

## Kingfisher Pension Scheme – Final Salary Section



# Summary Funding Statement as at 31 March 2020

Each year the Trustee sends you a statement on the financial position of the Kingfisher Pension Scheme – Final Salary section (“the Scheme”), known as your ‘Summary Funding Statement’. The information given here is your statement for 2020 and shows the Scheme’s finances as they stand at 31 March 2020.

**This newsletter is for information purposes only, it does not affect your current benefits.**

If you have any questions about this Statement, please contact the Group Pensions Department.

You can also visit our website at [www.kingfisherpensions.com](http://www.kingfisherpensions.com).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Dermot'.

**Dermot Courtier**  
**Secretary**  
**Kingfisher Pension Trustee Ltd**

### The position as at 31 March 2019

Following the full Actuarial Valuation of the Scheme completed as at 31 March 2019, the funding levels had improved since your last Summary Funding Statement (which set out the funding position as at 31 March 2018). The secondary funding objective (2FO) funding levels improved from 89% on 31 March 2018 to 94% on 31 March 2019 and technical provisions funding levels increased from 103% to 105%. The main reason for the increase in funding position was the Trustee updating it’s future assumptions on how long people are expected to live.

**Scheme Funding Level**

**105%**



**Surplus**

**£157m**



# Summary Funding Statement as at 31 March 2020

## The latest position

Every three years a full 'actuarial valuation' has to be undertaken, however the Trustee and the Scheme's Actuary continue to monitor the funding level on a more regular basis.

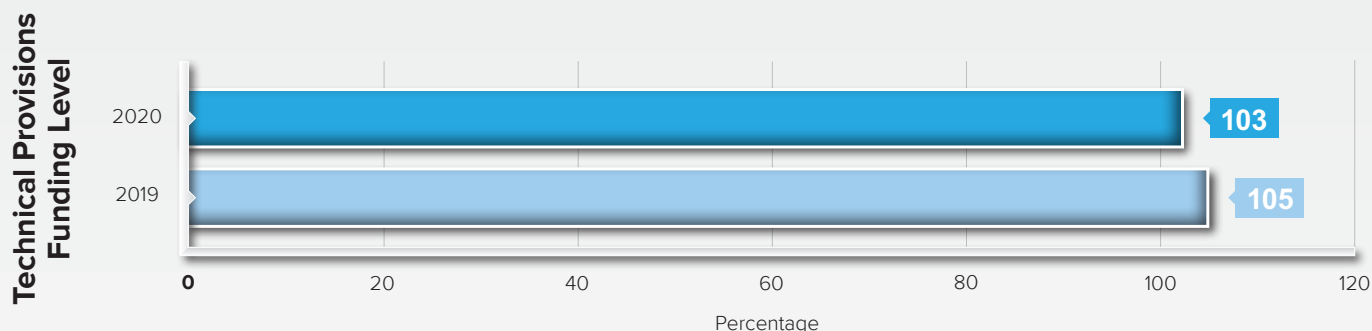
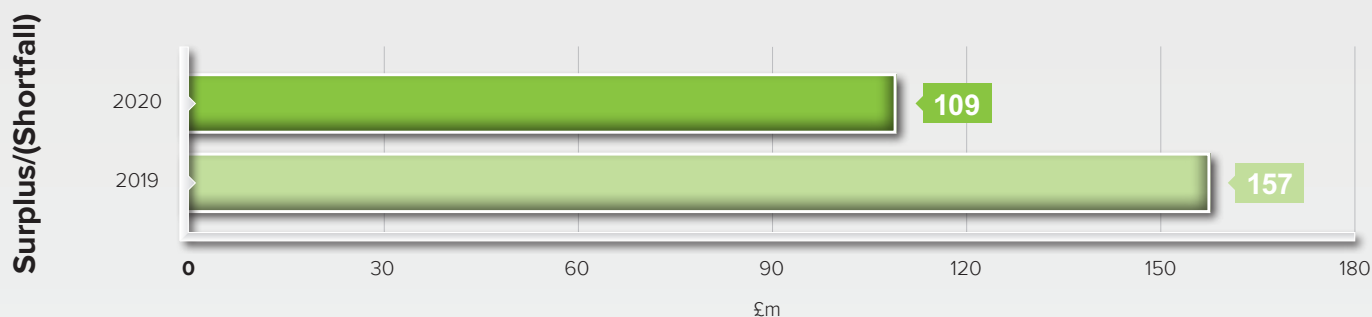
The funding level on a Technical Provisions basis has decreased from 105% to 103%, which means the Scheme's surplus has decreased from £157 m as at 31 March 2019 to a surplus of £109 m as at 31 March 2020.

The reason for the decrease in funding position was a worsening in market conditions, meaning future investment returns are expected to be lower and benefits become relatively more expensive to provide in today's money. This was largely due to the COVID-19 pandemic leading to uncertainty in the financial markets, particularly at the end of March.

The decrease has been partially offset by the Scheme's 'hedging assets' which increased over the year and give some protection against market changes, and also the contributions towards meeting the secondary funding objective (2FO) that have been received from the company.

Whilst the funding level has fallen slightly since last year, the Scheme remains over 100% funded on the Technical Provisions basis. The Trustee has reduced the amount of risk in the Scheme's investment strategy over a number of years. This means the Scheme's funding level is well placed to withstand the uncertainty in financial markets due to COVID-19.

Results (£m)	2019	2020
Assets	3,573	3,635
Technical Provisions Liabilities	3,416	3,526
Surplus/(Shortfall)	157	109
Technical Provisions Funding level	105 %	103 %



## Definitions

**Assets** – the Scheme's contributions and investment income.

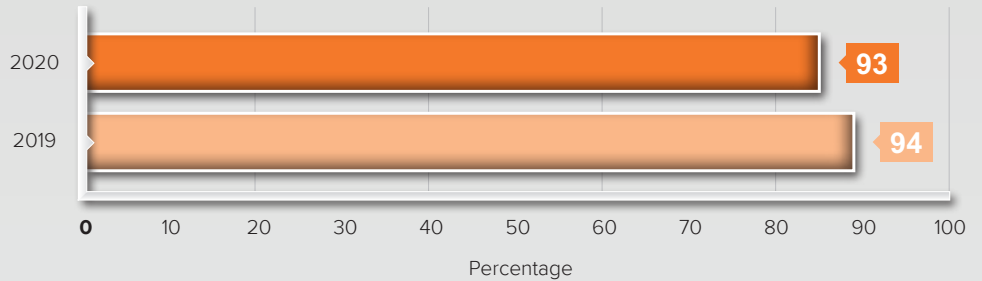
**Technical Provisions Liabilities** – the cost of Scheme benefits for all members calculated using the assumptions set out in the Scheme's Statement of Funding Principles.

**Technical Provision Funding level** – the percentage of the Scheme's Technical Provisions liabilities that would be covered by the Scheme's assets.

## Secondary Funding Objective (2FO)

The Trustee and Company have agreed a long term objective, known as the Secondary Funding Objective. Its aim is to hold enough funds to pay for all of the Scheme's liabilities and invest mainly in low risk assets by 2030 in order to limit the reliance the Scheme has on the Company for further financial support.

The Scheme's Actuary uses a different set of assumptions to calculate the liabilities under the 2FO. The Trustee monitors the 2FO funding level on a regular basis. The 2FO funding level decreased from 94% at 31 March 2019 to 93% at 31 March 2020.



**The Company is currently paying £27m (which includes the contributions received from the Scheme's SPV) each year towards improving the 2FO based funding level, Scheme expenses and some of your other ongoing benefits.**

### Have any payments been made to Kingfisher plc?

No payments have been made out of the Scheme's funds to Kingfisher plc or to any of the participating employers in the previous 12 months.

### How is my pension paid for?

All participating employers pay contributions to the Scheme so that pensions can be paid to members when they retire. Prior to the closure of the Scheme on 30 June 2012 active members also paid contributions. The money paid into the Scheme is held in a common fund and not in a separate account for each individual member.

### The importance of Kingfisher plc's ongoing support

Our objective is to have enough money in the Scheme to pay pensions now and in the future. The success of this plan relies on continuing support from Kingfisher plc and the participating companies. We review the financial position of the Scheme with Kingfisher plc regularly (usually every three years).



## What would happen if the Scheme started to wind up?

If the Scheme were to start to wind up the participating companies would be required to pay enough money into it to enable members' benefits to be provided instead by an insurance company. Neither the Trustee nor Kingfisher plc has any plans to wind up the Scheme but we are required by law to let you know the Scheme's financial position if this were to happen.

**The full actuarial valuation as at 31 March 2019 revealed the following position:**

	(£m)
<b>Estimated cost of buying benefits with an insurance company and expenses</b>	<b>4,502</b>
<b>Estimated value of the Scheme's assets on wind up</b>	<b>3,498</b>
<b>Shortfall</b>	<b>1,004</b>
<b>Funding level</b>	<b>78%</b>

If Kingfisher plc and the participating companies could not pay this full amount or became insolvent, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members.

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

Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

### ...and finally

If you have any questions on any of the information provided in this announcement, please contact the Trustee.

A copy of the Summary Funding Statement report as at 31 March 2020 is available on the Trustee website [www.kingfisherpensions.com](http://www.kingfisherpensions.com) or on written request to the Group Pensions Department.

As a reminder pensionsWEB, a dedicated member website where you can change your details and find out more about your pension, is available to all members. To register go to [secure.kingfisherfinalsalarypension.co.uk](http://secure.kingfisherfinalsalarypension.co.uk).

For help with logging in or registering on the site please call 0141 566 7522 or email [kingfisher@pensionsweb.hymans.co.uk](mailto:kingfisher@pensionsweb.hymans.co.uk).

If you have any questions about any of the information provided here, please contact the Group Pensions Department, Kingfisher Pension Trustee Limited, 3 Sheldon Square, Paddington, London, W2 6PX.

### Data control

In order to administer your pension scheme, your personal data is used by the Kingfisher Pension Trustee Limited (of 3 Sheldon Square, Paddington, London, W2 6PX), and the Scheme Actuary (of 20 Waterloo Street, Glasgow, G2 6DB) who both act as Data Controllers. Your personal data will be processed fairly and lawfully in accordance with the principles of the Data Protection Act 2018 solely in connection with your pension scheme. You can find the Trustee's Data Privacy Statement on the Trustee website [www.kingfisherpensions.co.uk](http://www.kingfisherpensions.co.uk). If you have any queries in relation to your personal data, please contact the Group Pensions Department.

