Essentra Pension Plan – Essentra Section (the “Plan”)

Summary Funding Statement 5 April 2022

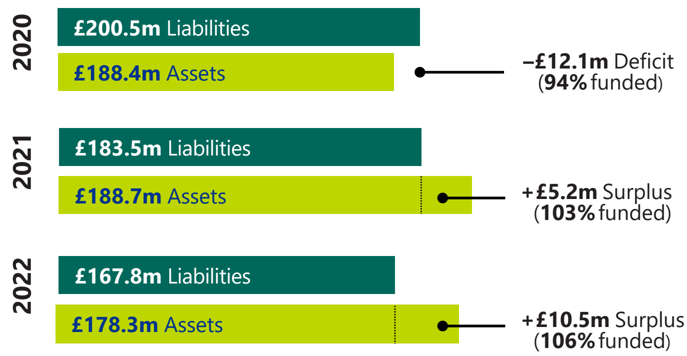
What’s this statement for?

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 Jacky Perkins, Essentra Pension Plan, c/o Essentra plc, Avebury Boulevard, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.

The last actuarial valuation at 5 April 2021

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 everyone 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 usually take place every three years and the last one was on 5 April 2021, with a yearly update on 5 April 2022. The results of these valuations are shown on the right, along with the results shown on the 5 April 2021 statement (5 April 2020 position) for comparison.



Plan’s contribution arrangements

As a result of the surplus identified in the full valuation as at 5 April 2021, there is no Recovery Plan in place. This will be reviewed as part of the next formal actuarial valuation as at 5 April 2024.

Change in funding position since previous statement

The funding of the Plan has improved since the previous statement, from a deficit of £12.1m to a surplus of £5.2m. This was mainly due to changes to the financial and demographic assumptions underlying the liability calculations which lead to a lower liability figure, and membership experience. Asset returns were also higher than expected over the year, leading to a higher asset figure.

Change in funding position since the last full valuation

The funding of the Plan has further improved since the last full valuation as at 5 April 2021, mainly due to net changes to the market conditions affecting the assumptions underlying the liability calculations leading to a lower liability figure. However, this positive effect was slightly offset by investment returns being lower than assumed.

How much money is paid into the Plan each year?

The Essentra Section is closed to future accrual, and there are therefore no contributing members. Given the funding surplus in the Essentra Section as at 5 April 2021, there are currently no deficit reduction contributions being paid by the Company.

Payment to the Company

There has not been any payment made to the Company 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 2021 valuation, it was estimated that the amount needed to secure all the Plan’s benefits was £244.0m, which was £55.3m more than the Plan’s assets. This is just an indication and is required under legislation, it does not mean that the Trustees or Company 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 Jacky Perkins, Essentra Pension Plan, c/o Essentra plc, Avebury Boulevard, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU

How is my pension paid for?

The Plan is a defined benefit pension arrangement. This means members build up benefits based on length of service and their salary at the date they left pensionable service. 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' goal is for the plan to have 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 (the Statement of Funding Principles) with the Company, which aims to make sure there is enough money in the Plan to pay for pensions now and into the future.

The Company also pays the cost of running the Plan every year. This is why the Plan relies on the Company's continuing support.

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 Company would have to make up the difference. You might not get all of the benefits you have built up, especially if the Company is not there to pay for any shortfall. In this case, the Pension Protection Fund ('PPF') might be able to take over the Plan and pay compensation to members. Further information is available at www.pensionprotectionfund.org.uk

It is only if the Company became insolvent and assets available to the Plan were insufficient to secure PPF level benefits that the Plan would apply for entry to the PPF.

Why don't the Trustees aim to have enough money to secure benefits on wind up?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Plan This means the cost of securing pensions in this way is considerably more expensive than if the Plan runs normally with the continuing support of the Company. Aiming to have enough money to cover that cost would likely mean that the Plan will have far more than it actually needs if it keeps running.

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 Company contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Plan.

Thinking of leaving the Plan?

If you are thinking of leaving 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

Stay in touch

If any of your personal details are changing, such as your name or address, please advise the Plan's administrators, Barnett Waddingham, by email at Essentra@Barnett-Waddingham.co.uk