

Keeping you up to date with your Pension Plan's financial position

October 2020

Every year the Trustee of the ACE INA UK Retirement Savings Plan produces a Summary Funding Statement, like this one, to give you an update on the funding position of the Plan.

We use independent advisers to help us to monitor the Plan's finances. This statement summarises the results of the last completed valuation of the Plan as at 30 June 2018 and gives you a snapshot of the Plan as at 30 June 2020.

The valuation as at 30 June 2018 revealed a funding surplus of £29.2 million. However, due to changes in market conditions since 2018 and more recently the uncertainty created by the outbreak of coronavirus, the surplus had reduced to £24.7 million by 30 June 2020.

On page 2 we provide an update on recent developments, including how we have been responding to the coronavirus pandemic, and set out some important information if you are considering accessing your benefits from the Plan at this time.

We hope you and those close to you are keeping safe and well, and that you find this statement useful. Please get in touch if you have any queries about your benefits in the Plan.

Directors of Chubb Pension Trustee Limited

Further Information

If you have any questions or would like to see a copy of the Plan's financial accounts, rules, investment or funding policy documents, please contact the Plan's administrators using the details below.

If you're considering making any changes to your pension arrangements, you should consult a financial adviser before taking any action. The law prevents us from providing you with financial advice.

Are your details up to date?

Please let us know if your contact details have changed. If you'd like to change the people you have nominated to receive benefits upon your death, please complete an Expression of Wish form.



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Latest news and developments

Coronavirus (Covid-19)

The coronavirus pandemic is affecting every individual and business in the UK. We therefore want to provide you with an update on how we have been responding to the situation. Looking after your pension is the Trustee's top priority and we would like to reassure members that steps have been taken to ensure pensions will continue to be paid as usual.

As a Trustee Board, we are continuing to operate largely as normal, albeit working remotely from home. We have held our regular Board meetings by video conference calls. We continue to work in the interests of our members, alongside our advisers.

You may remember we contacted you at an early stage following the coronavirus outbreak and set up a website (here is the link to the website <http://chubbpensiontrusteelimited.mypensionandcoronavirus.co.uk/>) to keep you up to date with the latest developments.

Capita, the Plan's administrator, continues to operate remotely from home and remains fully functional. We continue to monitor this situation and have worked with Capita to ensure that our pensioners are paid on time each month as usual, that all benefits can be settled as they fall due, and that Capita can provide details of your benefit options and retirement illustrations. Where possible, we ask you to contact the administration team by email rather than by post or by phone and be mindful that some enquiries may take longer than usual to process.

Through March 2020, we saw a series of large adverse movements in financial markets which caused a material reduction in the funding surplus, largely due to uncertainty created by the global spread of coronavirus. The funding surplus has increased gradually since then as markets have begun to recover somewhat. As well as reviewing the financial impact on the Plan's funding position with our advisers, we have also been discussing with Chubb (the Company) the impact the coronavirus pandemic is having on its business.

Transfer values and Pension Scams

Since April 2015 pension scheme members have been able to access their pension savings in new ways. Scammers have tried to lure scheme members into transferring their pension pots or release funds from them with promises of one-off investments, pension loans or upfront cash.

During these difficult times we are mindful that there is an increased risk of pensions scams, particularly for members of the Plan under the age of 55. If you are considering transferring your benefits out of the Plan or if you receive any unsolicited approach in relation to your pension benefits, we strongly recommended that you take financial advice before doing so. Please also review the useful information provided in this website before deciding to proceed with a transfer from the Plan: <https://www.fca.org.uk/scamsmart>.

You can also visit the Pensions Regulator's website <http://www.thepensionsregulator.gov.uk/pension-scams> or contact the Plan's administrators (see contact details on page 1). We have enclosed a copy of material issued by the Pensions Regulator with this statement, including a joint letter issued by the Pensions Regulator, Financial Conduct Authority and the Money and Pensions Service, addressed to members of DB pension schemes like you who may be considering transferring out, asking you to take extra care at this uncertain time.

Member Nominated Trustee Directors ("MNDs")

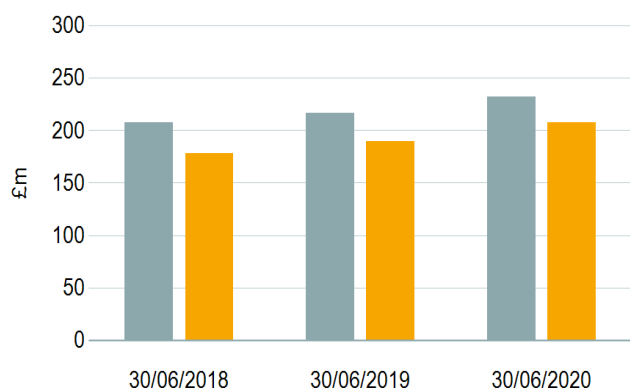
We wrote to you in April 2020 advising that, as a result of the global pandemic, we had decided to defer the MND selection process which was due to take place in May 2020 until later this year. As this situation remains uncertain, we have decided to delay the MND selection process further until early 2021. If you are interested in becoming an MND, you should email the Secretary to the Trustee, Paul Tabrett, at paul.tabrett@capita.com.

GMP Equalisation

You may have seen it reported in the news that, following a high profile court case, pension schemes which contracted out of the State Second Pension and included a Guaranteed Minimum Pension (GMP) within the pension scheme need to ensure that such benefits are paid at equalised rates for male and female members. This only impacts members with GMP earned under the Plan between 17 May 1990 and 5 April 1997. The Trustee is considering this matter and will provide you with more information in relation to this in due course.

A reminder of the actuarial valuation at 30 June 2018 & an updated snapshot at 30 June 2020

At 30 June 2020 the target level of assets was £207.8m and the actual assets were £24.7m above this.



	30/06/2018	30/06/2019	30/06/2020
Actual assets	£207.4m	£216.4m	£232.5m
Target level of assets	£178.2m	£189.1m	£207.8m
Surplus	£29.2m	£27.3m	£24.7m

The chart shows that on 30 June 2020 there was a £24.7m surplus in the Plan against the target level of assets.

When we wrote to you last time, we reported a surplus of £27.3m at 30 June 2019.

The Plan's financial position has therefore worsened by £2.6m since the last update. This is largely due to falls in gilt yields (which increase the target level of assets), partially offset by favourable returns on the Plan's assets.

We expect the snapshot to change from year to year because the Plan's finances depend on changes in global financial markets.

The next full actuarial valuation is due as at 30 June 2021.

Assumptions

The Trustee employs an independent expert to provide regular checks on the Plan's finances. These regular check-ups involve calculating a target level of assets. The latest update is shown above.

The target level of assets is the amount that is expected to be enough to continue to pay out all the pensions that members have already built up in the Plan, based on assumptions about the future. For example, how long people will live; what inflation will be; and what returns will be earned on the Plan's investments, amongst other factors.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how actual experience compares with the assumptions made.

Assets of the Plan

The assets of the Plan come from contributions paid by the Company together with investment growth.

The assets of the Plan are held separately from the Company and the Plan's Trustee is responsible for investing this money.

The assets are held in a common fund - they are not held in separate pots for each member. Pensions are paid to retired members out of this common fund.

The Trustee is required by legislation to prepare and maintain a Statement of Investment Principles, setting out our investment strategy for the Plan. From 1 October 2020, the Trustee must make this document available online; it can be found at: <https://acechubb.pensions-directory.co.uk/>

Your questions answered

Q: What if the Plan has to wind-up?

The Company and the Trustee do not intend to wind up the Plan. The Trustee is however required by legislation to monitor, and communicate to you, the impact on the Plan should the Company no longer be able to support the Plan. In this event, a wind-up of the Plan is likely to begin and the responsibility for paying members' pension benefits would be transferred to an insurance company.

Insurance companies charge a premium to insure all members' benefits and the Trustee monitors this cost from time to time.

The most recent estimate provided by our independent advisers looked at the position on 30 June 2018. This estimate showed that, at that date, the Company would have had to make an additional final contribution of about £11m to make sure all members' pensions could be paid in full by an insurance company.

This is a different position from the funding surplus shown on page 3, but this is fairly common amongst similar UK pension schemes.

Q: Is my pension protected?

If the Company became insolvent and there was not enough money to secure benefits in full with an insurance company, members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If the Plan were to enter the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the Plan.

The Pension Protection Fund rules are complex - the amount it will pay depends on the rules of the Plan, whether a pension is already being paid, a member's age and the type of pension benefit.

More information and guidance about the Pension Protection Fund is available at www.pensionprotectionfund.org.uk or by contacting the Pension Protection Fund, 12 Dingwall Road, Croydon, Surrey, CR0 2NA (tel 0345 600 2541).

Q: Is there anything else I need to know?

Regulations require us to confirm that since the last Summary Funding Statement the Company has not taken any money out of the Plan and the Pensions Regulator has not intervened in the running of the Plan. We are happy to confirm this.