

Summary Funding Statement

THE ITB PENSION FUNDS (CLOSED FUND)

Summary Funding Statement for the period ending 31 March 2020

In this statement the ITB Pension Funds' Trustees, who look after the ITB Pension Funds (Closed Fund) ("the Scheme"), provide a recap of the funding position reported by the 31 March 2018 actuarial valuation and an update of the estimated funding position as at 31 March 2020. Essentially, this is to provide a more up to date snapshot of the financial position of the Scheme, based on values of the Scheme's assets and liabilities that have been provided by the Scheme Actuary.

The latest ongoing funding valuation:

The most recent funding valuation of the Scheme was carried out as at 31 March 2018. This showed that the funding position was as follows:

ASSETS	£75.5 MILLION
LIABILITIES	£36.6 MILLION
FUNDING SURPLUS	£38.9 MILLION
FUNDING LEVEL	206%

In April 2011, the Trustees insured the Scheme's benefits through an insurance policy. This policy provides payments to the Scheme that are intended to cover most of the benefit payments to members. The funding position reported above excludes the insurance policy asset, and the liabilities covered by it, to the extent that they offset each other.

As a result of the valuation surplus, no Employer contributions were paid into the Scheme. The Trustees decided to use some of the surplus to increase members' benefits in early 2019.

What if the Scheme started to wind up?

Had the Scheme started to wind-up on 31 March 2018, the Scheme Actuary assessed that the assets would have been sufficient to meet the liabilities of the Scheme in full on a solvency basis at that date. This assessment is based on the understanding that the terms of the Trustees' insurance policy would remain appropriate in a wind-up. 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 an interim review of the Scheme at 31 March 2020 to assess how the Scheme's funding position had changed over the previous year.

The interim review showed that despite the impact of the coronavirus pandemic on financial markets, the estimated funding surplus had increased from £32.2 million to £34.2 million between 31 March 2019 and 31 March 2020. This was mainly due to an insurer insolvency reserve not being drawn upon during the year and a better than assumed outcome for the amount by which insurer receipts exceeded benefit payments.

PAYMENT TO THE EMPLOYERS

There has not been any payment to the Employers out of Scheme funds during the year to 31 March 2020.

HOW THE SCHEME OPERATES

How is my pension paid for?

The Employers and employees have historically paid contributions to the Scheme so that it can pay pensions to its members when they retire. There are no longer any contributing members in the Scheme, and no regular contributions are being received.



Benefits payable by the Scheme are expected to be fully covered by an insurance policy, meaning that the receipts from the policy are expected to be sufficient to fully meet benefit payments each month. The Scheme only needs to ensure it has enough assets to cover any shortfalls between the policy receipts and payments of benefits and expenses. 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 future benefits payable to members. Using this information, the Trustees assess whether the Scheme is adequately funded and if any further action is needed.

What is the Scheme invested in?

The majority of the Scheme's assets are held in the insurance policy. The remaining funds are invested in an appropriately diversified range of assets which, as at 31 March 2020, targeted an asset allocation as follows:

GLOBAL EQUITIES	15%
CORPORATE BONDS	15%
INDEX-LINKED GOVERNMENT BONDS	70%

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.

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?

Please contact us if you have any questions or would like any more information. Our address is 23 King Street, Watford, Herts. WD18 0BJ; email pensions@itbpen.com; telephone 01923 226264.

Shown below is a list of more detailed documents which are available on request. Some of these can also be found on our website, www.itb-online.co.uk.

- The Statement of Investment Principles: This explains how the Trustees invest the Scheme's assets.
- The 2020 Annual Report and Financial Statements, which shows the Scheme's net assets and its income and expenditure in the year up to 31 March 2020.
- The full Actuarial Valuation report as at 31 March 2018 and the Interim Actuarial Review of the Scheme as at 31 March 2020.
- If you are not getting a pension from the Scheme you can ask for a statement that provides an illustration of your likely pension.