

IMI 2014 Deferred Fund Your Summary Funding Statement

The Trustee Directors regularly monitor developments in the IMI 2014 Deferred Fund's ("the Fund's") financial position.

We recommend you take some time to read this statement, since the Fund's financial security could affect the benefits you will ultimately receive. We will continue to send you a similar statement after each valuation and annual funding update.

Measuring the Fund's financial position

The estimated cost of providing members' benefits is known as the Fund's 'liabilities'. This includes the benefits of members who have left IMI or have retired.

When necessary we collect money ('contributions') from IMI, and invest this to help provide your benefits. It is held in a communal fund, not in separate funds for each individual. The amount of money we have invested is known as the Fund's 'assets'.

To check the Fund's financial position we compare the value of its liabilities to its assets. If the Fund has fewer assets than liabilities, it is said to have a 'shortfall'. If the assets are more than the liabilities there is said to be a 'surplus'.

We are required to carry out an in-depth look into the Fund's financial position at least every three years - this process is called an actuarial valuation. We ask a qualified independent professional, known as an Actuary, to do this. In years when an actuarial valuation is not carried out, we are required to carry out an annual funding update, which is also carried out by the Actuary.

The latest full valuation of the Fund was carried out as at 31 March 2021, and funding updates as at 31 March 2022 and 31 March 2023 have also been completed since then. The results of those assessments are summarised below. (The 2021 and 2022 results were previously communicated to members in last year's Summary Funding Statement.)

Amounts in £m	31 March 2023	31 March 2022	31 March 2021
Assets	365	616	585
Liabilities	360	538	579
Surplus (Shortfall)	5	78	6
Funding level	101%	114%	101%

The reduction in the funding level since 31 March 2022 is primarily because the Fund has used some of its assets to invest in an additional bulk annuity policy. Although, as expected, this has reduced the surplus, the Fund's benefits are now almost entirely matched by insurance policies, significantly reducing the risks of benefit payments not being met.

Over the year to 31 March 2023 long-term interest rates (gilt yields) have risen significantly. Whilst this means the market value of the Fund's assets has fallen, so has the value placed on the liabilities (higher interest rates mean we need less money today for the same stream of pension payments).

What if the Fund had to "wind up"?

If the Fund is 'wound-up' the Trustee would seek to secure all members' benefits with individual policies with an insurance company. The comparison of the Fund's assets to the

cost of securing the benefits from an insurance company is known as the ‘solvency’ position. There is a statutory requirement for this Summary Funding Statement to report on the solvency position at the date of the latest full valuation (31 March 2021), at which time the estimated solvency shortfall was £91 million. Since 31 March 2021 the Fund has insured the vast majority of benefits and, therefore, as at the effective date of this update the Fund is expected to be fully funded on a solvency basis.

It is worth remembering that a valuation is just a ‘snap shot’ of the Fund’s funding position and it can change considerably if there are sudden changes in share prices or government bond yields. However, given that the vast majority of the Fund’s benefits are now insured, its funding position is expected to be well protected from such volatility.

The importance of IMI’s support

IMI continues to support the Fund and the Trustee Directors in the running of the Fund. We confirm that there have been no payments to IMI (or any of the other participating employers) from the Fund since the date of the previous Summary Funding Statement.

In certain circumstances, the Pensions Regulator has powers to intervene in a scheme’s funding plan, by changing the future accrual of benefits, setting the level of the funding target, setting the terms of the recovery plan and/or imposing a schedule of contributions. The Pensions Regulator has not used any of these powers in relation to the Fund.

If there were to be a solvency shortfall in the future and IMI was not able to pay the full amount of the solvency shortfall if it became insolvent, the Pension Protection Fund (PPF) might be able to take over the Fund and pay benefits to members. The pension you would receive from the PPF may be less than the benefits you had built up in the Fund. However, given the strong funding position described above, this scenario is considered unlikely. Further information and guidance is available on the PPF website at www.ppf.co.uk.

Investment policy

The Trustee Directors had an investment policy that reflected a diversified approach so as to balance the long-term return of the Fund with proper attention to investment risks. They took advice from the Fund’s investment adviser to ensure that this approach remained suitable for the Fund. The Trustee Directors recognise the key risk to the Fund is not having sufficient assets to make provisions for 100% of its liabilities (‘funding risk’). They have also identified a number of other risks which have potential to cause deterioration in the Fund’s funding level and therefore contribute to funding risk. These risks include mismatching risk, cashflow risk, manager risk, risk of lack of diversification, covenant risk and operational risk. As the financial position of the Fund has improved the Trustee Directors have sought to mitigate these risks by insuring the benefits payable from the Fund with annuity policies.

Other information

As well as your Summary Funding Statement, other documents prepared for or by the Trustee Directors are listed below. Copies of these documents are available to you on request.

Document	Purpose
Statement of Funding Principles	Sets out the funding plan
Statement of Investment Principles	Explains how the Trustee Directors invest the Fund’s money
Schedule of Contributions	Sets out how much money is being paid into the Fund, and when

Annual Report and Accounts	Shows income and expenditure for the Fund year. The accounts for the year to 31 March 2023 and accounts for prior years are available
Actuarial Valuation Report	Sets out the results of the formal actuarial valuation as at 31 March 2021
Annual Funding Updates	Set out the results of funding updates in years when formal actuarial valuations are not required
Explanatory booklet	Details the Fund's benefits. You will have been given a copy of this on joining the IMI Pension Fund.

Independent financial advice

If after reading this statement you are thinking of transferring your IMI pension benefit to another pension arrangement, we recommend that you contact an Independent Financial Adviser (IFA). By law, neither the Trustee Directors nor IMI can provide you with any financial advice. To find an IFA near you visit www.unbiased.co.uk

What if I have a question?

Preserved Employed members - should speak to your Pensions Contact. Details on who your Pensions Contact is can be found on the Group Pensions Community on Passport.

Deferred members and Pensioners - should contact the IMI administration team:

Telephone: 01737 788145

Post: The IMI Administration Team
Willis Towers Watson
PO Box 545
Redhill
Surrey, RH1 1YX

Email: imipensions@wtwco.com

Please help us to keep in touch with you by telling us if you change your address.
October 2023