

Network Rail CARE Pension Scheme Summary Funding Statement

Purpose of statement

This statement is issued on behalf of the Trustee of the Network Rail CARE Pension Scheme (“the Scheme”) with the aim of providing information about the Scheme’s funding position. This information is required to be provided to all members by the Trustee and will generally be provided annually.

Scheme Specific Funding Valuation results

The most recent formal actuarial valuation of the Scheme was carried out on 31 December 2019. The funding position at the formal valuation date as well as the annual updates as at 31 December 2020 and 31 December 2021 are shown below for comparison.

	31 December 2019	31 December 2020	31 December 2021
Market Value of Assets (£m) *	280.0	355.4	428.8
Value of Technical Provisions (£m) *	271.2	351.1	405.3
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Past Service Surplus/(Shortfall) (£m)	8.8	4.3	23.5
Funding Level (Assets / Technical Provisions)	103%	101%	106%

**Please note that the assets and Technical Provisions exclude Additional Voluntary Contributions paid by individual members.*

Change in Funding position from 2020 to 2021

The funding position between 31 December 2020 and 31 December 2021 has improved, which is mainly due to higher-than-expected returns on its investments. The Scheme liabilities have significantly increased over the year. However, much of this increase has been offset by a corresponding increase in the Scheme’s hedging assets, which has protected the funding position.

Solvency Funding Position

As at 31 December 2019 it was estimated that the amount required to secure the benefits of the Scheme in full with an insurance company in the event of the Scheme winding-up was £1,248m i.e. a shortfall of £965m. Given the strength of support provided to the Scheme by Network Rail Infrastructure Limited (the “Employer”) this figure is for information only and does not imply that the Trustee or the Employer are considering winding up the Scheme.

Payments to the Employer

There has not been any payment to the Employer out of the Scheme’s funds in the past 12 months.

Protecting your data

As a member of the Scheme, you agree to provide personal data to the Trustee and consent to the processing and disclosure of this data to the Employer and such professionals and other third parties that the Trustee has chosen to assist with this. The data will be held during your membership of the Scheme or any longer period necessary to answer questions relating to your benefits.

Further details on the information we hold and why we hold it, how we protect your data and your rights in regards to your data is set out in the Trustee’s Privacy Notice. Please use the contact details below if you require a copy of the Privacy Notice to be sent to you.

Further Information on the Scheme

Further information about the Scheme is available by writing to Claire McCarthy at: Network Rail Pensions Department, The Quadrant: MK, Furzton Building (floor 1), Elder Gate, Milton Keynes, MK9 1EN.

NOTES

1) Operation of the Scheme

The Network Rail CARE Pension Scheme is a defined benefit scheme. This means that the money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustee's objective is for the fund to be sufficient to pay pensions now and in the future.

The cost of the Scheme is shared between active members and the Employer, who pays 60% of the overall cost of providing benefits. The Trustee obtains regular valuations of the benefits earned by members, at least every 3 years. Using this information, the Trustee comes to an agreement with the Employer on the level of future contributions to be paid. Successfully achieving the Trustee's funding objective relies on the Employer continuing to support the Scheme.

2) What would happen if the Scheme started to wind up?

If the Scheme winds up in the future, you might not get the full amount of pension you have built up even if the Scheme is fully funded under our ongoing funding objective.

The Employer would be required to pay enough into the Scheme to enable members' benefits to be completely secured with an insurance company. If the Employer became insolvent and was unable to pay this amount in full, the Pension Protection Fund ("PPF") might be able to take over the Scheme and pay compensation to members.

Further information and guidance is available on the PPF's website at www.ppf.co.uk.

3) What is the Scheme invested in?

The Trustee's current policy is to invest 90% of the Scheme's funds in return seeking asset classes and the remaining 10% in lower risk assets. Furthermore, the Trustee holds alternative asset classes and "liability driven" instruments in order to reduce the volatility of the Scheme's funding position as a result of changes in market conditions such as interest rates and inflation. This policy will be reviewed from time to time and amended if considered appropriate.

4) Leaving the Scheme

If you are thinking of leaving the Scheme for any reason, it is recommended that you consult a professional advisor, such as an independent financial advisor, before taking any action. This advice would be at your own cost.

5) Change of address

Please help us to keep in touch with you by telling us if you change address.

6) Additional documents available on request

Further information about the Scheme is available on request. The available documents are listed below:

Statement of Funding Principles – sets out the Scheme's funding plan

Statement of Investment Principles – explains how the Trustee invests the Scheme funds

Schedule of Contributions – shows how much money is being paid into the Scheme

Annual Report and Accounts – shows the Scheme's income/expenditure in the year up to 31 December 2021

Full report on the actuarial valuation – shows in detail the Scheme's situation as at 31 December 2019

Annual Actuarial reports – shows the progression of the funding position to 31 December 2020 and 31 December 2021