

Pfaudler-Balfour Pension Plan Summary Funding Statement as of 6 May 2024

Purpose of Statement

This statement is issued on behalf of the Trustees of the Pfaudler-Balfour Pension Plan ("the Plan") to provide information about its financial position.

Operation of the Plan

The Plan is a defined benefit scheme which means that the money to pay for members' pensions is held in a common fund ("the Plan assets"). It is not held in separate funds for each individual. The Trustees' objective is for the Plan assets to be sufficient to pay pensions now and in the future.

The Trustees obtain regular actuarial valuations at least every three years which compare the value of the Plan assets with the estimated amount required to provide members' benefits ("the Liabilities"). In addition, as the Plan has more than 100 members, a funding update must be produced in the years between actuarial valuations.

Based on the actuarial valuation results, the Trustees come to an agreement with Pfaudler Limited ("the Employer") on the level of future contributions to be paid. Successfully achieving the Trustees' funding objective relies on the Employer continuing to support the Plan.

The Plan's Funding Position

The most recent actuarial valuation of the Plan was carried out as of 1 November 2022. The results of this valuation, together with those from the previous valuations November 2019 and 2016, are summarised in the table below:

	1 November 2022 £000's	1 November 2019 £000's	1 November 2016 £000's
Value of Assets	17,033	18,289	17,089
Value of Liabilities	16,568	18,781	18,384
(Deficit / Surplus)	465	(492)	(1,295)
Funding Level	103%	97%	93%

The improvement in the Plan's funding position over the three years to 1 November 2022 was due to movement in long term gilts, contributions paid and positive experience.

How is the Scheme being Funded?

Based on the results of the actuarial valuation as of 1 November 2022, the Employer has agreed to continue paying contributions of £180,000 pa to the Scheme. In addition, the Employer meets all Plan administrative expenses and levies.

A one-time payment of £500K was negotiated by the Trustees in relationship to the company taking a dividend and was paid into the pension scheme in October 2022.

Solvency Funding Position

As part of each actuarial valuation an indication of the extent to which the Plan's assets would be sufficient to secure members' benefits by the purchase of annuities in the event of wind-up must be provided.

As of 1 November 2022, this cost was estimated to be £21,745K, leaving a solvency deficit of £4,712K. This shortfall figure is just an indication and does not imply that the Trustees of the Employer are considering winding up the Plan.

What would happen if the Plan started to Wind Up?

If the Plan winds up in the future, you might not get the full amount of pension you have built up even if it is fully funded under the target funding objective above.

The Employer would be required to pay enough into the Plan to enable members' benefits to be completely secured with an insurance company. If it became insolvent and was unable to pay this amount in full, the Pension Protection Fund (PPF) might be able to take over the Plan and pay compensation to members. Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk. Alternatively, you can write to the PPF at The Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon CR0 2NA.

What is the Plan Invested in?

The Trustees' investment objectives are to maximise return through income and capital appreciation without resorting to a high-risk strategy. In line with this objective, the Plan's assets are invested in Baillie Gifford Funds and a mixture of Bonds and Gilts.

In January 2024, the Trustees switched 80% from their existing Funds to Bonds and Gilts to mitigate the risk of having to disinvest to meet benefit payments when market values are depressed. The split of the Funds held as of 6 May 2024 are as follows:

Asset class / fund	Target allocation %
Baillie Gifford Sustainable Income Fund	20%
Insight Fully Funded Gilts 2051-2060	5%
Insight Fully Funded Gilts 2061-2070	10%
Insight Fully Funded Index-Linked Gilts 2031-2040	5%
Insight Fully Funded Index-Linked Gilts 2041-2050	5%
Insight Fully Funded Index-Linked Gilts 2051-2060	7%
Insight Fully Funded Index-Linked Gilts 2061-2070	7%
Insight Maturing Buy & Maintain Corporate Bonds 2021-2025	4%
Insight Maturing Buy & Maintain Corporate Bonds 2026-2030	3%
Insight Maturing Buy & Maintain Corporate Bonds 2031-2035	3%
Insight Maturing Buy & Maintain Corporate Bonds 2036-2040	10%
Insight Maturing Buy & Maintain Corporate Bonds 2041-2045	10%
Insight Maturing Buy & Maintain Corporate Bonds 2046-2050	10%
Trustee Bank Account	1%
Total:	100%

Regulation of the Plan

There are strict provisions covering the payment of Plan money to the Employer. There have been no payments to the Employer out of the Plan assets since the last statement was issued. In certain circumstances, the Pensions Regulator (TPR) has the power to intervene in a scheme's funding plan. TPR has not used any of these powers in relation to the Plan.

Leaving the Plan

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

Change of Address

Please help us to keep in touch with you by telling us if you change your address.

Additional Documents available on request

Further information about the Plan and the following Plan documents are available by contacting the Scheme Administrator, Broadstone, by sending an email to pfaudler@broadstone.co.uk and remember to include your full name, date of birth and National Insurance number.

- Schedule of Contributions – shows how much money is being paid into the Plan;
- Annual Report and Accounts – reports the Plan's income and expenditure;
- Full report on the actuarial valuation – describes in detail the Plan's funding position as of 2022.

A charge may be incurred for provision of this information.

Issued on behalf of the Trustees of the Pfaudler-Balfour Pension Plan

6 May 2024