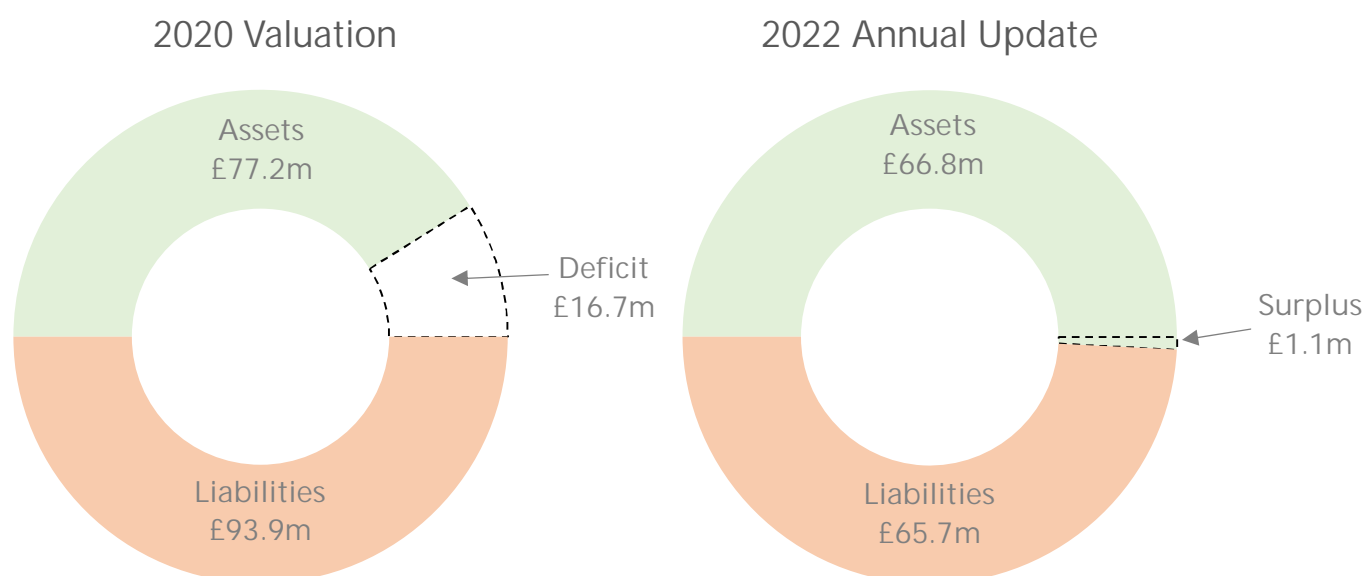


# Summary Funding Statement

## Results of annual update of the Scheme as at 1 September 2022

The results of the interim funding assessment carried out as at 1 September 2022, assuming that the Scheme continues into the future, are illustrated below, together with the results of the 2020 actuarial valuation for comparison purposes. Government bonds yields have risen significantly since the 2020 valuation which has reduced both the market value of the Scheme's assets and the value placed on the Scheme's liabilities.



In light of the shortfall revealed at the 2020 valuation, the Trustee agreed a recovery plan with the participating employers. It was agreed that contributions would be transferred to the Scheme from the Pension Reserve Fund as follows:

- Core contributions of £2,380,000 per annum each August, starting in August 2021 up to and including August 2026; and
- Conditional contributions of between £0 and £529,000 each December, starting in December 2021 up to and including December 2026. The precise amount payable is determined by the Scheme Actuary each year having regard to Scheme experience (with no conditional contribution payable if the funding position is ahead of recovery plan expectations).

Due to the timing of the signing of the 2020 recovery plan, the first core payment was made in two instalments, with £650,000 paid in August 2021 and £1,730,000 in December 2021. The second core contribution of £2,380,000 was paid in August 2022.

A conditional contribution of £447,000 under the previous recovery plan was received in December 2020. As reported in last year's Summary Funding Statement, no conditional contribution was payable in December 2021 because of the improvement in the funding position over the year to 1 September 2021.

Similarly, the surplus funding position as at 1 September 2022 meant that no conditional contribution was payable in December 2022.

In addition to these recovery plan contributions, the Trustee and the Methodist Council have agreed a secondary long term funding target for the Scheme. Any shortfalls against 90% of the Scheme's secondary long term objective basis will result in additional contributions to those detailed above ("remedy payments"). The Scheme was estimated to be above 90% on its long term objective basis as at 1 September 2022 and therefore, similarly to last year, currently no remedy payments are required.

To further support the Scheme's funding and investment strategy, the Methodist Council has:

- (i) pledged security worth £685,000 in the form of a charge on properties; and
- (ii) placed cash of £415,000 in a restricted fund.

The Trustee has a right to call on these assets should the Methodist Council default on a conditional recovery plan contribution or a remedy payment that falls due following a Long Term Funding Objective assessment.

### Why is the position better than in 2021?

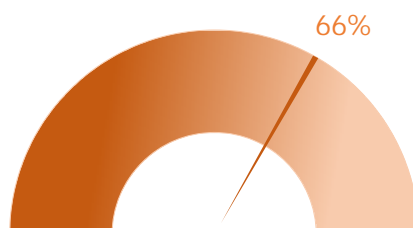
The previous Summary Funding Statement that we sent to you showed the Scheme's funding position at 1 September 2020 together with an update as at 1 September 2021. As at 1 September 2021, the Scheme had a funding shortfall of £1.6m. The funding position at 1 September 2022 is a surplus of £1.1m, which is an improvement of £2.7m over the year. The main factor contributing to this improvement was the shortfall payments totalling £4,110,000 which were received over the course of the year from the Pension Reserve Fund.

### What would happen if the Scheme started to wind up?

As part of the 2020 valuation, the actuary investigated the Scheme's solvency position if it had started to wind up (ie come to an end with no further support from the participating employers) at the valuation date. The participating employers currently remain committed to supporting the Scheme and providing all members' benefits in full but it is a legislative requirement that the actuary reviews the Scheme's solvency position.

To assess solvency, the actuary looks at whether the Scheme had enough money at the valuation date to buy insurance policies to provide members' benefits in full. Insurance companies have to invest in low risk assets, which are likely to give low returns, and their policy prices will include administration charges and a profit margin. This means that the cost of securing benefits from an insurance company is very likely to be greater than our funding target.

### Solvency Funding Level at 1 September 2020



If the Scheme had started winding up at 1 September 2020, the actuary estimates that the amount it would have needed to ensure all benefits were paid in full (the full solvency position) was £117.5m. The assets were £77.2m. On this basis the solvency shortfall was £40.3m and the solvency level was 65.7%.

### Payment to the Methodist Council or any of the other Participating Employers and modifications imposed by the Pensions Regulator

We are obliged to tell you that there has not been any payment to the Methodist Council or any of the other participating employers out of the Scheme's assets in the previous twelve months. The participating employers have no intention of receiving any payment from the Scheme. We also confirm that the Pensions Regulator has not modified the Scheme, nor made any directions regarding the contributions the participating employers are required to pay to the Scheme or the calculation of the Scheme's funding position.

## Contact Information

We hope you have found this information useful. If you have any questions about this Statement or about your own pension, please do not hesitate to contact us via:

Methodist Lay Employees' Pension Trust Limited  
Methodist Church House  
25 Tavistock Place  
LONDON  
WC1H 9SF

Tel: 020 7486 5287

Email: [pensionshelp@methodistchurch.org.uk](mailto:pensionshelp@methodistchurch.org.uk)

#### Data Privacy Notice

The Trustee and the Scheme Actuary Debra Smith are joint data controllers for the purposes of data protection regulations. The Trustee has a written contract with each participating employer and the Scheme Actuary has a written contract with the Trustee. We comply with these contracts and appropriate professional standards when processing personal data.

The Trustee collects information from you and may receive information about you from your employer or from the trustees of other pension schemes which hold data about you. The Scheme Actuary may receive information about you from your employer or from the Trustee. We hold this personal data and use it to:

- Calculate and pay your benefit entitlements in the Scheme;
- Monitor and report on the funding position of the Scheme;
- Calculate and deduct any tax due from your benefits;
- Administer the Scheme in accordance with legal requirements; and
- Maintain your Scheme records

The data we hold includes your contact details and information required to calculate your benefits, such as dates of birth, sex, marital status and employment history. In some circumstances, we may collect limited health information to assess eligibility for certain Scheme benefits. We may also collect bank details for benefit payments. We aim to collect only that information needed to administer your benefits, perform actuarial calculations, and to comply with our legal obligations.

We will typically only share your information with certain regulatory bodies or as legally as required for tax purposes. In some circumstances, we may share your information with other providers to the Scheme as part of the administration process. The Trustee may also share your information with your employer and their professional advisers in connection with its responsibilities towards the Scheme. If we transfer your data to other jurisdictions, we comply with applicable data protection laws.

You have the right to:

- request copies of the personal data we hold about you by contacting us at the address above;
- correct any information that is incorrect, inaccurate or incomplete;
- restrict what we do with your information until we correct it or if you believe we are using your data unlawfully.

Your personal information is held for only as long as it is needed to perform our duties. In some cases, legal requirements dictate that we continue to keep some records until a period of time has elapsed. Your information will be deleted, destroyed, or returned when we no longer have a legitimate reason to retain it.

More information is available from the Information Commissioner's office (<https://ico.org.uk>).