



Summary Funding Statement 2021



Introduction

The Trustees of the MRC Pension Scheme provide regular information to help you understand more about how your pension is paid for and to explain the state of the Scheme's finances. This Summary Funding Statement has been prepared following the completion of the actuarial valuation as at 31 December 2019.

There is no need for you to do anything as a result of receiving this Statement. The details it provides are for your information only and should help you to keep track of the financial health of the Scheme.



The Scheme's financial position

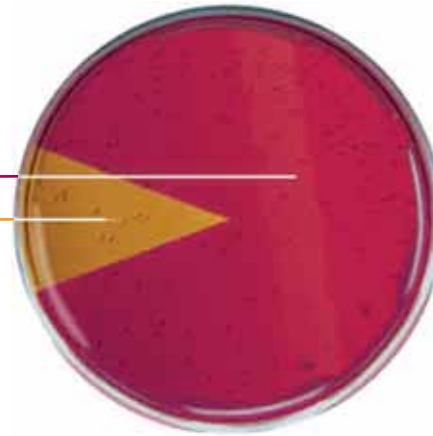
The estimated cost of providing the benefits that you and other members have built up in the Scheme is known as the Scheme's liabilities. To meet these liabilities, members and the employers pay contributions into the Scheme. All contributions are invested in a communal fund, not in separate funds for each individual, and make up the Scheme's assets.

To check the Scheme's financial position, the Trustees ask the Scheme Actuary, Mrs Sue Vivian, of the Government Actuary's Department, to compare the value of the Scheme's liabilities with its assets:

- if the value of the Scheme's assets is less than the value of the liabilities, there is a deficit.
- if the value of the Scheme's assets is more than the value of the Scheme's liabilities, there is a surplus.

The Trustees commission an in-depth review of the Scheme's financial position, known as an actuarial valuation, at least once every three years. This statement has been prepared following completion of the actuarial valuation at 31 December 2019. The financial position is also reviewed annually between valuations and the most recent annual review was carried out as at 31 December 2018. The results of the 2019 actuarial valuation and the 2018 annual funding review are given below.

	Review 31/12/18	Valuation 31/12/19
Scheme's assets	£1,554m	£1,762m
Scheme's liabilities	£1,361m	£1,550m
Surplus	£193m	£212m
Ongoing Funding Level	114%	114%



The 2019 actuarial valuation result shows the financial position of the Scheme using assumptions consistent with the Trustees additional funding objective, which aims to protect benefits which have already been accrued with greater security. Another result was also disclosed under the Scheme's Statutory Funding Objective, which showed a surplus of £356 million and a funding level of 125%.

The 2019 actuarial valuation continues to show a positive funding position with a slightly higher surplus compared to the 2018 annual review. This increase in surplus is primarily due to actual investment returns being higher than expected and a change in the mortality assumptions used to assess the liabilities since the last review.

University section

As noted in the previous Summary Funding Statement, liabilities associated with university employments are provided from a separate section created within the Scheme on 1 January 2014.

The benefits provided to members are unaffected by the internal arrangement. The assets and liabilities shown are for the whole Scheme. The university employment section comprised around 7% of the total assets and liabilities as at 31 December 2019.

Legal disclosures

As part of this Summary Funding Statement we are required to say the following:

- The actuary estimated that as at the 2019 valuation date the Scheme's assets would have been sufficient to meet approximately 74% of the full cost of securing members benefits with an insurance company. Please be reassured that there is no intention to close down the Scheme, but we are required to let you know the financial position as at the last valuation date if this were to happen.
- There have not been any payments to any employer out of Scheme funds in the previous twelve months.
- The Scheme has not been modified under section 231(2)(a) of the Pensions Act 2004 or subjected to a direction under section 231(2)(b) of that Act, or bound by a schedule of contributions imposed under section 231(2)(c) of that Act.

What happens if the Scheme is wound-up and there is not enough money to pay for my benefits?

The Government has set up the Pension Protection Fund (PPF) to pay benefits to members in the event that an employer becomes insolvent, no replacement sponsor can be found and the Scheme has insufficient assets to buy out its pension commitments. It is highly unlikely the Scheme would find itself in these circumstances.

However, if such a circumstance were ever to occur, the pension you would receive from the PPF may be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits are earned.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk.



Where can I get more information about the Scheme?

If you have any other questions, or would like any more information, please contact Mercer, who are responsible for day-to-day administration, at mrc_pensions@mercer.com.

A list of more detailed documents which provide further information is listed below. These documents are available from the member website at www.mrcps.co.uk.

Statement of Investment Principles

This explains how the Trustees invest the money paid into the Scheme.

Schedule of Contributions

This shows how much money is being paid into the Scheme.

Annual Report and Accounts

This shows the Scheme's audited income and expenditure in the year up to 31 December 2019.

Actuarial Valuation

This is the full report on the valuation as at 31 December 2019 for each section of the Scheme.

Member Guide

You should have been given a copy when you joined the Scheme, but copies can be found on the member website.



Beware pension scams!

It is important that members are aware of the risk of taking incorrect or misleading advice, which could lead to the loss of valuable pension benefits. Mercer has in place robust screening processes when it comes to dealing with transfer-out requests, particularly in respect of transfers to overseas pension arrangements.

The Scheme rules also have built-in protections which do not allow benefits to be transferred if they are already in payment, or if members are within twelve months of normal pension age.

It is important that members remain vigilant to unsolicited approaches or casual advice which suggests that it would be financially advantageous to transfer benefits out of the MRC Scheme.

Warning signs

Scheme members should be wary of contact via social media, email or cold calls offering free pension reviews, early access to cash and guaranteed investment returns. Promises that are too good to be true usually are too good to be true and should be approached with caution.

If you feel under pressure to transfer your benefits alert Mercer, who will put the transfer request on hold or close the file altogether if that is the right thing to do.

MRC Staff Benevolent Fund Association

The Staff Benevolent Fund is a registered charity which is funded by voluntary donations from MRC staff. Its aim is to help MRC employees, past and present, and their dependents in times of financial need. Learn more about the work of this charity from its website at: www.sbfa.mrc.ac.uk.

Medical Research Foundation

The Medical Research Foundation is MRC's independent charity. Its sole aim is to improve human health through medical research. The Foundation does this by funding more of the research that MRC supports, but it is reliant on public donations and legacies. More information about the Foundation can be on its website at: www.medicalresearchfoundation.org.uk.



Pledge to combat pension scams

The Pensions Regulator has launched a new campaign to tackle pension scams, which will introduce additional screening requirements for pension schemes to adopt when processing transfer requests.

New legislation

The Pension Schemes Bill, which is making its way through Parliament, is expected to include provision for pension schemes to be able to refuse a transfer request as part of a concerted effort to further protect members from being the victim of fraud.

Covid-19 and Scheme administration

The Coronavirus pandemic has impacted the way Mercer operates, with the admin team based in Leatherhead, Surrey working from home since March 2020. Please keep this in mind when contacting Mercer. Where possible, please email Mercer, rather than phoning, using the dedicated email box at mrc_pensions@mercer.com.

Post for Mercer should be sent to the central scanning team in Manchester at Mercer's Post Handling Centre, St James's Tower, 7 Charlotte Street, Manchester M1 4DZ.

Post addressed to the Trustees at 58 Victoria Embankment is being forwarded intermittently to the Scheme Secretary.

Pension decision service

Retirement is a pivotal life event that involves making important financial decisions. Mercer is providing a new service whereby retiring members will be given access to an individual Retirement Relationship Manager, who will offer guidance about the retirement process, options on retirement and completion of forms.

There is no charge for this service, but the Retirement Relationship Manager is not able to provide financial advice.

Independent Financial Advice

If you find yourself in need of financial guidance it is recommended that you take advice from an impartial source. One such independent source is:

www.unbiased.co.uk.

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TRUSTEE DIRECTORS

John Preston[†] (Chairman, appointed 1 October 2019)
Professor Kelvin Cain PhD^{†*}
Geoff Der^{†*}
Hugh Dunlop[†]
Professor Ian Jackson PhD* (appointed 1 December 2020)
Louise McFarlane*
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