



Simply financial

To help you understand the finances of the RSP Section of the Morrisons Retirement Saver Plan (RSP Section), we're giving you the highlights from our annual report and accounts for the year up to 5 April 2024, explaining where, how and why we invest the money in the way we do.

Why the figures matter

It can be difficult sometimes to see how this section relates to you as a member of the RSP Section. The main thing for you to understand from this information is that the RSP Section is in a healthy financial position and is able to pay out the pension benefits to everyone.

WHAT YOU NEED TO KNOW

During the 12 months to 5 April 2024:

Money in
(£25k)

The value
decreased by
£36.7m*

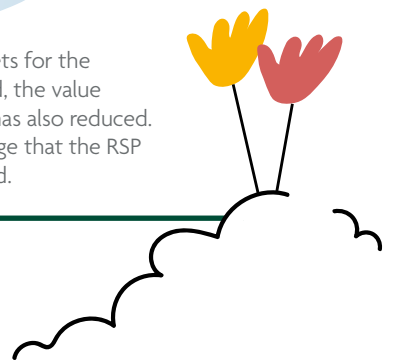
Value of assets at
the end of the year

£314.0m

The RSP Section
paid out
£14.4m
in pensions, benefits
and expenses

Investments
produced returns of
(£22.3m)

Whilst the value of the assets for the RSP Section have decreased, the value of the benefits to be paid has also reduced. You will see on the next page that the RSP Section remains well funded.



What this means for the RSP Section's financial health

Every year we need to let you know whether the RSP Section can cover its commitments in both the long and short term. This is a legal requirement called the Summary Funding Statement but is also valuable information for you as it helps you to understand a bit more about your pension and how it's financed.

If the funding level is **100% or more** then you know the RSP Section is in a healthy financial position.

As you can see, the funding level was more than 100% following the financial update at 5 April 2024.

SHORTFALL/SURPLUS

This is the difference between the money in the RSP Section and the cost of providing the benefits

2022 valuation

£37.6m surplus

2023 snapshot

£22m surplus

2024 snapshot

£24m surplus

A surplus means there's more money than needed. A shortfall means that there's not enough money to pay for all the benefits.

FUNDING LEVEL

If there's enough money to pay out the benefits when they become due then this is 100% or more

2022 valuation

111%

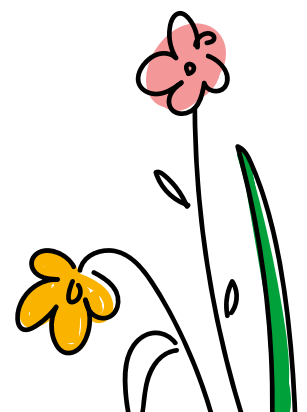
2023 snapshot

107%

2024 snapshot

109%

These figures assume that the RSP Section will continue until all members have their pension paid out to them.



Is my pension pot secure?

The Trustee aims to have enough money in the RSP Section to pay pension benefits to members. They are still responsible for running the RSP Section and making sure your benefits are paid when they fall due, but the risks associated with the finances of the RSP Section are now covered by a specialist pension insurance company, Aviva. This means that your benefits are insured for the future.

The actuary (the person who does these calculations) also works out how much money the RSP Section would need if the Company could no longer support it, the RSP Section was wound up and the Trustee secured members' benefits through a **buy-out** insurance policy. This is a calculation the Trustee has to do by law every year.

The funding level on this solvency basis for the RSP Section at the last full valuation in 2022 was 78%. Since the 2022 valuation, the funding level improved which is why the Trustee was able to arrange a **buy-in** of members' benefits. This means that all benefits in the RSP Section are now covered by an insurance policy.

If the RSP Section was wound up and there was not enough money to buy out all the benefits with an insurance policy, the Company would have to make up the shortfall.

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. You can find out more about the PPF on its website: www.ppf.co.uk

Or you can write to the PPF at:
information@ppf.co.uk or
PO Box 254,
Wymondham,
NR18 8DN

Morrisons' commitment

Following the full actuarial valuation in April 2022, it was agreed that the RSP Section would pay the expenses, but the Company may choose to pay and support the RSP Section if agreed by both the Trustee and Morrisons.

This agreement is documented in the Statement of Funding Principles and Schedule of Contributions, copies of which are available on request.

The legal stuff

Legally, we have to confirm that the Company has not taken any surplus payments out of the RSP Section in the last 12 months. We can also confirm that The Pensions Regulator has not intervened to change the way that benefits build up, the way valuations are calculated, or the way the funding shortfall is met.

A **buy-in** insurance policy means that the Trustee is still responsible for running the RSP Section and making sure your benefits are paid when they become due.

A **buy-out** policy is where the insurance company takes full responsibility for the RSP Section and pays members and pensioners benefits to them directly.



Securing the future

As explained in more detail in your newsletter, in March 2025, the Trustee took out an insurance policy with Aviva to insure all members' benefits through a buy-in.

This means that all members now have the security of their benefits being covered by an insurer. It's only possible to buy such an insurance policy when a pension scheme is well funded.



Our approach to investments

Whilst members' benefits are insured with Aviva, the Trustee still remains responsible that their investment strategy aligns with our investment principles.

The Trustee has set out its approach to investments and have briefed the investment managers to consider the Environmental, Social and Governance ratings of companies when choosing new investments.

The overall priority is to invest the RSP Section's money in the interests of members and bring in a healthy return, whilst choosing companies that take their responsibilities to their people, to society and the environment, seriously.

You can get copies of the full Report and Accounts from Aptia.

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