

SUMMARY FUNDING STATEMENT

THE ITB PENSION FUNDS (OPEN FUND DB SECTION)

SUMMARY FUNDING STATEMENT FOR PERIOD ENDING 31 MARCH 2018

The ITB Pension Funds' Trustees who look after the Scheme will provide an update of the Scheme's funding position each year in a statement similar to that shown below. This statement is based on the latest actuarial valuation. It is essentially a snapshot of the financial position of the Fund that is based on the actuarial values of the Fund's assets and liabilities as at the date of the valuation.

THE LAST ONGOING FUNDING VALUATION

The most recent funding valuation of the Open Fund showed that on 31 March 2016 the funding position was as follows:

ASSETS	£942.2 MILLION
LIABILITIES	£932.5 MILLION
FUNDING LEVEL	101%

The estimated amount as at 31 March 2016 needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding-up (full solvency) was £1,215.8 million. Therefore, the Scheme was 77% funded on a full solvency basis as at 31 March 2016. Inclusion of this information is a standard requirement and is not related to any consideration of the Trustees to wind-up the scheme.

CHANGE IN FUNDING POSITION

The Scheme Actuary carried out interim reviews of the Open Fund as at 31 March 2017 and as at 31 March 2018. The purpose of the reviews was to assess how the Scheme's funding position had changed since the most recent funding valuation as at 31 March 2016.

The interim review as at 31 March 2018 showed that the surplus had increased from £9.7m million as at 31 March 2016 to £22.9 million as at 31 March 2018. This change in surplus was due to a combination of factors, some of which offset each other. For example, a fall in expected investment return due to reduced risk in the investment strategy was broadly offset by an increase in actual investment return over the period due to the Scheme's hedging strategy. The main reason for the increase in surplus was the purchase of buy-in insurance policies in respect of the pensioners' liability prior to 2018, which are held as an investment of the Fund.

PAYMENT TO THE PARTICIPATING EMPLOYERS

There has not been any payment to the Participating Employers out of Scheme funds in the last twelve months.

HOW THE SCHEME OPERATES

HOW IS MY PENSION PAID FOR?

The Participating Employers have historically paid and some continue to pay contributions to the Pension Scheme so that the Scheme can pay pensions to its members when they retire. Active members also pay contributions to the Scheme, and these are deducted from gross pay.

Most of the Scheme's benefits are now covered by insurance policies. This means the Scheme receives payments to cover benefits payable in respect of most of the pensioners.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

HOW IS THE AMOUNT THE SCHEME NEEDS WORKED OUT?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to an agreement with the Participating Employers on future contributions.

THE IMPORTANCE OF THE PARTICIPATING EMPLOYERS' SUPPORT

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, success of the Scheme relies on the Participating Employers continuing to support the Scheme because:

- the funding level can fluctuate, and when there is a funding shortfall, the Participating Employers will usually need to put in more money
- the target funding level may turn out not to be enough so that the Participating Employers will need to put in more money.

WHAT IS THE SCHEME INVESTED IN?

The Trustees' strategic target (which will be subject to periodic variation) is to invest in a broad range of assets subject to asset class targets, as at 31 March 2018, as follows:

GLOBAL EQUITIES – 2%

ALTERNATIVE INVESTMENTS – 4%

BONDS/LIABILITY DRIVEN INVESTMENTS – 38%

BUY-IN INSURANCE POLICIES – 56%

THE PENSIONS REGULATOR

The Pensions Regulator reviews funding of defined benefit pension schemes and has powers to direct matters affecting the funding of the Scheme in certain circumstances. No such directions have ever been made in relation to the Scheme.

WHERE CAN I GET MORE INFORMATION?

If you have any other questions, or would like any more information, please contact the ITB Funds' Office in Watford. A list of more detailed documents which provide further information is shown below. Most of the documents are available on the Funds' information website 'ITB Online' (www.itb-online.co.uk).

- Additional documents available on request or in some cases on the Funds' website www.itb-online.co.uk
- The Statement of Investment Principles: This explains how the Trustees invest the money paid into the Scheme.
- The Schedule of Contributions: This shows how much money is being paid into the Scheme.
- The Annual Report and Accounts of the ITB Pension Fund, which shows the Scheme's income and expenditure in the year up to 31 March 2018.
- The full Actuarial Valuation report follows the Actuary's check of the Scheme's situation as at 31 March 2016.
- The report on the interim Actuarial Reviews of the Scheme as at 31 March 2017 and as at 31 March 2018.
- The ITB Open Fund '2007 Section', 'New Section' and 'Old Section' Member Booklets (members should have been provided with a copy of the booklet relevant to their Scheme Section when they joined the Scheme, but a further copy can be requested).
- An Annual Benefit Statement: If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.

IMPORTANT: If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.