



Arqiva Defined Benefit Pension Plan

Actuarial Valuation Report as at 30 June 2017

September 2018

Executive Summary

This report sets out the results of the actuarial valuation of the Arqiva Defined Benefit Pension Plan ('the Plan') as at 30 June 2017.

Results

(£m)	Technical Provisions	Buy-out	PPF (Section 179)
Assets	240.9	240.9	240.9
Liabilities	259.2	350.7	236.5
Surplus/(deficit)*	(18.3)	(109.7)	4.4
Funding level	93%	69%	102%

*Figures may not sum due to rounding

Recovery Plan

In order to address the shortfall in the Technical Provisions, Arqiva Limited (the "Employer") has agreed to pay the following contributions:

Year ending	Tier 1 payment	Tier 2 payment	Salary catch-up payment	Total
31 July 2017	£2.50m (paid)	-	-	£2.50m
31 July 2018	£2.50m (paid)	£2.05m*	£1.38m*	£5.93m
31 July 2019	£3.30m	£2.05m	-	£5.35m
31 July 2020	£3.30m	£2.05m	-	£5.35m

* Payable within 7 days of signing the formal documentation relating to the 30 June 2017 Actuarial Valuation, i.e. by 5 October 2018.

In addition, the Employer will also meet directly the expenses of running the Plan, including expenses and PPF levies.

The key risks for the Trustee of the Plan ('the Trustee') to monitor are:

- Changes in the covenant of the Employer and, in particular, the risk of the Employer being unable to make good deficits in the future. There should be an agreed process for the Employer to update the Trustee on all relevant changes to the Employer.
- Unexpected improvements in life expectancy.
- The risk that a significant number of members may take a more valuable option than that assumed in the Technical Provisions.
- The volatility of the future funding level due to the proportion of Plan assets invested in return generating assets, whereas the Technical Provisions are assessed by reference to yields on government bonds.
- Unexpected changes in inflation.

Actions being taken to mitigate these risks are:

- Regular updates from the Employer on covenant matters.
- Regular reviews of investment strategy, in conjunction with covenant strength and overall funding strategy.
- Provision of annual funding updates from the Scheme Actuary.
- Regular use of risk management tools that provide real-time Plan information.
- Regular updates on member experience and general demographic trends observed, including changes in life expectancy.

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KPMG LLP

September 2018



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Introduction

Aims of the valuation

The aims of the valuation are:

- To calculate the Technical Provisions of the Plan and to show the extent to which the Plan's existing assets are sufficient to cover them as at the valuation date (the Statutory Funding Objective);
- To review the experience of the Plan since the last actuarial valuation;
- To assess the solvency position of the Plan;
- To calculate the value of the liabilities of the Plan in relation to the Pension Protection Fund; and
- To provide information in order to determine a Recovery Plan for the funding of any disclosed shortfall of the Plan's Technical Provisions against its assets.

Valuation background

The financial and demographic assumptions used for the Technical Provisions have been agreed by the Trustee and the Employer following actuarial advice from me. These assumptions are detailed in the Statement of Funding Principles. The Trustee should be familiar with the Code of Practice 03 – "Funding Defined Benefits" and other relevant material published by the Pensions Regulator.

Disclosures

I am the Scheme Actuary to the Plan appointed in accordance with the requirements of Section 47 of the Pensions Act 1995.

This report, providing details of my actuarial valuation of the Plan as at 30 June 2017, has been commissioned by and is addressed to the Trustee. Whilst other parties may be provided with the report, it should not be relied upon by any other person. Any person other than the Trustee who chooses to rely on this report does so at their own risk. To the fullest extent permitted by law, I and KPMG LLP accept no responsibility or liability to that party in connection with this report.

Actuarial valuations are required under paragraph 18.2.6 of the Trust Deed and Rules. In addition, there is a statutory requirement under Part 3 of the Pensions Act 2004 for valuations to be carried out no less frequently than every three years.

The Pensions Regulator's Code of Practice asks trustees to ask the Scheme Actuary to set out the compliance review process which has been adopted. It is a fundamental feature of KPMG's mandatory work procedures that all work is internally peer-reviewed prior to release to clients. This applies equally to actuarial advice on scheme funding.

Specifically, KPMG's procedures for actuarial advice require that:

- I must abide by all professional standards set by the actuarial profession; and
- actuarial advice on scheme funding must be reviewed by a qualified actuary who is competent in relation to the work involved.

This KPMG reviewing actuary is located in a different office to the Scheme Actuary.

Financial Reporting Council (FRC)

The Technical Actuarial Standards TAS 100 and TAS 300 ("the revised TASs") published by the Financial Reporting Council apply to the work on this actuarial valuation and I confirm that it complies with these standards.

Employer covenant

During the valuation process, the Employer was engaged in ongoing corporate activity which culminated in the shareholders launching an initial public offering in late 2017. Although this process was subsequently postponed (for an indefinite period), the Trustee felt that the lack of clarity on the Employer's future ownership (including its complex debt structure) would continue beyond the period of the actuarial valuation. As such, having discussed with their covenant advisor, KPMG, the Trustee agreed that it would not be worthwhile or cost-effective to undertake a formal covenant review until such time when there was a clear picture of the underlying business and its future plans.

Whilst no formal independent report of the covenant of the Employer was completed, the Trustees, KPMG and its other advisors reviewed substantial and detailed information provided by the Company in terms of its business plans, prospects, market position and financing arrangements. The Trustee (following discussions with KPMG and its other advisors) agreed that there was no evidence to suggest that the covenant strength had materially worsened since the previous valuation (30 June 2014) and that it was appropriate to retain a similar level of prudence within the Technical Provisions.

The Employer has acknowledged that should a significant change in its business or refinancing prospects arise that is likely to have a materially adverse impact on the Employer's ability to meet its obligations to the Plan, the Trustee reserves the right to call for a new valuation.

Clearly, the future funding of the Plan is dependent on the ability of the Employer to meet future contributions. The Trustee plans to keep this under review.



Valuation process

Membership data

The quality of the valuation data determines the accuracy of the results and, as such, it is important that the information provided is of a suitable quality. I have relied upon the accuracy of the information provided by the administrators of the Plan on behalf of the Trustee for this valuation.

Checks have been performed to assess the appropriateness of the data used, including reference to the audited accounts for the Plan year ending with the valuation date. I have no reason to doubt the accuracy of the data provided although I cannot confirm that the detailed information in respect of every member is correct in all respects. We have not, for example, attempted to reconcile GMP details held for each member with HMRC records. Consequently, I do not accept any liability in respect of my advice where I have relied on data which is incomplete or inaccurate.

The membership data, which has been supplied by KPMG LLP as administrators of the Plan, is summarised in the Appendices, together with the data from the previous valuation.

Plan benefits

A summary of the main benefits offered by the Plan is set out in the Appendices.

I have not considered any additional liabilities that may be imposed on the Plan from any requirement to remove sex based inequalities in benefits arising from Guaranteed Minimum Pensions.

There is no current practice of awarding additional benefits on a discretionary basis, and accordingly this valuation makes no allowance for any such discretionary benefits in addition to benefits provided by the rules of the Plan.

Benefits secured by payment of members' Additional Voluntary Contributions ('AVCs') are held in separate money-purchase insurance contracts. These benefits and corresponding assets have been excluded from the scope of this valuation. Some categories of membership were permitted to pay AVCs to purchase additional years of pensionable service. The corresponding assets and liabilities are included in the scope of this valuation.

Asset valuation

The value of the Plan's assets has been taken from the audited accounts of the Plan for the year ending 30 June 2017. This is a market value and is compatible with the value of the liabilities calculated at the same date. The value of the assets used for this valuation is £240.9m.

In addition, the Plan has money purchase AVCs of £6.4m, which have been excluded from both the assets and liabilities for the purpose of this valuation.

The Trustee's Statement of Investment Principles states that the Trustee's primary aim is a desire to avoid a deterioration of the ongoing funding level on the Technical Provisions basis and to achieve full funding on the Technical Provisions basis. The current holdings are summarised in Appendix I.

As part of the discount rate setting process for the valuation, an assumed long term investment strategy is required, and this is set out in the Statement of Funding Principles. Whilst the stated long term investment strategy forms one of the parameters for setting the discount rate, the Trustee recognises that in practice the actual asset classes used in the longer term may differ. This parameter will also be subject to review at regular intervals.

Whilst the longer term expected return from return generating assets exceed the assumed rates of return on which the Technical Provisions are based, their relative returns can be volatile in the shorter term, and may consequently lead to short term volatility of the funding position of the Plan. Subject to the potential short term volatility, the investment policy is not inappropriate given the form and incidence of the Plan's liabilities.

Valuation process

Valuing the Technical Provisions

The Technical Provisions are the value of the Plan's future cash outflows. These cash flows comprise the pension and lump sum payments expected to fall due from the Plan in respect of benefits already accrued to existing members.

Since these cash flows are in respect of pension payments to be made over many years into the future they are long term and uncertain in nature. They are determined by the timing and level of benefits payable from the Plan, but their exact values will depend on, amongst other factors, future rates of inflation, how long members will live, and when members choose to take their benefits.

Assumptions

The Trustee has taken advice from the Scheme Actuary with regard to the assumptions to be used to calculate the Technical Provisions.

The Trustee has also considered the Employer covenant as well as the investment strategy of the Plan.

In doing so, the Trustee has considered the risks associated with the investment strategy and the ability of the Employer to be able to support the Plan in the event of unfavourable future experience.

The assumptions are discussed overleaf and set out in the Appendices.

Funding method

As specified in the Trustee's Statement of Funding Principles (which is included in the Appendices), the funding method used to calculate the Plan's position relative to the funding target – that the Plan should hold sufficient assets to cover its Technical Provisions – is the Defined Accrued Benefit Method. The choice of funding method is restricted by legislation. However, as the Plan is closed to future accrual, the choice of funding method is not material to the Plan. The previous valuation used the Projected Unit Method (at which time the Plan was open to future accrual).

Future contributions will depend on the future experience of the Plan. Deficits or surpluses can be expected to emerge at future valuations if future experience is different from the assumptions underlying this valuation. Depending on the magnitude of any such future deficit, it may be necessary to adjust the Employer's contributions.

Assumptions

I have used the assumptions set out in the Statement of Funding Principles to calculate the Plan's Technical Provisions. A copy of this Statement is given in the Appendices. I consider these assumptions appropriate for calculating the Technical Provisions.

Financial assumptions

The main financial assumptions adopted for this valuation and the previous valuation are shown in the table below:

Key assumptions		
% p.a.	30 June 2014	30 June 2017
Discount Rates:		
Non-pensioners – pre-retirement	4.25%	2.65%
Non-pensioners – post-retirement	4.25%	2.65%
Pensioners	4.25%	2.65%
Inflation:		
RPI	3.60%	3.50%
CPI	2.60%	2.50%
Pension increases:		
RPI max 10%	3.60%	3.50%
RPI max 5%	3.40%	3.30%
RPI min 3% max 5%	3.85%	3.80%
CPI	2.60%	2.55%
CPI max 3%	2.25%	2.10%

The assumptions have been set in a consistent manner to those used for the previous valuation as at 30 June 2014. In particular, the level of prudence incorporated within the discount rate has been maintained, reflecting the Trustee's approach in assessing the Employer's covenant (as described on page 4).

The economic assumptions have changed in line with movements in market yields.

Demographic assumptions

The demographic assumptions are the same as those used in the previous valuation with the exception of:

- the assumption used to model future improvements in life expectancy; and
- the assumption for the amount of tax-free cash that members are assumed to take at retirement.

For the previous valuation, an allowance was made for improvements in life expectancy by using the CMI 2013 projections model published by the Continuous Mortality Investigation of the Actuarial Profession based on each individual member's year of birth, with a long-term rate of improvement of 1.5% per annum for males and females. For this valuation, an allowance has been made for improvements in life expectancy by using the CMI 2016 projections model (the latest available as at the valuation date), with long-term rates of improvement of 1.5% per annum for males and females.

The previous valuation assumed that 50% of members exchange 25% of their pension for cash at retirement. Following analysis of actual take-up of commutation by the Plan's membership over the inter-valuation period, this assumption has been updated to allow for 60% of members exchanging 25% of their pension for cash at retirement.

Other demographic assumptions are unchanged.

Results

The results of the valuation are set out in the table below:

Results (£m):	Technical Provisions
Active members	-
Deferred members	160.2
Pensioner members	<u>99.0</u>
Total liabilities	259.2
Assets	<u>240.9</u>
Surplus/(Deficit)	(18.3)
Funding level	93%

My certification of the calculation of the Technical Provisions is given in the Appendices. It should be noted that the Technical Provisions of the Plan are not the same as the cost of securing benefits should the Plan be wound up. This information is given in the "Estimate of Solvency" section of this report.

Future estimate of Technical Provisions

I am required to state how the Technical Provisions funding position given above is projected to change by the next valuation. I estimate that the funding level of the Plan will improve over three years. At the time of the next statutory actuarial valuation, I estimate that the assets will be sufficient to cover approximately 98% of the liabilities as valued on the current Technical Provisions basis.

In making these statements, I have assumed that market conditions remain stable, liability experience is in line with that expected (i.e. follows the assumptions underlying the Technical Provisions) and performance of the assets is in line with the assumptions underlying the Recovery Plan.

In practice it is likely that the actual funding level will vary materially in the period to the next valuation. In particular, the potential short term volatility of the Plan's assets can lead to significant variation in the funding level.

Sensitivities

Sensitivity analysis

It is likely, especially in the short term, that the assumptions will not be borne out in practice. Therefore, it is important to consider the potential impact of actual experience being different from that assumed.

It should be noted that the relative difference between assumptions is more important than the absolute value of each. In particular, the valuation results are sensitive to differences between:

- investment return and rate of revaluation of accrued benefits; and
- investment return and rates of increases to pensions in payment.

The assumption for life expectancy is another key assumption for valuing the liabilities. The mortality tables used allow for recent pension scheme experience and improvements. This is a key assumption and I will keep the situation under review.

In the following table, I have shown the sensitivity of the Technical Provisions results to changes in the valuation assumptions. These show the impact on solely the liabilities. All figures are in comparison with the Technical Provisions results previously shown.

It should be noted that a change in bond yields will affect both the calculation of the Technical Provisions and the market value of the portion of the Plan's assets invested in bonds and gilts.

Assumption changed	New assumption	Change in liabilities (£m)	Funding Level
Discount rate decreases by 0.10%	2.55% p.a.	+ 5.4 (2.1% increase)	91%
RPI rate increases by 0.10% ^(a)	3.60% p.a.	+ 4.9 (1.9% increase)	91%
Mortality – assume members live 1 year longer	One year increase in life expectancy	+ 10.1 (3.9% increase)	89%
Cash commutation	No allowance	+ 6.8 (2.6% increase)	91%

Note: (a) Change in RPI inflation assumption includes the effect on CPI and pension increases assumptions.

Review of past experience

Previous valuation

I carried out the last actuarial valuation of the Plan as at 30 June 2014 and the results were published in a report dated 2 October 2015. That valuation showed a funding level of 88% on the Technical Provisions basis, and a deficit of £22.0m.

Contributions paid

At the time of preparing the Schedule of Contributions for the 30 June 2014 valuation, the Employer was undertaking an employee consultation with a proposal to close the Plan to future accrual. The results of the consultation were not known at that time and as such I prepared the Schedule of Contributions to be flexible enough to cater for the Plan remaining either open or closed to future accrual.

I recommended Employer contribution rates as follows (payable monthly from 2 October 2015):

Assuming the Plan closed to future accrual by 31 December 2015:

- 28.7% of Pensionable Salaries for NTL Broadcast members
- 32.7% of Pensionable Salaries for NGW member
- 24.1% of Pensionable Salaries for NGUK/ESPS members

Assuming the Plan remained open to future accrual on 1 January 2016 but closed to future accrual by 30 June 2016:

- 39.0% of Pensionable Salaries payable from 1 January 2016 until date of closure.

Assuming the Plan remained open to future accrual:

- 39.0% of Pensionable Salaries payable from 1 January 2016
- One-off payment by 31 July 2016 in respect of the shortfall in contributions due between 30 June 2014 and 31 December 2015 as calculated by the Scheme Actuary and agreed by the Employer.

The agreed deficit payments to correct the deficit were:

- £2.5m by 31 July 2016; £2.5m by 31 July 2017; £2.5m by 31 July 2018
- £3.3m by 31 July 2019, £3.3m by 31 July 2020

Expenses and PPF levies were payable directly by the Employer.

Since the last valuation, contributions have been paid by the Employer in line with my recommendations set out above.

Developments since the previous valuation

Following the consultation exercise, the Plan closed to future accrual on 31 January 2016. From this date, active members ceased to accrue further benefits in the Plan and became deferred members, with preserved benefits based on their Pensionable Service accrued and Final Pensionable Salaries as at 31 January 2016.

It was estimated that the Plan closure resulted in a reduction of c.£2.3m to the Technical Provisions as at 31 January 2016. This is as a result of the loss of future salary linkage on active members' accrued benefits. Instead, the accrued benefit of the members were linked to increases in the relevant revaluation index (see Appendix II). Where revaluation is in line with CPI inflation, a reduction in the Technical Provisions is expected to emerge as CPI inflation was assumed to be lower than future salary growth.

New legislation

Since the last valuation, there have been no major changes to the Pensions Act 2004 funding regime. A revised funding code of Practice was introduced in July 2014 which the Trustee have considered as part of this valuation.

Investment returns

I estimate that, from the published figures in the Plan's annual reports, over the three years since the last valuation the Plan's assets have achieved a rate of return of 11.4% p.a.

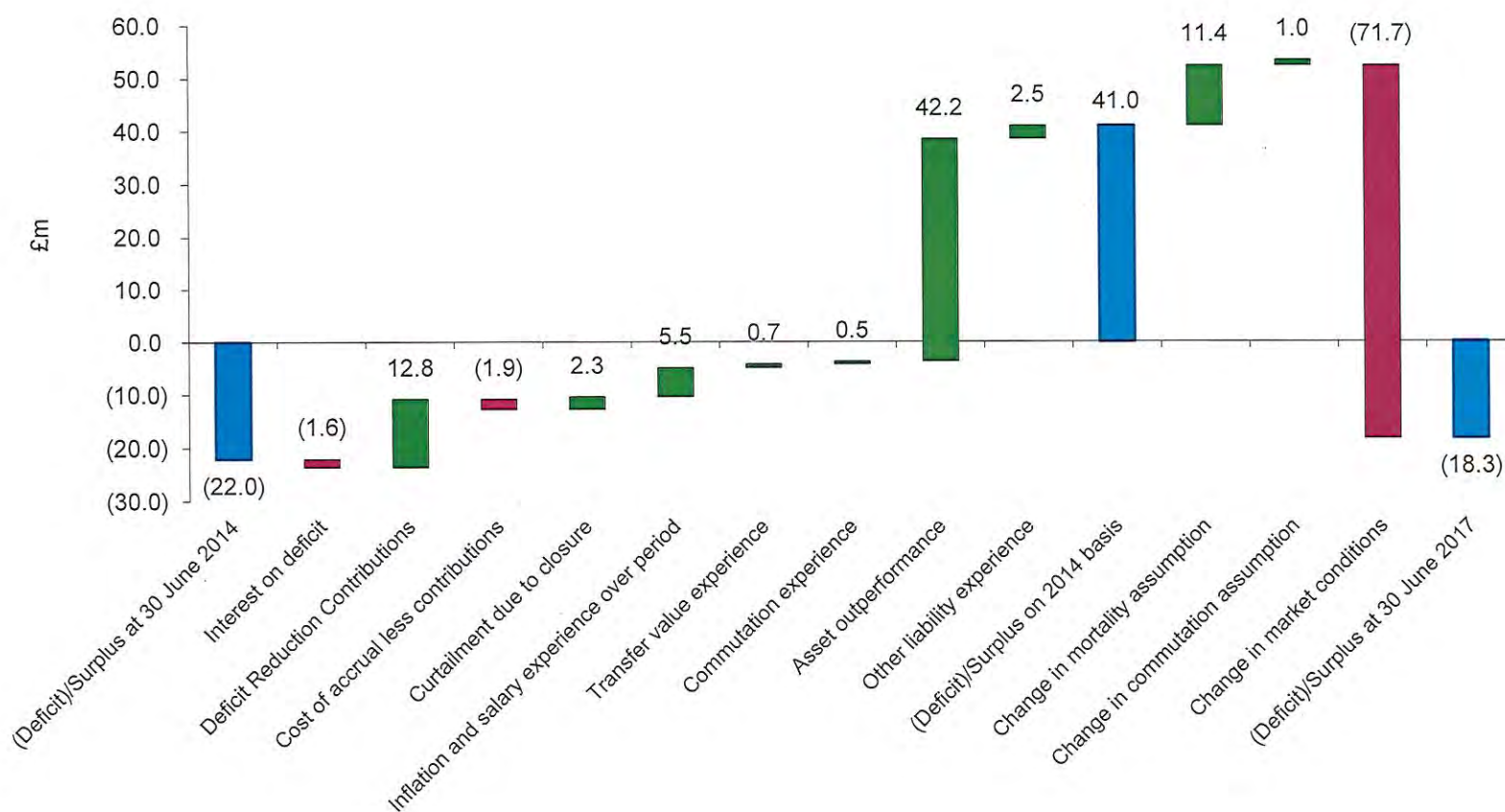
Corporate activity

As described on page 4, the Employer has engaged in ongoing corporate activity since the valuation date, including launching an initial public offering in late 2017. As explained earlier, the Trustee has allowed for the same level of prudence within this valuation as the last – so these developments have had no direct impact on the Plan. The Trustee have agreed to keep this position under review and reserves the right to call an early valuation should it believe that the Employer covenant has materially worsened.

Review of past experience (continued)

Experience analysis

I have compared the results of the current valuation with the position at the previous valuation to analyse how the position has changed over the intervening period. The chart below highlights the main areas of funding gains and losses that the Plan has experienced over the three year inter-valuation period.



Estimate of solvency

The Occupational Pension Schemes (Scheme Funding) Regulations require me to give my estimate of the solvency position of the Plan as at the valuation date.

Assumptions for estimate of solvency

Should the Plan wind up in the future, the assets would be compared to the cost of buying out the Plan's liabilities with an insurance company.

A solvency basis is not the same as the Technical Provisions basis. The Technical Provisions basis takes into account the investment strategy of the Plan and the Trustee's view of the Employer covenant. A solvency basis estimates the assumptions an insurance company may use to price the cost of providing the benefits on a fully guaranteed basis, in return for a one off premium. This will take into account:-

- The returns on the assets an insurer would typically hold to back these liabilities.
- The margins added by the insurer to take account of the risk, as the insurer takes on sole responsibility for all future benefit payments. There is no recourse for further premiums if experience is worse than expected.

My estimate of the solvency position of the Plan has been made as my estimate of the buy-out cost in line with the KPMG team's estimate of pricing in the buy-out market as at the valuation date.

The buy-out team keeps track of the buy-out market and the pricing bases used by the insurance companies and from the information supplied are able to provide estimated buy-out pricing assumptions.

It is important to note that the solvency estimate is only a guide. In particular, the buy-out market is volatile, both relative to interest rates and in the supply and demand for this type of business, and consequently no single estimate can be relied upon. Ultimately, the true solvency position can only be established by completing a buy-out.

Estimated solvency position

The results are as follows:

Results £m:	30 June 2014	30 June 2017
Total liabilities	261.0	350.7
Assets	<u>169.0</u>	<u>240.9</u>
Surplus/(Deficit)*	(92.0)	(109.7)
Funding level	65%	69%

*Figures may not sum due to rounding

In terms of the statutory priority order for apportionment of assets on winding up, the coverage as at 30 June 2017 was as follows:

Benefit Category	Coverage
Expenses	100%
PPF benefits	100%
Benefits in excess of PPF levels	27%

Future solvency estimate

I estimate that the solvency position of the Plan will improve over three years to a funding level of 73%.

In making these statements, I have assumed that market conditions remain stable and liability experience is in line with that expected (i.e. follows the assumptions underlying the solvency estimate). I have also assumed that the performance of the assets is in line with the assumptions underlying the Recovery Plan.

In practice it is likely that the funding level and coverage of the different priority classes will vary materially in the period to the next valuation. In particular, the potential short term volatility of the Plan's funding position can lead to significant variation in the level of benefit coverage.

Pension Protection Fund

Background

The Pension Protection Fund (the “PPF”) was established on 6 April 2005 when the Pensions Act 2004 came into force. The PPF is a compensation scheme that aims to provide members of private sector defined benefit schemes with a specified minimum level of compensation for pension benefits when the sponsoring employer becomes insolvent. It is run by a statutory body. The compensation benefits are not guaranteed and the PPF is funded by levies payable by defined benefit schemes.

Currently, the PPF will pay a maximum of 100% of benefits for those over normal retirement age and 90% of the benefits of those under normal retirement age. Over and above this, the PPF will cap the maximum amount of benefit payable in respect of members under normal retirement age.

Pensions in payment from the PPF only receive increases in line with Consumer Prices Index inflation (capped at 2.5% per annum) in respect of service after 5 April 1997, and no increases in payment are given for pensions in respect of service before 6 April 1997. Spouses’ pensions are limited to 50% of the member’s pension.

PPF coverage

If the Employer becomes insolvent, the Plan may become eligible to enter the PPF. One of the main requirements is that the Plan’s assets are less than the value of the benefits provided by the PPF.

The previous section shows that, had the Plan wound up on the valuation date with no funding provided by the Employer, members would have received 100% of benefits corresponding to PPF compensation plus 27% of remaining benefits, with these being provided by an insurance company outside the PPF.

Section 179 valuation

It is a requirement of the Pensions Act 2004 that a valuation for the purpose of determining the annual levy payable to the PPF (a Section 179 valuation) is carried out, at least every three years.

I have carried out such a valuation as at the valuation date and the summary results are shown below. The detailed results will be input onto the Pensions Regulator’s Scheme Exchange system. A summary of this information is provided in the Appendices.

Results £m:	Section 179
Active liabilities	-
Deferred liabilities	147.7
Pensioner liabilities	84.2
Expenses	<u>4.6</u>
Total liabilities	236.5
Assets	<u>240.9</u>
Surplus/(Deficit)	4.4
Funding level	102%

Contributions

Contribution rule

Determination of the Employer's contributions to the Plan is governed by Rule 4.1 of the Definitive Trust Deed and Rules.

An abridged version of this rule is as follows: *"Each Employer must contribute to the Plan at the rate (if any) the Principal Employer thinks appropriate, after consulting the Scheme Actuary and the Trustee..."*.

The Pensions Act 2004 has given increased powers to the Trustee to determine funding matters, subject to agreement from the Employer.

Expenses

The Plan's administrative expenses, including all levies, for example the PPF levy, will be paid in addition by the Employer.

This includes investment management invoices raised directly by fund managers but excludes those met by a deduction from the Plan's assets at source.

Recovery Plan

An immediate contribution of £18.3m would be required to meet the Statutory Funding Objective. This contribution could be paid either as an immediate lump sum or as a series of payments of equivalent value over a suitable period.

The Employer and Trustee have agreed that, in addition to the remaining amounts due under the existing recovery plan dated 2 October 2015, the Employer will pay extra annual contributions of £2.05m for 3 years until 31 July 2020 in order to eliminate the additional deficit arising since the last valuation.

In line with the Schedule of Contributions dated 2 October 2015, the Employer will also make a one-off payment of £1.38m in respect of the additional liability arising directly from salary increases being greater than increases in RPI over the period between the last valuation date and when the Plan closed to accrual.

These figures have been based on the same assumptions as those underlying the calculation of the Technical Provisions.

The Trustee and Employer have adopted a formal Recovery Plan (see Appendices) which includes details of these contributions. I will submit this to the Pensions Regulator on behalf of the Trustee.

Schedule of Contributions

All contributions, including their effective dates, must be set out in a Schedule of Contributions, to be signed on behalf of the Trustee and the Employer and certified by me. A copy of the schedule and my certificate is included in the Appendices.

The Trustee will revisit the position at the next actuarial valuation or before in the event of any material change in circumstances.



Appendices

Appendix I

Membership summary and assets

Membership data

Membership data at the valuation date is summarised below, along with membership data at the previous valuation date for comparison.

	Number	Weighted average age*	Average Annual Pensionable Salaries / pension (£)**
	(previous valuation in brackets)		
Actives	0 (379)	n/a (52 years)	n/a (£51,530 p.a.)
Deferreds	420 (256)	53 years (51 years)	£10,290 p.a. (£6,590 p.a.)
Pensioners	454 (374)	64 years (64 years)	£6,950 p.a. (£5,430 p.a.)

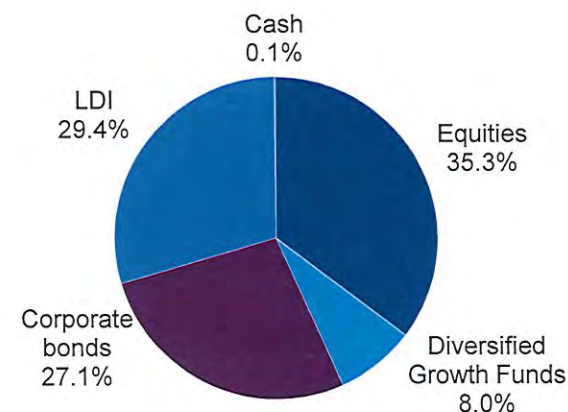
*Weighted by pension

**Accrued pension at date of leaving for deferreds (revalued to 31 March 2017 for deferred NGW members) and current pension in payment for pensioners

Duplicate periods of service are counted separately

Plan Assets

The chart below shows how the market value of the assets was allocated between major asset classes as at 30 June 2017. The total asset figure of £240.9m has been taken as the value of the invested assets together with the funds held in the bank account.



Note: figures may not sum due to rounding

Appendix II

Benefit Summary

The Plan is contracted-out of the State Second Pension.

A summary of the main provisions in respect of the Plan is set out below. Further details of the benefits are available in the members' booklet, announcements to members and the Definitive Trust Deed and Rules.

Section	Normal Retirement Age	Pensionable Salary	Final Pensionable Salary	Accrual Rate
Main	60	Basic Pay plus certain taxable allowances	Pensionable Salary	60ths
DTELS	60	Basic Pay plus certain taxable allowances	Highest average Pensionable Salary in 12 months during the last 3 years of Pensionable Service	60ths
MPS	60	Basic Pay plus certain taxable allowances	Highest average Pensionable Salary in 12 months during the last 3 years of Pensionable Service	60ths
BT Section A/B	60	Basic Pay plus certain taxable allowances	Highest average Pensionable Salary in 12 months during the last 3 years of Pensionable Service	80ths + 3/80ths cash
BT Section C	60	Basic Pay plus certain taxable allowances	Highest average Pensionable Salary in 12 months during the last 3 years of Pensionable Service	60ths
NGW	60	Basic Pay plus certain taxable allowances	Pre July 2003 service: Pensionable Salary at June 2003 revalued by RPI Post July 2003 service: Annual Pensionable Salaries revalued by RPI (career average structure)	60ths
NGUK	65 (but can retire unreduced, without consent from age 60)	Basic Pay plus certain taxable allowances	The greater of: i) highest salary in 5 years before date of retirement/leaving; and ii) average of best three consecutive years within 10 years before date of retirement/leaving	60ths
ESPS	60 - if joined pre 1 April 1988 63 - if joined post 1 April 1988	Basic Pay plus certain taxable allowances	The greater of: i) highest salary in 5 years before date of retirement/leaving; and ii) average of best three consecutive years within 10 years before date of retirement/leaving	80ths + 3/80ths cash

Appendix II

Benefit Summary (continued)

Section	Revaluation in Deferment	Pension Increases	Guarantee (years)
Main	Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	RPI, or 5% if lower, with a minimum of 3% overall	0
DTELS	If Date of Birth > 1/4/1954, fixed 5% Otherwise: Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	RPI, or 5% if lower, with a minimum of 3% overall	0
MPS	Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	RPI, or 5% if lower	5
BT Section A/B	Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	CPI	5
BT Section C	Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	RPI, or 5% if lower	5
NGW	RPI, or 10% if lower	RPI, or 10% if lower	5
NGUK	Pre 6/4/2009 service: CPI max 5% Post 5/4/2009 service: CPI max 2.5%	RPI. Can be limited to 5% by the Employer	5
ESPS	RPI. If this exceeds 5%, Employer can limit it, but not below 5%	RPI. If this exceeds 5%, Employer can limit it, but not below 5%	5

Appendix II

Benefit Summary (continued)

Section	Death after retirement	Ill health provision	Redundancy provision
Main	Spouse's pension equal to 50% of pension payable at date of death (assuming no pension was exchanged for cash)	Not provided by the Plan	Unreduced pension payable from 55
DTLS	Spouse's pension equal to 50% of pension payable at date of death (assuming no pension was exchanged for cash)	Not provided by the Plan	No special terms
MPS	Spouse's pension equal to 50% of pension payable at date of death (assuming no pension was exchanged for cash)	Not provided by the Plan	No special terms
BT Section A/B	Spouse's pension equal to 50% of pension payable at date of death (assuming no additional pension was exchanged for cash)	Pension may be paid early and may be unreduced at Trustee discretion	Unreduced pension payable from 55. If member aged between 50-55, Employer pays lump sum to member outside of Plan. Enhancement equal to min (6 2/3 years, service to Normal Retirement Age)
BT Section C	Spouse's pension equal to 50% of pension payable at date of death (assuming no pension was exchanged for cash)	Pension may be paid early and may be unreduced at Trustee discretion	Unreduced pension payable from 55. If member aged between 50-55, Employer pays lump sum to member outside of Plan.
NGW	Spouse's pension equal to 2/3rds of pension payable at date of death (assuming no pension was exchanged for cash)	Unreduced pension payable. Can be enhanced with service up to NRD	No special terms (but member can pay for unreduced pension)
NGUK	Spouse's pension equal to 1/90th of member's pensionable salary for each year of service	Unreduced pension payable. Can be enhanced with additional service	Unreduced pension payable from 50
ESPS	Spouse's pension equal to 2/3rds of member's pension	Unreduced pension payable. Can be enhanced with service up to NRD	Unreduced pension payable from 50/55

Appendix III

Certificates and documentation

- a) Certification of the calculation of the Technical Provisions
- b) Statement of Funding Principles
- c) Schedule of Contributions
- d) Recovery Plan
- e) Section 179 valuation



Certification of the calculation of the Technical Provisions

Name of scheme

The Arqiva Defined Benefit Pension Plan ('the Plan')

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Plan's Technical Provisions as at 30 June 2017 is made in accordance with regulations under Section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated September 2018.

Signature:



Date:

27 September 2018

Name:

Robert Bass

Qualification:

Fellow of the Institute and
Faculty of Actuaries

Address:

KPMG LLP
Arlington Business Park
Theale
RG7 4SD

Employer:

KPMG LLP

Statement of Funding Principles

Name of scheme: The Arqiva Defined Benefit Pension Plan ('the Plan')

Version 5 agreed: September 2018

Previous versions: Version 1 agreed May 2007

Version 2 agreed September 2009

Version 3 agreed September 2012

Version 4 agreed October 2015

This statement was agreed between the Trustee of the Arqiva Defined Benefit Pension Plan (the "Plan") and Arqiva Limited (the "Employer") as required by Section 223 of the Pensions Act 2004.

The actuarial valuation of the Plan at 30 June 2017 was carried out on the basis of these principles.

The Trustee took advice from the Scheme Actuary, Robert Bass FIA, before completing this statement.

This Statement will next be reviewed before 30 September 2021, which is fifteen months after the effective date of the next scheduled actuarial valuation of the Plan.

Our policy for ensuring that the Statutory Funding Objective is met

The Plan's adopted and agreed funding target is 100% of its Technical Provisions, which is consistent with the Statutory Funding Objective.

We have agreed a method and assumptions for calculating the Plan's Technical Provisions which we believe are sufficiently prudent. This means that we believe they will allow the continued payment of pensions and benefits already in payment and that they place a value on other pensions and benefits which, given our investment strategy, means they have a realistic probability of being met at the appropriate times.

We make annual checks on the funding position of the Plan, to confirm whether or not the Plan is still on track for the Statutory Funding Objective to be met by the end of the Recovery Period.

Other funding objectives

The Plan has no other funding objectives other than those described above.

The methods and assumptions to be used in calculating the Plan's Technical Provisions

Method

The Plan's Technical Provisions will be calculated, as required by the Pensions Act 2004, using an accrued benefits method. Specifically the method used is the Defined Accrued Benefit Method.

Assumptions

The principal assumptions to be used in calculating the Plan's Technical Provisions will be determined as set out on the following page. Alongside each assumption, we show the figure used in the valuation as at 30 June 2017.

Statement of Funding Principles - cont

Assumption	Derivation	As at 30 June 2017
Discount rates	1. A single gilt yield is derived by averaging the whole of the Bank of England UK nominal gilt spot curve by the sub-fund's cashflows for each year 2. An asset allocation of the Plan's assets is assumed at the valuation date and at the point at which the majority of members are assumed to be pensioners (currently 2031) 3. Weighted average best-estimate returns are calculated at the start and end points based on assumed asset allocations and best-estimate returns for the different assets classes 4. The weighted average best-estimate return is assumed to reduce linearly from the start position to the end position 5. The Plan's cashflows are set against the best-estimate returns applicable in each future year to determine a weighted average best-estimate return over the lifetime of the Plan, expressed as a single discount rate 6. The difference between the calculated gilt yield and the weighted average best-estimate return is determined 7. This difference is reduced to take prudence into account in order to arrive at the valuation discount rate	
Discount rate	Determining gilt yield	
Part 1	The Plan's cashflows over its entire lifetime are compared to the gilt spot curve in force at the valuation date. The cashflow in each future year is discounted back to the valuation date using the corresponding gilt spot rate applicable in that year. Once the present value of all future cashflows is determined, an equivalent single gilt yield is calculated that would equate to the same present value of cashflows.	1.80%
Discount rate		27.2% – Developed Market Equities
Part 2		6.0% – Emerging Market Equities
	Asset allocation (start)	11.1% – Diversified Growth Funds
	Asset allocation assumed for the Plan's assets at the valuation date.	17.8% – Corporate bonds
		8.8% – Absolute Return bonds
		29.1% – Gilts
Discount rate	Asset allocation (end)	7.0% – Developed Market Equities
Part 2	Asset allocation assumed for Plan's assets at the point at which the majority of members will be pensioners (currently 2031).	2.25% – Emerging Market Equities
	The Trustee recognises that the best-estimate return that results from the end asset allocation can be achieved using different asset classes (and proportions) to those shown.	2.25% – Diversified Growth Funds
		33.5% – Corporate bonds
		55.0% – Gilts
Discount rate	End point	
Part 2	The point at which the majority of members are assumed to be pensioners.	30 June 2031 (14 years from the valuation date)
Discount rate	Best-estimate returns	4.50% – Developed Market Equities
Part 3	The following best estimate returns have been assumed on the different asset classes. These have been confirmed with the Plan's investment advisers (expressed as a margin above gilt yields).	6.30% – Emerging Market Equities
		4.10% – Diversified Growth Fund
		0.80% – Corporate bonds
		1.70% – Absolute Return bonds
		0.00% – Gilts

Statement of Funding Principles - cont

Assumption	Derivation	As at 30 June 2017
Discount rate	Best-estimate return over lifetime of Plan	4.15% at start
Part 4	The best-estimate weighted average rate of return is calculated.	2.60% at end 3.10% average over lifetime
Discount rate	Adjustment for prudence	
Part 7	The difference between the calculated gilt yield and the best-estimate weighted average return is reduced to take into account prudence. The adjustment for prudence is determined by the Trustee after taking into account the level of the Employer's covenant.	Reduction of 34% applied to the difference
Discount rate	Discount rate used in the valuation	2.65%
Part 7	The discount rate is calculated as: $1.80\% + (1 - 34\%) \times (3.10\% - 1.80\%)$	
Inflation	The assumed rate of price inflation will be derived by averaging the whole of the Bank of England's UK implied inflation spot curve data by the Plan's cashflows for each year. The CPI assumption is calculated by reducing the RPI assumption by 1.0%.	3.50% p.a. for RPI 2.50% p.a. for CPI
Revaluation in deferment	A reduction is considered, where necessary, to the assumption for CPI when looking at revaluation in deferment. The Rules of the Plan determine which inflation measure (RPI/CPI) is used for each category of member. For some members, a fixed rate is used.	3.50% p.a. for RPI 2.50% p.a. for CPI (pre 2009 service) 2.50% p.a. for CPI (post 2009 service) Some members receive fixed 5%.
Pension increases in payment	A reduction or increase is considered, where necessary, to the assumption for price inflation when looking at inflation-linked pension increases subject to a cap and/or floor.	3.50% p.a. for RPI max 10% 3.30% p.a. for RPI max 5% 3.80% p.a. for RPI max 5%, min 3% 2.55% p.a. for CPI 2.10% p.a. for CPI max 3% Volatility for RPI 1.85% Volatility for CPI 1.55%
Mortality	Advice will be taken from the Scheme Actuary as to how the most recently published mortality tables which are most appropriate for pension schemes may be used, taking into account the nature of the membership of the Plan to the extent it is prudent to do so. An allowance for future improvements in mortality experience will also be considered.	Base tables: 100% SAPS 2 (All lives) Improvements: CMI_2016 1.5% long term trend 7.5 smoothing parameter
Retirement	Members are assumed to retire at the earliest time that they may elect to retire without Employer/Trustee consent and without a reduction for early retirement.	Age 60 for nearly all members
Age differences	The Scheme Actuary's advice, the views of the Employer and actual Plan experience, where plausible, will be considered to determine an appropriate age difference to assume between male and female partners.	Males 3 years older

Statement of Funding Principles - cont

Assumption	Derivation	As at 30 June 2017
Proportion married	The Scheme Actuary's advice, the views of the Employer and actual Plan experience, where plausible, will be considered to determine an appropriate percentage of members who are assumed to be eligible for spouse's and partner's benefits at date of death.	80% of members will be married at retirement or death if earlier
Commutation	The allowance for members to commute pension for a cash sum at retirement will be set taking account of recent Plan experience and any other factors that might affect future take-up rates to the extent that it is prudent to do so. The factors adopted were those in force at the valuation date.	60% of members are assumed to take 25% of their pension as cash at retirement (based on a commutation factor of 15:1 at all ages for most members)
Expenses and insurance premiums	All ongoing operating expenses to be met by the Employer.	
PPF (and other) Levies	All levies to be met by the Employer.	All levies
Assets	Market value as disclosed in the audited accounts, excluding Additional Voluntary Contributions.	£240.9m

The period within which, and the manner in which, any failure to meet the Statutory Funding Objective is to be remedied

If the assets of the Plan are less than the Technical Provisions of the Plan at the effective date of any actuarial valuation, the Trustee will agree a Recovery Plan with the Employer. Such a Recovery Plan will aim to recover the deficit over a period which is acceptable to both the Trustee and the Employer.

In considering the actual recovery period at any particular valuation, the Trustee may take into account the size of the funding shortfall, the business plans of the Employer, its assessment of the covenant of the Employer and any contingent security offered by the Employer.

The Trustee will in the first instance seek recovery of the deficit by immediate payment of cash contributions to the Plan from the Employer. Failing that they will seek to have deficit repayments made regularly over the recovery period mentioned above. They may also accept delayed recovery payments, but subject to contingent asset protection being given by the Employer until payment is made.

For the purposes of the valuation as at 30 June 2017, it has been agreed that deficit contributions will be paid by the Employer, as set out in the Schedule of Contributions, to eliminate the deficit over a recovery period of 3 Years 1 Month commencing 30 June 2017. In calculating the required contributions, the expected returns on assets and deficit contributions will be in line with the discount rate underlying the Technical Provisions.

Other contributors

There are no agreements at present for anyone other than the employers who participate in the Plan, to make contributions to the Plan.

Refunds to employers

Payments to participating employers can only be made once the Plan has wound up and if the assets of the Plan are more than sufficient to provide for all the benefits of the Plan's members.

Statement of Funding Principles - cont

Discretionary benefits

The Trust Deed gives powers to the Trustee to increase benefits, either for individual members with the agreement of the Employer, or for all members, again with the agreement of the Employer.

The Trustee will not agree to any benefit increases unless either there is a specific funding plan agreed in respect of such an increase or the Scheme Actuary advises that such increases can be met by surplus funds held in the Plan.

Transfer values

The Trustee is not currently reducing transfer values

Future actuarial valuations

An actuarial valuation has been carried out as at 30 June 2017 and the Trustee will commission full actuarial valuations every three years, as required by legislation and by the Trust Deed of the Plan. In addition, in each non-valuation year the Trustee will commission an actuarial report of the Plan to provide an updated estimate of the funding position.

If, after considering the Scheme Actuary's advice, the Trustee is of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis of future contributions, they may commission a full valuation of the Plan and revisit the contribution agreements in place.

In agreeing the valuation assumptions and recovery plan, the Trustee has considered information provided by Arqiva Limited in relation to its business prospects and refinancing plans. Arqiva Limited acknowledges that in case of a material change in its business or refinancing prospects that would be expected to materially adversely impact Arqiva Limited's ability to meet its obligations to the Plan, the Trustee reserves the right to call for a new valuation.

The Trustee will consult with the Employer before commissioning an 'out-of-cycle' valuation and may agree not to commission such a valuation if agreement can be reached with the Employer to revise the contribution agreement in place in a way satisfactory to the Trustee having considered the advice of the Scheme Actuary.

Signed on behalf of the Trustee

Signature:

R. K. O'CONNOR

Name:

R. K. O'CONNOR

Position:

TRUSTEE

Date:

27 September 2018

Signed on behalf of the Employer

Signature

SEAN WEST

Name:

SEAN WEST

Position:

DIRECTOR OF TREASURY AND CORPORATE FINANCE

Date

27 September 2018

This statement has been prepared following actuarial advice from the Scheme Actuary to the Plan

Signature:

ROBERT BASS

Name:

ROBERT BASS

Position:

SCHEME ACTUARY

Date:

27 September 2018

Schedule of Contributions

Name of scheme Arqiva Defined Benefit Pension Plan

Date of Schedule September 2018

Schedule of Contributions and Certificate

This Schedule of Contributions is required by Section 227 of the Pensions Act 2004 and has been prepared by the Trustee after obtaining advice from the Scheme Actuary. It covers the period from the date it is certified by the Scheme Actuary to five years after this date.

Contributions to be paid to the Plan:

Contributions	Amount
Deficit recovery contributions in accordance with the Recovery Plan dated September 2018	- £2.50m paid on 31 July 2017, as per 2014 Recovery Plan - £2.50m paid on 31 July 2018, as per 2014 Recovery Plan - £3.43m by 5 October 2018 - £5.35m by 31 July 2019 - £5.35m by 31 July 2020
Plan expenses (including PPF levies, but excluding investment manager expenses met by a deduction from the Plan's assets at source)	Payable directly by the Employer
Additional contributions	Any other contributions as are agreed with the Trustee

Augmentations

In addition, the Employer will pay into the Plan the cost of providing enhanced benefits to members that are made redundant from the Employer. The cost will be calculated by the Scheme Actuary in line with the assumptions listed in the Statement of Funding Principles dated September 2018 (updated for market conditions) and will be payable within 30 days of the Trustee's request.

Signed on behalf of the Trustee

Signature: 

Name: T. K. O'CONNOR

Position: TRUSTEE

Date: 27 September 2018

Signed on behalf of the Employer

Signature: 

Name: SEAN WEST

Position: DIRECTOR OF TREASURY AND CORPORATE FINANCE

Date: 27 September 2018

Scheme Actuary's Certification

1. Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 30 June 2017 to be met by the end of the period specified in the Recovery Plan dated September 2018.

2. Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated September 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature:


.....

Date:

27 September 2018
.....

Name:

Robert Bass
.....

Qualification:

Fellow of the Institute
and Faculty of Actuaries

Address:

KPMG LLP
Arlington Business Park
Theale

Employer:

KPMG LLP

Recovery Plan

Name of scheme The Arqiva Defined Benefit Pension Plan ('the Plan')

Date of Recovery Plan September 2018

Status

This Recovery Plan has been prepared by the Trustee after obtaining the advice of Robert Bass, the Scheme Actuary. The actuarial valuation of the Plan as at 30 June 2017 revealed a funding shortfall (Technical Provisions minus value of the assets) of £18.3m.

Steps to be taken to ensure that the Statutory Funding Objective is met

To eliminate this funding shortfall, the Trustee and Arqiva Limited (the "Employer") have agreed that additional contributions in respect of the shortfall will be paid to the Plan by the Employer as follows:

- £2.50m paid on 31 July 2017, as per 2014 Recovery Plan
- £2.50m paid on 31 July 2018, as per 2014 Recovery Plan
- £3.43m by 5 October 2018
- £5.35m by 31 July 2019
- £5.35m by 31 July 2020

These contributions are solely in relation to contributions to reduce the deficit. Expenses (excluding investment manager expenses met by a deduction from the Plan's assets at source) and levies are payable directly by the Employer.

Period in which the Statutory Funding Objective should be met

The funding shortfall is expected to be eliminated in 3 Years 1 Month from 30 June 2017, which is by 31 July 2020.

This expectation is based on the following assumptions:

- Technical Provisions calculated according to the method and assumptions set out in the Statement of Funding Principles dated September 2018;
- the return on existing assets and the return on new contributions during the period as set out in the Statement of Funding Principles dated September 2018.

This Recovery Plan has been agreed by the Trustee and Employer:

Signed on behalf of the Trustee

Signature: TK O'Connor

Name: TK O'CONNOR

Position: TRUSTEE

Date: 27 September 2018

Signed on behalf of the Employer

Signature: Sean West

Name: SEAN WEST

Position: DIRECTOR OF TREASURY AND CORPORATE FINANCE

Date: 27 September 2018

Section 179 valuation

Valuation details

	£
Total assets	240,940,000
Date of relevant accounts	30 June 2017
Total protected liabilities	236,497,000
Liabilities for active members, excluding expenses	0
Liabilities for all deferred pensioners, excluding expenses	147,683,000
Liabilities for pensioners, excluding expenses	84,224,000
Estimated costs of winding up (excluding the estimated expenses of benefit installation/payment)	3,819,000
Estimated expenses of benefit installation/payment	771,000
Insurance	
Insurance matched active liabilities	0%
Insurance matched deferred	0%
Insurance matched pensioner liabilities	0%

Proportion of active liabilities excluding expenses figure entered which relates to service:

Pre 6 April 1997	n/a
6 April 1997 – 5 April 2009 (inclusive)	n/a
Post 5 April 2009	n/a

Proportion of deferred pensioner liabilities excluding expenses figure entered which relates to service:

Pre 6 April 1997	10%
6 April 1997 – 5 April 2009 (inclusive)	66%
Post 5 April 2009	24%

Proportion of pensioner liabilities excluding expenses figure entered which relates to service:

Pre 6 April 1997	4%
Post 5 April 1997	96%
Effective date of this valuation	30 June 2017

Version number of section 179 guidance used for this valuation	G7
Version number of section 179 assumptions used for this valuation	A8



Appendix IV

Glossary of terms

Best-estimate	A value placed on a liability with the expectation that this value is in the middle of the possible range of such values.	Pension Protection Fund (PPF)	A compensation scheme that came into effect in April 2005. It provides members of qualifying private sector defined benefit schemes with a specified minimum level of compensation when a sponsoring employer becomes insolvent.
Contingent asset	An asset which could be made available to a scheme under certain circumstances e.g. if a company defaults on a contribution payment. These can be used as security if a deficit is not to be repaid immediately.	Prudence	The margin above a best-estimate value made in an assumption, or placed on a liability, so as to allow a better than equal chance of the assumed outcome being achieved.
Defined Benefit (DB)	A scheme where the rules determine the benefits a member will receive, typically related to number of years' service and pensionable pay.	Recovery Plan	Specifies how any deficit will be eliminated and the time period over which this will happen.
Defined Contribution (DC)	A scheme where the value of a member's individual pension pot at retirement and market conditions at retirement determine the amount of pension a member receives.	Schedule of Contributions (SoC)	Specifies the contributions to be paid by the Employer.
Discount rate	The assumed interest rate used to find the present value of payments to be paid or received in the future.	Statement of Funding Principles (SFP)	Specifies how the SFO will be met including the assumptions for calculating the Technical Provisions and how the Recovery Plan is formulated.
Employer covenant	The ability and willingness of the Employer to make contributions to a scheme as required to pay for benefits.	Statutory Funding Objective (SFO)	Defined in section 222 of the Pensions Act 2004. Every scheme must have sufficient and appropriate assets to cover their Technical Provisions, or a Recovery Plan in place to reach this objective.
Guaranteed Minimum Pension (GMP)	The minimum amount that a member of an occupational scheme contracted-out of the second State pension on this basis will receive in respect of their contracted-out service – only applicable to benefits earned prior to 6 April 1997.	Technical Provisions	Assets required to make provision for the accrued benefits when they fall due.
Inflation	Retail Price Index (RPI) and Consumer Price Index (CPI) are referred to separately in this report since, typically, both inflation measures are relevant to benefit calculations.	The Pensions Regulator (TPR)	Regulatory body for work-based pension schemes in the UK.
		Transfer Value	Amount a scheme may pay a member when they have left service for the member to put in an alternative pension arrangement of their choosing.



Contacts

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