



# Keeping you up to date with your pension scheme's financial health

September 2017

The Trustee of the Lloyd's Register Superannuation Fund Association (LRSFA) produces Summary Funding Statements, like this one, to give you an update on the funding position of the Defined Benefit (DB) section.

We use independent advisers to help us to monitor the LRSFA's finances, and this statement summarises the results of the actuarial valuation of the LRSFA as at 31 March 2016 and a snapshot of the LRSFA's finances as at 31 March 2017.

The valuation as at 31 March 2016 revealed a funding shortfall of £81m. The shortfall was very similar, at £79m as at 31 March 2017. Further details are given on pages 2 and 3.

On a more personal note, if you are considering making any changes to your own pension arrangements, you should think about taking financial advice.



Yours faithfully

**Nicholas Godden**

Chairman of the Trustee Board

## Further information

If you have any questions or would like to see a copy of the LRSFA's financial accounts, rules, investment policy or other documents, please contact our administrators, PS Administration Limited.

You can find their contact details on page 5.

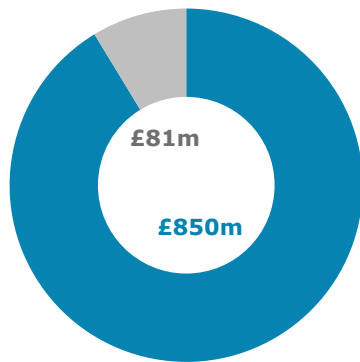
## Are your details up to date?

Please let us know if your contact details have changed.

If you would like to change the people you have nominated to receive benefits upon your death, please complete an Expression of Wish form.

# Results of the actuarial valuation at 31 March 2016

Target level of assets:  
**£931 million**



■ Actual assets ■ Shortfall

At 31 March 2016 the target level of assets was £931m, but the actual assets in the DB section were £81m less than this.

This £81m shortfall does not affect the pensions being paid out of the LRSFA – we have always paid members their full pensions.

In order to fill the gap, the Lloyd's Register Group Limited (the "Company") agreed with the Trustee to pay £6m per year into the LRSFA up to the year 2026. In addition around £3m is payable by 31 March 2018 and around £2m by 31 March 2019 and 31 March 2020.

In your last Summary Funding Statement we indicated the shortfall as at March 2015 was £56m. The LRSFA's financial position therefore worsened by £25m during 2015/16. This was due to less favourable market conditions, offset in part by the contributions paid by the Company.

## Assumptions

The Trustees employ an independent expert to provide regular checks on the LRSFA's finances. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that is expected to be enough to continue to pay out all the pensions that members have built up in the LRSFA.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how long members live, the level of future inflation, and the returns earned on the LRSFA's investments, amongst other factors.

## DB Assets of the LRSFA

The assets of the LRSFA come from contributions paid by members and by the Company, together with investment growth.

The DB assets of the LRSFA are held separately from the Company and the LRSFA's Trustee is responsible for investing this money, after taking professional advice.

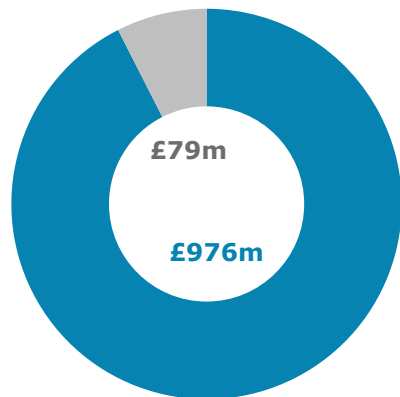
The DB assets are held in a common fund – they are not held in separate pots for each member. Pensions are paid to retired members out of this common fund.

This statement does not cover the DC (money purchase) assets of the LRSFA.

# A snapshot of the LRSFA on 31 March 2017

Target level of assets:  
**£1,055 million**

At 31 March 2017 the target level of assets was £1,055m, but the actual assets were £79m less than this.



■ Actual assets ■ Shortfall

The LRSFA's financial position has therefore improved by £2m over the year. This is due to an increase in the value of the DB assets as a result of favourable investment returns and the contributions paid by the Company, but the improvement was largely offset by an increase in the target level of assets due to lower expected investment returns in the future. We expect the snapshot to change from year to year because the LRSFA's finances depend on daily changes in global financial markets.

# Your questions answered

## Q: Has the Company taken any money out of the LRSFA?

Regulations require us to confirm to you that the Company has not taken any money out of the LRSFA since the date of our last Summary Funding Statement. We can confirm that this is the case.

## Q: What if the LRSFA has to wind-up?

The Company and the Trustee do not intend to wind up the LRSFA for the foreseeable future. We do however monitor the impact on the LRSFA should the Company no longer be able to support the scheme. In this event, a wind-up of the LRSFA would be likely to begin and responsibility for paying members' pension benefits would be

transferred to an insurance company. The Trustee uses the cautious solvency actuarial valuation to monitor the cost of securing all members' benefits with an insurance company.

The most recent estimate provided by our independent advisers looked at the solvency position on 31 March 2016. This estimate showed that the Company would have had to make an additional contribution of about £420m to make sure all members' pensions could be paid in full by an insurance company. This is larger than the shortfall shown on page 2, but this is a common position amongst similar UK pension schemes.

If the Company became insolvent and could not afford to pay this, you might not get your full pension benefits.

## Q: Is my pension protected?

The Government has set up the Pension Protection Fund which provides pension scheme members with added security should their employer become insolvent and unable to pay the final contribution. If the LRSFA were to enter the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the LRSFA. The Pension Protection Fund rules are complex. The amount they will pay depends on the rules of the scheme, whether a pension is already being paid, a member's age and the type of pension benefit.

More information and guidance about the Pension Protection Fund is available at [pensionprotectionfund.org.uk](http://pensionprotectionfund.org.uk) or by contacting the Pension Protection Fund, 12 Dingwall Road, Croydon, Surrey, CR0 2NA (tel 0845 600 2541).

# Where can I get more information?

If you have any questions or would like to see a copy of the LRSFA's financial accounts, rules, investment policy or other documents, please contact the administrators at the address below.



PS Administration Limited (PSAL)

3rd Floor, Priory Place

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Chelmsford

CM2 OPP

Alternatively visit the LR pensions website and stay connected with the latest news and information about your pension. <https://www.lrpensionport.co.uk/>

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