

ITF Retirement Benefits Scheme

Summary Funding Statement for the period ending 1 January 2018 & 1 January 2019

Introduction

This statement is being sent to you on behalf of the Trustees of the ITF Retirement Benefits Scheme (the Scheme).

The main purpose of this statement is to update you on the financial development of the Scheme. We have also provided extra information about the Scheme, its operation and an update on pension news.

Who looks after the Scheme?

Trustees	
Stephen Cotton	Geoff Ablett
Steve Turner	Gabriel Mocho Rodriguez
Steve Todd	Martin Raicheva-Wedge
Scheme Administrator	
First Actuarial LLP Trafford House, Chester Road, Manchester, M32 0RS manchester.admin@firstactuarial.co.uk	
Scheme Actuary	Auditor
Rob Hammond FIA First Actuarial LLP	KPMG LLP
Bank	AVC Providers
Barclays Bank plc	Legal & General Investment Management Ltd (LGIM)
Legal advisers	Investment Managers
Walkers Solicitors	LGIM Newton Investment Management Standard Life Investments BMO Global Asset Management

Results of the Trustee elections

The Scheme recently undertook a process to elect Member Nominated Trustees (MNTs). We can confirm that the successful candidates are Geoff Ablett, Gabriel Mocho Rodriguez and Martin Raicheva-Wedge.

How the Scheme operates

The International Transport Workers Federation (ITF) pays contributions to the Scheme so that the Scheme can pay benefits to its members.

The money to pay for members' benefits is held in a fund, separate from the ITF. It is not held in separate funds for each individual member.

There has not been any payment from the Scheme to the ITF since the date of the last Statement. Legislation would only permit a payment to the ITF once the Scheme had enough assets to secure the accrued benefits with an insurance company.

How much money does the Scheme need?

Estimates are carried out by the Scheme Actuary on a regular basis. Using this information, we can agree with the ITF the level of future contributions.

The importance of ITF

Our objective is to be able to pay the pensions both now and in the future. The ITF is the Scheme's Principal Employer and the success of the Scheme relies on the ITF's continuing support to contribute towards future benefits, pay the expenses of running the Scheme and meet any funding shortfall.

Scheme membership

At 1 January 2017, 1 January 2018 and 1 January 2019, the membership of the Scheme was:

	2017	2018	2019
Active members:	110	106	118
Deferred pensioners:	40	48	54
Pensioners:	51	55	55
Total membership:	201	209	227

Actuary's report

The last actuarial valuation of the Scheme was carried out as at 1 January 2017. The results of this valuation are shown below, along with the results from the actuarial update as at 1 January 2018 and 1 January 2019.

£'000	2017	2018	2019
Value of assets	36,223	37,975	37,834
Value of liabilities	36,910	39,034	38,337
Shortfall	(687)	(1,059)	(503)
Funding level	98%	97%	99%

To eliminate this shortfall in the Scheme's assets, the ITF has agreed to pay additional contributions of £119,000 pa to the Scheme over a 10 year period, from 1 January 2018.

The latest actuarial report showed that (as at 1 January 2019), the funding position of the Scheme had improved slightly, from 98% to 99%.

We will continue to monitor the position and if there is no improvement by the next formal actuarial valuation, we will ask the ITF to review the contributions payable and, if necessary, ask for additional contributions to be paid to remove the shortfall.

The next formal actuarial valuation of the Scheme is due as at 1 January 2020, with the results of that valuation known by 1 April 2021. As part of the actuarial valuation, the law also requires an assessment to be made of the extent to which the assets would cover the liabilities of the Scheme if the Scheme were to start to wind up. The last valuation, as at 1 January 2017, showed that the Scheme's assets represented approximately 40% of the cost of securing the Scheme's benefits with an insurer.

If the Scheme were to wind up, the law requires the ITF to make a payment to the Scheme that would enable us to secure 100% of members' benefits with an insurance company. At 1 January 2017, the estimated amount required to achieve this was £53.2 million. Inclusion of this information does not imply that ITF is thinking of winding up the Scheme.

If the ITF became insolvent, the Pension Protection Fund (PPF) might be able to pay compensation to members. For details of the compensation payable by the PPF, please refer to the PPF website at www.pensionprotectionfund.org.uk.

The Pensions Regulator

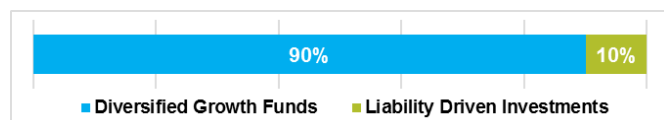
The Pensions Regulator (TPR) is the UK Regulator for work-based pension schemes. TPR has certain powers it can use if it has concerns about a scheme's funding. It has not used any of these powers in relation to this Scheme.

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Investments

At the date of this statement, the policy of the Scheme is to hold the following investment classes:



Within each investment class, we aim to hold a mixture of assets.

Pension news

Limits to pension savings

The yearly pension savings you can make tax free are limited to the Annual Allowance (AA). Since 2016/17, the annual measurement period is the tax year.

The standard AA is £40,000. A reduced AA potentially applies if you have taxable income over £110,000 a year after deducting any pension contributions you have made. The AA starts to reduce if your taxable income plus the value of any pension savings made exceeds £150,000 a year. It reduces by £1 for every £2 of income above £150,000, tapering down to an AA of £10,000 if your income is £210,000 or more a year. Also, if you access a money purchase pension pot using the "Pension Freedoms", there is an annual limit on the amount of contributions that you can subsequently pay into a money purchase arrangement. The current annual limit is £4,000 pa.

The pension savings you can make tax free over your lifetime are limited to the lifetime allowance (LTA). From 6 April 2019, the LTA is £1.055m and is likely to increase in line with Consumer Price Index inflation each tax year. If your pension savings are worth more than this when you take your benefits, you'll have to pay the LTA tax charge unless you have some form of LTA protection.

Further details of the changes to the LTA, including protection, are available from HMRC's website:

<https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual>

Thinking of transferring your benefits

Safeguards are in place for people with defined benefit pensions such as the benefits you have built up in the Scheme. We are required to check that anyone wishing to transfer their defined benefit pension to another arrangement to access the Pension Freedoms has obtained advice from an independent financial adviser.

The adviser must be authorised by the Financial Conduct Authority to advise on pension transfers. We are not required to check that advice has been obtained where the transfer value is at or below £30,000.

If you are thinking of leaving the Scheme for any reason, you should consider consulting a professional adviser, such as an independent financial adviser, before taking any action.

State Pension

If you will reach State Pension Age on or after 6 April 2016, you will be entitled to the new State Pension. Your State Pension will be based on your National Insurance record. To find out your State Pension Age and to obtain an estimate of your State Pension, go to <https://www.gov.uk/check-state-pension>

GMP equalisation

On 26 October 2018, the High Court judgment in the Lloyds Banking Group case confirmed that trustees have a duty to adjust benefits to allow for unequal Guaranteed Minimum Pensions (GMP). This is known as GMP equalisation. The GMP accrued from 17 May 1990 to 5 April 1997 needs to be considered for adjustment. Not all members in the Scheme will be affected by GMP equalisation. It will take time to digest the judgment fully and for trustees of pension schemes to consider the most appropriate way to equalise pensions for GMPs for their scheme.

The Trustees are seeking advice from their advisors as to how to allow for GMP equalisation in the Scheme, and will communicate with you in due course.

Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a tracing service available.

<https://www.gov.uk/find-pension-contact-details>

Using your personal information

The personal information we hold on you will only be used in connection with the Scheme or to provide you with guidance on the benefits you are entitled to. For details on how your information is used and your rights to access information we hold on you, please contact the Trustees care of the Scheme Administrator. Please help us by ensuring the address on the Scheme's records is up to date. If your address has changed or if you need anything further, please contact the Scheme Administrator.

Scheme website

The Scheme website lets you view important information, forms and documents. To obtain login details for the Scheme website, please email the Scheme Administrators at manchester.admin@firstactuarial.co.uk

Further information

The following documents are available on the Scheme website and on request:

- the Statement of Funding Principles;
- the Statement of Investment Principles;
- the Recovery Plan and Schedule of Contributions;
- the Trustees' Annual Report and Accounts;
- the full Actuarial Valuation as at 1 January 2017;
- the shorter Actuarial Report as at 1 January 2018 and 1 January 2019; and
- the Scheme booklet.

If you are not a pensioner and have not received a benefit statement from the Scheme in the last 12 months, you can ask for one. This will provide an estimate of your pension at retirement.

Please help us by ensuring the address on the Scheme's records is up to date. If your address has changed or if you need anything further, please contact the Scheme Administrator.

We have enclosed a blank expression of wish form, which you can use to update your preferences if you wish to do so.