TAP (UK) Retirement Benefits Scheme

SUMMARY FUNDING STATEMENT

We recommend you read this statement as it contains important information about your pension.

We are responsible for providing you with a summary funding statement from time to time to let you know about the scheme's financial security and the funding of the scheme. The information in this summary is based on the valuation that was carried out as at 30 April 2021, and the approximate assessments as at 30 April 2022 and 30 April 2023.

If you have any questions about the contents of this statement then please contact us at the address below.

Trustees of the TAP (UK) Retirement Benefits Scheme
c/o Mercer
Maclaren House
Talbot Road
Stretford
Manchester, M32 0FP

Please ensure that correspondence to Mercer is sent to the address above (and not to any other address which may appear on previous correspondence) quoting the reference "summary funding statement" along with your full name, National Insurance number and pension scheme name.

HOW IS MY PENSION PAID FOR?

Your benefit entitlement under the scheme is calculated using a formula based on your earnings and length of active membership of the scheme. This calculation is carried out at your retirement or earlier date of leaving service and you are advised of the amount of your benefit at that time. Your pension does not come from a pot of money held in your name but comes from a larger pool of money put aside with the aim of meeting all of the scheme's future pension payments.

All contributions and investment income are held in this common fund and make up the scheme's assets. As at 30 April 2023, around 28% of the scheme's assets were invested in unitised funds managed by Legal & General, including an equity fund, a gilts fund, an index linked gilts fund and a corporate bond fund. The remainder of the scheme's assets were held in annuity policies purchased from various insurers. Further details of the scheme's investment strategy are given in the statement of investment principles, which is available on request.

The previous paragraph does not relate to any part of your benefits that are provided on a "money purchase" or "defined contribution" basis such as those provided from additional voluntary contributions. Any such benefits are dependent on the value of the "pot of money" allocated to you at your retirement and are equal to the pension that this money can buy at that time.

HOW WELL FUNDED IS THE SCHEME?

The latest valuation of the scheme showed that on 30 April 2021 the funding position was as follows:

Assets	£25,182,000
Amount needed to provide benefits earned to date (technical provisions)	£24,405,000
Surplus	£777,000
Funding level	103%

The funding position at 30 April 2021 had improved since the last summary funding statement as at 30 April 2020, when the funding level was estimated to be 100%. The main reason for this was an increase in gilt yields, which reduces the value placed on the scheme's liabilities. However, there was a partial offsetting impact due to a similar reduction in the value of annuity policies which move in a similar way to the value of the liabilities.

HOW HAS THE POSITION CHANGED SINCE 30 APRIL 2021

The latest approximate assessments of the scheme showed that the funding position was as follows:

	30 April 2022	30 April 2023
Assets	£22,717,000	£19,188,000
Technical Provisions	£21,407,000	£17,116,000
Surplus	£1,310,000	£2,072,000
Funding level	106%	112%

The improvements to 30 April 2022, and then to 30 April 2023 were once more mainly due to increases in gilt yields reducing the value placed on the scheme's liabilities. There continued to be a partial offsetting impact on the scheme's assets due to a similar reduction in the value of annuity policies due to the increase in gilt yields.

The above figures include an estimated allowance for additional liabilities or costs that have arisen due to sex inequality of benefits that results from unequal Guaranteed Minimum Pensions, as confirmed by the judgment in the case of Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC and others.

EMPLOYER CONTRIBUTIONS

Following each actuarial valuation, we come to an agreement with the employer on future contributions, which allow for making good any shortfall over an agreed timescale. These matters are documented in the statement of funding principles, recovery plan and schedule of contributions. A copy of these documents is available on request.

As the valuation at 30 April 2021 showed a surplus additional contributions are not currently required, although the employer has agreed to continue to meet all expense involved in running the scheme.

We have not made any payments to the employer since the last summary funding statement was produced.

Under the provisions of the Pensions Act 2004, the Pensions Regulator has the authority to:

- Change the rate at which members earn benefits.
- Instruct a pension scheme on how to value members' benefits.
- Set a deadline for making good the shortfall.
- Set the future level of contributions.

Such a course of action is rare and has not occurred for this pension scheme.

WHAT WOULD HAPPEN IF THE SCHEME STARTED TO WIND UP?

Please be reassured that it is a legal requirement to provide this information and does not imply that the employer has any intention to wind up the scheme.

The valuation as at 30 April 2021 showed that the assets could not have paid for the full benefits of all members to be provided by an insurance company if the scheme had wound up at that date, with the funding level on this basis being 97%. The shortfall on this basis was £855,000.

If the scheme were to terminate, the law requires the employer to pay sufficient money to the trustees so that we can purchase the full benefits built up in the scheme with an insurance company. It may be, however, that the employer would not be able to pay this full amount. If the employer became insolvent, the Pension Protection Fund might be able to take over the scheme and pay compensation to members. Further information and guidance is available on the PPF website at www.ppf.co.uk.

Alternatively, you can write to the Pension Protection Fund by emailing: information@ppf.co.uk

THE IMPORTANCE OF THE EMPLOYER'S SUPPORT

Our objective is to have enough assets to pay pensions now and in the future. However, success of the funding plan relies on the employer continuing to support the scheme because:

- The employer will be paying the future expenses of running the scheme on an annual basis.
- The funding level can fluctuate and where there is a funding shortfall the employer will usually need to put in more money.
- The target funding level may turn out not to be enough so that the employer may need to put in more money.

EXPRESSION OF WISH FORM AND CHANGES OF ADDRESS

We take this opportunity to remind you of the need to ensure that your "expression of wish form", indicating who you would like lump sum benefits to be paid to in the event of your death, is kept up to date. Please contact Mercer if you want to update this form or if you have changed address.

WHERE CAN I GET MORE INFORMATION?

Please contact Mercer at the address given earlier if you have any questions, or would like any more information including a copy of the scheme booklet, trust deed and rules, actuarial valuation, recovery plan, statement of funding principles, schedule of contributions, statement of investment principles or annual report & accounts. These can be viewed free of charge but, if you require a copy, this may involve a charge to cover copying and posting for some of the items.

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

August 2023