

SUMMARY FUNDING STATEMENT 2023

If you're a member of the **GKN Group Pension Scheme No.2 – Automotive Section** (the "Scheme") and the **2016 Section** (the "Scheme"), then you're in the right place. **This funding statement is just for you!**

It's an important document and it lets you know how the Schemes are doing financially.

Why is it important?

Because the Schemes' financial health could affect the benefits you receive.

And it's a legal requirement.

The Schemes must have a full financial check (called a valuation) from an independent expert (called an actuary) at least every three years. The actuary also has to carry out annual funding updates. As Trustee of the Schemes, we send you a summary funding statement to tell you about the results regularly.

How are the Schemes doing?

The last full valuation looked at the funding position as at 5 April 2022 (the "2022 valuation")



Assets

The money the Schemes have now.

2022 valuation
Automotive Section
£290.4m
2016 Section
£95.3m



Liabilities

The estimated cost of providing the promised benefits – now and in the future.

2022 valuation
Automotive Section
£267.6m
2016 Section
£77.7m

The calculation of the liabilities assumes that the Schemes will continue until all future benefits due are paid.

It's an estimate because it depends on assumptions about what will happen in the future, such as the investment return that will be earned on the Schemes' assets and how long members will live for.



Surplus/(deficit)

The assets minus the liabilities.

2022 valuation
Automotive Section
£22.8m
2016 Section
£17.6m

The Schemes are now fully funded and no further deficit contributions are due to be paid.



Funding level

The assets as a percentage of the liabilities.

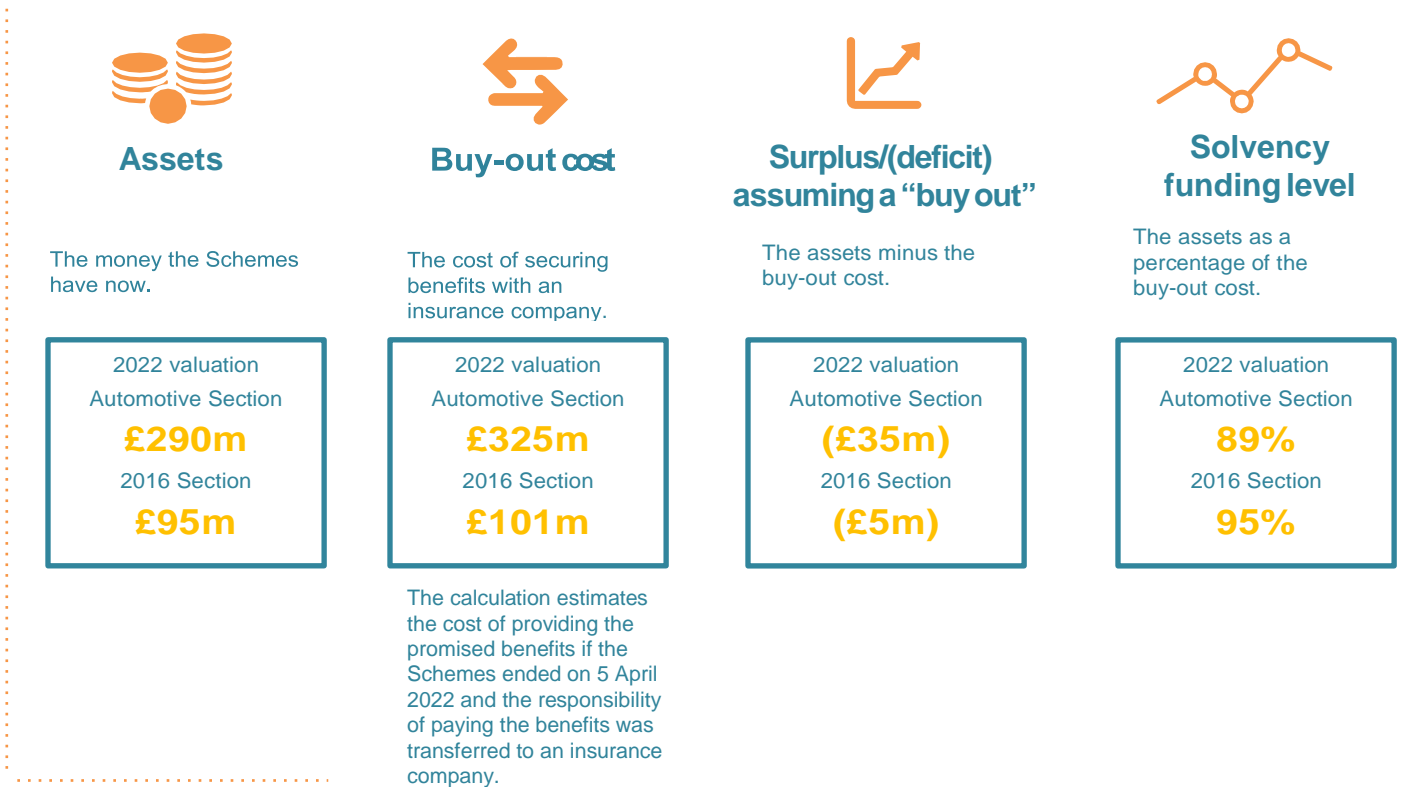
2022 valuation
Automotive Section
108%
2016 Section
123%

The funding level has improved since the last valuation due to company contributions, and asset outperformance.

Another legal requirement for the Schemes...

As part of the valuation, the actuary also has to work out the funding level assuming the Schemes do not continue and all the promised benefits are secured (“bought out”) by transferring the obligation to pay them to an insurance company.

This kind of funding level (called the solvency funding level) is usually significantly lower than funding levels worked out if we assume the Schemes carries on. This is because insurance companies have to invest in ‘low risk’ assets and they also have to hold reserves to demonstrate they have enough money to pay out the benefits. This makes buying-out benefits expensive.



So how secure is my pension?

The Trustee aims to have enough money to pay pensions and other benefits to members as they are due.

However, in the event the Schemes were wound-up without enough money to buy all the benefits with an insurer, then it’s unlikely you’d receive the full pension benefits you were expecting.

To help members in this situation, the Government set up the Pension Protection Fund (PPF) in 2005.

The pension you would receive from the PPF depends on your age and when your benefits were earned. Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk - or you can write to the Pension Protection Fund at:

Renaissance, 12 Dingwall Road, Croydon CR0 2NA.

Including this information does not mean that the Company or the Trustee is planning to wind up the Schemes. We are required by law to give you this information.

We are also required to tell you if there have been any surplus payments from the Schemes to the Company since the last funding statement, or whether the Pensions Regulator has intervened to change the way benefits build up, the way valuations are worked out, or the way any funding shortfall is being met.

In each instance, the answer is no.

Where can I get more information?

If you have any other questions about this funding statement, or would like any more information about the Schemes, please contact:

GKN Group Pension Scheme
 Mercer Limited
 Maclaren House
 Talbot Road
 Stretford
 Manchester, M32 0FP
gknmail@mercer.com

We’ll send you a summary funding statement when we have updated information on the Schemes’ finances to share with you – if you change address, please let us know by contacting our Scheme administrator at the above address.