

HEALTH WEALTH CAREER

SCHEME FUNDING REPORT OF THE ACTUARIAL VALUATION

THALES UK PENSION SCHEME SECTION 1

AS AT 31 DECEMBER 2017



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INTRODUCTION

This report is addressed to Thales Pension Trustees Limited (“the Trustees”) as trustees of Section 1 (“the Section”) of the Thales UK Pension Scheme (“the Scheme”) and is provided to meet the requirements of Section 224(2)(a) of the Pensions Act 2004. It describes the factors considered by the Trustees when carrying out the actuarial valuation as at 31 December 2017 and the decisions reached as a result.

The purpose of the actuarial valuation is for the Trustees to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the “liabilities”), and compare this against the funds held by the Section (the “assets”).
- An appropriate plan for making up the shortfall if the Section has less assets than liabilities.
- The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs incurred in running the Section.

SIGNATURE



DATE OF
SIGNING

4/4/2019

SCHEME
ACTUARY

Mark Condron

QUALIFICATION

Fellow of the Institute and
Faculty of Actuaries

This report has been prepared in accordance with Technical Actuarial Standards TAS 100: Principles for Technical Actuarial Work and TAS 300: Pensions which are issued by the Financial Reporting Council. The calculations referred to in the report use methods and assumptions appropriate for reviewing the financial position of the Section and determining a contribution rate for the future. Mercer does not accept liability to any third party in respect of this report, nor do we accept liability to the Trustees if the information provided in this report is used for any purpose other than that stated. The report may be disclosed to members and others who have a statutory right to see it. It may also be disclosed to any participating employer and, if the Trustees and Mercer consent, it may be disclosed to other third parties.

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KEY RESULTS OF THE SCHEME FUNDING ASSESSMENT

PAST SERVICE FUNDING POSITION

The table below compares the assets and liabilities of the Section at 31 December 2017. Figures are also shown for the last valuation as at 31 December 2014 for comparison.

	£M	
	31 December 2017	31 December 2014
Total assets	1,885	1,590
Liabilities:		
Active members	460	429
Deferred pensioners	739	655
Pensioners	1,352	1,173
Total liabilities	2,551	2,257
Past service surplus / (shortfall)	(666)	(667)
Funding level	74%	70%

The table shows that at 31 December 2017 there was a shortfall of £666m. An alternative way of expressing the position is that the Section's assets were sufficient to cover 74% of its liabilities – this percentage is known as the funding level of the Section.

At the previous valuation at 31 December 2014 the shortfall was £667m, equivalent to a funding level of 70%. The key reasons for the changes between the two valuations are considered in Section 3.

The liability value at 31 December 2017 shown in the table above is known as the Section's "technical provisions". The technical provisions are calculated using assumptions that the Trustees have determined are appropriate based on the Trustees assessment of the strength of the Employer covenant, having regard for the direct covenant and additional support provided by Thales SA, the parent company, having agreed the approach with the Employer. Throughout this report "Employer" means Thales UK Ltd.

Further details of the way in which the technical provisions are calculated are set out in Appendix A.

CORRECTING THE SHORTFALL

The Trustees and Employer have agreed a plan to pay off the shortfall of £666m which requires the Employer to make the following payments.

DATE	PAYMENTS
Up to 31 December 2028	£59.7m p.a.

FUTURE SERVICE CONTRIBUTIONS

The valuation also looks at the cost of the benefits that will be built up over the year after the valuation date. A summary of the assumptions used is provided in Appendix A.

The table below gives a breakdown of the future service cost at 31 December 2017 and also shows the cost at 31 December 2014 for comparison. Active members pay contributions (by salary sacrifice in most cases) to the Section as a condition of membership, at the rate of 9% of CARE Salary up to £40,040 and 12% of CARE salary for that part (if any) of the CARE salary in excess of £40,040, the average rate being 9.9%. They are therefore deducted from the future service rate to calculate the Employer's future service contribution rate.

	% of CARE salaries	
	31 December 2017	31 December 2014
Cost of pension benefits	27.6	24.5
Insurance costs	2.1	2.1
Expenses	See below	See below
Less members' contributions	(9.9)	(9.8)
Employer future service contribution rate	19.8 plus expenses	16.8 plus expenses

In addition to the cost of future benefit accrual the Section incurs costs related to ongoing administration. In order to meet the ongoing administration expenses the Trustees have agreed with the Employer that the Employer will pay a further £2m p.a. in respect of these.

The Employer also reimburses the Trustees in full for any levies paid to the Pension Protection Fund.

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EXPERIENCE SINCE LAST VALUATION

SUMMARY OF KEY INTER-VALUATION EXPERIENCE

The last actuarial valuation was carried out with an effective date of 31 December 2014.

Pensions in payment, pensions in deferment, accrued pensions of active members and CARE salaries were increased / revalued as guaranteed under the rules of the Section.

During the inter-valuation period, the investment return on the Section's assets has been 7.5% p.a.

The table summarises the contributions paid over the inter-valuation period. These figures are from the audited accounts and are in line with the rates agreed at the last actuarial valuation. Member contributions paid through the salary sacrifice arrangement are included in the Employer contributions below.

DATE	EMPLOYER CONTRIBUTIONS
1 January 2015 to 31 December 2015	£66.0m
1 January 2016 to 31 December 2016	£64.5m
1 January 2017 to 31 December 2017	£61.6m

REASONS FOR THE CHANGE IN FUNDING POSITION SINCE THE LAST ACTUARIAL VALUATION

The shortfall at the last valuation date was £667m. The table below sets out the main reasons for the change in the shortfall between 31 December 2014 and 31 December 2017.

	£M
Shortfall at 31 December 2014	(667)
Expected interest on shortfall	(76)
Deficit contributions	156
Higher than expected investment returns	195
Lower than expected inflation	33
Deaths lower than expected	(20)
TOPS – change to CPI linked pensions	16
Change in mortality assumption	55
Change in commutation factors	(28)
Change in model to derive cap/collar pension increase assumptions	26
Change in financial assumptions arising from asset allocation changes and market movements	(348)
Other experience	(8)
Shortfall at 31 December 2017	(666)

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PROJECTED FUTURE FUNDING LEVEL AND VOLATILITY

PROJECTED FUNDING POSITION AT NEXT ACTUARIAL VALUATION

As part of this valuation, the Trustees have agreed with the Employer to put in place a recovery plan to pay off the shortfall by 31 December 2028. The next actuarial valuation will take place with an effective date no later than 31 December 2020. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, the shortfall at 31 December 2020 would be £506m, equivalent to a funding level of 80%.

MATERIAL RISKS FACED BY THE SECTION

The Section is subject to some potentially material risks that are, to an extent, outside the Trustees' control, but could affect the funding level. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Section – unless experience acts in other ways to improve the funding level. Examples of such risks, and how the Trustees manage them, are:

- If the Employer becomes unable to pay contributions or to make good deficits in the future, the Section's assets will be lower than expected and the funding level will be worse than expected. The Trustees regularly monitor the financial strength of the Employer. To mitigate (but not fully remove) the risk, a parent company guarantee has been put in place so that, if the Employer cannot meet future deficit contributions, these amounts (up to defined limits) will be paid by the parent company (see section 2).
- If future investment returns on assets are lower than assumed in the valuation, the Section's assets will be lower and the funding level worse, than expected. The Trustees have a process in place to monitor investment performance monthly, and they review the Section's investment strategy alongside each actuarial valuation.
- If improvements in life expectancy are greater than assumed, the cost of benefits will increase because members are living longer than expected. This will mean the funding level will be worse than expected. The Trustees regularly review the Section's experience and ensure that the assumptions they make about members' life expectancy take the most recent information available into account.
- If members make decisions about their options, which increase the Section's liabilities, the funding level will be worse than expected. An example would be if members do not commute pension for cash at the average level being assumed. The Trustees review the Section's experience at each valuation to ensure that their treatment of member options remains appropriate.

SENSITIVITY OF FUNDING POSITION TO CHANGES IN KEY ASSUMPTIONS

The value placed on the Section's liabilities is critically dependent on the assumptions used to carry out the calculations. If future experience differs from the assumptions the Trustees have agreed with the Employer, then the projected future funding level will be different from the level described above.

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results at 31 December 2017 would have differed given small changes in the key assumptions.

DATE	CHANGE IN SHORTFALL AT 31 December 2017 (£M)
Investment return is 0.25% lower than assumed	+109
Long -term inflation is 0.25% higher than assumed	+37
Amount commuted 5% lower than assumed (60% of HMRC maximum based on current commutation factors)	+6
Members assumed to live one year longer	+100

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WIND-UP POSITION

If the Employer were to become insolvent or decide not to support the Section, the Trustees could decide to wind up the Section and secure the benefits built up with an insurance company. Insurance companies use different assumptions to the Trustees technical provisions when calculating the value of the Section's liabilities and the price they would charge to provide the benefits.

The table below shows an estimate of the funding level of the Section at 31 December 2017 assuming all benefits were bought out with an insurer. The wind-up position at 31 December 2014 is also shown for comparison. The wind-up position is shown for information only, and does not mean that the Trustees or Employer are considering winding up the Section.

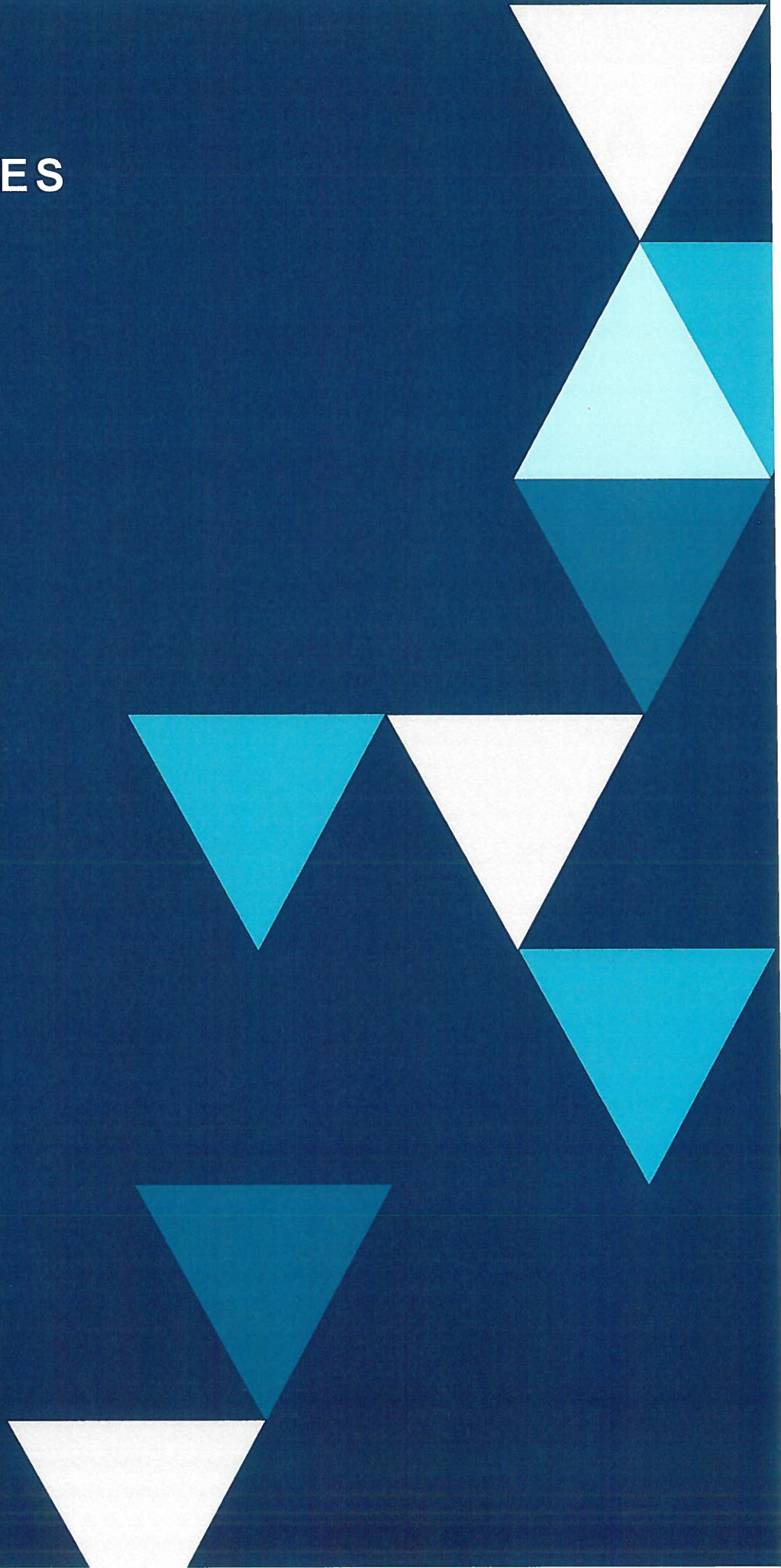
	£M	
	31 December 2017	31 December 2014
Total assets	1,885	1,593
Liabilities:		
Active members	771	735
Deferred pensioners	1,254	1,133
Pensioners	1,627	1,473
Expenses	48	47
Total liabilities	3,700	3,388
Past service surplus / (shortfall)	(1,815)	(1,795)
Funding level	51%	47%

As the table shows, the Section would have had a shortfall of £1,815m if it had been wound up at 31 December 2017. This means that, on average, members could only expect to receive 51% of the benefits earned to date (although the percentage coverage would differ between members depending on age and when their benefit was earned).

In practice, if the Section was wound up due to the Employer becoming insolvent, the members may be eligible for compensation from the Pension Protection Fund (PPF) if the Section's assets were less than needed to buy that compensation from an insurance company. If this was the case, members could receive a higher proportion of the benefits they have earned to date. Further details of the compensation payable from the PPF are given in Appendix E.

If experience is in line with the assumptions underpinning the agreed recovery plan, and contributions are paid at the agreed rates or amounts, the shortfall at 31 December 2020 on a wind-up basis would be £1,690m, equivalent to a funding level of 55%.

APPENDICES



A

ASSUMPTIONS

HOW THE BENEFITS ARE VALUED

In order to calculate the liabilities, the Trustees need to make assumptions about various factors that affect the cost of the benefits provided by the Section – for example, how long members will live, or the future level of inflation. The table below explains the key assumptions being made in the valuation.

ASSUMPTION	WHY IT IS IMPORTANT AND HOW IT IMPACTS ON THE LIABILITIES
Discount rate	<p>The majority of benefits in a pension scheme are paid many years in the future. In the period before the benefits are paid, the Trustees invest the funds held by the scheme with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as "discounting".</p> <p>The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is higher.</p>
Inflation	<p>Pensions in payment typically increase in line with price inflation, subject to a cap. In service CARE revaluations and salary growth are also normally linked to price inflation. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.</p>
Life expectancy	<p>Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater is the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.</p>

The liabilities of the Section are calculated projecting forward all of the future benefit cash flows and discounting them back to the effective date of the valuation, using these assumptions. For example, the liability for a single pensioner is calculated by estimating the amount of each pension payment they will receive in the future, multiplying by the probability that the member will still be alive by the date of each payment, and then discounting each payment back to the effective date of the valuation; and then summing up all of these discounted amounts. The liabilities for the whole Section are calculated by summing the liabilities for each of the individual members.

FUNDING OBJECTIVE AND INVESTMENT STRATEGY

The assumptions for the technical provisions have been selected by the Trustees to reflect their funding objective, after reaching agreement with the Employer. The Trustees' stated funding objective (which has also been agreed with the Employer) is that the Section has sufficient and appropriate assets to pay its benefits as they fall due (the technical provisions). Further details are available in the Section's Statement of Funding Principles dated 27 March 2019.

In addition, as part of their process for choosing the assumptions and determining the size of the margins to include, the Trustees have taken into account their objective assessment of the

Employer's covenant and the level of risk present in the investment strategy of the Scheme. The Trustee's current investment strategy is set out in Appendix C and further details are available in the Section's Statement of Investment Principles dated 27 March 2019.

ASSUMPTIONS USED TO CALCULATE TECHNICAL PROVISIONS

The tables below summarise the key assumptions used in the calculation of the technical provisions and those used for the 31 December 2014 actuarial valuation.

FINANCIAL ASSUMPTIONS	31 December 2017	31 December 2014
Discount rate:		
Pre-retirement	2.80% p.a.	3.65% p.a.
Post-retirement	2.80% p.a.	3.65% p.a.
Price inflation (RPI)	3.20% p.a.	3.10% p.a.
Price inflation (CPI)	2.50% p.a.	2.40% p.a.
Salary increases	3.70% p.a.	3.60% p.a.
Pension increases in payment:		
RPI (2.5% maximum)	2.05% p.a.	2.10% p.a.
RPI (5% maximum)	3.00% p.a.	3.00% p.a.

DEMOGRAPHIC ASSUMPTIONS	31 December 2017	31 December 2014
Retirement	Benefit accrual prior to 1 January 2008 has been valued at the Normal Retirement Age under the member's former scheme except for former members of the Thales Optronics Pension Scheme whose benefits have been based on retirement at age 62.	Benefit accrual prior to 1 January 2008 has been valued at the Normal Retirement Age under the member's former scheme except for former members of the Thales Optronics Pension Scheme whose benefits have been based on retirement at age 62.
	Benefit accrual after 31 December 2007 has been valued using a Normal Retirement Age of 65.	Benefit accrual after 31 December 2007 has been valued using a Normal Retirement Age of 65.
Mortality – base table	SAPS S2P tables using year of birth and adjusted by a loading of 93% (males) and 96% (females) except former members of the Racal Group Executive Plan and the Racal Group Executive Manager and Senior Manager Pension Scheme where 87% (males) and 81% (Females) of the SAPS S2P Light (year of birth) tables have been used.	SAPS S2P tables using year of birth and adjusted by a loading of 99% (males) and 101% (females) except former members of the Racal Group Executive Plan and the Racal Group Executive Manager and Senior Manager Pension Scheme where 97% (males) and 76% (Females) of the SAPS S2P Light (year of birth) tables have been used.
Mortality – future improvements:	CMI (2017) projections with a 1.5% p.a. long term trend.	CMI (2014) projections with a 1.5% p.a. long term trend.
Commutation	65% of HMRC maximum cash based on current commutation factors.	65% of HMRC maximum cash based on current commutation factors.
Proportion married	102% (males) and 92% (females) of ONS 2010 tables	102% (males) and 92% (females) of ONS 2010 tables
Spouse's age	Husbands/partners in the Section are 3 years older than their wives/partners.	Husbands/partners in the Section are 3 years older than their wives/partners.
	Wives/partners in the Section are 2 years younger than their	Wives/partners in the Section are 2 years younger than their

husbands/partners.

husbands/partners.

The mortality assumptions used for the 31 December 2017 valuation result in the following life expectancies. This information may be useful to the Trustees when completing the annual scheme return.

	COHORT	PERIOD
Life expectancy for a male aged 65 now	22.6	21.2
Life expectancy at 65 for a male aged 45 now	24.3	n/a
Life expectancy for a female aged 65 now	24.3	22.7
Life expectancy at 65 for a female aged 45 now	26.1	n/a

These assumptions have been selected by the Trustees to reflect their funding objective, after reaching agreement with the Employer. In setting the assumptions, the Trustees have assumed that the Section is ongoing (it is not in the process of being wound up).

In particular, the assumptions allow for future CARE revaluation increases for active members. The Trustees stated funding objective (which has also been agreed with the Employer) is to reach a position where the assets are sufficient to fully cover the technical provisions by 31 December 2028.

ASSUMPTIONS USED TO CALCULATE THE RECOVERY PLAN

The contributions payable under the recovery plan will be calculated using the same assumptions as those used to calculate the technical provisions, except that asset returns are assumed to exceed the technical provisions assumptions by 50% of the difference between best estimate returns and the returns assumed in calculating the technical provisions over the period of the recovery plan. At the valuation date this was 0.55% p.a.

ASSUMPTIONS USED TO CALCULATE THE WIND-UP POSITION

The wind-up position looks at the Section's funding on the assumption that it had been discontinued on the valuation date and the benefits bought out with an insurance company. In doing this, it is assumed that no further benefits accrue, no further contributions are paid and active members are entitled to benefits on the basis they had left service on the valuation date. There is no allowance for any discretionary benefits being paid in the future.

The wind-up position has been estimated using Mercer's experience of recent buyout quotations and our understanding of the factors affecting this market.

Detailed analysis of the reserves that would need to be held by an insurance company has not been carried out. Consideration has been given to the market terms for the financial instruments in which insurance companies would be expected to invest. An approximate allowance has been made for the reserves an insurance company would maintain to cover the risks involved and the statutory reserving requirements. The results are, therefore, only a guide to the wind-up position and should not be taken as a quotation. Market changes, both in interest rates and in supply and demand for buyout business, mean that if a buyout ultimately proceeds, actual quotations may differ.

The wind-up funding level is only an estimate since it is not based on an actual quotation. The true position could only be established by completing a buyout.

The tables below set out the assumptions used to assess the funding level in the event of the Section being wound up. The assumptions used at 31 December 2014 are also shown for comparison.

FINANCIAL ASSUMPTIONS	31 December 2017	31 December 2014
Discount rate:		
Non-pensioners (Pre-retirement)	1.30% p.a.	2.70% p.a./ 2.00% p.a.
Non-pensioners (Post-retirement)	1.40% p.a.	2.20% p.a.
Pensioners	1.60% p.a.	2.20% p.a.
Revaluation in deferment	3.20% p.a.	3.00% p.a.
Pension increases:		
LPI (5% maximum) Non pensioners / Pensioners	3.80% p.a. / 3.40% p.a.	3.80% p.a. / 3.10% p.a.
LPI (2.5% maximum) Non pensioners / Pensioners	2.40% p.a. / 2.40% p.a.	2.40% p.a. / 2.30% p.a.
Expense allowance	1.3% of liabilities	1.4% of liabilities

DEMOGRAPHIC ASSUMPTIONS	31 December 2017	31 December 2014
Retirement	Earliest age at which member can elect to take each tranche of benefits without actuarial reduction.	Earliest age at which member can elect to take each tranche of benefits without actuarial reduction.
Mortality – base table	SAPS S2P (year of birth) tables with adjustments of 94% (males) and 97% (females) SAPS S2P Light (year of birth) tables for former members of the Racal Group Executive Pension Plan and the Racal Group Executive Manager and Senior Manager Pension Scheme with adjustments of 88% (males) and 82% (females).	SAPS S2P (year of birth) tables with adjustments of 101% (males) and 103% (females) SAPS S2P Light (year of birth) tables for former members of the Racal Group Executive Pension Plan and the Racal Group Executive Manager and Senior Manager Pension Scheme with adjustments of 99% (males) and 78% (females).
Mortality – future improvements:	CMI 2016 projections with an improvement trend of 2.0% p.a. and 1.5% p.a. for males and females respectively	CMI 2014 projections with an improvement trend of 2.0% p.a. and 1.5% p.a. for males and females respectively
Commutation	No Allowance	No Allowance
Proportion married	102% (males) and 92% (females) of ONS 2010 tables	90% males/80% females
Spouse's age	Husbands/partners in the Section are 3 years older than their wives/partners. Wives/partners in the Section are 2 years younger than their husbands/partners.	Husbands/partners in the Section are 3 years older than their wives/partners. Wives/partners in the Section are 2 years younger than their husbands/partners.

As the Trustees' current investment policy includes investment in different assets than would typically be held by an insurer, the wind-up position on a given date may be significantly different from the position estimated at the valuation date.

B

SUMMARY MEMBERSHIP DATA

The membership data is summarised in the table, with figures at the previous valuation shown for comparison.

Data in relation to members of the Section were supplied by the Trustees, via the Section's administrator Equiniti Pension Solutions. The accuracy of the data provided has been relied on. While reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently Mercer does not accept any liability in respect of its advice where it has relied on data that is incomplete or inaccurate.

Actives members detailed below exclude some in service members who do not accrue post 31 December 2007 CARE benefits but receive active member revaluations on their accrued pensions as long as they remain in service.

	31 December 2017	31 December 2014
Active members		
Number	790	971
Total Pensionable Salaries (£000s p.a.)	42,878	49,007
Average Pensionable Salary (£ p.a.)	54,276	50,471
Average age	54.0	52.1
Average past service	23.0	20.5
Deferred pensioners		
Number	4,916	5,535
Total deferred pensions revalued to valuation date (£000s p.a.)	26,202	27,102
Average deferred pension (£ p.a.)	5,330	4,896
Average age	54.8	52.9
Pensioners		
Number	7,457	7,380
Total pensions payable (£000s p.a.)	68,689	62,099
Average pension (£ p.a.)	9,211	8,414
Average age	75.0	73.8

C

ASSETS

The market value of the Section's assets was £1,875,019,000 on the valuation date (excluding AVCs).

The Trustees' investment strategy is to proportion the Section's assets by asset class as shown in the table below. The actual distribution of assets will vary over time due to changes in financial markets. The table also shows the distribution of assets at the valuation date.

	INVESTMENT STRATEGY	ACTUAL MARKET VALUE OF ASSETS AT 31 December 2017	
	%	£M	%
Gilts and cash	15 - 21	238.4	12.7
Equities	27 - 35	564.4	30.1
Illiquids	10 - 20	301.7	16.1
Liquid alternatives	7 - 14	159.8	8.5
Derivatives		33.4	1.8
Investment Grade credit	22-32	562.0	30.0
Net current assets/(liabilities)		15.3	0.8
Total	100	1,875.0	100

The Trustees also hold annuity policies, the proceeds of which are paid into the Trustees' bank account and used to fund pension payments. The value of this income stream (£10m) has been included in the value of the assets shown in sections 2 and 5.

The Trustees also hold additional voluntary contributions (AVCs), which are separately invested, and group life insurance policies which insure the lump sum death-in-service benefits and spouses'/dependants' death-in-service pensions. All these assets have been excluded from the market value shown as they exactly match the value of the benefits they cover.

The details of the assets at the valuation date and the financial transactions during the inter-valuation period have been obtained from the audited accounts for the Section.

D

BENEFIT SUMMARY

The benefits valued are as set out in the benefit summary provided to the Trustees dated 19 February 2018. This broadly reflects the benefits communicated to members via membership booklets, announcements and correspondence outlining special terms where applicable.

The benefits that will emerge from AVCs paid by members have been excluded from the valuation, as have the corresponding assets, since the value of these liabilities is exactly matched by these assets.

E

SUMMARY OF PPF BENEFITS

If the Section winds up when the Employer is insolvent, its members may be eligible for compensation from the Pension Protection Fund. Normally, a scheme's assets and liabilities would only transfer to the PPF if the assets were insufficient to buy out the benefits provided by the PPF. The compensation that the PPF could provide would be broadly 100% of the pension in payment for members over pension age and 90% of a capped amount of the pension built up for members under pension age. Under the current PPF provisions:

- Pensions in payment will be increased annually, at the lower of 2.5% and the change in the Consumer Price Index (CPI), in respect of service after 5 April 1997 only. Pensions accrued before April 1997 are not increased.
- Benefits in deferment are revalued in line with the scheme's rules for any period between the member's exit and the scheme's entry into the PPF. With limited exceptions, revaluation between the entry date and the member's normal pension age will be in line with increases in the CPI subject to a maximum of 5% per annum compounded over the revaluation period in respect of service pre-6 April 2009, and CPI subject to a maximum of 2.5% per annum for service post-5 April 2009.
- With limited exceptions, spouses' pensions will be 50% of members' PPF compensation.
- The pensions of members aged less than their scheme's normal pension age when the scheme enters the PPF will be capped. The cap depends on the member's age when the pension is paid and is increased from time to time. For example, in 2017/18 the cap is £38,506 at age 65 – so, the maximum amount of compensation for members retiring at their normal pension age of 65 will be 90% of this, £34,655 per annum.
- The PPF does not cover defined contribution benefits and these would be bought out separately with an insurer.

F

CERTIFICATE OF TECHNICAL PROVISIONS

Name of the Scheme and name of section Thales UK Pension Scheme Section 1

Calculation of technical provisions

I certify that, in my opinion, the calculation of the sections technical provisions as at 31 December 2017 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustees of the section and set out in the statement of funding principles dated 27 March 2019.

Signature



Name

Mark Condron

Date of signing

4/4/2019

Name of employer

Mercer Limited

Address

One Christchurch Way
Woking
GU21 6JG

Qualification

Fellow of the Institute and Faculty of Actuaries

MERCER LIMITED

1 Tower Place West

London

EC3R 5BU

www.mercer.com

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