



JCB Finance Limited Pension Scheme

SUMMARY FUNDING STATEMENT

June 2023

The purpose of this statement is to give members important information about the funding position of the JCB Finance Limited Pension Scheme (the Scheme). The Scheme's funding position is the difference between its total assets (i.e., what the Scheme is worth) and its total liabilities (i.e., the benefits members have built up).

We last wrote to you about the Scheme's funding position around six months ago, when we provided details of the Scheme Actuary's approximate assessment of the funding level as at 31 December 2020. This estimate showed that the Scheme had a funding level of 97%.

Since then, the Scheme Actuary has completed the full valuation of the Scheme as at 31 December 2021, and the results of this assessment are shown below.

Funding position as at 31 December 2021

The results of the full valuation of the Scheme as at 31 December 2021 are given below, along with the results of the previous valuation as at 31 December 2018.

	31 December 2018	31 December 2021
Assets	£36.9 million	£52.0 million
Liabilities	£38.9 million	£51.4 million
Surplus / (Shortfall)	(£2.0 million)	£0.6 million
Funding level	95%	101%

Change in funding position since 31 December 2018

The funding level has improved since 31 December 2018. The main reason for this change was asset performance exceeding expectations, combined with contributions made by JCB Finance Limited (the Employer). This was offset somewhat by changes in market conditions over the period, which increased the value of the liabilities.

Following the 31 December 2021 year end, there has been significant market volatility, particularly given increasing levels of inflation and interest rates (in the UK and globally), both now and projected into the future. As a result, the value of the Scheme's assets has reduced but there has also been a fall in the liabilities due to the rise in interest rates. Please remember the Scheme is a defined benefit pension scheme, which means that your pension is linked to salary and service with the Employer rather than directly linked to the value of individual assets. The position as at 31 December 2022 will be confirmed in the next member newsletter.

Other information we have to tell you

Payments to the Employer

It is a requirement that we inform you whether any payment has been made from the assets of the Scheme to the Employer since the last Summary Funding Statement was issued. There has not been any payment to the Employer out of the Scheme's funds during this period (or any prior period).

Interaction with the Pensions Regulator

It is also a requirement to state whether the Pensions Regulator has used its powers in relation to the Scheme to modify the future benefits, provide direction regarding the calculation of the Scheme's liabilities or imposed a Schedule of Contributions. We can confirm that the Pensions Regulator has not used any of these powers in relation to the Scheme.

What would happen if the Scheme discontinued?

We are required to tell you what would happen if all the Scheme assets were sold and the proceeds taken to an insurance company to buy an annuity, or pension, for everyone. In the case of the Scheme, this is a hypothetical situation as there is no intention of ceasing the Scheme, but if this did happen, the Scheme Actuary estimated that at 31 December 2021 the assets represented around 71% of the amount required to purchase annuities with an insurance company. This is lower than the level of cover if the Scheme continues, as insurance companies take a very cautious view of the future and need to make a profit, so their rates are expensive. By contrast, our funding plan assumes that the Employer will continue in business and support the Scheme. We are required to provide this information by law and it does not imply that Employer is considering winding up the Scheme.

What would happen if the Scheme started to wind up?


The Pension Protection Fund (PPF) was set up to protect your pension benefits. It is a type of 'compensation plan', funded by annual levies which are paid into the fund by all defined benefit-type arrangements like ours. The PPF will compensate Scheme members if the Employer becomes insolvent and the Scheme does not have enough money to pay members' benefits. However, the benefits provided by the PPF are likely to be less than the full benefits due from the Scheme. Further information and guidance is available on the Pension Protection Fund's website (www.ppf.co.uk), or you can call the helpline on 0845 600 2541.


Where can I get more information?

Online portal: <https://epa.towerswatson.com/accounts/rbs/>

If you have any questions about your pension or the Scheme or would like more information, please contact the Scheme's administrator:

 **Email:** RBSOffshorepensions@wtwco.com

 **Telephone:** +44 1737 828 300

 **Postal address:**
RBS Offshore Pension Team
WTW
PO Box 545
Redhill
Surrey RH1 1YX

Please also contact the administrator if you have changed address and not yet informed the Trustee. This will allow us to keep you informed about the Scheme and your benefits.

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

Trustee of the JCB Finance Limited Pension Scheme
June 2023