

# Our 2021 summary funding statement

## For the NatWest Group Pension Fund (the Fund)

We review our financial health regularly. Our latest check is at 31 December 2020, the date of the recently completed actuarial valuation, and we're pleased to confirm that we continue to be in good shape.

### Why this matters to you

The Fund needs to have enough assets to pay the benefits promised to all members. The value of **your benefits** depends broadly on how long you work/previously worked with the bank and the salary that counts towards your pension when you stop work. Monitoring the Fund's financial health means that over time we can ensure the Fund remains strong.

If you're not yet receiving a monthly income from the Fund, check the value of your benefits built up to date and what they mean for your future. Log in to your pension record at [natwestgrouppensionfund.co.uk](https://natwestgrouppensionfund.co.uk).

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# Results based on the 31 December 2020 actuarial valuation

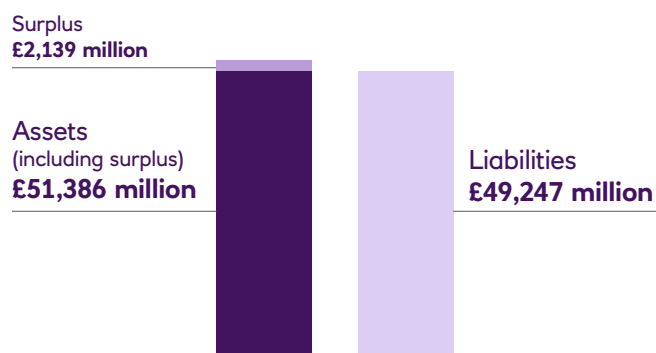
Here are the funding positions for each section of the Fund as at 31 December 2020.

## ➤ Unsure which Section you're in?

Log in to your pension record at [natwestgrouppensionfund.co.uk](https://natwestgrouppensionfund.co.uk).

### 1 Main Section

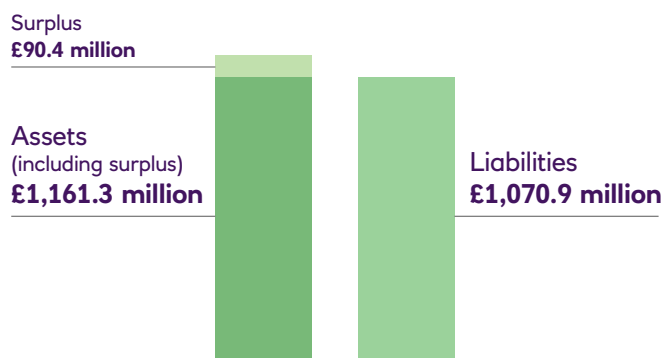
Funding level 104%



This compares to a funding level of 96% at the last full actuarial valuation (31 December 2017)

### 2 AA Section

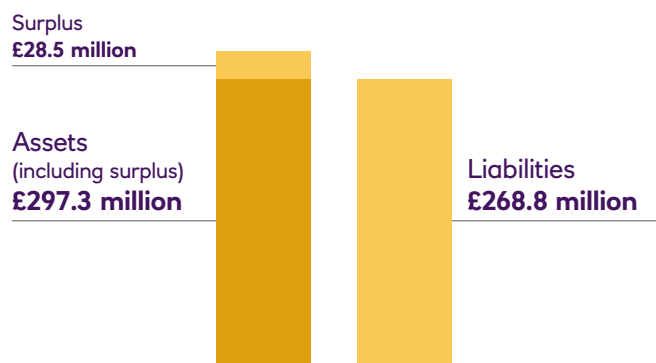
Funding level 108%



This compares to a funding level of 109% at the last full actuarial valuation (31 December 2017)

### 3 NWM Section

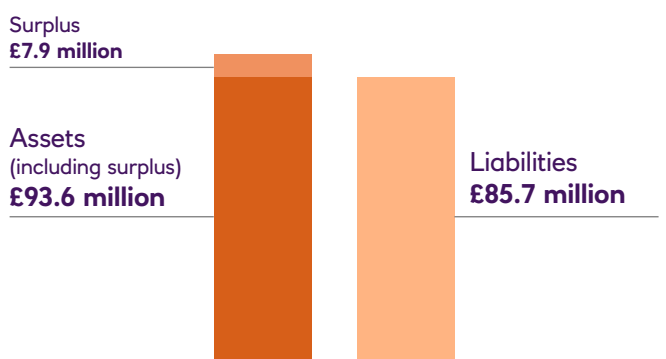
Funding level 111%



This compares to a funding level of 91% at the last full actuarial valuation (31 December 2018)

### 4 RBSI Section

Funding level 109%



This compares to a funding level of 112% at the last full actuarial valuation (31 December 2018)

## Funding level

The funding level is the difference between the assets held by the Fund and how much it needs to pay the benefits promised to all members (i.e. its financial obligations – otherwise known as liabilities). At each valuation, the Actuary calculates the liabilities using a set of assumptions for things like members' life expectancies and future investment returns. The Trustee monitors the health of the Fund closely and reviews this quarterly.

### ➤ Why does the funding level matter to me?

The better the funding position, the more secure member benefits are. Together, the bank and Trustee are committed to ensuring the Fund is fully funded over time and work together to agree any funding arrangements after every full actuarial valuation.

## More about liabilities

The liability values shown are on a 'technical provisions' basis. This represents the amount of money required to meet all the benefits which have been promised to members and uses a cautious set of assumptions for future investment returns, life expectancies and other variables which affect the liabilities. These assumptions are set out in the Statement of Funding Principles for each Section.

### ➤ Why do liabilities matter to me?

You have promised benefits from the Fund which are taken into account when calculating the Fund's liabilities.

**Reminder:** to see the value of your benefits in the Fund now and what they mean for your future, log in to your pension record at [natwestgrouppensionfund.co.uk](https://natwestgrouppensionfund.co.uk).

# How the bank supports the Fund

The bank pays a lot of money into the Fund to pay member benefits.

## Additional contributions

To address any funding shortfalls, the bank pays additional contributions. Read more below to see a summary of the latest contributions.

Main Section	AA Section	NWM Section	RBSI Section
As there was no shortfall in funding at the 31 December 2020 valuation, no deficit contributions were required. However, in 2018 the bank agreed to pay <b>additional contributions of up to £1.5 billion</b> to the Main Section, based on the Fund receiving an amount equal to shareholder distributions, such as dividends. The additional contributions are subject to a cap of £500 million per year. The first of these payments was made in March 2021, meaning that the remaining amount to be paid in future years is now £1.0 billion.	As there was no shortfall in funding at the 31 December 2020 valuation, no deficit contributions were required.	As there was no shortfall in funding at the 31 December 2020 valuation, and taking account of additional contributions paid since the last valuation of approximately £3.7 million, no deficit contributions were required.	As there was no shortfall in funding at the 31 December 2020 valuation, no deficit contributions were required.

## Ongoing contributions

The bank also pays contributions to each Section for active members who are still building up benefits in the Fund to meet the cost of other running expenses such as administration and legal expenses. The contribution rates are agreed between the Trustee and the bank as part of the actuarial valuation based on advice from the Actuary. The bank contribution rates are as follows:

Main Section	AA Section	NWM Section	RBSI Section
<b>47.2%</b> of Contribution Salary	<b>72.9%</b> of Pensionable Salary	<b>44.9%</b> of Contribution Salary	<b>49.5%</b> of Contribution Salary

# Your questions answered

## ➤ What if the Fund closes ('winds up')?

The law requires us to provide information on the Fund's financial position in the event of a 'wind up' – where a pension arrangement closes. In this event, no further benefits are built up by active members.

- In this unlikely event, the Fund's assets would be used to buy the equivalent benefits from an insurance company.
- At the date of the last actuarial valuation, the assets would have secured the proportion of benefits as set out in the table below with an insurance company.
- These percentages are lower than the funding levels shown above. This is because insurance companies add on administration charges and profit margin.

**Please note that there are no plans to close or 'wind up' the Fund; we have to provide you with this information.**

<b>Main Section</b>	<b>AA Section</b>	<b>NWM Section</b>	<b>RBSI Section</b>
Full actuarial valuation date: <b>31 December 2020</b>	Full actuarial valuation date: <b>31 December 2020</b>	Full actuarial valuation date: <b>31 December 2020</b>	Full actuarial valuation date: <b>31 December 2020</b>
Funding level using winding up (solvency) assumptions <b>80.0%</b>	Funding level using winding up (solvency) assumptions <b>89.2%</b>	Funding level using winding up (solvency) assumptions <b>79.2%</b>	Funding level using winding up (solvency) assumptions <b>80.1%</b>
with a shortfall of <b>£12,852 million</b>	with a shortfall of <b>£140.6 million</b>	with a shortfall of <b>£78.3 million</b>	with a shortfall of <b>£23.2 million</b>

## ➤ What is the Pension Protection Fund (PPF) and how would it be involved in my benefits?

The PPF acts as a safety net and provides compensation to pension scheme members where a scheme is wound up (closed) because the sponsoring employer becomes insolvent and there is not enough money to cover the cost of securing members' benefits with an insurance company.

The PPF does not provide full protection, so in most cases members would see a reduction in their benefits.

## ➤ Has the Fund paid money to the bank?

There have been no payments from the Fund to the bank over the year.

## ➤ When does the Pension Regulator intervene?

In certain circumstances, the Pensions Regulator has powers to intervene in the running of a pension arrangement – for example changing the way future benefits build up, setting the level of the funding target, setting the terms of any possible recovery plan and/or imposing a schedule of contributions. The Pensions Regulator has not used any of these powers in relation to any Section of the Fund.

# Where to find out more if you want to

You'll find more information about the health of the Fund under Useful Documents on the Fund website [natwestgrouppensionfund.co.uk](https://natwestgrouppensionfund.co.uk).

- 1 More details in the **valuation reports** for each section.
- 2 The Fund's income and expenditure for the latest year in the **Annual Report and Accounts**.
- 3 The Trustee's investment policies in the **Statements of Investment Principles**.