

Summary Funding Statement 2019

As a defined benefit (DB) pension arrangement, your pension in the Scheme 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 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) 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 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 actuarial valuation at 31 March 2018, compared to the results of the previous actuarial valuation at 31 March 2015 and the most recent actuarial report at 31 March 2019.

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

What has changed since the last actuarial valuation?

Since the last in-depth financial health check in 2018 the funding position has remained broadly the same as the increase in the value of the Scheme's assets has closely 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. In the meantime we'll provide an updated Summary Funding Statement towards the end of next year.

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 supporting employer's circumstances changing and it no longer being able to support the future funding of the pension scheme.

At every valuation, the Scheme Actuary works out how much of the benefits that all members had built up would be covered by the value of the Scheme's funds at that date. They must assume in this instance 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 estimated cover for the benefits built up would have been 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 Company 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:

- Read:
 - Actuarial Valuation Report as at 31 March 2018
 - Annual Report and Accounts as at 31 March 2019

Download copies by logging in to the Portal at:

www.hartlinkonline.co.uk/mandspensionscheme or request them by contacting the Pension Administration Team.

- Watch a video from the Chairman about the results of the 2018 Actuarial Valuation at: www.mandspensionscheme.com/managing-the-scheme/financial-health-check
- Find out more about the PPF at www.ppf.co.uk or by writing to the PPF at Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA