WillisTowersWatson

WILLIS PENSION SCHEME

SUMMARY FUNDING STATEMENT 2018

The Trustee is required by law to provide members (including deferred members and pensioners) with information on the Pension Scheme's funding position each year.

How is the Scheme's financial security measured?

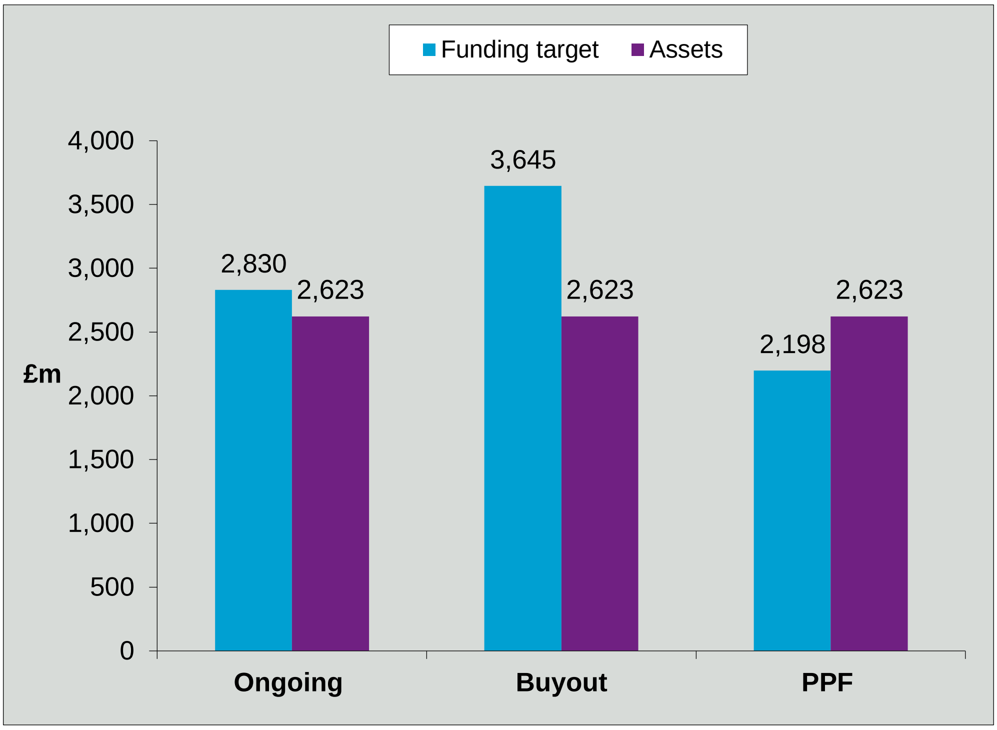
Every three years the Scheme's Actuary is required to perform an actuarial valuation. The latest triennial valuation as at 31 December 2016 has been completed. During an actuarial valuation the actuary investigates the financial position of the Scheme in order to assess whether there is enough money in the Scheme to pay the pension benefits accrued to the date of valuation. If the assets are less than that required then deficit contributions may be needed to fund the shortfall. The assumptions used are set by the Trustee.

Following each actuarial valuation the Trustee and the Employers agree the level of contributions needed to pay for pensions being earned currently and to pay for any shortfall of assets to fund the pension benefits earned to date. This is then recorded in a Schedule of Contributions.

In addition, the Trustee requests annual interim actuarial reports (except in valuation years), and has access to daily updates of the approximate ongoing funding position.

Valuation results

The results of the latest completed actuarial valuation as at 31 December 2016 are as follows:



The "Ongoing" figures (also known as "technical provisions") illustrate the funds required to meet the benefits promised to date assuming that the Scheme continues in its current form going forward. The ongoing funding level as at 31 December 2016 was 93% meaning a shortfall on the ongoing funding basis of £207 million as at 31 December 2016.

The "Buyout" figures illustrate the assets needed in order to secure the pension benefits for all scheme members with an insurance company. The buyout funding level as at 31 December 2016 was 72%. This is equivalent to a shortfall of £1,022 million.

The Pension Protection Fund (PPF) figures illustrate the cost of securing the PPF compensation with an insurance company. On the PPF basis the Scheme was in surplus by £425 million as at 31 December 2016 and would therefore likely be able to secure with insurance company benefits in excess of 100% of the PPF compensation.

Latest ongoing funding position

An approximate valuation was carried out at 31 December 2017 for the Scheme's annual actuarial report. The results of this and the 2016 valuation for comparison are shown in the table below:

Valuation Date	Ongoing Funding Level	Shortfall
31 December 2016 (actual valuation results)	93%	£207m
31 December 2017 (annual actuarial report)	95%	£135m

The main reason for the improvement in the funding position between 31 December 2016 and 31 December 2017 is better than anticipated returns from the Scheme's assets over the year and deficit contributions paid by the Employers. However, this is partially offset by lower expected future returns, which increases the value of the liabilities.

Benefits for current employees

In order to meet the cost of benefits being earned each year in the Scheme by current employees, the Trustee and Employer have reached an agreement for the Employers to pay into the Scheme 24.8% of pensionable salaries up to March 2018, and 36.3% from April 2018.

What is being done to reduce the shortfall?

Following the completion of the 2016 valuation, the Trustee agreed a recovery plan with the Employers to fund the £207 million shortfall over 8 years and to target being fully funded by the end of 2024. The Trustee and sponsoring employers agreed deficit contributions of £15 million in 2017, plus £25 million from 2018 until 2024 (this is in addition to the employer contributions required to meet future accrual).

Further Protections for Members

In addition to the agreement regarding funding any shortfall, the Trustee also have guarantees from Willis Towers Watson providing further security for members. Willis Towers Watson provides a guarantee so that, if any of the Scheme's sponsoring employers is unable to honour its commitments to the Scheme, Willis Towers Watson plc can be called upon to honour that employer's commitment to the Scheme.

The Trustee can confirm that no payment has been made to the Employers out of a surplus in the pension fund and that no statutory funding directions imposed by the Pensions Regulator are in force in relation to the Scheme.

What would happen if the scheme was wound up?

We are required to communicate to you the position should the Scheme be wound up but **it should be noted that the Trustee currently has no intention to wind up the Scheme whilst the**

Employers continue to pay contributions. If the Scheme were to wind up the Employers are required to pay enough into the Scheme to ensure members' benefits are fully secured with an insurance company. In the event that this was not possible, for example in the unlikely event of insolvency, then the Pension Protection Fund pays compensation to members of eligible defined benefit pension schemes (such as The Willis Scheme) when there is a qualifying insolvency event in the relation to the sponsoring employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation. Whilst the Scheme continues your benefits will continue to be paid in full even though the funding may be temporarily below target. It should be noted that the Pension Protection Fund provides lower compensation than the full member's expectation:

- Pensions in payment where the member has reached the scheme's normal retirement age will receive 100% of their pension however they will only receive pension increases on pension accrued post 5 April 1997 in line with inflation subject to a maximum of 2.5% pa. They will receive no pension increase on pension accrued pre 6 April 1997.
- Pensions in payment where the member has not reached the scheme's normal retirement age will receive 90% of their pension subject to an overall cap. The earlier you retired, the lower the annual cap is set, to compensate for the longer time you will be receiving payments. The cap at age 65 is **£39,006.18 pa** from 1 April 2018 (this equates to **£35,105.56** when the 90% level is applied). Pension increases are restricted as above.
- Those who have not yet retired will receive 90% of their pension at the scheme's normal retirement age subject to the overall cap as above. Between the dates the scheme enters the PPF and normal retirement age the value of your pension will increase annually in line with inflation subject to cap of 5% for pension accrued prior to 6 April 2009 and 2.5% for pension accrued after 5 April 2009. Once in payment pension increases will be restricted as above.
- For members who die in retirement, eligible spouses, civil partners or relevant partners would receive 50% of the PPF compensation being paid (not 50% of the pension pre commutation).
- For members who have yet to retire, eligible spouses, civil partners or relevant partners would receive 50% of the compensation the member would have received if they had reached their normal pension age the day before they died.

The Secretary of State for Work & Pensions has the power to reduce these levels. For further information you can contact the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA or alternatively visit the Pension Protection Fund's website at www.pensionprotectionfund.org.uk.

Notice to Members on Data Privacy

The Trustee has updated the Scheme data protection privacy notice to comply with changes to data protection. You can access the Privacy Notice on the Willis Pension Scheme website by clicking here or alternatively you can request a copy of the notice by contacting the Pension Team at pensions@willistowerswatson.com