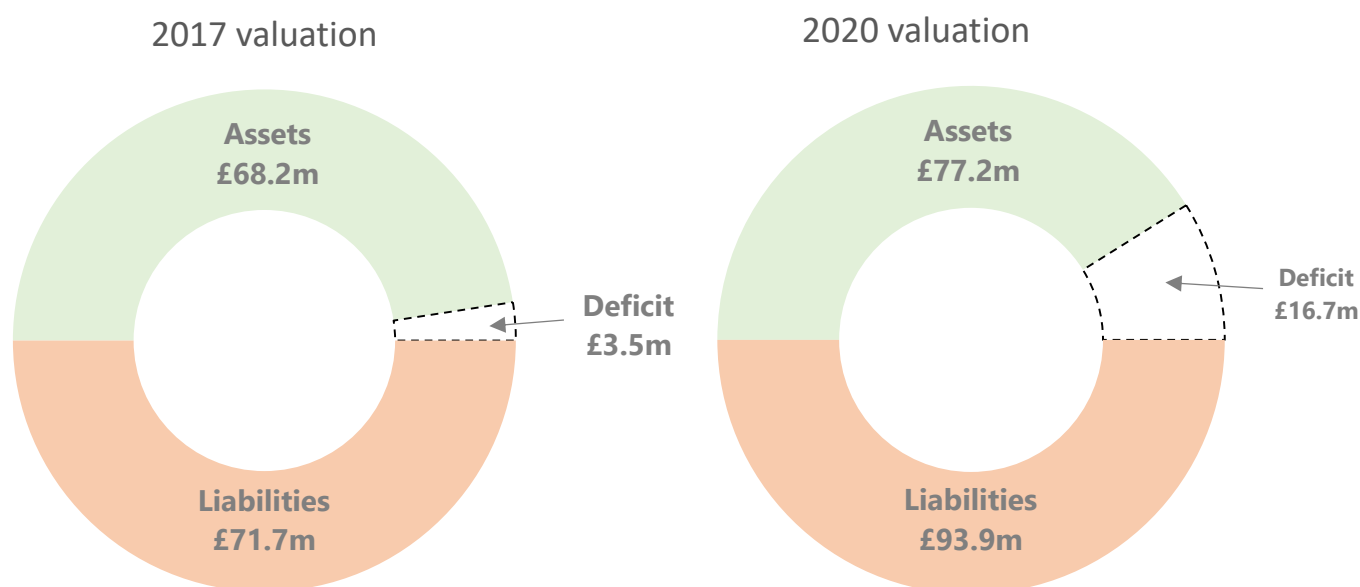


Summary Funding Statement

Results of formal actuarial valuation as at 1 September 2020

The results of the actuarial valuation carried out as at 1 September 2020, assuming that the Scheme continues into the future, are illustrated below, together with the results of the 2017 actuarial valuation for comparison purposes.



In light of the shortfall revealed at the latest valuation, the Trustee has agreed a revised recovery plan with the participating employers. It has been agreed that contributions will be transferred to the Scheme from the Pension Reserve Fund as follows:

- £2,380,000 per annum each August, starting in August 2021 up to and including August 2026; and
- between £0 and £529,000 each December, starting in December 2021 up to and including December 2026. The precise amount payable is determined by the Scheme Actuary each year having regard to Scheme experience.

In addition to these recovery plan contributions, the Trustee and the Methodist Council have agreed a secondary long term funding target for the Scheme. The intention is that any shortfalls against 90% of the Scheme's secondary long term objective basis will result in additional contributions to those detailed above ("remedy payments"). To further support the Scheme's funding and investment strategy, the Methodist Council is intending to:

- (i) pledge security worth £685,000 in the form of a charge on properties; and
- (ii) place cash of £415,000 in a restricted fund.

It is anticipated that the Trustee would have a right to call on these assets should the Methodist Council default on a remedy payment that falls due following a Long Term Funding Objective assessment. The detailed arrangements are still under discussion but are intended to be formalised in a legal agreement.

Why is the position worse than in 2019?

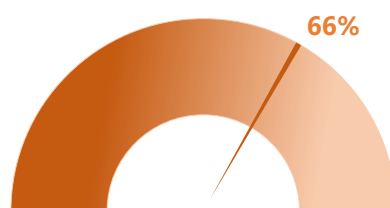
The Summary Funding Statement that we sent to you last year showed the Scheme's funding position at 1 September 2017, together with an update as at 1 September 2019. As at 1 September 2019, the Scheme had a funding shortfall of £8.8m. Therefore, the funding position has worsened by £7.9m since 1 September 2019. The main factor contributing to this deterioration is lower than expected returns on the Scheme's assets.

What would happen if the Scheme started to wind up?

As part of the valuation, the actuary investigates the Scheme's solvency position if it had started to wind up (i.e. come to an end with no further support from the participating employers) at the valuation date. This is part of the standard funding requirements and, although the Scheme is now closed to further accrual, there is no intention currently to wind up the Scheme (because the participating employers currently remain committed to supporting the Scheme in respect of funding the benefits accrued prior to the closure date of 31 May 2019).

To assess solvency, the actuary looks at whether the Scheme had enough money at the valuation date to buy insurance policies to provide members' benefits in full. Insurance companies have to invest in low risk assets, which are likely to give low returns, and their policy prices will include administration charges and a profit margin. This means that the cost of securing benefits from an insurance company is very likely to be greater than our funding target.

Solvency Funding Level at 1 September 2020



If the Scheme had started winding up at 1 September 2020, the actuary estimates that the amount it would have needed to ensure all benefits were paid in full (the full solvency position) was £117.5m. The assets were £77.2m. On this basis the solvency shortfall was £40.3m and the solvency level was 65.7%.

Payment to the Methodist Council or any of the other Participating Employers and modifications imposed by the Pensions Regulator

We are obliged to tell you that there has not been any payment to the Methodist Council or any of the other participating employers out of the Scheme's assets in the previous twelve months. The

participating employers have no intention of receiving any payment from the Scheme. We also confirm that the Pensions Regulator has not modified the Scheme, nor made any directions regarding the contributions the participating employers are required to pay to the Scheme or the calculation of the Scheme's funding position.

Contact Information

We hope you have found this information useful. If you have any questions about this Statement or about your own pension, please do not hesitate to contact us via:

Methodist Lay Employees' Pension Trust Limited
Methodist Church House
25 Marylebone Road
LONDON
NW1 5JR

Tel: 020 7486 5287

Email: pensionshelp@methodistchurch.org.uk

Data Privacy Notice

The Trustee and the Scheme Actuary Debra Smith are joint data controllers for the purposes of data protection regulations. The Trustee has a written contract with each participating employer and the Scheme Actuary has a written contract with the Trustee. We comply with these contracts and appropriate professional standards when processing personal data.

The Trustee collects information from you and may receive information about you from your employer or from the trustees of other pension schemes which hold data about you. The Scheme Actuary may receive information about you from your employer or from the Trustee. We hold this personal data and use it to:

- Calculate and pay your benefit entitlements in the Scheme;
- Monitor and report on the funding position of the Scheme;
- Calculate and deduct any tax due from your benefits;
- Administer the Scheme in accordance with legal requirements; and
- Maintain your Scheme records

The data we hold includes your contact details and information required to calculate your benefits, such as dates of birth, sex, marital status and employment history. In some circumstances, we may collect limited health information to assess eligibility for certain Scheme benefits. We may also collect bank details for benefit payments. We aim to collect only that information needed to administer your benefits, perform actuarial calculations, and to comply with our legal obligations.

We will typically only share your information with certain regulatory bodies or as legally as required for tax purposes. In some circumstances, we may share your information with other providers to the Scheme as part of the administration process. The Trustee may also share your information with your employer and their professional advisers in connection with its responsibilities towards the Scheme. If we transfer your data to other jurisdictions, we comply with applicable data protection laws.

You have the right to:

- request copies of the personal data we hold about you by contacting us at the address above;
- correct any information that is incorrect, inaccurate or incomplete;
- restrict what we do with your information until we correct it or if you believe we are using your data unlawfully.

Your personal information is held for only as long as it is needed to perform our duties. In some cases, legal requirements dictate that we continue to keep some records until a period of time has elapsed. Your information will be deleted, destroyed, or returned when we no longer have a legitimate reason to retain it.

More information is available from the Information Commissioner's office (<https://ico.org.uk>).