B&CE

Building and Civil Engineering Benefits Scheme

Summary Funding Statement 2020

Funding your benefits

Welcome to your 2020 Summary Funding Statement. This Statement is a way of letting you know our Scheme's financial position and to update you on developments since the last funding valuation.

At the latest funding valuation, 31 March 2018, the Scheme Actuary found:

The Scheme had assets of	**£628.7m**
The amount the Scheme needs to cover its technical provisions (ie liabilities) was	**£689.4m**
This gave a shortfall of	**£60.7m**
This is the same as a funding ratio of	**91%**

Under the Pensions Act 2004, there is a statutory requirement for trustees to obtain an annual update of the actuarial valuation. The Scheme's Actuary has therefore estimated the approximate financial position of the Scheme as at 31 March 2020. This shows that the ongoing funding ratio was then estimated to be 98%, which corresponds to a shortfall of about £13.0m. This represents a 4% increase in the funding level and a £30.4m decrease in the shortfall since the date of the previous Summary Funding Statement as at 31 March 2019. The main reason for this improvement are the positive returns on the Scheme's assets together with benefits being paid out to members which helps to reduce the liabilities.

What if the Scheme started to wind up

The Scheme will continue to pay benefits in full as long as it continues.

If at the most recent valuation, the Scheme had started winding up, the Scheme Actuary estimated that the amount needed to ensure benefits were paid in full (the full solvency position) as of 31 March 2018, was £728.9m, in which case the Scheme's assets would have fallen short of the amount required by £100.2m. This is equivalent to a solvency funding level of 86%. We are required to estimate this figure to get a complete picture of the Scheme's financial health, but this does not mean the Company is thinking of ending the Scheme or that it is likely to be wound up.

Recovery plan

A recovery plan is in place which is designed to eliminate the deficit at the valuation date relative to the technical provisions by the end of the recovery period through expected investment returns of 1.5% pa above the discount rate.

Based on the funding position of the Scheme at the valuation date, the funding shortfall relative to the technical provisions is expected to be eliminated 8 years and 4 months after the valuation date, which is 31 July 2026.

Payment to the employers

There have been no payments to the employers out of Scheme funds over the last 12 months.

The Pensions Regulator

The Pensions Regulator has not needed to exercise any of its powers under s231(2) of the Pensions Act 2004, in relation to the Scheme.

Issued by:

Building and Civil Engineering Benefits Scheme Trustee Limited
Manor Royal, Crawley, West Sussex, RH10 9QP.

Tel: 0300 2000 555 or **01293 586790**
To help us improve our service, we may record your call.

PS ALL 0001.0720