

# Update from the Trustee



12<sup>th</sup> July 2017

Dear member

## **Pace Complete: Recent announcement by The Co-operative Bank**

On 28<sup>th</sup> June the Co-operative Bank announced that it had come to an agreement with a group of its existing investors to raise funds to meet its longer term capital requirements.

The Co-operative Bank is one of the sponsoring employers of the Co-operative Pension Scheme (Pace) and, over recent months, the Trustee and our advisors have been in detailed discussions with the Bank, the Co-operative Group and regulatory authorities to address any implications for Pace.

As the Trustee of Pace we are committed to ensuring that the interests of all Pace members and the security of their benefits are protected.

### **What does the situation at the Bank mean for Pace Complete?**

It's important to stress that the developments at the Co-operative Bank don't have any effect on the benefits you've built up in Pace Complete or on any pension that you're already receiving from Pace. As a member of Pace Complete you do not need to take any action.

However, subject to clearance by the Pensions Regulator and the successful completion of the Bank's capital raising, there will be some changes to the structure of Pace in the future. Although Pace will continue as a single pension scheme, with the same single Trustee overseeing the whole scheme, two separate ring-fenced sections will be created. The creation of two sections within Pace is necessary to ensure that the pension obligations of the Group and Bank are separated. This will result in a Group Section, with the Co-operative Group as the principal employer, and a Bank Section with Co-operative Bank as the principal employer.

### **When will the changes take place?**

There are a number of stages which need to be completed before the two sections of Pace can be created, including clearance from the Pensions Regulator and the completion of the Bank's capital raising exercise.

Members will be allocated to either the Group Section or the Bank Section, through a process that will take a number of factors into account.

### **How can I find out more?**

[If you have any further queries, a set of Frequently Asked Questions is available here.](#) The Trustee will also ensure that the Pace website is kept up to date with news of any further developments.

The Bank's capital raising exercise is expected to be completed by the end of September 2017. The Trustee will then be in a better position to update members on the approach for creating the two sections and to give more information about likely timescales.

In the meantime the Trustee will continue to work hard to ensure that the process to create two sections of Pace properly protects all members' interests and the security of their benefits, and that both sections of Pace Complete continue to be strongly funded in the future.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Harry Baines', with a stylized, cursive script.

Harry Baines

Chair, Pace Trustee