

26 June 2020

Dear member,

## **The General Motors (VACPF) Pension Fund**

### **The summary funding statement for your pension**

As the trustees of the Vauxhall and Associated Companies Pension Fund (the Fund), we are responsible for checking on the Fund's 'funding'. In other words, we check on the money building up in the Fund and see how it compares with the money the Fund will need to provide all members' benefits.

This is the annual statement that gives you updated information about the funding of the Fund. Everyone due benefits from the Fund will be able to read the statement and understand the level of funding that supports their pension.

This statement is based on the scheme funding requirements as set out in the Pensions Act 2004. The triennial valuation of the Plan as at 1st January 2017 was completed. In this year's statement we summarise an update to 1st January 2019.

### **Keep in touch**

So that we can send you information about your pension, please remember to let us know if your address changes.

Anyone who has a right to benefits from the Fund can also ask to see the following:

- The Statement of Investment Principles, which explains how the trustees invest the money paid into the Fund.
- The Statement of Funding Principles, which sets out the principles agreed between the Trustee and the Company for funding the Plan's liabilities.
- The Schedule of Contributions, which shows how much money is being paid into the Fund.
- The Recovery Plan, which shows the actions being taken to make good the deficit at the 1 January 2017 valuation.
- The Fund's Annual Report and Accounts which shows the Fund's income and expenditure in the year up to 31 December 2018.
- The full report on the Actuarial Valuation following the actuary's check of the Fund's situation at 1 January 2017.
- The actuarial report following the actuary's update of the Plan's situation at 1 January 2018.
- The actuarial report following the actuary's update of the Plan's situation at 1 January 2019.

If you have any questions about the Fund or your benefits, or you want to see one of the documents listed here, please contact us. Our contact details are at the top of the page.

Yours faithfully.

Marion McDonald  
Secretary to the Trustees



## Your Summary Funding Statement

### At the date of the latest actuarial valuation (1 January 2017), the Fund's actuary found:

The Fund had assets of	£37.3 million
The amount the Fund needs to provide benefits was	£52.8 million
This gave a shortfall of	£15.5 million
This is the same as a funding ratio of	70.6%

### Recovery Plan

The Company has agreed to pay:

£1,147,100 by 31st July 2017

a payment of £1,500,000 on or before 31st October 2017

a payment of £852,900 on or before 31st January 2018

plus £2,000,000 per annum for the period 1st January 2018 to 31st December 2022 payable by 31st December each year and £1,600,000 for the period 1st January 2023 to 31st December 2023 payable by 31st December 2023.

### The Fund's solvency position

If the Fund had started winding up, the actuary estimates the discontinuance funding level was approximately 61.5% as at 1 January 2017.

This figure helps to get a complete picture of the Fund's financial health, but it does **not** mean that the Company or the Trustee is thinking of winding up the Fund.

### Changes since the valuation

The Trustee regularly monitors the position of the Plan between valuations. The latest report by the Actuary on 1<sup>st</sup> January 2019 stated that the funding level was estimated to be 92%. The funding level has improved since 1 January 2018 due to an increase in company contributions which has been partially offset by lower than expected investment returns and changes in market conditions increasing the value of the liabilities.

On 1st January 2018 the Actuary reported the funding level was estimated to be 78%. The funding level has improved since the valuation date largely as a result of increased company contributions and investment returns which were partially offset by changes to market conditions

### Payment to the Company

There have been no payments to the Company out of the Fund during the year.

### The Pensions Regulator

The Pensions Regulator can change the Fund, give directions about working out its technical provisions or impose a schedule of contributions. We are pleased to say that it has not needed to use its powers in this way for our Fund.

### The Trustee Company

With effect from 1 July 2019, General Motors UK Pension Trustees Limited became the Trustee Company of the General Motors (IBC) Pension Plan in addition to the General Motors (VML) Pension Plan and the General Motors (VACPF) Pension Fund (collectively the "Plans"). Having the Plans under a single Trustee will generate efficiencies in the management of the Plans and was supported by the Boards of both GMUK Pension Trustees Ltd and IBC Vehicles Pension Trustee Ltd.

## Notes

### **To understand what the statement shows, you need to understand what a valuation is and what it can and can't do.**

- The aim of a valuation is to suggest how much money the Fund needs to cover the benefits members have already earned.

No-one can guarantee the future or predict the exact figures, but by making sensible assumptions about economic conditions and the Fund's membership, the actuary can make useful suggestions. In particular, the actuary can look at how the predictions are affected if one of the assumptions turns out to be too low, or too high. As trustees, we then use our judgement to consider how confident or cautious we want to be as we consider the Fund's funding.

In the valuation, the Fund's actuary compares:

- the assets the Fund is building up through its investments, in its bank balances and any money owed to the Fund; with
- the liabilities the Fund has to pay including benefits for members and their families.

### **A valuation will look at more than one situation.**

#### **• The ongoing basis**

This looks at the Fund's funding assuming that the Fund continues into the future. To do this, the actuary helps us agree objectives and a funding target for the Fund. This means that our funding plan assumes that the Company will continue in business and support our Fund.

This is the basis used for the figures in the summary funding statement.

#### **• The full solvency position**

We must also tell you about the Fund's solvency as if it came to an end at the valuation date. The 'discontinuance valuation' looks at whether there is enough money to buy insurance policies to provide members' benefits in that situation.

The cost of providing all the benefits immediately is likely to be higher than the cost of paying them gradually over future years. Insurance policy prices will include administration charges and a profit margin. Even if a Fund is fully funded on the ongoing basis, the discontinuance figure is likely to be less than 100%.

### **The security of your benefits**

The Company makes payments (contributions) to the Fund. The Fund is set up as one shared fund of money which we, the Trustees, use to pay for all the pensions due from the Fund. We invest the fund of money, with the aim of increasing its value. There is no separate account for you personally unless you paid Additional Voluntary Contributions.

We regularly check on the money needed to support the Fund. But the Fund relies on the financial support of the Company to:

- pay the future expenses of running the Fund each year;
- make extra contributions when there is a funding shortfall; and
- put in more money if the target set for funding the Fund turns out to be too low.

The annual funding statement shows you the latest details of the Fund's funding shortfall and how much the Company is currently paying.

### **What if the Fund started to wind up?**

Even though funding may temporarily be below target, the Fund will continue to pay benefits in full as long as it continues.

However, if the Fund starts to wind up (come to an end) before you retire, then even if it is fully funded under our funding plan, you might not get the full amount of pension you have built up. In this situation, the Company has to pay enough for the Fund to secure members' benefits with an insurance company if it can.

### **The Pension Protection Fund**

If the Companies became insolvent, the Pension Protection Fund (the PPF) might be able to take over the Plan and pay compensation to members. In broad terms, the PPF aims to provide:

- 90% of the benefits for members who have not reached the Plan's normal retirement age. (There is also an overall limit on the pension the PPF will pay.)
- 100% of the benefits for members who are over the Plan's normal retirement age.
- spouses' pensions of 50% of the member's pension.

The increases the PPF provides on pensions in payment may be lower than those of the Plan.

You can see more information on the Pension Protection Fund's website at

[www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk). Alternately, you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.



### **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 Trustees, 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](http://www.aonhewitt.co.uk/privacy-statement). Should a member have further questions regarding the processing of their personal information, they should contact the Trustees in the first instance (trustee contact details can be found in the scheme booklet or regular communications such as this). General guidance is also available from [the Information Commissioner's website](#).

*If you are thinking of making any changes to your pension arrangements at any time, you should obtain as much information as you can and think about obtaining independent financial advice. The Financial Services Authority website has more information about finding a suitably qualified adviser.*

This statement does not confer any rights to benefits. Benefits are conferred only in accordance with and subject to the terms of the Trust Deed and Rules. A copy of this is available for inspection in the Pension Department.