

Trustee Summary Funding Statement

for the period ending 31 December 2023



The Trustee is pleased to present the Scheme's Summary Funding Statement showing you the funding position based on the latest actuarial valuation report as at 31 December 2023.

Why regular checks are important

Assets in the Scheme are invested in a single fund which is looked after by the Trustee. It is therefore important that the Trustee checks regularly that there is enough money building up to pay benefits.

'Ongoing' funding

This Summary Funding Statement as at 31 December 2023 shows the financial position of the Scheme relative to its statutory funding objective since the previous actuarial valuation as at 31 December 2020.

	2020	2023
Funding Target	£428.1m	£261.9m
Assets	£375.1m	£255.9m
Surplus/(shortfall)	(£53.0m)	(£6.0m)
Funding Level	87.6%	97.7%

Change in the funding position since 31 December 2020

The funding level, as measured against the Statutory Funding Objective, has improved since 31 December 2020. This is mainly due to:

- The investment strategy of the Scheme which means that the assets move broadly in line with the liabilities. Although the assets have reduced over the period (due to a significant rise in gilts yields) this has been offset by a corresponding fall in the value of the Scheme's liabilities.
- Deficit contributions being paid into the Scheme by the RNLI.

To make good the shortfall against the Statutory Funding Objective, the RNLI agreed to make payments into the Scheme of £425,000 at each month end from 31 January 2024 to 31 July 2024 inclusive.

How is the amount the Scheme needs worked out?

The Trustee obtains regular valuations of the benefits earned to date by members. In order to estimate the money needed to cover members' benefits, the Trustee agrees assumptions with the RNLI. The Scheme Actuary then calculates the funding target based on this agreed approach and, comparing the actual value of assets with this target, gives the surplus or deficit in the Scheme. Finally, the RNLI and the Trustee agrees a Schedule of Contributions setting out future payments into the Scheme.

When is the next valuation due?

The next formal actuarial valuation is due as at 31 December 2026.

More information

What does 'winding up' mean?

Winding up is a process whereby a pension scheme is closed down. To close down a scheme and secure its pension promises, a scheme has to use its money to buy the members' benefits from an insurance company. By law we must tell you what this figure is, based on the last valuation.

What percentage of the Scheme's benefits could be secured with an insurance company (the 'winding up' position)?

As at 31 December 2023, it is estimated that, without any further contribution from the RNLI, the Scheme would have had enough money to secure around 82% of members' benefits with an insurance company (equivalent to a shortfall of £63.2m). This is the Scheme's 'solvency' level which was calculated as part of the 2023 valuation. It will be updated as part of the next valuation at the end of 2026.

What would happen if the RNLI couldn't support the Scheme?

In the unlikely event that the RNLI became insolvent, the Pension Protection Fund (PPF) may take over the Scheme and pay certain benefits to members.

There are limits on the amounts paid by the PPF and this would not give exactly the same benefits as the Scheme. More information is available on the PPF's website at www.ppf.co.uk

Why isn't the Scheme kept fully solvent at all times?

The funding target agreed by the Trustee and the RNLI does not aim to ensure that the Scheme always has sufficient assets. In some cases, a scheme may arrange with an insurance company to buy all the benefits built up by members.

This is not where the Scheme is at this stage. Insurers need to take a cautious view of the future and make a profit. The cost of securing pensions in this way is very expensive and also incorporates future administration costs. On the other hand, the valuation assumes that the RNLI will continue to support the Scheme, and that benefits will be paid in full, from the Scheme when they are due.

Why have you shown the 'winding up' position?

The fact that we have shown this information does **not** mean that the RNLI is thinking of winding up the Scheme. It is information we are required to give you to help you understand the financial security of the Scheme and your benefits.