

CHARLES TAYLOR & CO LIMITED RETIREMENT BENEFITS SCHEME SUMMARY FUNDING STATEMENT

The Trustees of the Scheme are sending you this **Summary Funding Statement** which provides you with an update about the financial position of the Scheme. The Trustees will send you a similar statement following each Annual Funding Update, as well as after the Actuarial Valuation that usually takes place every three years.

In our last statement we reported on the 1 July 2021 Funding Update in comparison to the 2020 Funding Update and 2018 Actuarial Valuation. The 1 July 2023 Funding Update is shown in this statement in comparison to the 1 July 2022 Actuarial Valuation and the 1 July 2021 Funding Update.

How is the financial position of the Scheme measured?

The financial position is determined by comparing the estimated value of the Scheme's Liabilities against the current value of the Scheme's Assets. This is called the Actuarial Valuation.

A full Actuarial Valuation is completed every three years; there is an interim review in other years through what is known as an Annual Funding Update.

Latest Actuarial Valuation & Funding Updates

The results of the latest Funding Update, as at 1 July 2023, are noted below together with a note of the 1 July 2022 Actuarial Valuation and the 1 July 2021 Funding Update:

	<i>1 July 2023 Annual Funding Update</i>	<i>1 July 2022 Actuarial Valuation</i>	<i>1 July 2021 Annual Funding Update</i>
<i>Scheme assets</i>	£71.908m	£82.247m	£101.539m
<i>Scheme liabilities</i>	£66.147m	£84.106m	£105.737m
<i>Funding surplus / (shortfall) of</i>	£5.761m	(£1.859m)	(£4.198m)
<i>Funding level of</i>	109%	98%	96%

Why has the Funding level changed during the period from 1 July 2021?

Since the 2021 Funding Update, the main reason for the improvement in the funding level is due to the significant rise in gilt yields leading to a change in the valuation basis as well as due to the payment of the deficit contributions (as noted on page 2). This has been partly offset by lower than assumed investment returns.

Meanings:

- ***Company*** – Charles Taylor Administration Services Ltd. Charles Taylor Administration Services Limited (CTAS) is a wholly owned subsidiary of Charles Taylor Limited which in turn is owned by Jewel BidCo Limited (LMP Bidco), a company formed on behalf of funds advised by Lovell Minnick Partners (LMP).
- ***Scheme Liabilities*** - The estimated cost of providing the Scheme benefits that members have earned to date is known as the **Scheme's Liabilities**. This includes the Scheme benefits accumulating of members currently in pensionable service, as well as the preserved benefits of deferred members (members who are not yet receiving benefits, whether or not they are still employed by the Company) and the benefits in payment of members who are currently receiving pensions.

- **Scheme Assets** - The Trustees invest the contributions received from the Company into a pool of assets, known as **Scheme Assets**, to provide members with their Scheme benefits.
- **Actuarial Valuation** – In order to check the financial security of the Scheme, the Trustees compare the value of the liabilities against the assets. If the assets are less than the liabilities, then there is said to be a ‘shortfall’ (also known as a ‘deficit’). If the assets exceed the liabilities then there is a ‘surplus’.

The Trustees are required to undertake this in-depth look at the Scheme’s funding level every three years; this is called an **Actuarial Valuation**. The Trustees ask a qualified, independent professional, known as a **Scheme Actuary**, to undertake the calculations.

- **Annual Funding Update** - The Annual Funding Updates provides an update of the Scheme’s funding level in between the triennial Actuarial Valuations. This is done by rolling forward the liabilities at the last Actuarial Valuation and updating the assumptions to allow for market conditions at the effective date of the Annual Funding Update. (Assumptions are evidence based estimates of factors such as member mortality and future interest rates which are decided upon by the Trustees to allow the Actuary to calculate the Scheme’s future liabilities).

What is the Trustees’ funding plan?

Following the Actuarial Valuation as at 1 July 2022, the Trustees agreed with the Company that the 2022 shortfall (‘the deficit’) of £1.859m should be dealt with by the Company continuing the previously agreed (following the 1 July 2019 actuarial valuation) increased annual contributions to the Scheme. These annual deficit contributions increase each year as follows:

<i>Period</i>	<i>Contribution £</i>
1 July 2022 to 31 December 2022	2,415,922
1 January 2023 to 31 December 2023	5,013,436
1 January 2024 to 31 December 2024	5,204,108

These contributions are more than sufficient to fund the shortfall.

Insurance of Benefits

As previously advised, in January this year the Trustees invested most of the Scheme’s assets in an insurance policy with Canada Life Limited (“Canada Life”) which is in the form of a “bulk annuity”. This bulk annuity insurance policy from Canada Life is effectively an asset of the Scheme and from January 2025 it will provide income to the Scheme by covering all current and future benefits due to you and all other members. This therefore significantly reduces the risk of member benefits not being paid in full in the future, due to matters such as Scheme assets underperforming or failure by the employer (the Company) to support any shortfall in the Scheme.

How these changes affect the security of your benefits

Canada Life is a UK based and UK regulated insurer and is part of the wider Canada Life Group. Canada Life (like all other UK life insurance companies) is regulated by the Prudential Regulation Authority, part of the Bank of England. It is required to maintain a strong financial position to ensure that it can pay benefits to its policy holders as and when they fall due. UK regulated insurers are also backed by the Financial Services Compensation Scheme, which will compensate the full amount of any loss incurred in the unlikely event that an insurer goes out of business. As such the Canada Life policy represents a highly secure Scheme asset.

Where can I get more information?

If you have any questions or would like any more information, please contact the Scheme's Administrators:

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Charles Taylor & Co Limited Retirement Benefits Scheme
Cartwright Benefit Consultants Ltd
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Farnborough
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Important: If you are thinking of leaving the Scheme for any reason, you should consult a professional financial adviser before taking any action

A list of more detailed documents which provide further information is contained in the following list. If you would like to receive copies of any of these documents, please contact the Scheme Administrator (as noted above).

- ◆ *The Statement of Investment Principles.* This explains how the Trustees invest the money paid into the Scheme.
- ◆ *The Statement of Funding Principles.* This explains the Trustees' principles governing the funding of the Scheme.
- ◆ *The Schedule of Contributions.* This shows how much money is being paid into the Scheme.
- ◆ *The Annual Report and Accounts of the Charles Taylor & Co Limited Retirement Benefits Scheme.* This shows the Scheme's income and expenditure in the year.
- ◆ The full report on the *Actuarial Valuation* following the Scheme Actuary's review of the Scheme's funding level as at 1 July 2022.
- ◆ *Scheme Information Booklet* (You should have been given a copy when you joined the Scheme, but the Scheme Administrator can let you have another copy, if required).

August 2024