

Merchant Navy Officers Pension Fund

Recovery Plan following the 2015 valuation

This Recovery Plan has been prepared by MNOFP Trustees Limited, the Trustee of the Merchant Navy Officers Pension Fund ("the Fund"), to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of the Scheme Actuary, Paul Burbidge. This Recovery Plan has been prepared on the assumption that all contributions specified herein are paid on the relevant due date for payment.

The actuarial valuation of the Fund as at 31 March 2015 revealed a funding shortfall (technical provisions minus value of assets) of £329 million. The value as at 31 March 2015 of the outstanding deficit contributions arising from the 31 March 2012 valuation (as set out in the Recovery Plan dated 2 May 2013), the 31 March 2009 valuation (as set out in the Recovery Plan dated 26 March 2010), the 31 March 2006 valuation (as set out in the Recovery Plan dated 12 June 2007) and the 31 March 2003 valuation was £320 million. After making allowance for the financial impact of matters related to the closure of the Fund to future defined benefit accrual from 31 March 2016, this produces an outstanding funding shortfall as at 31 March 2015 of £5 million.

Steps to be taken to ensure that the Statutory Funding Objective is met

To eliminate this funding shortfall, the Trustee has agreed that no contributions in addition to those arising from the 31 March 2003, 31 March 2006, 31 March 2009 and 31 March 2012 valuations will be paid to the Fund by the participating employers. Instead, expected investment returns in excess of those underlying the technical provisions will be sufficient.

Period in which the Statutory Funding Objective should be met

The funding shortfall is expected to be eliminated by 30 September 2025. This expectation is based on the assumptions underlying the technical provisions with changes as set out below:

- The return on Fund assets during the period from the valuation date to 30 September 2025 is 0.1% per annum in excess of the average discount rate used in the calculation of the technical provisions.

Progress towards meeting the Statutory Funding Objective

This Recovery Plan was agreed by the Trustee following discussion at its meeting on 22 March 2016:

Signed on behalf of the Trustee of the Merchant Navy Officers Pension Fund

Name Rory Murphy

Signed 

Position Trustee Chairman

Date 22nd March 2016