

June 2018

To all members of the Scheme

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Dear Member

The Port of London Authority Retirement Benefits Scheme ("the Scheme")

I am writing to you on behalf of the Trustees, who are responsible for the running of your pension scheme.

To comply with legislation, you will receive an annual statement from the Trustees providing details regarding the Scheme's funding position. This statement will be based on calculations carried out when the Scheme had its last formal valuation. Such valuations are typically carried out every three years and, for your Scheme, the last valuation was as at 31 March 2016. The attached statement refers to the funding of the Scheme as at 31 March 2017 and the figures shown reflect the results of that valuation. The next valuation of the Scheme is due as at 31 March 2019.

The valuation was carried out in accordance with the government's funding regime, overseen by the Pensions Regulator. Under these rules the Trustees have greater powers to decide the contributions that should be paid to the Scheme. The Regulator issues guidelines for trustees on funding their pension schemes. The Trustees intend to be fully compliant with the Regulator's guidance.

The attached statement also details what would happen to your benefits if the Scheme were to wind-up. Please note that it is a legislative requirement that all trustees of defined benefit pension schemes include such a section in the summary funding statement. Therefore, this information is designed to be informative – it does not mean that the Port of London Authority is thinking of winding up the Scheme.

In addition, please find overleaf a privacy notice issued by the Scheme Actuary from Aon Hewitt. As you will be aware, new data requirements came into effect from May 2018 which requires us to provide details of how your personal data is being used. Below is a brief description from Aon Hewitt, on how they use your personal data in order to support us in the running of the Scheme.

If you have any questions regarding this, please write to me at the above address.

Yours sincerely

A handwritten signature in black ink, appearing to be "D Bottacchi", written over a horizontal line.

D Bottacchi (Miss)
Pensions Manager

Aon Hewitt Limited "QUICK READ" PRIVACY NOTICE

Aon Hewitt Limited (and, where appointed, the Scheme Actuary - together "Aon") has been appointed to provide pensions advisory and calculation services that relate to your membership of the pension scheme. In doing so Aon will use personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age) in order to be able to provide these services. The purposes for which we use personal information will include management of the pension scheme and your membership within it, funding the pension scheme (i.e. helping to ensure that the funds within the pension scheme are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension scheme appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as financial advisors and benefits providers, insurers, our affiliates and service providers and to certain regulatory bodies where legally required to do so. Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about Aon's use of your personal information is set out in our full Privacy Notice. We recommend that you review this notice which is available online at <http://www.aon.com/unitedkingdom/products-and-services/human-capital-consulting/aon-hewitt-actuarial-services-privacy-statement.jsp>, or you can request a copy by contacting us, including reference to the scheme name, at: Data Protection Officer, Aon Hewitt Limited (Retirement and Investment UK), PO Box 730, Redhill, RH1 9FH

Port of London Authority Retirement Benefits Scheme (the “Scheme”)

Dear Member

June 2018

SUMMARY FUNDING STATEMENT FOR 2018

It is the responsibility of the Trustees to make sure that a full valuation of the Scheme is carried out every 3 years. In addition, the Trustees must, by law, provide you with an annual statement of how the Scheme is funded and remind you of the results of the last full valuation.

How is my pension funded?

The Port of London Authority (the “Authority”) pays contributions so that the Scheme can pay pensions and other benefits to members. All the Scheme assets are in one common fund. Members do not have separate individual holdings.

The Trustees obtain regular valuations from the Scheme Actuary which provide an estimate of the assets needed today to meet the payment of benefits allowing for future investment returns. Using this information, the Trustees and the Authority come to an agreement on how much the Authority should pay to keep the Scheme’s funding on track against this funding target.

The Pensions Regulator has powers to direct matters affecting the funding of the Scheme in certain circumstances. No such directions have ever been made in relation to the Scheme.

Results of the last Valuation

The latest valuation of the Scheme showed that on 31 March 2016 the funding position was as follows:

Assets	£2.537m
Amount assessed as needed to provide benefits (“Liabilities”)	£3.768m
Surplus / (Deficit)	(£1.231m)
Funding level	67%

Following discussions between the Trustees and the Authority, it was agreed that the Authority would make annual contributions of £215,000 from 1 April 2016 until 31 March 2022. The rate of contributions payable by the Authority will be reviewed as part of the next actuarial valuation due as at 31 March 2019.

Change in funding position between 31 March 2016 and 31 March 2017

The Trustees monitor the funding position between valuations. The latest report by the Scheme Actuary showed that as at 31 March 2017, the funding level of the Scheme was estimated to be 71% with a deficit of £1.047 million.

The funding position has improved slightly since 31 March 2016, primarily due to higher than expected returns on the Scheme’s assets and contributions paid towards the deficit by the Authority during the period. These items have been partially offset by a change in market conditions which has increased the value placed on the liabilities relative to market conditions as at 31 March 2016.

You should be aware that the factors affecting the funding level are very changeable, particularly stock market performance, interest rates and life expectancy. This means that the funding level can go up or down.

Payment to the Authority

There has not been any refund of surplus to the Authority out of the Scheme.

The importance of the Employer’s support

The Trustees’ objective is to have enough money in the Scheme to pay pensions now and in the future. However, this relies on the on-going existence of the Authority and its support for the Scheme because:

- Assets can go down as well as up, and when there is a shortfall, the Authority will usually need to put in more money; and
- The cost of benefits may increase so that the Authority will need to put in more money.

What would happen if the Scheme started to wind up?

If the Scheme winds up, you may not receive the full amount of pension you have earned even if the Scheme is fully funded on its target funding level. However, whilst the Scheme remains ongoing, even though funding may temporarily be below target, pensions will continue to be paid in full.

If the Scheme were to wind up, the Authority would be required to pay enough into the Scheme to enable your benefits to be completely secured with an insurance company. At 31 March 2016, the estimated amount that the insurance company would require (full solvency) was approximately £4.3m. This means that there was a shortfall from full solvency of approximately £1.8m. Please note that this information is designed to be informative - it does not imply that the Scheme will wind up.

In the event of a wind up, it may be the case that the Authority is unable to pay the full amount required by the insurance company. If the Authority became insolvent, the Pension Protection Fund (PPF) might be able to take over the Fund and pay compensation to members. The PPF has been set up by the government to help protect members' pensions where a company becomes insolvent, although it does not guarantee to pay full benefits. Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk. Or, you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Why does the Trustees' funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are required to take a very cautious view of the future, include a profit margin and make an allowance for their expenses. By contrast, our funding plan assumes that the Authority continues to financially support the Scheme, while adopting less cautious assumptions about the future.

What is the Scheme invested in?

The Trustees' policy is to invest in a broad range of assets to get the best return possible while taking account of the liabilities of the Scheme, and the risks of having too much money in any one type of investment. The assets are currently invested 100% in bonds, in a mixture of Sterling Government and non-Government securities.

This policy is reviewed regularly and is formalised in the Scheme's Statement of Investment Principles.

Use of personal data

In providing actuarial services to the Trustees, including preparing this Summary Funding Statement, the Trustees, their adviser Aon Hewitt and the Scheme Actuary require access to personal data about members and their dependants. The Data Protection Act governs how the Committee, Aon Hewitt and the Scheme Actuary use and store personal data. Members can find out more information about how their personal information is used in the provision of actuarial services at www.aonhewitt.co.uk/privacy-statement. Should you have any questions regarding the processing of your personal information, you should contact the Secretary in the first instance. General guidance is also available from the Information Commissioner's website.

Where can I get further information?

If you have any other questions, or would like any more information about the Scheme, please contact the Secretary. Please help us to keep in touch with you by telling us if you change address.

Yours sincerely

The Trustees of the Port of London Authority Retirement Benefits Scheme

Additional Scheme documents are available on request:

Statement of Funding Principles. This explains how the Scheme is to be funded.

Statement of Investment Principles. This explains how the Trustees invest the assets of the Scheme.

Schedule of Contributions. This shows how much money is being paid into the Scheme.

Annual Report and Accounts. This shows the Scheme's income and expenditure in the year up to 31 March 2017.

Actuarial Valuation Report. This report details the Actuary's check on the Scheme's situation as at 31 March 2016.

Actuarial Report. This report provides a review of the Scheme's position as at 31 March 2017.

Benefit Statement. If you are not getting a pension from the Scheme (and have not received a benefit statement in the last 12 months) you can ask for a statement that provides an illustration of your pension benefits.

Trust Deed and Rules. This details the Rules and benefits of the Scheme.

Recovery Plan. This document sets out how any shortfall in the Scheme will be eliminated.