

Merchant Navy Officers Pension Fund – Post-1978 Section (the New Section)

Recovery Plan following the 2012 valuation

This Recovery Plan has been prepared by MNOFF 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 New Section of the Fund as at 31 March 2012 revealed a funding shortfall (technical provisions minus value of assets) of £492 million. The value as at 31 March 2012 of the outstanding deficit contributions arising from 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 £340 million, leading to an outstanding funding shortfall as at 31 March 2012 of £152 million.

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

To eliminate this funding shortfall, the Trustee has agreed that contributions in addition to those arising from the 31 March 2003, 31 March 2006 and 31 March 2009 valuations will be paid to the Fund by the participating employers. The additional contributions under this Recovery Plan will commence from 30 September 2013 with the due date for the last such payment being 30 September 2025. These additional contributions will have a present value of £120 million as at 31 March 2012. The Trustee will decide the payment terms for each participating employer, in accordance with the Contribution Collection Policy agreed by the Trustee.

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 0.375% per annum in excess of the average discount rate used in the calculation of the technical provisions.

Progress towards meeting the Statutory Funding Objective

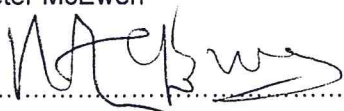
It is expected that 50% of the above additional contributions will be paid by 30 September 2021.

This Recovery Plan was agreed by the Trustee following discussion at its meeting on 25 April 2013:

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

Name Peter McEwen

Signed



Position Trustee Chairman

Date 2 May 2013