

# Summary Funding Statement

## Hewlett-Packard Limited Retirement Benefits Plan

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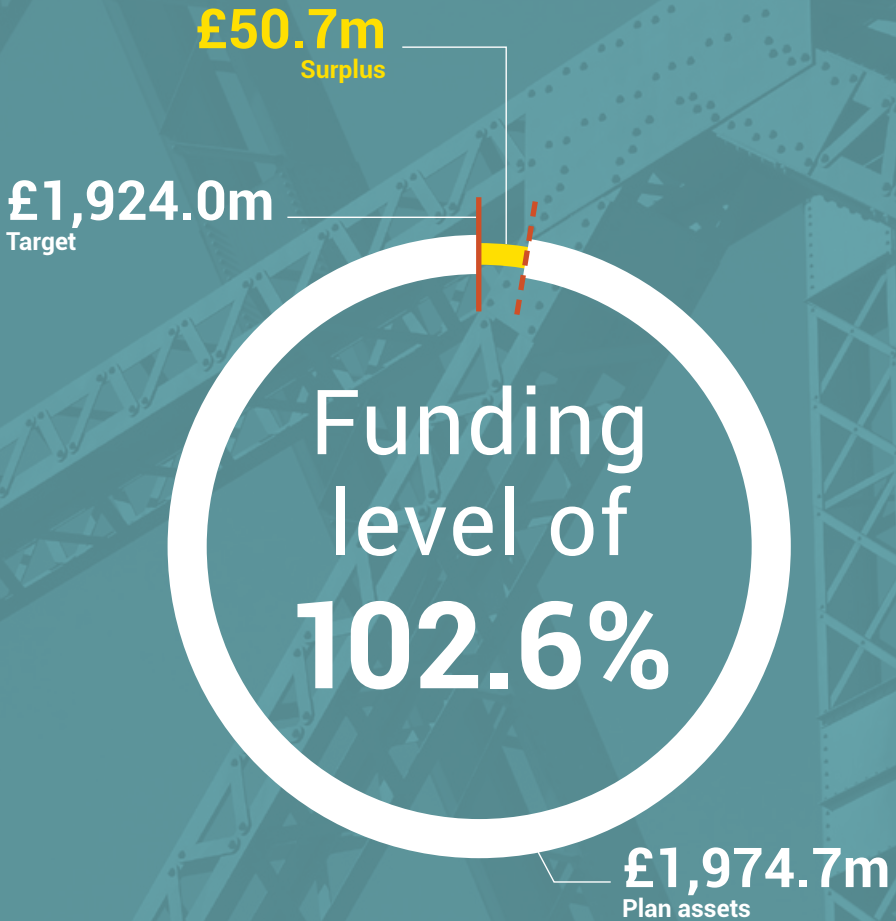
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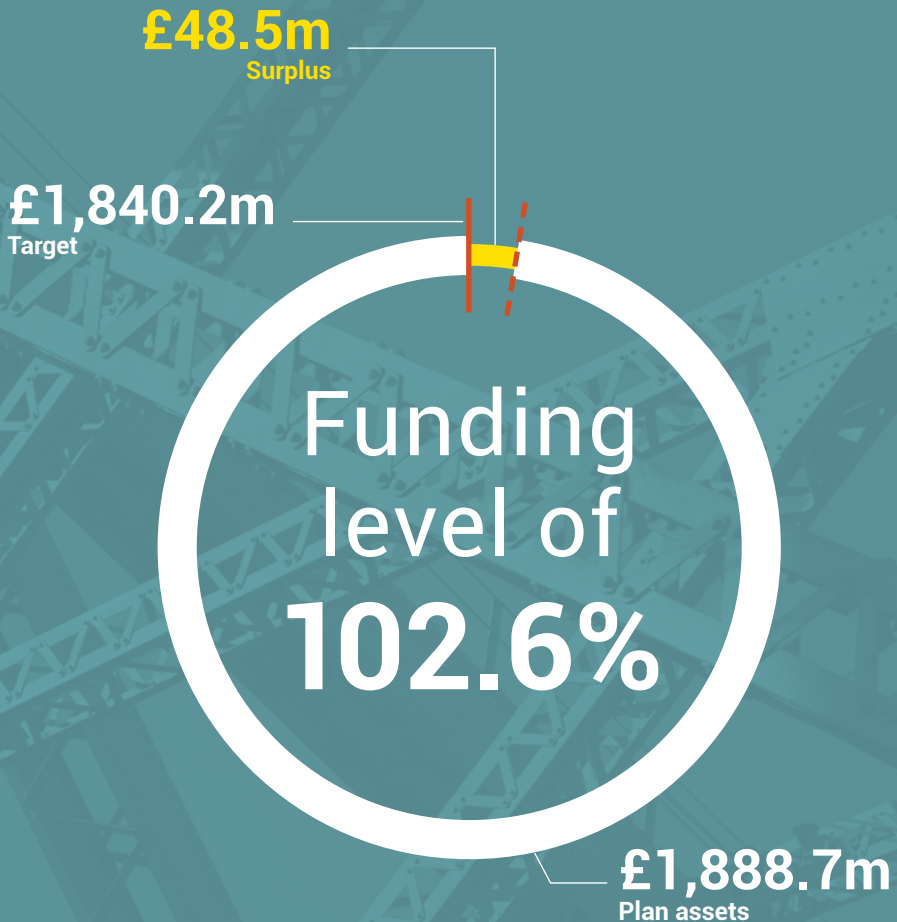
# 2020



At **31 October 2020** the Plan assets were valued at **£1,974.7m**. The funding target was **£1,924.0m** resulting in a funding level of **102.6%**, and this remains the same compared to the 2019 figures.

All graphs shown are for illustrative purpose only.

# 2019



At **31 October 2019** the Plan assets had increased in value to **£1,888.7m**. The funding target had also increased to **£1,840.2m**. The resulting funding level is **102.6%**, an improvement of 2.8% compared to the 2018 figures.



# Chairman's welcome

Dear Member

Welcome to the latest update on the funding of the Plan. In April 2020 we provided you with a funding statement which set out the results of the actuarial valuation as at 31 October 2018 and the funding assessment of the Plan as at 31 October 2019. The Scheme Actuary has now completed a further funding assessment of the Plan as at 31 October 2020 and the results of this assessment are set out in this update.

This Statement includes background information to help you understand the Plan's funding, but you can also find more information about the Plan on our website at [www.hprbp.com](http://www.hprbp.com). If you would like to contact the Trustee, please email us at [hpplantrustees@insidepensions.com](mailto:hpplantrustees@insidepensions.com) or write to Kerry Merryweather,

Plan Secretary,  
HP Plan Trustee,  
Inside Pensions,  
First Floor,  
Trident House,  
42-48 Victoria Street,  
St. Albans,  
Hertfordshire,  
AL1 3HZ.

A formal actuarial valuation will be carried out as at 31 October 2021. The next funding statement will be provided after completion of the actuarial valuation, which may not be until 2023 as the deadline for completing the actuarial valuation is 31 January 2023.

Finally, please make sure that you keep your personal information up to date with the Plan administrators Equiniti Paymaster. This includes your postal address, your email address and your Expression of Wish Form. Equiniti Paymaster can be contacted on 033 207 6553 or by emailing [hp2@equiniti.com](mailto:hp2@equiniti.com). Expression of Wish Forms can also be downloaded from our website at [www.hprbp.com/library/forms](http://www.hprbp.com/library/forms).

Yours faithfully

**Paul Early**

Chairman of the Trustee  
Hewlett-Packard Limited Retirement Benefits Plan

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2020 SFS – from the Trustee to members of the Hewlett-Packard Section



## FUNDING THE PLAN

Under the Pensions Act 2004 we are responsible for setting a funding target for the Plan and agreeing it with the Company. The Plan's funding is the money it has to support the benefits. The Scheme Actuary helps us to consider our funding target in detail, check the Plan's progress against it and take action to deal with any shortfall. Long-term, the aim of the requirements is to make sure that plans like ours are building up enough money to pay for the benefits due to members.

## HOW THE PLAN OPERATES

The Company pays contributions to the Plan so that the Plan can pay benefits to Plan members. Contributions are also paid by or on behalf of active members.

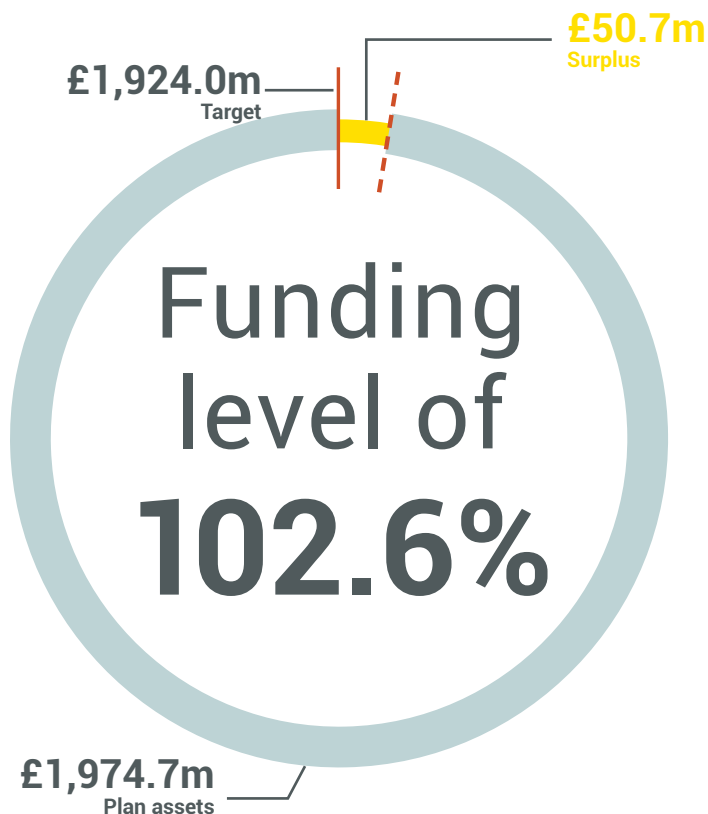
The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

This Statement explains the funding that supports your benefits in the Hewlett-Packard Section of the Hewlett-Packard Limited Retirement Benefits Plan (the Plan). It tells you about the longer-term outlook for the Plan and the substantial financial support Hewlett-Packard Limited (the Company) provides.




# The results of the funding assessment at 31 October 2020

The Scheme Actuary carried out an updated funding assessment as at 31 October 2020. This showed that the Plan's funding target was £1,924.0 million, whilst the value of the assets was £1,974.7 million, giving the Plan a surplus of £50.7 million and a funding level of 102.6%.



All graphs shown are for illustrative purpose only.

2020 SFS – from the Trustee to members of the Hewlett-Packard Section



If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions, which is

**£1,924.0 million**

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The value of the Plan's assets

**£1,974.7 million**

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The surplus in the funding

**£50.7 million**

## Changes in the funding level since your last Summary Funding Statement

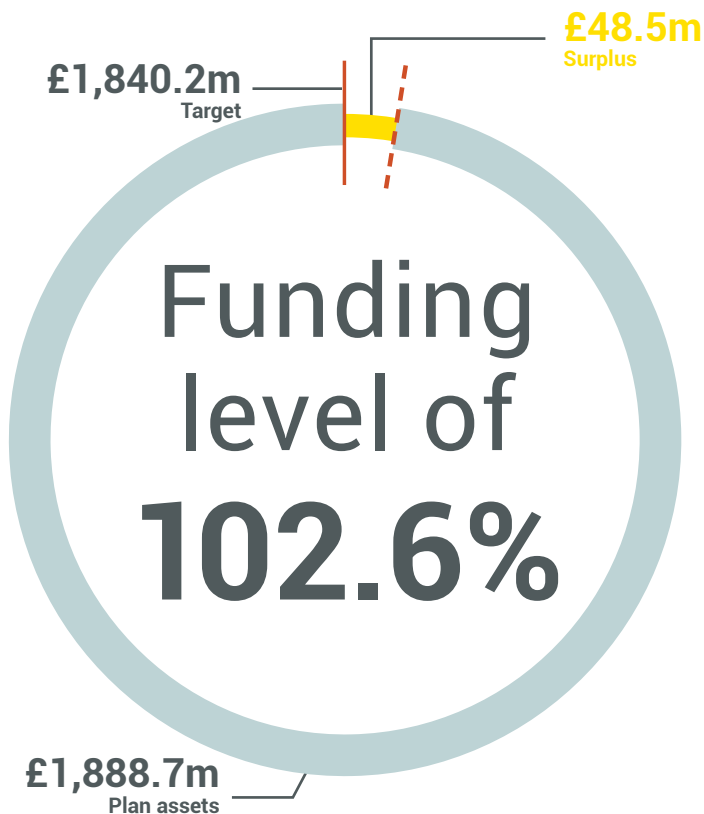
The funding assessment as at 31 October 2019 showed that the funding level was 102.6%, resulting in a surplus of £48.5 million. The funding level has not changed over the year as the increase in the value of the Plan's funding target as a result of falls in the expected return on bonds has been broadly matched by an increase in the Plan's assets.

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Go to '2020 Summary Funding Statement' online at [www.hprbp.com](http://www.hprbp.com)

# The results of the funding assessment at 31 October 2019


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All graphs shown are for illustrative purpose only.

2020 SFS – from the Trustee to members of the Hewlett-Packard Section





If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions, which is

**£1,840.2 million**

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The value of the Plan's assets

**£1,888.7 million**

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The surplus in the funding

**£48.5 million**


## Changes in the funding level since your last Summary Funding Statement

The funding level increased over the year, with the shortfall in the funding changing to a surplus of £48.5 million. The main reason for this was that the value of the Plan's assets increased, due to higher than expected investment returns and the Company's contribution of £10.7 million paid in April 2019.

The increase in the assets was partially offset by an increase in the funding target over the period as a result from a fall in the expected return on bonds. This meant that more money was needed to be set aside in order to pay benefits in the future.

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Go to '2020 Summary Funding Statement' online at [www.hprbp.com](http://www.hprbp.com)



## The security of your benefits

We check the money available to support the Plan regularly but the Plan relies on the Company and its financial support to:

- Make contributions to fund the cost of the benefits building up, over and above the amount members contribute;
- Make extra contributions when there is a shortfall; and
- Pay the future expenses of running the Plan each year (including payments to the Pension Protection Fund).

There have not been any payments to the Company from the assets of the Plan since the date of the last statement.

The Pensions Regulator can change the Plan, give directions about working out its technical provisions or impose a schedule of contributions. The Regulator has not needed to use any of these powers for the Plan.



# What if the Plan started to wind up?

As part of the actuarial valuation, the Scheme Actuary must also look at the Plan's solvency if it started to wind up (come to an end). This does not mean that the Company is thinking of winding up the Plan.

The Scheme Actuary looks at whether the Plan had enough money as at the valuation date to buy insurance policies to provide members' benefits. Since 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, the cost of purchasing such policies tends to be very high. This means

that even if the Plan was to have a funding level of 100% against its technical provisions, it is unlikely that there would be enough money to buy out all benefits in full unless additional money was provided by the Company.

As at 31 October 2018 the solvency estimate for the Plan was 78.1%, corresponding to a shortfall of £466.5 million compared with the amount the Plan would need to ensure benefits were paid in full by an insurance company. The solvency estimate had increased to 82.9% as at 31 October 2020, corresponding to a shortfall of £407.8 million.

## The Pension Protection Fund

## What is the Plan invested in?

If the Plan starts to wind up before you retire, the Company has to pay whatever the Plan needs to buy the insurance policies for members. If the Company becomes insolvent, the Pension Protection Fund (the PPF) may step in and pay some compensation to members.

There are more details on the PPF's website at [www.ppf.co.uk](http://www.ppf.co.uk). Or you can email them at [information@ppf.co.uk](mailto:information@ppf.co.uk)

The Trustee regularly review the Plan's investments and the investment strategy. The current investment strategy is to invest 10% in growth type assets (such as company shares) and 90% in protection type assets (bonds and other assets that closely match the liabilities of the plan). Interest-rate and inflation hedges are also used to reduce the sensitivity of the funding level to changes in these.

# Additional documents available

You are entitled to request a number of Plan documents including the following:

- The latest Trustee's Report and Financial Statements;
- The full report by the Scheme Actuary on the actuarial valuation as at 31 October 2018;
- The Scheme Actuary's report assessing the funding level as at 31 October 2020;
- The Statement of Funding Principles;
- The Statement of Investment Principles;
- The Schedule of Contributions;
- The Recovery Plan; and
- The Member's booklet (which you should have received when you joined the Plan).

If you would like a copy of any of the above they can be found on the Plan website [www.hprbp.com](http://www.hprbp.com) Alternatively please contact the Trustee to request a copy by emailing [hpplantrustees@insidepensions.com](mailto:hpplantrustees@insidepensions.com) or write to Kerry Merryweather, Plan Secretary, HP Plan Trustee, Inside Pensions, First Floor, Trident House, 42-48 Victoria Street, St. Albans, Hertfordshire AL1 3HZ.





# Key terms

This Statement is based on the scheme-specific funding requirements set out in the Pensions Act 2004. Here are some key terms and what they mean:

## STATUTORY FUNDING OBJECTIVE

The statutory funding objective is that any plan should hold assets whose value is no less than its 'technical provisions'.

## TECHNICAL PROVISIONS

This is the amount that the Trustee determines the Plan will need to pay members' benefits earned up to the valuation date.

## FUNDING LEVEL

The Scheme Actuary compares the technical provisions with the market value of the assets to derive the funding level which is expressed as a percentage. A funding level of 100% means that the value of assets exactly equals the technical provisions.

## STATEMENT OF FUNDING PRINCIPLES

This is a document that sets out the Trustee's policy for meeting the statutory funding objective. It covers:

- The method and assumptions to use;
- How the Scheme Actuary works out Company contributions; and
- How quickly the Trustee and the Company aim to make up any shortfall.

## RECOVERY PLAN

If the value of assets is less than the technical provisions (i.e. there is a funding shortfall), the Trustee and Company must agree steps to be taken – usually involving additional company contributions – to eliminate the shortfall. These steps are recorded in a document known as a Recovery Plan.



## WHAT IS AN ACTUARIAL VALUATION?

**The aim of an actuarial valuation is to suggest:**

- How much money the Plan needs to cover the benefits members have already earned; and
- What contributions the Plan needs for benefits building up in future.

No-one can predict what will happen in future with certainty, but by choosing sensible assumptions, it is possible to estimate how much money is needed now to provide benefits in future. As the Trustee, we then use our judgement to decide on an appropriate funding plan. It is a legal requirement that we discuss and agree with the Company the assumptions to be used and the funding plan to be adopted. The Trustee also seeks the advice of the Scheme Actuary, one of our professional advisers, before making any decisions.

**In the actuarial valuation, the Scheme Actuary compares:**

- The assets the Plan is building up through its investments, in its bank balances and any money owed to the Plan; with
- The liabilities the Plan has to pay, including administrative expenses and benefits for members and their families, based on the assumptions chosen.



By law, we cannot give you advice about your pension arrangements. If you are thinking about making any changes, you may want to obtain independent financial advice. The Money Advice Service has useful information about finding financial advice. You can visit their website at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk) or phone their consumer helpline on 0800 138 7777.

Go to '2020 Summary Funding Statement' online at [www.hrbp.com](http://www.hrbp.com)



## HEWLETT-PACKARD SECTION

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