

# The Institute of Physics Retirement Benefits Plan (1975) (the "Plan")

## Summary Funding Statement May 2024

### What's this statement for?

The Trustees are required to provide you with this statement giving you an update about the Plan's financial security. We hope you find it useful and easy to understand, but if you have any questions, please contact XPS Administration.

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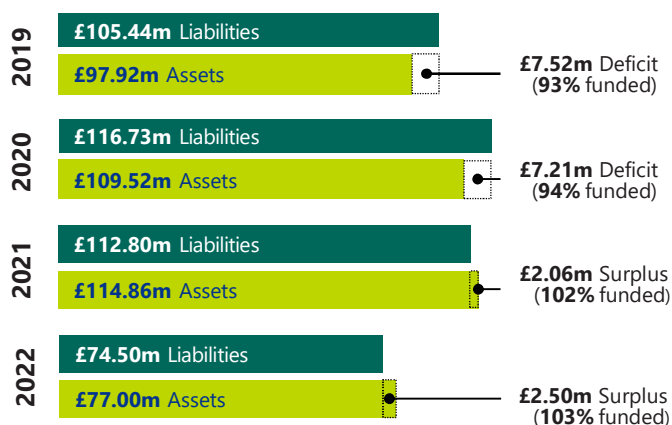
Middlesbrough

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### The last actuarial valuation at 31 December 2022

An actuarial valuation is an exercise to compare how much money the Plan has (its 'assets') with how much it needs to be able to pay members the benefits they are entitled to (its 'liabilities'). If the Plan's assets are more than its liabilities, there is a 'surplus'; if they are less, there is a 'shortfall' or 'deficit'.

Full valuations take place every three years, and the last one had an effective date of 31 December 2022 and was signed off in March 2024. In between full valuations the Plan prepares annual updates. The results of the full valuations at 31 December 2022 and 2019, plus the results of the updates at 31 December 2020 and 2021 are shown on the right.



### Contributions from the Institute

This is the first triennial actuarial valuation in recent times that has shown a surplus, so the Institute no longer needs to make deficit contributions to the Plan. However, as part of the valuation agreement, the Institute made a one-off contribution of just over £3m in March 2024 as a cushion against adverse future experience.

### Change in funding position since December 2021

The funding position of the Plan has improved since the last funding statement at 31 December 2021.

There was a significant reduction in the value placed on both the Plan's assets and liabilities over the period. This was mainly due to increased volatility in financial markets, particularly towards the end of 2022, which resulted in higher yields on fixed interest investments such as Government gilt-edged securities ('gilts'). The increase in yields has given rise to a higher discount rate, which has reduced the value placed on the Plan's liabilities. This was largely offset by a corresponding reduction in the value of the Plan's assets.

The Plan holds assets that aim to broadly match movements in the interest rate sensitivity of the liabilities. As yields rise, investments in assets such as gilts fall in value, thereby mirroring the fall in the value of the liabilities. As such, when yields rise, it is to be expected that the Plan's asset value also falls.

### Approximate update to 31 December 2023

The Trustees regularly monitor the funding position and approximate calculations undertaken at 31 December 2023 indicate that the funding position has remained broadly similar to that shown at 31 December 2022.

### Payments to the Institute

There have been no payments made to the Institute out of the Plan's assets since the last summary funding statement.

### Winding-up

If the Plan winds up, the duty to pay all members' benefits may be transferred to an insurance company. In the 2022 valuation, it was estimated that the amount needed to secure all the Plan's benefits was £87.7m, which was £10.5m more than the Plan's assets. This is just an indication and is a figure required to be provided under legislation - it does not mean that the Trustees or Institute are considering winding up the Plan.

# How the Plan works

This section has some information about this statement and the Plan. If you would like any more information about the Plan or your benefits, please contact XPS Administration.

## How is my pension financed?

The Plan is a defined benefit pension arrangement. This means members have built up benefits based on length of service and their salary. The Plan has a pool of money (assets) to pay for these benefits as they become due; it does not hold assets separately for each individual. The Trustees' primary purpose is to ensure that the plan has enough money to pay all members their benefits, both now and into the future.

## How do you work out how much the Plan needs?

As part of the three-yearly actuarial valuation, the Trustees agree a funding plan with the Institute. This funding plan aims to make sure there is enough money to pay for pensions both now and into the future. The Trustees also cover the cost of running the Plan every year.

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

Whilst the Plan is still running, even though funding may temporarily be below target, benefits will still be paid in full. If the Plan did start to wind up, benefits may be secured with an insurance company. If there weren't enough assets to secure all the benefits, the Institute would be required to make up the difference. If the Institute were unable to do so, benefits would be reduced, so you might not get all of the benefits you have built up. Depending on the funding position at point of winding-up, the Pension Protection Fund ('PPF') might be able to take over the Plan and pay compensation to members, albeit this would not be at the full level of benefits. Further information is available at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

It is important to note that the Plan would only apply for entry to the PPF if the Institute became insolvent and the assets available to the Plan were insufficient to secure members' PPF-level benefits.

## The Pensions Regulator

### In certain circumstances the Pensions Regulator can:

- Direct how the Plan's liabilities must be calculated
- Set the period for removing any funding shortfall
- Set the level of contributions to be paid
- Change the way members build up benefits in the future



*None of these things have happened in the Plan.*

## How are the Plan's assets invested?

As at 31 December 2023, the Plan's assets were invested as follows:

Liability Driven Investments and Cash	75%
Diversified Growth Fund	14%
Illiquid Assets	11%

The above asset allocation has been provided as a result of a move towards the Trustees' new investment strategy that took place following the December 2022 valuation date.

## Thinking of transferring out of the Plan?

If you are thinking of transferring out of the Plan for any reason, you should talk to an independent financial adviser before doing so; you can find one local to you at [www.unbiased.co.uk](http://www.unbiased.co.uk).

## Stay in touch

If any of your personal details are changing, such as your name or address, please tell XPS Administration (contact details on the first page).