

SUMMARY FUNDING STATEMENT

THE ITB PENSION FUNDS (OPEN FUND DB SECTION)

SUMMARY FUNDING STATEMENT FOR PERIOD ENDING 31 MARCH 2019

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 LATEST ONGOING FUNDING VALUATION

The most recent funding valuation of the Open Fund was carried out as at 31 March 2019. This showed that, excluding buy-in policies, the funding position was as follows:

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

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 surplus at the interim funding review as at 31 March 2018 was reported to be £22.9 million. This surplus decreased by £1.6 million to £21.3 million at the full funding valuation as at 31 March 2019.

The change in surplus over the year was due to a combination of factors, some of which offset each other. For example, a fall in expected investment returns was broadly offset by an increase in actual investment returns due to the Fund's hedging investment strategy. The Trustees also decided to increase the margin for prudence in the assumed investment returns used for the 2019 valuation, which contributed to the fall in surplus.

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 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 Open Fund. Some Employers continued to pay contributions to the Pension Scheme up until the end of 2019. Since then the valuation surplus has been sufficient for there to be no need for the Employers to pay regular contributions into the Scheme.

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, which at 31 March 2019 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?

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. These documents are available on request or, in some cases, can be found 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 Financial Statements of the ITB Pension Funds, which shows the Scheme's income and expenditure in the year up to 31 March 2019.
- The full Actuarial Valuation report as at 31 March 2019.
- 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.