

SUMMARY FUNDING STATEMENT

THE ITB PENSION FUNDS (OPEN FUND DB SECTION)

Welcome to this year's Summary Funding Statement which provides an update about the financial position of the ITB Pension Funds (Open Fund DB Section) ("the Scheme").

The Scheme Actuary carries out a full actuarial valuation of the Scheme every three years, with annual updates in the intervening years. This Statement provides an update on the Scheme's latest full actuarial valuation at 31 March 2022 and a review of how the funding position has changed since 31 March 2021.

THE POSITION AT 31 MARCH 2022

The full actuarial valuation of the Scheme at 31 March 2022 showed that excluding the buy-in insurance policies but including the Open Fund's Defined Contribution section, the funding position was as follows:

ASSETS	£543.9million
LIABILITIES	£519.1million
FUNDING SURPLUS	£24.8million
FUNDING LEVEL	105%

Some of the Scheme's benefits have been insured through buy-in insurance policies with Pension Insurance Corporation (PIC) and Just Retirement (Just). The receipts from these policies are intended to cover most of the benefit payments to pensioners and dependants. The figures reported above exclude the buy-in insurance policies, and the liabilities covered by them, to the extent that they offset each other.

CHANGE IN FUNDING POSITION SINCE 31 MARCH 2021

The table below shows the Scheme Actuary's estimates of the funding position at 31 March 2021 as was reported in last year's statement:

	31 March 2021
ASSETS	£541.3million
LIABILITIES	£544.4million
FUNDING SHORTFALL	(£3.1million)
FUNDING LEVEL	99%

The funding position improved by around £27.9 million over the year to 31 March 2022. This was largely due to a fall in the value of liabilities, mainly caused by a higher expected future investment return at the 2022 valuation partially offset by high inflation which led to higher expected future pension increases. The actual investment return (2.9% over the year) on the assets was also higher than expected.

WHAT IF THE SCHEME STARTED TO WIND-UP?

Neither the Scheme's Trustee nor the Participating Employers have any plans to wind-up the Scheme but it is a requirement to report the financial position, at the date of the most recent full actuarial valuation, if this were to happen. This information is provided in the table below:

	31 March 2022
ASSETS	£543.9million
SOLVENCY LIABILITIES	£571.2million
SOLVENCY FUNDING LEVEL	95%

Note: Solvency liabilities are the estimated amount to ensure that all members' benefits could have been paid in full if the Scheme had started winding-up. The value of the liabilities covered by the buy-in policies is excluded from the solvency liabilities.

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 2022.

HOW THE SCHEME OPERATES

HOW IS MY PENSION PAID FOR?

The Scheme has invested contribution payments that were historically received from the Participating Employers and those of their employees who joined the Scheme. These investments are held in a common fund which covers all the Scheme's members and is used to pay the pensions due.

The Scheme's investments include buy-in insurance policies with PIC and Just. Most pensioners are covered by these policies, meaning that their pension payments are matched by receipts from PIC or Just.

HOW IS THE AMOUNT THE SCHEME NEEDS WORKED OUT?

The Scheme obtains regular actuarial valuations of the future benefits payable to members. These are used to determine whether the Scheme is adequately funded and if any further action is needed.

THE IMPORTANCE OF THE PARTICIPATING EMPLOYERS' SUPPORT

The Scheme aims to have enough money to pay pensions now and in the future. The success of this plan relies on continuing support from the Participating Employers as they may need to pay further contributions into the Scheme if there is a funding shortfall.

WHAT IS THE SCHEME INVESTED IN?

At 31 March 2022 just under half of the Scheme's assets were buy-in insurance policies. The targeted mix for the remaining assets was as follows:

GLOBAL EQUITIES	5%
INVESTMENT GRADE CREDIT	20%
BONDS/LIABILITY DRIVEN INVESTMENTS	75%

THE PENSIONS REGULATOR

The Pensions Regulator has not modified the Scheme, nor made any directions regarding the contributions or the calculation of the Scheme's funding position.

CLIMATE CHANGE

A Task Force on Climate-related Financial Disclosures (TCFD) report has been published on the Library page of the Scheme's website, www.itb-online.co.uk/library. The report describes the actions taken by the Scheme on climate-related risks, including analyses of how different climate scenarios might impact upon its investments as well as details about the target set by the Scheme to manage climate-related risks and opportunities. A hard copy of the report is available on request.

WHERE CAN I GET MORE INFORMATION?

If you have any questions about this funding statement or, would like any more information about the Scheme, please visit the Scheme website at www.itb-online.co.uk or contact us at:

Address: ITB Pension Funds
23 King Street
Watford
Hertfordshire WD18 0BJ

Email: pensions@itbpen.com

Phone: 01923 226264

If you change address or personal details, please make sure you let us know by using the contact details above.

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.