KERRY

2023 Summary Funding Statement for the Defined Benefit Section of the Kerry Retirement Benefits Scheme.

What is a Summary Funding Statement?

This statement is sent to you from the Trustees of the Kerry Retirement Benefits Scheme (“the Scheme”). We are required to send an update on the financial position of the Defined Benefit Section as at the 31 December each year.

Recent experience

The Trustees use an investment strategy which is designed to track the Scheme’s liabilities (the funds required in the Scheme in order to pay the promised benefits to its members). Broadly speaking, if the liabilities reduce, there is a corresponding expected reduction in the assets held by the Scheme. Similarly, if the liabilities increase, there would be a corresponding expected increase in the assets.

This strategy has protected the Scheme’s strong funding position across a challenging period as can been seen in the table below.

What is the financial position of the Defined Benefit Section?

The most recent formal actuarial valuation for the Scheme had an effective date of **31 December 2020** and showed there was a shortfall of **£107.3m** and a funding level of **89%** at that date (see table below).

Since that time our actuaries estimate that the funding level as at **31 December 2022** has increased to **96%** with a decrease in the estimated deficit to **£23.5m**.

Effective Date	31/12/2020	31/12/2021	31/12/2022
Value of liabilities (£m)	(945.8)	(913.3)	(543.8)
Value of assets (£m)	838.5	884.4	520.3
Shortfall of assets compared to liabilities (£m)	(107.3)	(28.9)	(23.5)
Funding level - Asset value as a % of liability	**89%**	**97%**	**96%**

The Trustees' objective is to ensure there are enough funds available in the Scheme to pay the promised benefits to its members, and so the investment strategy is designed to protect the funding level. In 2022, bond yields rose greatly which means less money is needed today to provide the same benefits in the future. As a result, the Scheme’s liabilities reduced by about 40%, from £913.3m at 31 December 2021 to £543.8m at 31 December 2022.

The Trustees' investment strategy design is intended to result in a similar movement for the assets, to ensure the funding position is maintained.

This corresponding movement in assets and liabilities is a direct result of the risk reduction strategies introduced by the Trustees. This approach requires careful and proactive Trustee management, and the Trustees are pleased to confirm that the funding level has remained relatively stable across a challenging period.

The valuations do not change any benefits payable direct from the Scheme. Despite the shortfall, all members who have retired or transferred benefits have still received the full value of their benefits.

How do the Trustees know what contributions should be paid?

Following each actuarial valuation, the Scheme Actuary advises us what contributions should be paid into the Defined Benefit Section. This contribution requirement is reviewed every three years with the next review due in 2024.

Is the shortfall going to be paid off?

Following completion of the 2020 valuation, the Trustees and Company agreed a Funding Plan which aimed to pay off the £107.3m shortfall (as at 31 December 2020) by 31 December 2029. To correct the shortfall the Company has agreed to pay contributions of **£6.4m per year** and pays these contributions via monthly instalments.

We are required to inform you that no payment has been made **to** the employer, as permitted under the Pensions Act 1995, since the last Summary Funding Statement.

Is there enough money in the Defined Benefit Section to provide my full Section benefits if the Section was wound-up?

The actuarial valuation at 31 December 2020 showed that the Defined Benefit Section's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Section had wound-up at that date.

Effective Date	31/12/2020
Value of liabilities (£m) were the DB Section to be wound-up	(1,284.0)
Value of assets (£m)	838.5
Shortfall of assets compared to liabilities (£m)	(445.5)

The solvency position is only calculated at each 3 yearly actuarial valuation and the fact that we have shown the solvency position does not mean that the Company or the Trustees are thinking of winding up the Defined Benefit Section. It is just another piece of information we hope will help you understand the financial position of the Section.

Where can I get more information?

We would like to remind all members of the Scheme's Defined Benefit online member site, known as **Prism,** which is operated by the Scheme's administrators, Hymans Robertson. Prism has been designed to ease the member experience by allowing you to access your own personal details and information about your pension online anytime, anywhere by visiting website **www.kerryrbscheme.co.uk**.

If you would like more information about the Scheme, please e-mail **kerry@hymans.co.uk**. If you would like to review your benefits and benefit options please view your personal online Prism account or contact our Scheme Administrator, Hymans Robertson, direct by telephone on **0121 212 8152** or by emailing at **kerry@hymans.co.uk.**

The Trustees of the Kerry Retirement Benefits Scheme (November 2023)