

Summary Funding Statement

The Scheme is a defined benefit (DB) pension arrangement which means your pension is paid from a single pot, known as the fund.

It's good to keep up to date on the financial health of the Scheme and how much money is set aside in the fund, so please spend a few minutes reading this important information.

What does it tell you?

It provides the results of the latest in-depth financial health check (known as an actuarial valuation which happens every three years) and the results of the most recent yearly financial health check. These numbers are provided by the Scheme Actuary who checks the difference between how much the Scheme needs to be able to pay the pensions built up (liabilities) and the total amount set aside in the fund to pay those pensions (assets). We then explain any changes that may have happened in the last 12 months.

This is important information because it shows whether the Scheme is in surplus (the assets are more than the liabilities) or in deficit (the liabilities are more than the assets). This tells the Trustee whether we're on the right track for the future or if we need to take action.

Over time, it's likely you'll see that the numbers go down as well as up. We have to pay pensions for a very long time, so a surplus doesn't mean there is too much money in the fund but indicates the Scheme's finances are in a healthy position.

The latest results

The table below provides the results of the most recent in-depth actuarial valuation at 31 March 2018 and the subsequent annual health checks at 31 March 2019 and 31 March 2020.

	31 March 2020 (£m)	31 March 2019 (£m)	31 March 2018 (£m)	31 March 2015 (£m)
Assets	11,093	10,723	10,542	8,894
Liabilities	10,538	10,158	9,890	8,690
Funding surplus / (deficit)	555	565	652	204
Funding level	105%	106%	107%	102%

What has changed since the last actuarial valuation?

Despite the impact of the coronavirus pandemic on financial markets, the Scheme remained in surplus at 31 March 2020 with only a very small reduction in the funding level compared to the last yearly health check in 2019. Over the year, the increase in the value of the Scheme's assets broadly matched the increase in the value of the Scheme's liabilities. This is due to the investment strategy chosen by the Trustee, where the Trustee aims for the investments to grow at a similar rate to the increase in the Scheme's liabilities.

When is the next actuarial valuation?

The next in-depth financial health check will be calculated as at 31 March 2021. We'll provide an updated Summary Funding Statement at the conclusion of the valuation.

What would happen if M&S could no longer support the Scheme?

All pension schemes must give members an idea of what would happen in the unlikely event of the sponsoring employer's circumstances changing and it no longer being able to support the future funding of the pension scheme.

At every health check, the Scheme Actuary works out how much of the benefits that all members had already built up would be covered by the value of the Scheme's fund at that date. They must assume that the Trustee uses the Scheme's funds to buy members' pensions from an insurance company. This means that the insurance company takes on the full responsibility for paying pensions going forward.

At the last valuation as at 31 March 2018, the amount of built-up benefits that would have been covered was around 77%. This cover is lower than the funding level because it costs more to buy pensions from an insurance company, which aims to make a profit and is limited in where it can invest funds.

The sponsoring employer would be expected to fund the gap but, if it wasn't able to, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members. This compensation is likely to be less than the benefits you are entitled to under the Scheme.

We must also confirm that:

- There have not been any payments to M&S out of Scheme funds since the last Summary Funding Statement.
- The Pensions Regulator has not had to intervene in the running of the Scheme.

For more information:

Visit the M&S Pension Scheme Portal at www.hartlinkonline.co.uk/mandspensionscheme, where under the Documents section you can download:

- Actuarial Valuation Report as at 31 March 2018
- Annual Report and Accounts as at 31 March 2020

Alternatively, you can request copies from the Pensions Administration Team using contact details on the back page.

Find out more about the PPF at www.ppf.co.uk.