Reflections

Your newsletter from the ZF UK Pension Plan • Winter 2025

ZF UK Pension Plan

Welcome to the latest edition of Reflections

Your annual newsletter from the Trustee of the ZF UK Pension Plan (the Plan). As always, thank you for taking the time to read this update.

Latest Actuarial Funding Valuation

We've carried out the latest formal valuation to assess the financial health of the Plan. We've summarised this, and the latest, annual interim report, on **pages 4 - 5**.

Pensioner payment dates

These are changing – find out more on **page 7**.

In the News

The Government is continuing work on the **Pensions Dashboard**, a new online service that will let you see all of your pension savings which you've not yet taken, in one place. It's also proposed changes to how inheritance tax **could apply to unused pension funds and death benefits** in the future. Read more on **pages 7 - 8.**

Communication preferences

Please make sure you register for Clarity from BW and provide your current email address to keep receiving important updates about your benefits. See **page 8**.

Finally, a reminder that this is the **last paper copy** of Reflections. Future issues will be digital.

In this issue

Comments

If you have any comments about this newsletter or our other communications, please contact us on: **0330 135 9988** or **+ 44 121 828 0217** (from overseas) or email us at: **ZFUKmembers@Barnett-Waddingham.co.uk**

Going **digital**

This is our last printed newsletter

We're making a change that will help us stay connected with you in a more efficient and environmentally friendly way.

That means this is the final printed edition of Reflections – future issues will be on our website only.

Unless you tell us you want to opt-out of digital communications, we'll email you to let you know when there's a Reflections ready to read, and with important news about your pension.

So, what do you need to do?

Already registered and signed up for emails? You're all set. You'll receive notifications when new documents are available. You might want to check your registered email is your current one, and preferably, that it's a personal email address.

If you're not registered: To continue receiving updates about your pension, please make sure you're registered on the secure self-service website and have provided a current email address.

If you still want paper copies: You have the option to opt out of digital communications, and some members have already done this. Simply send a written request to the Trustee and your record will be updated to reflect the request.

To receive email alerts, register an email address at **account.claritybw.co.uk/**.

We also encourage deferred members to register a mobile telephone number with us, if possible.

How you'll receive updates

Deferred members: We provide annual benefit statements in the summer through the member self-service website: **account.claritybw.co.uk/** (previously called BWebstream). This year, statements are also available for ex-WABCO Scheme members.

For any **deferred members who opted out of receiving digital communications**, you should still have received a statement in the post. If you did not, then please contact Barnett Waddingham using the contact details on **page 8**.

Pensioners: From 2026, we'll provide annual pension increase statements online, using the same self-service platform **account.claritybw.co.uk/**.

All members: Newsletters (like this one) will be accessible only through the Plan's website: **zfukpensions.co.uk**

What you need to know

As we complete this transition to digital communications, we'd like to remind you of a few important points:

Opting out: You have the option to opt out of digital communications. Simply send a written request to the Trustee (contact details on the back page).

Access and usability: We'll ensure all documents are available to access, store, and print in an easily accessible format for you.

Special requirements: We'll take into account the requirements of any disabled persons, including any specific needs. Please tell us if you think this applies to you.

This newsletter serves as the final, official notification that we're moving to digital communication.

Track your pension online

Barnett Waddingham looks after the day-to-day running of the Plan, from making sure your personal details are up to date, to ensuring benefits are paid accurately and on time. One of the easiest ways to stay informed about your pension is by using their secure self-service website **account.claritybw.co.uk**.

Once registered you can:

- check in on your retirement savings;
- update your personal details; and
- view your annual statements or payslips (as applicable).

The online system is also available to ex-WABCO Scheme members.

Haven't registered yet?

If it's been a while, your original registration key may have expired, but it's easy to get a new one. Just call Barnett Waddingham's dedicated helpline on **0141 447 0799** (this number is for online access support only).

If you have questions about your pension benefits, you'll find the right contact details on the back page of this newsletter.

Stay alert to pension scams

Sadly, pension scams continue to be a real threat – and scammers are becoming more sophisticated in how they approach people. They may offer you a "free pension review", early access to your pension, or promise high returns that sound too good to be true.

If someone contacts you unexpectedly about your pension, be cautious. A genuine adviser will never pressure you into making a quick decision.

And be wary of emails, texts and web links as these could be created to gain access to your personal and financial information.

Before making any changes to your pension, it's a good idea to speak to a regulated financial adviser, and you should always check that the adviser is registered with the Financial Conduct Authority (FCA): **register.fca.org.uk/s/**

You can also find more helpful tips on: **fca.org.uk/scamsmart**

Deferred members

The Plan pays for an independent adviser specialising in retirement advice: WPS Advisory Ltd (WPSA).

If you request a transfer value or a retirement quote from Barnett Waddingham, then you can contact WPSA using the contact details that will be on the paperwork.

We provided more details about this in the last newsletter.

Latest actuarial **funding update as at 31 March 2025**

At least every three years, we're required to undertake a formal actuarial valuation to assess the financial health of the Plan and determine whether any contributions are required from the Plan's participating employers: ZF Automotive UK Limited, ZF Lemforder UK Limited, ZF Services UK Limited and ZF CV Distribution UK Limited - the companies with a legal obligation to support the Plan.

The latest formal three-year actuarial valuation was carried out as at 31 March 2024 and was finalised in June 2025. The highlights are shown below, and we've also provided an update on the last funding update as at 31 March 2025.

Key highlights

The results revealed an increase in the funding level since 31 March 2023 (please read further details below).

	March 2023 Annual update	March 2024 Full valuation	March 2025 Annual update
Plan Assets	£983 million	£1,001 million	£934 million
Plan Liabilities	£1,051 million	£964 million	£867 million
Surplus/(Deficit)	(£68 million)	£37 million	£67 million
	This means the Plan had a funding level of 94%	This means the Plan had a funding level of 104%	This means the Plan had a funding level of 108%

How we arrive at the figures

The actuarial valuation process involves the Trustee's appointed actuaries estimating the amount of each member's future pension payments and how long each pension is likely to be paid. These future payments are then discounted for future interest and added up to arrive at the 'present value' of the Plan's liabilities.

The estimates are calculated using certain assumptions, the assumptions must be prudent and agreed between the Trustee and the Plan's Principal Employer, ZF Pension Sponsor UK Limited.

Once calculated, the value of the Plan's liabilities on 31 March 2024 was compared against the audited value of the Plan's assets on the same date, which was £1,001 million. This comparison revealed the size of the Plan's surplus on an 'ongoing' or 'statutory' basis as £37 million – **a funding level of 104%. Because there was a surplus, there was no requirement for the Company to pay any contributions to the Plan at that time.**

As well as the formal valuation, the Plan's actuary calculates an annual update for the Trustee. As at 31 March 2025, the Plan had assets of £934 million giving an estimated surplus of £67 million on the ongoing or statutory basis – a funding level of 108%.

Some questions answered:

How does the Plan operate?

The Plan is a closed defined benefit pension plan. This means it provides members with a pension based on their earnings and service. The Plan is closed to new members and future build-up.

With this type of plan, when required, the Company pays contributions in accordance with any Recovery Plan and its Schedule of Contributions. The combination of contributions, investment income and growth is then used to pay members' pensions. The Plan does not hold individual funds for each member.

Why is the Company's support important?

The Trustee's aim is to ensure the Plan holds enough money to pay all benefits as they fall due. The Company's continued support plays a key role in helping to achieve this.

There may be times when additional contributions are required, for example if funding levels fall or if assumptions used to set funding targets prove to be too optimistic.

What happens if the Plan is wound-up?

Although the Plan is expected to continue, we are required by law to show what would happen if it were to be wound up. This could occur if the Company could no longer support the Plan.

In this instance, the Trustee would aim to secure all members' benefits with an insurance company. This is known as the Plan's solvency position, and the cost of securing benefits in this way is typically higher than under normal funding assumptions.

As at 31 March 2024, the Plan actuary has estimated the Plan had a funding shortfall on this basis of approximately £75 million. We're required by law to give you this information but it does not mean that the Company is thinking of winding-up the Plan. It's included to help you understand the financial security of your benefits.

What protection is in place?

If the Plan were to wind up and there was not enough money to secure benefits in full, the **Pension Protection Fund** (PPF) may step in to provide compensation. The PPF is a statutory organisation established by the Government to help protect members of defined benefit pension schemes.

Further information and guidance is available on the PPF's website **ppf.co.uk/** Alternatively, you can email the PPF at **information@ppf.co.uk** or write to them at:
PO Box 254, Wymondham, NR18 8DN.

What else do I need to know?

We're required to confirm that the Company hasn't taken any payments out of the Plan since the 31 March 2024 valuation, and no such payments are anticipated. Nor has The Pensions Regulator intervened to change the way that benefits build up, the way valuations are calculated, or the way any funding shortfall is met.

Further information

Copies of the following are all available on the Plan's website at: **zfukpensions.co.uk**, or upon request to Barnett Waddingham at the address shown on the back page.

- Statement of Investment Principles
- The Trustee's Report and Accounts
- Taskforce on Climate-related Financial Disclosures Report (which illustrates how climate change risks and opportunities are being managed)
- Trustee's Environmental, Social and Governance (ESG) Policy and Beliefs

Facts and **figures**

- highlights from the Report and Accounts

We've produced the Plan's audited Report and Accounts for the year ending 31 March 2025. A copy of the full report is on our website **zfukpensions.co.uk** or on request from the ZF UK Administration Team at the address shown on the back page.

Plan Membership

As at 31 March 2024

Active members	29
Deferred members	6,813
Pensioners	5,336
Total	**12,178**

Changes during the period

Late notifications	-65
Deceased	-258
Transferred out of the Plan	-15
Small pensions paid as a lump sum	-13
Ill-health pension paid as lump sum	-1
Dependent pensions ceased	-8
New dependents	45
Overall decrease	**315**

As at 31 March 2025

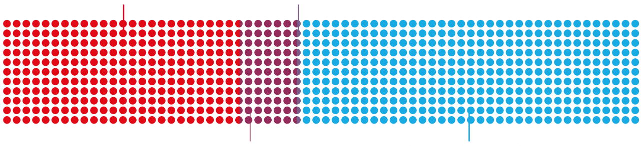
Active members	0
Deferred members	6,329
Pensioners	5,534
Total	**11,863**

Who's in the Plan

The membership as at 31 March 2025

Pensioners
4,437

Children
26



Dependants
1,071

Deferred members
(i.e. employees and former employees who have not yet retired)
6,329

Financial Summary

Fund value as at 1 April 2024; **£1,004 million**

-£28,680,000	Decrease in value of investments
Investment income	+£5,931,000
-£1,449,000	Investment management expenses
-£2,754,000	Administration fees and adviser expenses
-£1,069,000	Transfers out of the Plan
-£39,597,000	Benefits paid to members of the Plan

Fund value as at 31 March 2025: **£936 million**

Plan Assets

Manager	Assets under management	Value as at 31 March 2025
Schroders	UK Government Bonds	£553m
	Cash	£11m
	Net Repurchase Agreements	-£354m
	Corporate Bonds	£58m
	Asset backed Securities	£268m
M&G	Secured Loans	£51m
Arcmont	Senior Loans	£52m
Barings	Global multi-asset credit	£40m
	Private Loans	£42m
BlackRock	Pooled DGF and LDI	£11m
PGIM	Global High Yield Bonds	£48m
LGT	Frontier Debt	£31m
Quoniam	Equities	£47m
Swiss Life	Infrastructure	£27m
Pantheon	Private Debt Secondaries	£21m
Other	Cash Deposits	£8m
	Buy-in Policy	£21m
Total		**£936m**

Pension **News**

Pensions Dashboard: a one-stop-shop for pension information

The goal for the dashboard is to provide a secure online view in one place of all the pensions you're not yet taking, including your State Pension. It could help you plan your retirement and highlight any pensions you've forgotten about.

This is a nationwide project led by the Department for Work and Pensions.

Pension schemes across the UK, including ours, are required to connect to the dashboard system. When it goes live, deferred members should be able to see information about your Plan benefits as part of the dashboard. **Your pensions in payment will not be included on the site.**

The dashboard will be introduced in stages, with the current expectation that it will be publicly available from October 2026.

An update on the proposed changes to Inheritance Tax (IHT) rules impacting pension benefits

As mentioned in the last issue of Reflections, the Government plans to include pensions in people's estates when it comes to calculating IHT.

This wouldn't affect your pension during your lifetime, but it could impact the benefits your loved ones receive after your death.

The last time we updated you, the responsibility for paying any due tax was going to lie with the Plan administrator. The recent development now means that personal representatives (the people responsible for your estate once you pass) are who would be liable for the reporting and payment of the IHT due from the pension.

The proposal is still going through consultation and hasn't yet become law. If approved, the changes would take effect from 6 April 2027.

In the meantime, it's a good opportunity to review your Expression of Wish Nomination Form and ensure it reflects your current wishes for who you'd like any benefits to go to should you die. You'll find the form in the Forms and Documents section on **zfukpensions.co.uk** or you can also update it through the member self-service website: **account.claritybw.co.uk/**.

Pensioner payment date change

Important update: change to monthly pension payment date

Following a review of the Plan's payment processes – prompted by the mergers of several pension schemes in recent years – the Trustee has agreed to simplify how monthly pensions are paid.

From December 2025, **all pensions will be paid on the 6th of each month.** If the 6th falls on a weekend or bank holiday, payment will be made on the last working day before the 6th.

This change will ensure a more consistent experience for all members. It means:

- you'll receive your pension a little earlier than before;
- the value of your pension remains unchanged;
- the value continues to cover the calendar month in which it is paid.

This change has also been confirmed by the Plan Actuary as having no negative impact on the value of member benefits.

For members from the former ZF Lemforder scheme, a short consultation was required. This has now concluded, and we can confirm that the Trustee has decided to proceed with the proposed change. Therefore, the payment date for these members will also move from the 10th to the 6th of each month, with monthly payments covering the calendar month in which they are paid, effective December 2025.

If you have any questions or would like to speak to someone about this change, please contact the Plan administrator using the details on **page 8**.

The Lucas/TRW Pensioners Association

The Lucas/TRW Pensioners Association (the LTPA) is a voluntary organisation established in 2004 to support the interests of current and deferred pensioners who belong to the Plan, or who transferred to Legal & General Insurance and for anyone who worked for ZF, TRW or any Lucas company in the UK.

Membership of the LTPA is free and it publishes an email newsletter twice a year for all members. It's independent of ZF, the Plan and its Trustee.

Join via its website at **lucaspensioners.org.uk**.

State Pension Age change: reminder

The Government is gradually increasing the State Pension age (SPA) - the earliest age you can start receiving your State Pension.

At the time of writing, the SPA is 66, rising to 67 between 2026 and 2028, with further increases planned in the future.

These changes don't affect your benefits from the Plan, but it's helpful to understand how they might impact your overall retirement plans. You can check your personal SPA and get an estimate of what you might receive by visiting **gov.uk/check-state-pension**.

Need **help**

Need help or need to contact the Trustee? Contact the pension administrators in the first instance:

Contact details for queries

By Post:
ZF UK Pension Plan
Pension Administration
Barnett Waddingham LLP
3 Devon Way
Birmingham
B31 2TS

By Telephone:
0330 135 9988
or + 44 121 828 0217 (from overseas)

By Email:
ZFUKmembers@Barnett-Waddingham.co.uk

Or you can write to the Trustee Secretary:

By Post:
ZF UK Pension Plan
The Hub, Central Boulevard
Blythe Valley Park
Shirley
Solihull
B90 8BG