

SUMMARY FUNDING STATEMENT 2024

If you're a member of the **GKN Group Pension Scheme No.3** (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 Scheme is doing financially.

Why is it important?

Because the Scheme's financial health could affect the benefits you receive.

And it's a legal requirement.

The Scheme 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 Scheme, we send you a summary funding statement to tell you about the results regularly.

How is the Scheme doing?

The last full valuation looked at the funding position as at 5 April 2022 (the "2022 valuation") and the last annual funding update took place as at 5 April 2023 (the "2023 update"). These are both shown below.



Assets

The money the Scheme has now.

2022 Valuation
£666.9m

2023 Update
£471.4m

The value of the Scheme's assets is lower than at the 2022 valuation date, due to the increase in gilt yields and because of benefit payments out of the Scheme.



Liabilities

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

2022 Valuation
£604.4m

2023 Update
£436

The calculation of the liabilities assumes that the Scheme 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 Scheme's assets and how long members will live.



Surplus/(deficit)

The assets minus the liabilities.

2022 Valuation
£62.5m

2023 Update
£35.4m



Funding level

The assets as a percentage of the liabilities.

2022 Valuation
110%

2023 Update
108%

Gilt yields have sharply risen since 5 April 2022, which places a lower value on liabilities.

Another legal requirement for the Scheme...

As part of the valuation, the actuary also has to work out the funding level assuming the Scheme doesn't 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 Scheme 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.



Assets

The money the Scheme has now.

2022 valuation
£666.9m



Buy-out cost

The cost of securing benefits with an insurance company.

2022 valuation
£742.2m



Surplus/(deficit) assuming a "buy out"

The assets minus the buy-out cost.

2022 valuation
(£75.3m)



Funding level

The assets as a percentage of the liabilities.

2022 valuation
90%

The calculation estimates the cost of providing the promised benefits if the Scheme ended on 5 April 2022 and the responsibility of paying the benefits was transferred to an insurance company.

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 Scheme was 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 doesn't mean that the Company or the Trustee is planning to wind up the Scheme. 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 Scheme 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 Scheme, please contact:

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