



THE LEPROSY MISSION CENTRAL PENSION SCHEME

80 Windmill Road, Brentford, Middlesex, TW8 0QH UK

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The Leprosy Mission Central Pension Scheme Summary Funding Statement from the Trustees

This is the summary funding statement for The Leprosy Mission Central Pension Scheme (the Scheme) for the period ending 31 December 2019. It provides figures about the Scheme which are intended to give you an indication of the Scheme's financial position. We have also provided extra information about the Scheme, its operation and new regulations surrounding pension schemes.

How the Scheme operates

The Scheme pays pensions to members when they retire. The money to pay for members' pensions is held by the Scheme in a range of investments with Legal and General Investment Management (LGIM) and with BNY Mellon Investment Management (Mellon). The money cannot be accessed by TLM. It is held on a pooled basis for all members. It is not held in separate funds for each individual member.

The Leprosy Mission (TLM) and its associated bodies (the Employers) pay contributions to the Special Pension Account (SPA). This is a separate fund which will be used to top up the Scheme if needed. If it turns out this money is not needed by the Scheme, then subject to strict controls, some money can be refunded to the Employers.

How much money does the Scheme need?

On a regular basis, the Scheme Actuary estimates how much money is needed to pay all the future pensions due from the Scheme. If not enough money has been saved, then the Employers need to pay in extra contributions to cover the shortfall.

Many of the pension payments are not due to be paid for a long time. To estimate the amount of money needed, the Scheme Actuary makes a number of assumptions about the future. As time goes by, future experience will differ from those assumptions. Therefore, every 3 years, the Scheme Actuary formally updates his estimates and his calculations of how much the Employers need to pay. The next such formal update will be carried out on 31 December 2021.

The Employers currently supporting the Scheme are as follows:

- The Leprosy Mission International (TLMi)
- The Leprosy Mission England, Wales, the Channel Islands and the Isle of Man
- The Leprosy Mission Scotland
- The Leprosy Mission Northern Ireland
- The Leprosy Mission Trading

What is the Scheme invested in?

The Trustees' policy is to invest in a range of assets. In broad terms, the Trustees aim to hold assets in the following proportions:

Asset Type	Long-Term Target Asset Allocation
Growth Assets	50%
UK Equities (LGIM)	25%
Overseas Equities (LGIM)	25%
Matching Assets	50%
Liability Driven Investments (LGIM)	12%
Diversified Growth Fund (Mellon)	38%
Total	100%



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How is the amount of contributions that the Scheme needs worked out?

The Scheme is subject to a formal assessment (an actuarial valuation) at least once every three years. The most recent actuarial valuation of the Scheme was carried out as at 31 December 2018. Since then, a funding update has been produced as at 31 December 2019.

The table below sets out the current funding position as at 31 December 2019, along with the comparative position as at 31 December 2018. Please note that the funding position as at 31 December 2019 is calculated as an approximate update rather than carrying out a full actuarial valuation:

£'000s	Funding Update as at 31 December 2019	Valuation as at 31 December 2018
Scheme Only Assets*	24,015	20,776
SPA	3,011	2,351
Total Combined Assets*	27,026	23,127
Value of liabilities	21,528	20,760
Surplus/(Shortfall)	5,498	2,367
Funding Level	126%	111%

*excludes AVCs

The funding position has improved since the last formal valuation as at 31 December 2018. The main reason for this is higher than expected returns on the Scheme's assets.

The Trustees and the Employers agreed that the following additional contributions will be paid by TLMI to the Special Pension Account, under a mutual agreement between the Employers. These payments will be to cover the cost of running the Scheme.

- The Leprosy Mission International: £90,000 per annum

These contributions are payable in equal monthly instalments from 1 January 2020.

The importance of TLM's support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future.

The success of that objective relies on TLM and the other Employers continuing to support the Scheme because:

- The funding level can fluctuate, and if there is a funding shortfall, more money may be needed; and
- Money is needed to pay the expenses of running the Scheme.

Is there enough money to secure all the pensions with an insurance company?

Under regulatory guidelines, we are also required to tell you what would happen in the hypothetical situation that the Scheme had discontinued, and we had sought to secure the benefits with an insurance company. Buying insurance policies is expensive because insurers need to take a very cautious view and to make a profit. At the last valuation date on 31 December 2018, the actuary estimated that, if this had occurred, the Scheme's assets would have been around 67% of the cost of the associated premium (including the SPA account and after deducting expenses from the Scheme assets) – TLM and the Employers would have been liable for the balance of £11,407,000.

If TLM and the Employers became insolvent, they would be required to pay this amount. If the required amount can't be paid, it would be expected that the Pension Protection Fund (PPF) would have taken over the Scheme and paid compensation to members.



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The security of benefits can be a concern when there is insufficient money to secure pensions with an insurance company. However, the Scheme is a long-term arrangement and the current shortfall does not affect the ongoing operation of the Scheme nor does it mean that it will fail to pay any of the pensions. As described above, the Trustees are obliged to include this information and this does not, therefore, imply that TLM is thinking of buying insurance policies.

The PPF and Pensions Regulator

The PPF has been established to compensate scheme members in the event of the failure of the sponsoring employer of an underfunded scheme.

Further information is available from the PPF website at: www.ppf.gov.uk

The Pensions Regulator is the UK Regulator for work-based pension schemes. The Pensions Regulator has certain powers it can use if it has concerns about a scheme's funding, but it has not used any of these powers in relation to this Scheme.

Payment to TLM

It is a legal requirement that this annual funding statement should inform members whether any payments have been made from the Scheme to TLM in the last 12 months. There have been no such payments.

The valuation as at 31 December 2018 showed that the Scheme has a surplus. Under the terms of the SPA, it was agreed that £600,000 can be refunded from the SPA to TLM. Monthly refund payments of £25,000 were going to start in October 2020 and last for 2 years. However, following the recent stock market falls, TLM and the pension trustees have agreed that the refund payments will be deferred until the valuation update as at 31 December 2020 has been completed. If this confirms the Scheme remains sufficiently resourced, the refund payments will start (together with a back-payment for the payments due from October 2020). If any future valuations show that the funding level has fallen to below a pre-specified limit, these payments will be suspended.

Pension news

Limits to pension savings

The yearly pension savings you can make tax free are limited to the Annual Allowance (AA) and since 2016/17, the annual measurement period is the tax year.

The standard AA is £40,000. For the 2020/21 tax year, a reduced AA potentially applies if you have taxable income over £200,000 a year after deducting any pension contributions you have made. The AA starts to reduce if your taxable income plus the value of any pension savings made exceeds £240,000 a year. It reduces by £1 for every £2 of income above £240,000, tapering down to an AA of £4,000 if your income is £312,000 or more a year.

Also, if you access a money purchase pension pot using the "Pension Freedoms", there is an annual limit on the amount of contributions that you can subsequently pay into a money purchase arrangement. The current annual limit is £4,000.

The pension savings you can make tax free over your lifetime are limited to the lifetime allowance (LTA). From 6 April 2020, the LTA is £1.0731m and is likely to increase in line with Consumer Price Index inflation each tax year. If your pension savings are worth more than this when you take your benefits, you'll have to pay the LTA tax charge unless you have some form of LTA protection. Further details of the changes to the LTA, including protection, are available from HMRC's website: <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual>



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Thinking of transferring your benefits

Safeguards are in place for people with defined benefit pensions such as the benefits you have built up in the Scheme. We are required to check that anyone wishing to transfer their defined benefit pension to another arrangement to access the Pension Freedoms has obtained advice from an independent financial adviser. The adviser must be authorised by the Financial Conduct Authority to advise on pension transfers. We are not required to check that advice has been obtained where the transfer value is at or below £30,000.

Pension scams

We urge you to be vigilant against pension scams. Should you have any unsolicited approaches from companies offering to undertake pension reviews, or offering you an opportunity to access your pension fund early, please visit the Financial Conduct Authority website before taking any action: <https://www.fca.org.uk/scamsmart/how-avoid-pension-scams>

Same sex survivor pensions

The Supreme court has ruled in the case Walker v Innospec that restricting same sex survivor pensions to a deceased member's pensionable service after 5 December 2005, as previously permitted by UK law, is discriminatory. The same rules must apply to the calculation of same sex survivor pensions as other survivor pensions, and with retrospective effect.

State Pension

If you reached State Pension Age before 6 April 2016, you will continue to receive the basic state pension and any earnings-related pension.

If you will reach State Pension Age on or after 6 April 2016, you will be entitled to the new State Pension. Your State Pension will be based on your National Insurance record. There have been further changes to state pension age, affecting individuals born after 5 April 1960 and in 2017 the Government has just proposed further changes affecting individuals born after 5 April 1970. To find out your state pension age and to obtain an estimate of your state pension, go to: <https://www.gov.uk/check-state-pension>

Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a new tracing service available: <https://www.gov.uk/find-pension-contact-details>

Using your personal information

The Trustees and the Scheme Actuary will only use your personal information for the administration and financial management of the Scheme. It will only be shared with third parties where there is a legal obligation on us to do this or where it is necessary for the proper administration of the Scheme. For information on how your data is used, how we maintain the security of your information and your rights to access information we hold on you, please contact the Trustees care of the Scheme Administrator.



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Where can I get more information?

If you have any other questions, or would like more information, please contact The Pension Scheme Administrator, The Leprosy Mission Central Pension Scheme, 80 Windmill Road, Brentford, Middlesex TW8 0QH or by email on gladstone.worthington@leprosymission.org. A list of more detailed documents which provide further information is set out below. If you want us to send you any of these documents please let us know.

If you have not yet started taking your pension, every three years, we will send you an up-to-date estimate of your pension at retirement.

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

Additional documents available on request

- The **Statement of Investment Principles**. This explains how the Trustees invest the money paid into the Scheme.
- The **Schedule of Contributions**. This shows how much money is being paid into the Scheme.
- The **Annual Report and Accounts** of The Leprosy Mission Central Pension Scheme, which shows the Scheme's income and expenditure over each year.
- The full report on the **Actuarial Valuation** following the actuary's check of the Scheme's situation as at 31 December 2018.
- The **Statement of Funding Principles**. This explains the methods used to place a value on the benefits payable under the Scheme.
- The shorter **Actuarial Report** following the actuary's update of the Scheme's funding position as at 31 December 2019.
- The **explanatory booklet** for employee members of The Leprosy Mission Central Pension Scheme (you should have been given a copy when you joined the Scheme, but we can let you have another copy).

Important:

If you are thinking of leaving the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.