PORT OF LONDON AUTHORITY

London River House
Royal Pier Road
Gravesend
Kent DA12 2BG
United Kingdom
Tel: +44 (0)1474 562200
Fax: +44 (0)1474 562281
Web: www.pla.co.uk

June 2021

To all members of the Scheme

Dear Member

The Port of London Authority Retirement Benefits Scheme ("the Scheme")

I am writing to you on behalf of the Trustees, who are responsible for the running of your pension scheme. The purpose of the letter is to provide you with an update on how the Trustees are reacting to the impact of the Covid-19 pandemic and issue your annual funding statement.

COVID-19
As you will aware the Covid-19 pandemic continues to cause, the UK and beyond, concern.

The Trustees continue to work closely with its advisers and the Authority to consider any appropriate actions that the Scheme may need to take during these challenging times.

As previously advised the Trustees can assure you that:

- If you have already retired, your pension will continue to be paid.
- The Trustees continue to monitor the assets of the Scheme. The value of the assets had fallen during the first half of 2020; however performance has rallied during the latter part of 2020. It should be noted that money is available to pay benefits.
- The Trustees and its advisers continue to operate despite restrictions put in place as a result of the pandemic.
- **Please be reminded that there is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current COVID-19 situation by targeting pension scheme members.** You can find out more about pension scams at www.fca.org.uk/scamsmart. Use the Financial Services Register and Warning List to check who you are dealing with.

Annual Funding Statement
To comply with legislation, you will receive an annual statement from the Trustees providing details regarding the Scheme's funding position. This statement will be based on calculations carried out when the Scheme had its last formal valuation. Such valuations are typically carried out every three years and, for this Scheme, the last valuation was as at 31 March 2019. The next valuation of the Scheme is due as at 31 March 2022.

The valuation was carried out in accordance with the government's funding regime, overseen by the Pensions Regulator. Under these rules the Trustees have greater powers to decide the contributions that should be paid to the Scheme. The Regulator issues guidelines for trustees on funding their pension schemes. The Trustees intend to be fully compliant with the Regulator's guidance.

The attached statement also details what would happen to your benefits if the Scheme were to wind-up. Please note that it is a legislative requirement that all trustees of defined benefit pension schemes include such a section in the summary funding statement. Therefore, this information is designed to be informative – it does not mean that the Port of London Authority is thinking of winding up the Scheme.

If you have any questions regarding this, please write to me at the above address.

Finally, we hope that you and your family keep safe and healthy.

Yours sincerely

D Bottacchi (Miss)
Pensions Manager

Port of London Authority Retirement Benefits Scheme (the "Scheme")

Dear Member June 2021

SUMMARY FUNDING STATEMENT FOR 2021

It is the responsibility of the Trustees to make sure that a full valuation of the Scheme is carried out every 3 years. In addition, the Trustees must, by law, provide you with an annual statement of how the Scheme is funded and remind you of the results of the last full valuation.

How is my pension funded?

The Port of London Authority (the "Authority") pays contributions so that the Scheme can pay pensions and other benefits to members. All the Scheme assets are in one common fund. Members do not have separate individual holdings.

The Trustees obtain regular valuations from the Scheme Actuary which provide an estimate of the assets needed today to meet the payment of benefits allowing for future investment returns. Using this information, the Trustees and the Authority come to an agreement on how much the Authority should pay to keep the Scheme's funding on track against this funding target.

The Pensions Regulator has powers to direct matters affecting the funding of the Scheme in certain circumstances. No such directions have ever been made in relation to the Scheme.

Results of the last Valuation

The latest valuation of the Scheme showed that on 31 March 2019 the funding position was as follows:

Assets	£2.293m
Amount assessed as needed to provide benefits ("Liabilities")	£2.693m
Surplus / (Deficit)	(£0.400m)
Funding level	85%

Following discussions between the Trustees and the Authority, it was agreed that the Authority would make annual contributions of £215,000 from 1 April 2019 until 28 February 2021. The rate of contributions payable by the Authority will be reviewed as part of the next actuarial valuation due as at 31 March 2022.

Change in funding position between 31 March 2019 and 31 March 2020

The Trustees monitor the funding position between valuations. The latest report by the Scheme Actuary showed that as at 31 March 2020, the funding level of the Scheme was estimated to be 89% with a deficit of £0.282 million.

The funding position has improved slightly since 31 March 2019, largely due to changes to contributions paid towards the deficit by the Authority. This item has been partially offset by a change in market conditions which has increased the value of the liabilities relative to market conditions as at 31 March 2019.

You should be aware that the factors affecting the funding level are very changeable, particularly stock market performance, interest rates and life expectancy. This means that the funding level can go up or down.

Payment to the Authority

There has not been any refund of surplus to the Authority out of the Scheme.

The importance of the Employer's support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, this relies on the on-going existence of the Authority and its support for the Scheme because:

- Assets can go down as well as up, and when there is a shortfall, the Authority will usually need to put in more money; and
- The cost of benefits may increase so that the Authority will need to put in more money.

What would happen if the Scheme started to wind up?

If the Scheme winds up, you may not receive the full amount of pension you have earned even if the Scheme is fully funded on its target funding level. However, whilst the Scheme remains ongoing, even though funding may temporarily be below target, pensions will continue to be paid in full.

If the Scheme were to wind up, the Authority would be required to pay enough into the Scheme to enable your benefits to be completely secured with an insurance company. At 31 March 2019, the estimated amount that the insurance company would require (full solvency) was approximately £3.2m. This means that there was a shortfall from full solvency of approximately £0.9m. Please note that this information is designed to be informative - it does not imply that the Scheme will wind up.

In the event of a wind up, it may be the case that the Authority is unable to pay the full amount required by the insurance company. If the Authority became insolvent, the Pension Protection Fund (PPF) might be able to take over the Fund and pay compensation to members. The PPF has been set up by the government to help protect members' pensions where a company becomes insolvent, although it does not guarantee to pay full benefits. Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk. Or, you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Why does the Trustees' funding plan not call for full solvency at all times?
The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are required to take a very cautious view of the future, include a profit margin and make an allowance for their expenses. By contrast, our funding plan assumes that the Authority continues to financially support the Scheme, while adopting less cautious assumptions about the future.

What is the Scheme invested in?
The Trustees' policy is to invest in a broad range of assets to get the best return possible while taking account of the liabilities of the Scheme, and the risks of having too much money in any one type of investment. The assets are currently invested 100% in bonds, in a mixture of Sterling Government and non-Government securities.

This policy is reviewed regularly and is formalised in the Scheme's Statement of Investment Principles.

Use of personal data
In providing actuarial services to the Trustees, including preparing this Summary Funding Statement, the Trustees, their adviser Aon and the Scheme Actuary require access to personal data about members and their dependants. The Data Protection Act governs how the Committee, Aon and the Scheme Actuary use and store personal data. Members can find out more information about how their personal information is used in the provision of actuarial services at https://www.aon.com/unitedkingdom/products-and-services/human-capital-consulting/aon-hewitt-actuarial-services-privacy-statement.jsp. Should you have any questions regarding the processing of your personal information, you should contact the Secretary in the first instance. General guidance is also available from the Information Commissioner's website.

Where can I get further information?
If you have any other questions, or would like any more information about the Scheme, please contact the Secretary. Please help us to keep in touch with you by telling us if you change address.

Yours sincerely

The Trustees of the Port of London Authority Retirement Benefits Scheme

Additional Scheme documents are available on request:

Statement of Funding Principles. This explains how the Scheme is to be funded.

Statement of Investment Principles. This explains how the Trustees invest the assets of the Scheme.

Schedule of Contributions. This shows how much money is being paid into the Scheme.

Annual Report and Accounts. This shows the Scheme's income and expenditure in the year up to 31 March 2020.

Actuarial Valuation Report. This report details the Actuary's check on the Scheme's situation as at 31 March 2019.

Actuarial Report. This report provides a review of the Scheme's position as at 31 March 2020.

Benefit Statement. If you are not getting a pension from the Scheme (and have not received a benefit statement in the last 12 months) you can ask for a statement that provides an illustration of your pension benefits.

Trust Deed and Rules. This details the Rules and benefits of the Scheme.

Recovery Plan. This document sets out how any shortfall in the Scheme will be eliminated.