



# The Rolls-Royce UK Pension Fund (the Fund)

Actuarial valuation results for the three years to 31 March 2023

## In summary

Every three years, the Trustee is required by law to undertake a formal valuation of the assets and liabilities of the Fund to make sure there's enough money to pay your benefits when they become due. The latest valuation at 31 March 2023 is now complete, and the Trustee is pleased to report that the fund continues to be very well funded and is currently considered to have enough assets to deliver the benefits promised to all members.

## Results of the actuarial valuation in detail

The valuation measures our funding level on what is termed a technical provisions (or ongoing) basis, which is the amount needed to pay all member benefits in full as they become due. This is based on assumptions that are agreed every three years between the Trustee and the Company. On this basis, the funding has improved over the three years since the last triennial valuation, **from 105% to 115%**. This improvement is largely due to changes in market conditions, which has reduced the value of the liabilities by more than the value of the assets. Given the strong funding position, no contributions will be paid by Rolls-Royce plc into the Fund.

	31 March 2020	31 March 2023		
	Technical provisions	Technical provisions		Buyout Estimate *
	Without contingent increases	Without contingent increases	With contingent increases	With contingent increases
<b>Assets</b>	£9,336m	£5,437m	£5,437m	£5,437m
<b>Liabilities</b>	£8,874m	£4,710m	£4,855m	£5,665m
<b>Surplus / (Deficit)</b>	£462m	£727m	£582m	(£228m)
<b>Funding level</b>	105%	115%	112%	96%

\* This is the Scheme Actuary's estimate of a buyout valuation. It is not based on a valuation from an insurance company

As required by law, and to help you understand the financial security of your benefits, we also monitor the solvency or buyout funding basis which is the estimated amount required to secure annuities with an insurance company for all members. On this basis, the funding level is estimated to be around 96% funded. And as part of the valuation, the Trustee also reviewed the covenant (the strength of the employer) with help from its covenant adviser, Penfida. The conclusion was that the strength of Rolls-Royce plc has improved since the last valuation in 2020.

## What's the difference between 'with' and 'without' contingent increases?

Rolls-Royce Pension Fund section members don't get guaranteed increases in retirement on pension earned before 6 April 1997. The valuation shows the funding level on that basis (without contingent increases) and additionally shows the funding level if an increase of 2% a year is adopted (with contingent increases). These 2% increases require the funding level to be at a sufficient level each year, as certified by the Scheme Actuary, and a prudent investment strategy.

## Background and further information

Formal valuations are performed by the Trustee's independently appointed actuary and take a while to complete. The process involves gathering and validating member information and obtaining audited valuations of our investments. The actuary then makes certain assumptions to place a current value on the future benefits that are expected to be paid to members. For example, how long members will live for, how many spouses' pensions will be paid, and what the level of future inflation might be. These assumptions need to be agreed between the Trustee and the Company.

You can find out more about the valuation and other aspects of your membership of the Fund in the [Trustee newsletter](#) issued in September 2023, or at [www.rolls-roycepensions.com](http://www.rolls-roycepensions.com)

If you have any questions regarding the Fund valuation, please email [pensions.web@rolls-royce.com](mailto:pensions.web@rolls-royce.com)