CAMPDEN RA PENSION SCHEME

Summary Funding Statement
as at 1 January 2019

▶ INTRODUCTION

The Trustee of the Campden RA Pension Scheme (the Scheme) is required to inform all members of the Scheme's funding position each year. This statement sets out the results of the actuarial update as at 1 January 2019 and the reasons for any changes since the previous actuarial update as at 1 January 2018.

This statement covers only the defined benefits earned in the Scheme.

This statement is provided for your information and you are not required to take any action.

▶ ACTUARIAL VALUATIONS

The Scheme's money is held separately from that of the employing Company in pooled funds under trust. The Trustee looks after the money and uses it to pay your benefits after you retire and on your death.

At least every three years, the Trustee obtains a detailed valuation of the Scheme from the Scheme Actuary. The last full valuation was at 1 January 2017. The purpose of the valuation is to test if there is likely to be sufficient money in the Scheme to provide the Scheme's benefits, based on assumptions about the future. The Scheme Actuary also carries out approximate annual updates of the position between valuations, the last actuarial update was at 1 January 2018. This statement summarises the results of the actuarial update carried out as at 1 January 2019.

If there is more than sufficient money, the funding position is in surplus. If there is insufficient money, the funding position is in deficit.

As noted below, the Scheme Actuary makes a number of assumptions about the Scheme's future investment growth, what the annual pension increases will be, and how long the members are expected to live, in order to work out how much money is needed to pay the future benefits.

The funding position varies over time as:

- The Scheme's money is invested in assets such as shares and bonds, the value of which can vary significantly as economic conditions change
- The prospects for future inflation change depending on economic forecasts. Inflation affects how much pension is paid out
- Past mortality experience and future projections continue to be reviewed and updated. This means that life expectancy often varies from one valuation to another

For the update at 1 January 2019:

- It was assumed that the Scheme's money would earn 4.4% pa before each member's retirement, and 2.4% pa thereafter
- It was assumed that future RPI inflation would be 3.6% pa and future CPI inflation would be 2.9% pa
- Men and women currently aged 65 are assumed to live on average to 88.7 and 89.7 respectively. Men and women reaching age 65 in 20 years' time are assumed to live on average to 90.7 and 91.8 respectively.

▶ CHANGES IN THE SCHEME'S FUNDING POSITION

Based on the assumptions over the page, the results of the actuarial update as at 1 January 2019 compared to the previous full valuation as at 1 January 2017 and actuarial update as at 1 January 2018 were:

	1 January 2017	1 January 2018	1 January 2019
▸ Amount of money in the Scheme:	£40.7m	£43.6m	£41.5m
▸ Amount estimated to be required to pay future benefits:	£57.5m	£59.3m	£60.1m
▸ Surplus / (Deficit)	(£16.8m)	(£15.7m)	(£18.6m)
▸ Funding level	71%	73%	69%

The funding level has therefore reduced since 1 January 2018. The amount of money in the Scheme has decreased due to lower than expected investment returns. This has been partially offset by contributions paid by the Company.

▶ COMPANY CONTRIBUTIONS

In view of the deficit at 1 January 2017, the Company agreed to pay £696,000 per year (in level monthly instalments) to the Scheme until 31 May 2049.

The Company also pays all expenses and levies, such as those payable in respect of the Pension Protection Fund, in connection with running the Scheme.

The position will be reviewed as part of the detailed actuarial valuation as at 1 January 2020.

There has been no payment of any surplus back to the Company and the Scheme is not subject to any financial support directions or orders imposed by the Pensions Regulator.

▶ SOLVENCY

In the solvency test, the actuary estimates the cost of guaranteeing all members' benefits with an insurance company. At 1 January 2017 the Scheme had about 48% of the amount required to secure all members' benefits with an insurance company.

The solvency position is a much harsher test than the funding position shown above. This is because insurers have to reserve and invest more cautiously in order to guarantee all future benefit payments. Virtually all final salary pension schemes have substantial shortfalls based on insurance company terms.

▶ PENSION PROTECTION FUND

If the worst happened and the Company became insolvent, and if there was a deficit in the Scheme at that point, the Pension Protection Fund exists to provide some compensation. Under the Pension Protection Fund, members' benefits are protected although with reduced levels of future increases. Members who have not reached Normal Pension Age may also suffer a reduction in their pension of up to 10%, and could also be subject to a separate limit on the level of pension.

▶ FURTHER INFORMATION

If you are considering leaving the Scheme for any reason, you should seek independent financial advice first. The trustees are not able to give you any financial advice.

A number of documents are available for members to see, on request. These documents include the Scheme's Trust Deed, the Actuary's report on the valuation, the contribution schedule, the recovery plan (which show the payments to be made to the Scheme), and the annual Scheme accounts.

If you have any questions or if you would like further information, please contact the Scheme's administrators at: Trigon Pensions Limited, Trigon House, The Promenade, Clifton, Bristol, BS8 3NG.

Issued on behalf of the Trustee
July 2019