have stopped making AVC contributions and you cannot already have drawn some AVC benefits from that Fund, for example through flexible retirement.

Different pension providers offer different options in relation to what you can do with your AVC, including the option to buy regular income (an annuity). By transferring out to one or more different pension arrangements you may be able to access options that are not available under the Scheme rules, such as:

- Taking several lump sums at different stages – usually the first 25% of each cash withdrawal from your pot will be tax-free with the rest subject to tax.
- Taking the entire pot as cash in one go – usually the first 25% will be tax-free with the rest subject to tax. However, subject to certain conditions and HMRC limits, if you take your AVC pot at the same time as your main Scheme benefits, it is possible to take all of your LGPS (NI) AVC plan as a single tax-free lump sum.
- Providing a flexible retirement income – this is known as flexi-access drawdown. You are normally allowed to take a tax-free lump sum of up to 25% and then set aside the rest to provide taxable lump sums as and when, or as regular taxable income.

There may be tax implications associated with accessing your benefits in the ways described above. The income from a pension is taxable, and the rate of tax you pay depends on the amount of income that you receive from a pension and from other sources. The different options mentioned above have different features, different rates of payment, different charges and different tax implications.

Protect your AVC Investment from Fraudsters

Sadly, over the past decade there has been an increase in pension companies being formed to defraud the public of their pension savings, by encouraging them to transfer their pension savings to unsuitable or bogus schemes. Unfortunately, the recent pandemic led to an

increase in these companies, with many using people's possible financial uncertainty to manipulate them into transferring their savings.

What should you look out for?

According to the Pensions Scams Industry Group (PSIG) victims of pensions scams report receiving cold or unsolicited calls, offers of free pension reviews, offers of upfront cash and promises of high rates of returns on investments, as warning signs of a scam. You may even be introduced to these companies by a friend or family member who is also unknowingly being scammed.

You should be very wary of a scheme offering to help you release cash from your pension before you're 55. This is known as pension liberation and is almost certainly a scam which will result in you having to pay a tax bill of 55% plus other charges, and you could lose your entire pension pot.

And...

- Do not click links or open emails from senders you don't already know.
- Do not give out personal details like bank details, address, existing pension or investment details.
- Beware of adverts on social media channels and search engines like Google.

How do you protect yourself?

Reject Unexpected Offers - chances are it is high risk or a scam. If you receive a cold call regarding your pension, the safest thing to do is hang up – the call is illegal and probably a scam. If you have been offered a free pension review, please be very cautious. Professional financial advice on pensions is not free. A free offer from a company you have not dealt with before is probably a scam.

Check who you are dealing with - Is the individual or company offering you advice on transferring your pension qualified to do so? You can confirm this by checking the FCA Register <https://register.fca.org.uk/s/> and/or calling the FCA's Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. There are many different areas of registration and its important the advice you receive is specifically on pension transfers.

Don't be rushed or pressured into making a decision - This is another red flag of a possible scam. Take your time and make sure you are happy. This will be time well spent. If you make the wrong decision and transfer your pension to a scam scheme your monies are unlikely to be recovered. Better to make sure you are making the right decision at the outset.

Get impartial advice - You have worked hard to build up your pension savings, so a little extra time spent to make sure any transfer is in your best interest is very worthwhile.

Advice and Guidance

As with any choice of investment, no one can predict with certainty which fund will offer the best return. When you compare Utmost Life's funds, you need to decide which investment is most suitable for your needs. Often this will depend upon the level of risk you wish to take and how far you are from retirement.

Any investment decision is a personal one, reflecting your financial circumstances, approach to investment and attitude to risk. ***Please note that NILGOSC and its professional advisors are not authorised to give you financial advice.*** If you are in any doubt about your investment decisions or how to use your AVCs then we recommend that you seek guidance and/or independent financial advice to help you decide which option is most suitable for you.

MoneyHelper is a government service that offers free and impartial money advice, including pensions and retirement information, as well as help with finding an independent financial advisor. You can find out more at www.moneyhelper.org.uk/en/pensions-and-retirement or call for free on 0800 011 3797.

Pension Wise is a government service from MoneyHelper that offers free impartial pensions guidance about your AVC (which is a defined contribution pension) options. You can book an appointment via their website www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise, or by telephone on 0800 138 3944. Since 1 June 2022, members wishing to transfer out an AVC are required to either book a Pension Wise appointment and provide confirmation of receiving guidance from Pension Wise, or formally opt out of this guidance. It is not possible to proceed with the transfer until this step has been taken. Please note, Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS (NI).

The Financial Conduct Authority (FCA) is the regulatory body for independent financial advisors (IFAs). The FCA maintains a register of authorised IFAs. Details can be found on the FCA website at www.fca.org.uk or by telephoning the FCA on 0800 111 6768.

Unbiased is a website listing regulated and independent financial advisors, mortgage brokers, solicitors and accountants. The service checks that all experts listed on the site are regulated by the relevant official bodies, appropriately qualified and independent of product providers. You can find an IFA in your area by typing your postcode into the '*Browse Professionals*' search tool on the website www.unbiased.co.uk.

Further Information

Further information on NILGOSC's AVC Scheme can be found on the Members' section of the NILGOSC website at: www.nilgosc.org.uk/additional-voluntary-contribution.

If you require any further information in relation to your AVC fund, the Pensions Administration Team at NILGOSC is happy to help with your questions, but please remember that NILGOSC staff cannot give you financial advice about your investments. They can be contacted by phone on 0345 319 7325 or by email at info@nilgosc.org.uk.

Yours sincerely,

Annie McElhatton
Investment Services Manager

Annex A: Fund performance and Charges for Year to 31 March 2023

The table below lists all the Utmost Life AVC funds that NILGOSC members are currently invested in, and details the annual management charge, the one year investment return to 31 March 2023 and the performance relative to each fund's benchmark for the same period.

Please note that past performance of any particular fund is no guide to future performance.

Fund ¹	Annual Management Charge (%)	1 year return to 31 March 2023 (%) ²	Performance relative to benchmark ³	Aon view
UK FTSE All-Share Tracker	0.50	1.9	-1.0	No concerns over quality or suitability.
Managed	0.75	-1.9	2.7	No concerns over quality or suitability.
Multi-Asset Cautious	0.75	-7.8	-0.9	The asset allocation of this fund can achieve the required returns over the longer term.
Multi-Asset Moderate	0.75	-5.9	-1.3	The asset allocation of this fund can achieve the required returns over the longer term.
Money Market	0.50	1.8	0.5	No concerns over quality, but returns have not kept pace with inflation and therefore unlikely to be a suitable long-term investment for members.

¹ The UK FTSE All-Share Tracker is passively managed. All other funds listed are actively managed.

² Performance is provided net of fees for all funds.

³ The benchmark is the relevant index against which the performance of each fund is measured.

Annex B: Long-Term Fund Performance and Charges to 31 March 2023

The table below shows the annualised performance to 31 March 2023, benchmark and relative performance of all the Utmost Life AVC funds in which NILGOSC members are currently invested. Performance is shown net of fees.

Please note that past performance of any particular fund is no guide to future performance.

Fund ⁴	1 Year (% per annum)	3 Years (% per annum)	5 Years (% per annum)
UK FTSE All-Share Tracker	1.9	13.6	4.5
Benchmark	2.9	13.8	5.0
Relative Performance	-1.0	-0.2	-0.5
Managed	-1.9	9.3	4.0
Benchmark	-4.6	7.5	3.8
Relative Performance	2.7	1.8	0.2
Multi-Asset Cautious	-7.8	0.9	-
Benchmark	-6.9	0.5	-
Relative Performance	-0.9	0.4	-
Multi-Asset Moderate	-5.9	6.2	-
Benchmark	-4.6	7.5	-
Relative Performance	-1.3	-1.3	-
Money Market	1.8	0.4	0.3
Benchmark	1.3	0.2	0.2
Relative Performance	0.5	0.2	0.1

⁴ The UK FTSE All-Share Tracker is passively managed. All other funds listed are actively managed. The benchmark is the relevant index against which the performance of each fund is measured.