Year ended 31 March 2024

MBS Money Purchase Pension Scheme

Summary funding statement

This year's statement is based on the formal valuation of the Mouchel Business Services Limited Pension Scheme (Money Purchase Section) (the Scheme) at 31 March 2022 and the annual actuarial report as at 31 March 2024. It explains the level of funding that supports your pension.

The actuarial valuation

The Scheme is fundamentally a defined contribution scheme with assets allocated to members and invested in accordance with their instructions. However, members who joined the Scheme prior to 1 October 2005 were contracted out of the State Second Pension (S2P) and, at retirement, an annuity may be purchased in the Trustee's name and held as an asset of the Scheme if a member has insufficient funds to purchase the minimum benefits required in respect of their contracted out service.

The Trustee must ensure a valuation of the Scheme is carried out every three years, and the latest actuarial valuation was as at 31 March 2022. The aim of a valuation is to suggest how much money the Scheme should set aside to cover the benefits members have earned.

The valuation compares:

the Scheme's assets - money it is building up through investments, bank balances and any money owed to it;	**with**	**the expected cost of the benefits** for members and their families the Scheme has to pay in the future, including administrative expenses.

The actuary reports on a number of financial measures but primarily on the funding ratio - the value of the Scheme assets divided by the expected cost of paying benefits.

At 31 March 2022, the Scheme's actuary found the Scheme had assets of £14.2 million and the expected cost of paying benefits to members was £14.0 million. This gave a surplus of £0.2 million and a funding ratio of 102%. As the Scheme was in surplus, it was agreed that the Company will pay no deficit contributions.

Changes since the last Scheme funding and actuarial statement

The most recent annual actuarial report was produced at 31 March 2024 and showed the estimated cost of the Scheme's future benefit payments was £10.9 million and its assets were £13.1 million. This gave a **funding level of 120% and a surplus of £2.2 million** at 31 March 2024.

The funding position has therefore improved since the 31 March 2022 Actuarial Valuation. It has also improved since the last annual actuarial report at 31 March 2023 and the main reason for this improvement was a decrease in the estimated cost of the Scheme's future benefit payments. This is because long term interest rates rose meaning that we need to hold lower reserves as we expect to achieve higher investment returns in the future and also because of a slight increase in the asset value due to positive investment returns.

The full solvency position

Pensions Act 2004 regulations require the Trustee to tell members about the Scheme's solvency if it came to an end at the valuation date. This 'discontinuance valuation' looks at whether there is enough money to buy insurance policies to provide members' benefits. The cost of providing all the benefits from an insurance company is much higher than the cost of paying them gradually over future years. This is because insurance companies have to invest in 'low risk' assets, which give lower returns, and also because insurance policy prices include administration charges and a profit margin. If the Scheme had been discontinued on 31 March 2022, **the actuary estimates the solvency funding level was 79%**.

Pension Protection Fund (PPF)

If Kier Transportation Limited became insolvent, the PPF might be able to take over the Scheme and pay compensation to members. In broad terms, the PPF aims to provide:

- 90% of the benefits for employed deferred or deferred members, or for pensioners who have not reached the Scheme's normal retirement age.
- 100% of the benefits for pensioners who are over the Scheme's normal retirement age or retired through ill-health.
- Dependants' pensions of 50% of the member's pension.

The annual increases the PPF provides on pensions both in payment and before retirement may be lower than those of the Scheme. You can see more information on the PPF's website - **www.ppf.co.uk** - or you can write to the PPF at **PO Box 254, Wymondham, NR18 8DN**.

Other information

No payments have been made to Kier Highways Limited out of Scheme funds since the last summary funding statement was issued. In addition, the Scheme has not been subject to any modifications or directions imposed by The Pensions Regulator.

Upcoming communications to members

We have recently written to members of the Scheme about their pension benefits and some future options and support that will be made available. Our first communication was issued to members at the end of March, and it will be important for members to read this and understand what is being provided. If you have not received a communication it may be that we do not have your current address on record, please contact the Scheme administrators (XPS) at: **contactpensions@xpsgroup.com** or call **0118 918 5667** and we will issue you the communication.

Please tell us if your address changes so we can send you information about your pension.

If you are thinking of making any changes to your pension arrangements, you should obtain independent financial advice at: **www.fca.org.uk**

If you need help with your money and pension choices, please visit **www.moneyhelper.org.uk**

We remind you to keep your expression of wish form up to date. Please contact XPS Administration using the details below. Please note, If your spouse or civil partner is more than 10 years younger than you, the pension (on death before or after normal retirement date) will be reduced based on actuarial advice.

Should you have any queries or concerns about your pension, you can contact XPS Administration at: **contactpensions@xpsplc.com**

Further advice