William Hill Trustee Ltd
1 Bedford Avenue, London, WC1B 3AU

Date

STRICTLY PRIVATE & CONFIDENTIAL
ADDRESSEE ONLY
Name
Address

Dear [Name]

For a number of years, the Trustee has been working closely with William Hill Organization Limited (the "Company") to ensure that your pension benefits under the Retirement Plan Section of the William Hill Pension Scheme ("the Scheme") are well protected. You may have read from the previous updates provided by the Trustee, the financial position of the Scheme has remained strong, helping the Trustee take actions to reduce the various risks to which the Scheme is exposed.

Improved security of your benefits

As a result, on the back of the acquisition of William Hill by Caesars Entertainment Inc. ("Caesars"), the Trustee has worked with the Company and Caesars to reduce these risks further and taken a very significant and positive step in protecting your benefits.

We are very pleased to announce that on 28 June 2021 the Trustee purchased a bulk annuity policy from Rothesay Life PLC ("Rothesay"), a leading and fully regulated UK life insurance company. This is a type of insurance policy (also known as a "buy-in" policy) and covers all of the remaining non-insured benefits under the Retirement Plan Section of the Scheme, and sits alongside a similar policy bought back in 2019 for the majority of pensioner members from Just Retirement Limited ("Just"). This latest policy greatly reduces the Scheme's reliance on the continued financial support of the Company.

A buy-in policy is seen by many as the "gold standard" approach in ensuring the security of members' pension benefits and as a result is often prohibitively expensive. To achieve our aims, we were pleased to work collaboratively with the Company and Caesars, who agreed to put in a further cash injection of almost £10m to enable the buy-in to go ahead.

What does this mean for me?

Aside from the increased protection of your pension benefits, in many respects there will be little immediate change for members. For example, the Trustee remains responsible for looking after the Scheme and the day to day administration of the Scheme will still be carried out by Capita.

However, there is a benefit option previously available to you via the Scheme which was not possible to insure with Rothesay – this benefit option will therefore no longer be available to you. The details are set out overleaf.

Tax-free cash option – link between Retirement Plan Section and Pension Savings Plan

Currently members like you, with benefits in both the Retirement Plan Section and the Pension Savings Plan, have some flexibility over the source of the tax-free cash option available to you upon retirement – something which was negotiated by the Trustee at the time of the closure of the Retirement Plan Section to future benefit accrual in March 2011. Under this arrangement, you are able to use some or all of your savings in the Pension Savings Plan (the Defined Contribution Section of the Scheme) to fund your tax-free cash lump sum, which leaves a higher level of pension from the Retirement Plan Section (the Defined Benefit Section). The maximum amount of Pension Savings Plan funds you can use to fund tax-free cash from the Retirement Plan Section is currently £131,000.

It was not possible to effectively insure the current link between the Retirement Plan Section benefits and the Pension Savings Plan benefits as part of the buy-in with Rothesay. This means that going forward, this option will no longer be available. If you have already received a retirement quote that allows for the link between the two benefits, the quote you received will still stand. As such, if you accept your quote you would not receive the top-up payment set out in this letter as you are able to take your retirement benefits on the current basis and are therefore not impacted by this change.

For everyone else, as a result of the required changes we have been working closely with our advisers and the Company to see what we can give to members to make up for the loss of this flexibility. I am delighted to say that **the Company has agreed that a one-off contribution of £X will be made into your account under the Pension Savings Plan. This has been calculated as 20% of your capped Pension Savings Plan fund as at 12 May 2021.**

This top-up payment may have adverse tax consequences for some members. More detail is included in the attached pensions tax fact sheet. If you think you may experience adverse tax consequences as a result of receiving this top-up then please contact Pensions@williamhill.co.uk by 31 August 2021. If we do not hear from you by this date, we will make the one-off contribution into your account on or around 31 October 2021.

The analysis we have carried out suggested that a relatively small number of members will require a slightly higher level of top-up to protect them against any adverse effect of the changes, so we will provide a slightly higher top-up for those members. This does mean however that even if you do not think you have a tax impact from the 20% top-up amount above, you could be impacted if this payment is slightly higher - if you think you might be impacted, please let us know per the above details.

What happens next?

As mentioned above, the policy with Rothesay will be held by the Trustee as an asset of the Scheme for the time being. This means that you will continue to receive correspondence from the Scheme in the same way as before and you can still contact Capita in the usual way if you wish to obtain a retirement quote or a transfer value (or have any other queries relating to your Scheme benefits).

It is worth noting that the Trustee and the Company may decide at some point in the future to convert both the policy purchased from Rothesay and the previous policy held with Just (which covers the majority of the Scheme's current pensioners) into individual annuity policies, which will be assigned to each Scheme member.

This is known as a "buy-out" and would mean that responsibility for providing the benefits promised to members from the Retirement Plan Section of the Scheme would pass over to the chosen insurers and the Retirement Plan Section would eventually be wound up and discontinued. However, it is worth noting that there are a number of steps which need to be taken before a buy-out can be completed. In the event that the Trustee and Company were planning to buy-out, we would write to you with further details at the time.

Who can I contact for further information?

If you have any questions about the contents of this letter, then please contact us at **pensions@williamhill.co.uk**

Yours sincerely

Hugh Nolan
Chairman
William Hill Trustee Limited

FACTSHEET – PENSIONS TAX

This fact sheet sets out some further details relating to the current UK pensions tax regime. It will only be relevant to you if you:

- expect to breach the Annual Allowance in the 2021/22 tax year; or
- expect to breach the Money Purchase Annual Allowance in the 2021/22 tax year; or
- have total pension benefits in excess of the Lifetime Allowance; or
- have a protected Lifetime Allowance.

We are not permitted to provide you with tax advice and this fact sheet should not be considered as such. If you think you may need tax advice, then you are responsible for taking this separately yourself.

IN BRIEF

You may need to take action to protect your tax position if any of the following apply:

- Your pension savings this tax year (including top-ups) will exceed £40,000 (lower limits can apply for anyone with income over £200,000).
- You have already accessed some of your pension savings on a flexible basis since 2015.
- Your total pension savings are over £1,000,000.
- You have previously applied for Lifetime Allowance Protection from HMRC.

Background

The current UK pensions tax regime dates back to 6 April 2006, although it has been amended several times since then. Two key parts of the tax rules are the Annual Allowance and the Lifetime Allowance.

In broad terms, the Annual Allowance limits how much tax relief on pensions savings you can get in any given tax year and is measured annually, whereas the Lifetime Allowance limits the overall amount of pensions savings you can make with tax benefits and is assessed when you start taking your benefits. You can make pension savings above these limits but the tax relief on those extra savings is effectively reclaimed by HMRC through an additional tax charge.

Annual Allowance

The standard Annual Allowance is currently £40,000. However, there are some exceptions:

- A lower Tapered Annual Allowance may apply to people with a total UK taxable income (ignoring the value of any pension savings) of over £200,000 (for tax years 2020/21 onwards[1]). The Tapered Annual Allowance may be as low as £4,000 where total UK taxable income plus the value of any pension savings in the tax year exceeds £312,000;
- You can carry forward unused Annual Allowance from the previous three tax years and combine this with your Annual Allowance for the current tax year; and
- A separate and lower Money Purchase Annual Allowance of £4,000 will apply to the money purchase savings of people who have accessed their pensions savings on a flexible basis[2] since 5 April 2015.

[1] For tax years 2016/17 to 2019/20 inclusive the Tapered Annual Allowance might have applied to those with total UK taxable income of more than £110,000. The minimum Tapered Annual Allowance in these tax years could have been £10,000 if total UK taxable income plus the value of pension savings exceeded £210,000.

[2] For example, by commencing a flexible pension drawdown facility or cashing out a Money Purchase benefit for a single taxable lump sum.

The top-up to your PSP fund explained in our earlier letters will be included in the value of your total pensions savings for this tax year and will therefore be counted in the assessment against your Annual Allowance for the 2021/22 tax year.

If you believe you may breach the Annual Allowance (or Money Purchase / Tapered Annual Allowance if applicable) for the 2021/22 tax year as a result of the top-up and do not have sufficient carry forward, then please let us know so that we can work with you to help sort this out.

Lifetime Allowance

The top-up to your PSP fund will be included in the test against the Lifetime Allowance when you come to draw benefits from your PSP fund.

The standard Lifetime Allowance is currently £1,073,100. If your total pension savings exceed this amount, then you might end up paying additional tax. The check on whether this applies includes all your pension schemes and benefits (except the State Pension), with the value of any **Defined Benefit** pensions usually calculated as 20 times the amount of the pension.

Please let us know if you have total pension savings over the Lifetime Allowance.

Protected Lifetime Allowance

Some members may have a higher protected Lifetime Allowance if they have applied for, been granted and kept various **forms** of Lifetime Allowance protection in the past.

You will only have a protected Lifetime Allowance if you have specifically applied for it. If you have successfully applied for Lifetime Allowance protection, then you should have received confirmation from HMRC. Lifetime Allowance protection comes in various forms which are listed below:

- Primary Protection
- Enhanced Protection
- Fixed Protection 2012, 2014, 2016; and
- Individual Protection 2014, 2016.

Under HMRC rules, the top-up to your PSP fund explained in our letter could have adverse tax implications for members with certain forms of Lifetime Allowance protection, specifically Enhanced Protection or any of the Fixed Protections.

If you have either Enhanced or one of the Fixed Lifetime Allowance protections, it is therefore very important that you respond to this letter so that we are aware of your pensions tax position and can take appropriate action to help ensure that the Lifetime Allowance protection you have obtained is not jeopardised.

When writing, please confirm the following details:

- The type of Lifetime Allowance protection you have been given;
- The value of your protected Lifetime Allowance;
- A protection notification number;
- A scheme administrator reference; and
- The application date.

Contact Details

If you believe you may be affected by any of the issues covered in this factsheet or have any other questions regarding the contents of this letter, please contact us at pensions2021@williamhill.co.uk

Privacy information

Rothesay Life Plc ("Rothesay") is an insurance company established in the UK with company registration number 06127279. We are authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our registered office address is The Post Building, 100 Museum Street, London WC1A 1PB.

Rothesay offers a range of insurance products to pension schemes and pension scheme members including bulk purchase annuity products and individual pension annuity policies.

The trustees of your pension scheme have an insurance agreement (the "Agreement") in place with Rothesay under which they have insured certain benefits payable to and in respect of you under your scheme. In order for us to fulfil our obligations under the Agreement, Rothesay and the trustees of your scheme will exchange personal data concerning you and your benefits under the scheme.

In some circumstances, we will control the processing of your personal data. In broad terms, these circumstances are where we process your personal data for the following purposes:

1. To ensure that we are paying the right amounts under the Agreement. This involves us sharing personal data with our service providers and professional advisers.
2. To manage our risks associated with the Agreement. In particular, we will provide information about the individuals insured under the Agreement to third party insurance companies who reinsure some of the risks associated with the benefits we have insured.
3. To fulfil our legal and regulatory obligations.
4. To operate our business. In particular, we provide personal data to third parties who collate such data from a wide variety of sources and publish reports on how long people in the UK live and other demographic trends which we use to understand our liabilities in respect of our current and future policyholders.
5. To prepare to issue an individual pension annuity policy directly to you in the event that the trustees of your scheme ask us to do so in the future.
6. To enable us to exercise our legal rights and defend ourselves against potential legal claims, should we need to do so.

Our privacy notice provides full details about how we process your personal data and your rights under data protection laws.

> rothesay.com/data-protection

If you have any queries about the Agreement or your benefits under your scheme, you should contact the trustees of your scheme in the first instance.

You can also contact the trustees of your scheme if you want to exercise any of your rights relating to our processing of your personal data. Alternatively, you can contact us directly using the contact information in our privacy notice.