

## The Arts Council Retirement Plan (1994)

# YOUR SUMMARY FUNDING STATEMENT

 **2023**

This is your annual Summary Funding Statement which gives you an overview of the Plan's financial status – a copy of the full valuation is available on request. The benefits paid to members and their dependants come from a central fund that's invested by the Trustees with the help of specialist advisers.

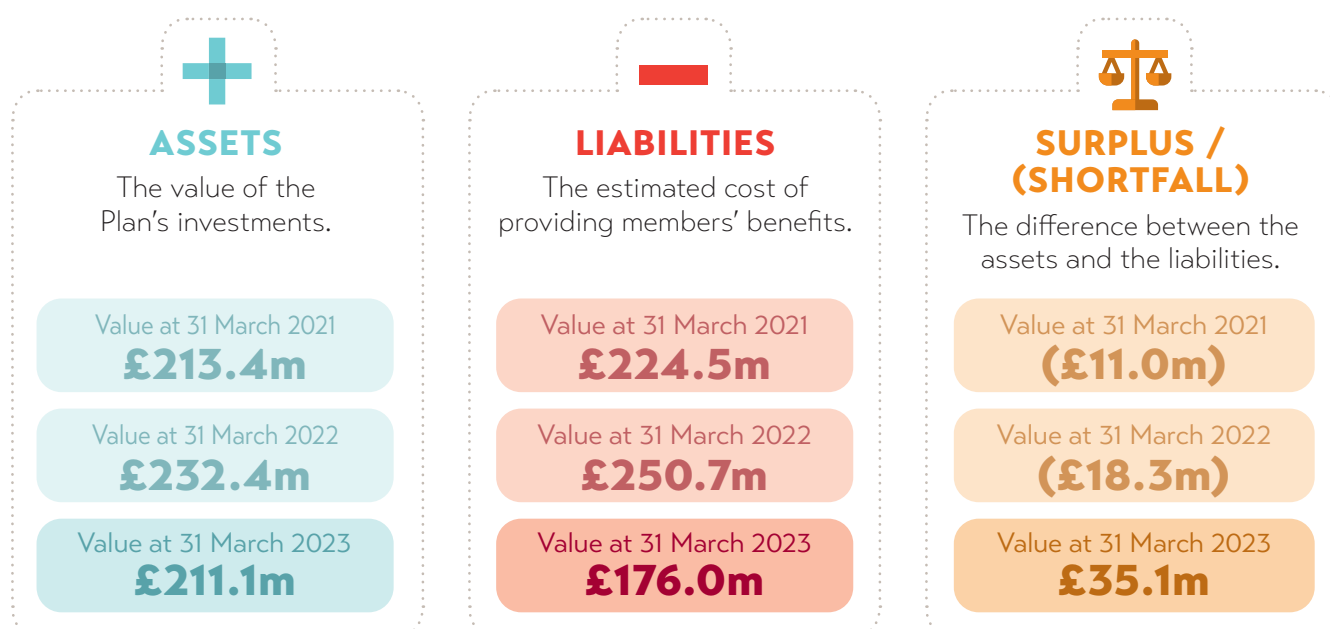
This Summary Funding Statement does not contain any personal information or include any benefits you may receive from this pension scheme, either now or in the future.

**The last full valuation was carried out on 31 March 2022. The next full valuation is due on 31 March 2025.**

# KNOW THE FINANCES

## HOW IS THE PLAN DOING?

The Trustees must make sure the Plan has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the Plan is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the Trustees. Here is a summary of the funding position at the last valuation and how this compares with the annual updates.



## FUNDING LEVEL

The assets as a percentage of the liabilities

31 March 2021  
**95%**

31 March 2022  
**93%**

31 March 2023  
**120%**

As you can see as at 31 March 2023, the Plan was estimated to have a surplus with 120% of the money it needed to pay all benefits due now and in the future. As long as the Employers continue to support the Plan, your benefits will be paid in full when they become due.

At 31 March 2022 a new triennial actuarial valuation was completed. The funding position was broadly in line with the 31 March 2021 position reported in last year's newsletter. Since 31 March 2022, the funding position has improved, primarily due to changes in market conditions which have reduced the value of the Plan's liabilities.

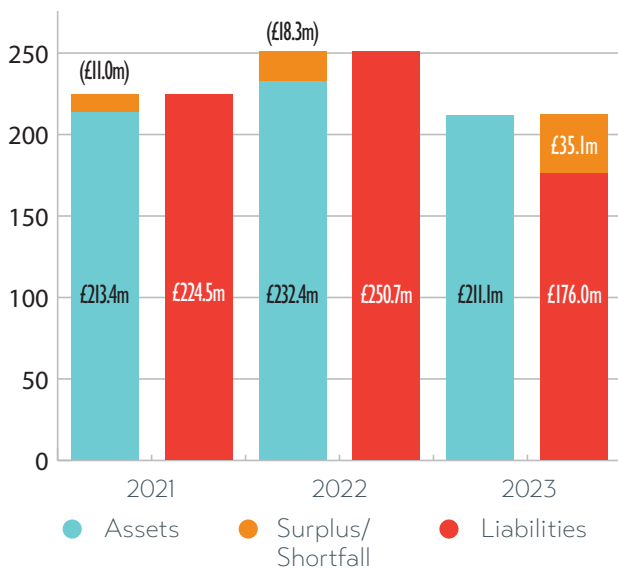
## YOUR DATA

If you would like to find out more about how we use your personal data please follow the link to the Hymans Robertson Trust Centre: [www.hymans.co.uk/information/trust-centre/](http://www.hymans.co.uk/information/trust-centre/)

## TRANSFER OUT REGULATIONS

The Trustees and Plan administrator must now follow regulations when it comes to processing any transfer out request. Where members wish to transfer benefits to another registered pension arrangement, additional checks will be undertaken to assess whether the request meets certain conditions, in an effort to further prevent pension scams. If you are thinking of transferring your benefits out of the Plan, we recommend that you take financial advice first. For a list of independent financial advisers local to you, please follow the links to [www.unbiased.co.uk](http://www.unbiased.co.uk)

### The Plan's financial position



These valuations are only a snapshot in time, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. If the funding level is 100% or more, that means there was enough money to pay the benefits as and when they are due to be paid.

As at 31 March 2023, the Plan had a funding level of 120% and so was in a healthy financial position with enough funds to meet its commitments to members.

The Trustees have agreed a recovery plan with the sponsoring employers who have agreed to pay additional contributions into the Plan each year until 2034, on top of normal contributions towards the cost of benefits being built up by existing employee members and the expenses of running the Plan. Some employers have already paid their recovery plan contributions in full.

A copy of the recovery plan is available upon request from the Plan Administrator.

## PROTECTING YOUR BENEFITS

As part of the valuation, the Actuary also works out how much money the Plan would need if the Employers could no longer support it, the Plan were to be wound up and the Trustees secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. The estimated cost to ensure that all members' benefits could be paid in full if the Plan wound up on 31 March 2022 was £364.8m, resulting in a shortfall of £132.3m compared with the value of the assets on the same date. If there is not enough money in the Plan to buy out all the benefits with an insurance policy, the Employers would have to make up the shortfall. However the position will have improved since 31 March 2022, as it has done for the funding valuation figures shown above.

For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. The compensation will be paid up to a limit and it might not cover the full amount of the benefits lost. You can find out more about the PPF on its website: [www.ppf.co.uk](http://www.ppf.co.uk).

Please note that the inclusion of this information does not imply that the Employers or the Trustees are thinking of winding-up the Plan. It is simply required to form part of our report.

## THE LEGAL BIT

Legally, we have to confirm that the Employers have not taken any surplus payments out of the Plan in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Plan, or to impose a direction, or a schedule of contributions.



# KNOW THE LATEST NEWS

## Welcome

Welcome to your 2023 Summary Funding Statement. In November 2022 Liz Bushell resigned from the Trustee Board on leaving Arts Council England, having served almost 15 years as a trustee. Her successor at ACE, Navees Rahman, was appointed as a trustee in July 2023, continuing the tradition of having senior finance representatives from all three main employer organisations on the board of trustees.

## The Plan is financially strong

As indicated above, the actuarial valuation as at 31 March 2022, which was finalised during the year, showed a strongly improved financial position since the 2019 formal valuation. With interest rates continuing to rise in recent months, the value of the liabilities has further reduced, whilst most of our portfolio of investments has seen steady growth, so that the latest funding report to the trustees in June indicated that the Plan was now in surplus.

## Responsible Investment

The trustees have continued to develop the Plan's investment strategy with a focus on environmental, social and governance (ESG) factors. In meetings with our investment managers we have held them to account on how they are embedding ESG factors into their selection of investments and in the stewardship of assets in their fund portfolios. We have made a new investment in infrastructure specifically oriented towards renewable energy and are in the process of divesting from a diversified growth fund in favour of net zero oriented infrastructure. These steps have taken us a long way towards achieving our vision of a responsibly invested strategy and we are now turning our attention to the bond portfolio.

Since we are an open fund, with new members continuing to join and benefits still accruing for all active members, our investment horizon is very distant and the trustees believe that paying close

attention to the global transition to a lower carbon economy, as well as to other environmental, social and governance factors, will yield superior returns on our portfolio in the long term.

## Your pension is generous and well-protected

Most pensions in payment were increased by 10.1% in April 2023 in line with movements in the Consumer Prices Index to the previous September. This included discretionary elements of pensions increase, with the trustees continuing to provide inflation-linkage in line with other public service pension schemes.

The three largest participating employers continue strongly to support the right of all permanent employees to be a member of the Plan. This strong employer covenant enables the trustees to focus on achieving good risk-adjusted returns in the long term whilst maintaining a strong funding level for the Plan.

The Plan's final salary benefits are underpinned by a sustained high level of employer contributions. We hope that members recognise the quality of the benefits and security that the Plan offers.

## Chris Daykin

Chair of Trustees of the Arts Council Retirement Plan (1994)

## ADMINISTRATORS

For any questions regarding the Plan, or for copies of Plan documents, contact the administrators.

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Get more information about pensions and general financial matters by visiting [www.MoneyHelper.co.uk](http://www.MoneyHelper.co.uk).