

Summary Funding Statement

THE ITB PENSION FUNDS (OPEN FUND DB SECTION)

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 (Open Fund DB Section) ("the Scheme"), provide a recap of the funding position reported by the 31 March 2019 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 2019. This showed that, excluding buy-in policies but including the Defined Contribution section, the funding position was as follows:

ASSETS	£507.2 MILLION
LIABILITIES	£485.9 MILLION
FUNDING SURPLUS	£21.3 MILLION
FUNDING LEVEL	104%

What if the Scheme started to wind up?

The estimated amount as at 31 March 2019 needed to ensure that all members' benefits, excluding those insured under the buy-in policies, could have been paid in full if the Scheme had started winding-up (full solvency) was £584.6 million. Therefore, the Scheme was 87% funded on a full solvency basis as at 31 March 2019. 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 review showed that despite the impact of the coronavirus pandemic on financial markets, the estimated funding surplus increased from £21.3 million to £47.7 million between 31 March 2019 and 31 March 2020. This was due to a favourable net outcome from the combined effects of changes in market conditions and investment returns over the year to 31 March 2020.

However, the £47.7 million surplus reported by the review is before considering the impact on the funding position of the November 2020 announcement that the Retail Prices Inflation index will, from 2030, be calculated using an alternative method which is based on the Consumer Price Index including owner occupiers' housing costs. The Scheme Actuary has estimated that using a more realistic measure, which reflects the impact of this, the funding surplus at 31 March 2020 would have been around £10 million.

PAYMENT TO THE PARTICIPATING EMPLOYERS

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

HOW THE SCHEME OPERATES

How is my pension paid for?

The Participating Employers and employees have historically paid contributions into the Scheme so that it can pay pensions to its members when they retire. There are no longer any contributing members and, since the end of 2019, the valuation surplus has been sufficient for there to be no need for the Employers to pay in any regular contributions.



Benefits payable to the Scheme's pensioners are mostly covered by insurance policies, meaning that the payments made to pensioners each month are mostly matched by receipts from the policies. 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 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 and the Participating Employers will need to put in more money to make up the difference.

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, which at 31 March 2020 were as follows:

GLOBAL EQUITIES	2%
INVESTMENT GRADE CREDIT	9%
BONDS/LIABILITY DRIVEN INVESTMENTS	33%
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?

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 Schedule of Contributions: This shows the contributions that Employers and members need to pay to fund the promised benefits.
- 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 2019 and the Interim Actuarial Review of the Scheme as at 31 March 2020.
- 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 transferring out of the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.