

# Summary Funding Statement 2023

For members of the LV=  
Employee Pension Scheme



# A message from the Trustee

It is my pleasure to share with you a summary of the financial position of the Defined Benefit (DB) section of the LV= Employee Pension Scheme (the Scheme) as at 31 March 2023.

**I am pleased to confirm that the Scheme remains well funded and your benefits are secure. As mentioned in last year's Statement, the Trustee decided to bring forward the next in-depth valuation to 31 March 2023. This is still ongoing and the 2024 funding statement will be issued once it has been completed.**

For the year to 31 March 2023, the headline figures show a reduction in the funding level of the Scheme from 108% funded on 31 March 2022 to 98% funded on 31 March 2023.

The fall in the funding level over the year is a result of changes in financial conditions and changes in the Scheme's expected investment returns, which have only been partially offset by the £5m contributions paid by LV=. The main driver of the change was the significant increase in government bond yields over the year. This resulted in substantial falls in the value of the Scheme's assets and liabilities over the year, with the assets falling by more than the liabilities (the Scheme's asset allocation is designed so that the asset value moves in a similar way to the value of the Scheme's liabilities). It's important to remember that actuarial valuations are a snapshot of the finances of the Scheme at a single date and that the funding position usually changes from one valuation date to the next. The Trustee continues to monitor the funding position regularly.

With the rising cost of living, many people are facing money worries. Unfortunately, scammers are exploiting those worries. Please remain vigilant – you can find out more about spotting the signs of a pension scam on the LV= Pensions Village website at [www.lv pensionsvillage.co.uk/general\\_pension\\_information/pension\\_scams](http://www.lv pensionsvillage.co.uk/general_pension_information/pension_scams)

The website provides a link to MoneyHelper, a free government service that can provide scam-specific advice and also help if you have any concerns about your finances.

For those of you planning to retire in the next few years, I would like to remind you that the Normal Minimum Pension Age (NMPA) is due to rise from age 55 to 57 in 2028. The NMPA is the lowest age under law you can typically access your pension benefits, although there are exceptions in certain situations (for example if you need to retire due to ill health). This means that, unless you have a Protected Pension Age within the Scheme, from 6 April 2028 the earliest you will be able to access your LV= pension benefits will be age 57. Please factor this change into your planning if you are thinking of retiring early.

Finally, I would like to thank my fellow Trustees and advisers for their continued commitment, service and support over the year.

**Huw Evans**

Trustee Chair, for and on behalf of  
The LV= Pension Trustee Limited

# What is a funding valuation?

Put simply, we compare how much money the Scheme has (its assets) to what it will likely need to pay all benefits in the future (its liabilities). If there is a shortfall, we look at the best way to make up the difference.

We have a Scheme Actuary who does this calculation for us. He does this using assumptions about the future that the Trustee agrees with LV= after taking actuarial advice. These include assumptions about possible future financial changes and the demographics of the Scheme. Both parties take separate professional advice before agreeing the assumptions.

The scheme funding legislation requires that an in-depth valuation be carried out at least every three years and an annual actuarial update is provided between in-depth valuations. We continue to check the funding position regularly in between as well, but without going into the same level of detail. As mentioned in last year's Statement, the Trustees decided to bring the in-depth valuation that was due as at 31 March 2024 forward to 31 March 2023, which is ongoing.



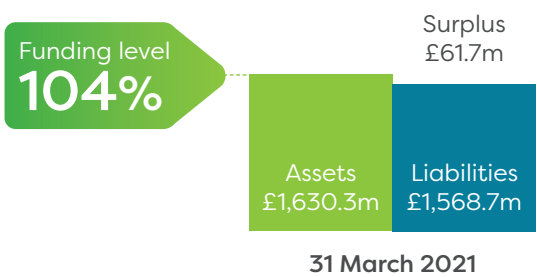
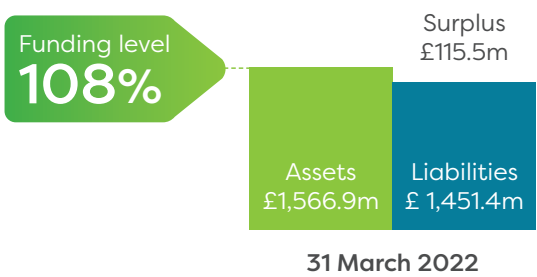
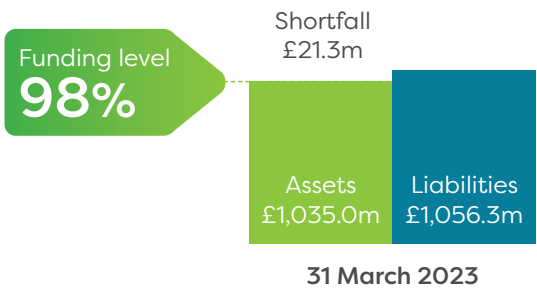
## How well funded is the Scheme?

The last Summary Funding Statement we sent to you included the results of the in-depth funding valuation of the Scheme as at 31 March 2021 (which showed that the funding level was 104%) and a funding update which showed the funding level had improved to 108% at 31 March 2022.

It also provided an estimated funding level as at 31 March 2023, which showed that although the estimated funding level had fallen, it remained in a strong position at 98%.

This Statement provides an update on the funding level as at 31 March 2023 now that the assets at that date have been audited. During the year from 31 March 2022 to 31 March 2023, the funding level fell to 98%. This was driven mainly by changes in financial conditions and changes in the Scheme's expected investment returns, which was partially offset by the £5m contributions paid by LV=.

Below are the results of the last in-depth funding valuation, along with the annual funding updates as at 31 March 2022 and 31 March 2023 in more detail:



Please note that figures have been rounded so may not total exactly.

The formal valuation that was brought forward to 31 March 2023 is still ongoing. Once concluded, the results will be issued to you.

## What financial commitment has LV= made to the Scheme?

Following the in-depth funding valuation as at 31 March 2021, the Trustee and LV= agreed that LV= will pay regular monthly contributions into the Scheme, totalling £5m each year, until March 2028. It also agreed to continue to make payments to cover running costs, the cost of the Pension Protection Fund levy and other Scheme levies, plus any other exceptional expenses that may come up.

As required by law, the Trustee confirms that no payments have been made to LV= out of the Scheme's fund since the date that the last Summary Funding Statement was sent to you. Also, The Pensions Regulator has not exercised its statutory powers to modify the Scheme's benefits or to influence the outcome of the valuation or the contributions to be paid to the Scheme.

## What other funding documents are there?

The following documents are available on request:

- ✓ The Statement of Investment Principles\*
- ✓ Implementation Statement\*
- ✓ The Statement of Funding Principles
- ✓ The Schedule of Contributions
- ✓ The Scheme Actuary's report on the funding valuation
- ✓ The Annual Report and Accounts\*
- ✓ Task Force on Climate-Related Financial Disclosures (TCFD) Report\*

\*These documents are also available on the LV= Pensions Village website at [www.lv pensionsvillage.co.uk/resources/documents](http://www.lv pensionsvillage.co.uk/resources/documents)

If you would like copies of any of the documents mentioned, or you would like any more information, please contact WTW (contact details are on the back page).

# More about the Scheme

## How is the Scheme funded?


The main funding for the Scheme comes from its assets. These are held in trust and used to pay benefits to members. The trust is a legally separate entity from LV= and is managed by the Trustee. Regular funding valuations reveal whether the assets are expected to be enough to cover members' benefits. If they reveal a shortfall then LV= may be asked to pay additional contributions.

## What is the significance of LV='s support?

If the funding position of the Scheme gets worse, the Trustee relies on LV= to provide additional support, normally of a financial nature. Therefore, the Trustee relies on the continuing good health of LV=. The Trustee regularly monitors, and is currently happy with, the ability and willingness of LV= to support the Scheme.

## What if the Scheme were to wind up?

Winding up means closing the Scheme and ending the trust, with your benefits being moved to an insurance company. This occurs when a company is unable or unwilling to continue to financially support a pension scheme.

 It's important you understand that there's no intention to wind up our Scheme, but the law requires us to let you know some information about this scenario.

If a wind-up had occurred on 31 March 2021, the Scheme Actuary estimated that the assets of the Scheme would have secured around 84% of benefits earned to that date and it would have been necessary to ask LV= to fund the shortfall. If the Scheme were wound up, LV= would have to pay enough money to the Scheme to secure all the benefits built up by members with an insurance company. If LV= couldn't afford this, the Scheme would apply for entry to the Pension Protection Fund (PPF).

The PPF was set up to pay compensation to members of eligible defined benefit pension schemes where a scheme doesn't have enough assets to cover the cost of paying the minimum level of benefits to members. If the Scheme were admitted to the PPF, compensation would be provided by the PPF. This compensation would be a substantial proportion of your benefits built up (although full compensation would not be provided).

Further information and guidance is available on the PPF's website at [www.ppf.co.uk](http://www.ppf.co.uk)

# Explaining pension terms

## **Assets**

The actual amount of money held by the Scheme.

## **Funding valuation**

An in-depth look at the Scheme's finances, carried out at least every three years.

## **Funding level**

The ratio of the value of the assets to the assessed value of the liabilities.

## **Funding update**

An approximate update of the Scheme's finances, carried out in years when an in-depth funding valuation is not completed.

## **Liabilities**

The amount of money estimated, based on certain financial and demographic assumptions, to be needed to provide the benefits earned by members, together with the pension benefits already in payment.

## **LV=**

Liverpool Victoria Financial Services Limited.

## **Scheme Actuary**

The qualified, independent professional appointed by the Trustee to examine the Scheme's finances and assess its financial health.

## **Shortfall**

Sometimes known as a deficit. The extent to which the assessed value of the liabilities is greater than the value of the assets.

## **Surplus**

The extent to which the assessed value of the liabilities is less than the value of the assets.

## **Trustee**

The LV= Pension Trustee Limited is a company whose directors consist of up to four persons nominated by LV= and three nominated from the Scheme membership.



# Contact us



Visit the LV= Pensions Village website for all the information, documents and tools to help you make the most of your Scheme benefits:

**[www.lv pensionsvillage.co.uk](http://www.lv pensionsvillage.co.uk)**

**If you have a query about your DB section benefits, please use the following contact details:**



The LV= Employee Pension Scheme  
WTW  
PO Box 545  
Redhill  
Surrey  
RH1 1YX



01737 788102



[LV@wtwco.com](mailto:LV@wtwco.com)

## Also contact WTW to:

- ✓ Update your address
- ✓ Report a change of bank details
- ✓ Request a new expression of wish form (also available on the LV= Pensions Village website)
- ✓ Request a copy of the Annual Report and Accounts (also available on the LV= Pensions Village website)

This statement has been prepared by the Trustee of the LV= Employee Pension Scheme to provide general information about the Scheme's funding position and should not be relied upon in any action you may take, nor should it be seen as attempting to provide you with any advice.