



# ACNielsen (UK)

## Pension Plan

Actuarial report as at 5 April 2022

# Summary

The main results of this actuarial report and those from the latest actuarial valuation are detailed below. Please note that the overall funding levels are shown, with the funding levels in brackets being for the Plan's Section B defined benefit and Section A defined benefit underpin ("DB underpin") shortfall liabilities in isolation (referred to as 'DB', with the balance of liabilities being referred to as 'DC').

- Technical provisions funding level as at 5 April 2022 is estimated to have increased to 96% over the year



- Deficit of assets relative to technical provisions is estimated to have decreased to £13.2 million over the year



## Contents

### Summary

### Introduction

Scope  
 Next steps  
 Limitations

### Funding

Statutory funding objective

### Solvency

Discontinuance  
 Estimate of solvency

### Additional information

Data provided  
 Glossary

Throughout this report the following terms are used:

#### Plan

ACNielsen (UK) Pension Plan

#### Trustee

ACNielsen (UK) Pension Plan Trust Limited

#### Company

A.C Nielsen Company Ltd

#### Trust Deed & Rules

The Plan's Trust Deed and Rules dated 24 July 2008 and subsequent amendments

# Introduction

## Scope

This is the actuarial report in respect of the ACNielsen (UK) Pension Plan as at 5 April 2022 and I have prepared it for the Trustee. As noted in the Limitations section of this report, others may not rely on it.

The actuarial report is required under Part 3 of the Pensions Act 2004 in years when a full actuarial valuation is not conducted; a copy of this report must be provided to the Company within seven days of its receipt.

The main purpose of the actuarial report is to provide an approximate update of the development in the financial position of the Plan relative to its statutory funding objective since the latest actuarial valuation. It should be considered in conjunction with the report dated 29 April 2022 on the actuarial valuation as at 5 April 2021, which forms a component communication for the purposes of this funding update.

This report and the work involved in preparing it are within the scope of and comply with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100) and Technical Actuarial Standard 300: Pensions (TAS 300) published by the Financial Reporting Council. However, as this report has been produced solely to meet a legislative requirement and no decisions are expected to be taken on the basis of the information set out in it, I have taken a proportionate approach when considering and applying the requirements contained within TAS 100 and TAS 300.

## Next steps

The Trustee is required to disclose to members, in a summary funding statement, certain outcomes of this actuarial valuation within a reasonable period. Members may also request a copy of this report.

The financial position of the Plan and the level of Company contributions to be paid will be reviewed at the next actuarial valuation, which is expected to be carried out as at 5 April 2024.

In intervening years, the Trustee will obtain annual actuarial reports, such as this one, on developments affecting the Plan's assets and technical provisions. The next such report, which will have an effective date of 5 April 2023, must be completed by 5 April 2024.

**Stephen Aries**  
**Fellow of the Institute and Faculty of Actuaries**  
**30 November 2022**

**Towers Watson Limited**  
**a WTW company**  
**Watson House**  
**London Road**  
**Reigate, Surrey**  
**RH2 9PQ**

*Authorised and regulated by the Financial Conduct Authority*

[https://wtwonlineuk.sharepoint.com/sites/tctclient\\_618092\\_acntrt22/documents/funding/actuarial report/annualactuarialreport-5apr2022-final.docx](https://wtwonlineuk.sharepoint.com/sites/tctclient_618092_acntrt22/documents/funding/actuarial%20report/annualactuarialreport-5apr2022-final.docx)

## Limitations

### Third parties

This report has been prepared for the Trustee for the purpose indicated. It has not been prepared for any other purpose. As such, it should not be used or relied upon by any other person for any other purpose, including, without limitation, by individual members of the Plan for individual investment or other financial decisions, and those persons should take their own professional advice on such investment or financial decisions. Neither I nor Towers Watson Limited accepts any responsibility for any consequences arising from a third party relying on this report.

Except with the prior written consent of Towers Watson Limited, the recipient may not reproduce, distribute or communicate (in whole or in part) this report to any other person other than to meet any statutory requirements.

### Data supplied

The Trustee bears the primary responsibility for the accuracy of the information provided, but will, in turn, have relied on others for the maintenance of accurate data, including the Company who must provide and update certain membership information. Even so it is the Trustee's responsibility to ensure the adequacy of these arrangements. I have taken reasonable steps to satisfy myself that the data provided is of adequate quality for the purposes of the investigation, including carrying out basic tests to detect obvious inconsistencies. These checks have given me no reason to doubt the correctness of the information supplied. It is not possible, however, for me to confirm that the detailed information provided, including that in respect of individual members and the asset details, is correct.

This report has been based on data available to me as at the effective date of the actuarial report and takes no account of developments after that date except where explicitly stated otherwise.

Some of the member data (such as date of birth) required for the running of the Plan, including for paying out the right benefits, is known as 'personal data'. The use of this data is regulated under the Data Protection Act (DPA) and the General Data Protection Regulation (GDPR), which place certain responsibilities on those who exercise control over the data (known as 'data controllers' under the DPA and GDPR). Data controllers would include the Trustee of the Plan and may also include the Scheme Actuary and WTW, so we have provided further details on the way we may use this data on our website at [this link](#).

### Methodology

In carrying out the estimates of the updated financial position of the Plan, I have not carried out full liability valuation calculations. Instead, I have estimated how the position may have moved over the year to 5 April 2022 using approximate methods.

The approach taken to calculate the estimates will not be as robust as the calculations performed as part of a full actuarial valuation, but should be sufficient, in normal circumstances, to obtain a reasonable indication of how the funding position might have moved since the last assessment.

The funding of the Plan is subject to a number of risks and it is not possible to make an allowance for all such risks in providing our advice. Unless stated, no explicit allowance has been made for any particular risk. In particular, in line with the actuarial valuation as at 5 April 2021, no explicit allowance has been made for climate-related risks.

# Funding

## Statutory funding objective

The Trustee's formal funding objective is the statutory funding objective under the Pensions Act 2004, which is to have sufficient and appropriate assets to cover the Plan's technical provisions.

The method and assumptions for calculating the technical provisions as at 5 April 2021 were agreed between the Trustee and Company and documented in the Statement of Funding Principles dated 29 April 2022. The table below summarises the main financial assumptions used to estimate the Plan's technical provisions for this actuarial report and the latest actuarial valuation.

Financial assumptions	5 April 2022	5 April 2021
<b>Section B DB liabilities</b>		
Discount rate	<b>Nominal gilts curve plus a 0.5% pa margin until 2025, phasing down linearly over 2025-2030 to a 0.25% pa margin from year 2030</b>	
(average single equivalent)	<b>2.1% pa</b>	<b>1.6% pa</b>
Price inflation (RPI)	<b>Gilt market breakeven inflation curve</b>	
(average single equivalent)	<b>3.9% pa</b>	<b>3.5% pa</b>
Price inflation (CPI)	<b>RPI inflation less 0.9% pa to 2030 and reducing to RPI inflation less 0% pa thereafter</b>	
Revaluation of pensions in deferment:		
- Non-GMP subject to section 84 orders	<b>In line with CPI, with allowance for the caps and floors</b>	
- GMP	<b>Fixed rates based on date of exit</b>	
Pension increases in payment	<b>Term dependent increases derived using the Black formula with assumed volatility of 1.9% pa applied to the relevant CPI forward rate curve</b>	
- Discretionary increases (pre-6.4.97 non-GMP)	<b>Nil</b>	
- Pre-5.4.88 GMP	<b>Nil</b>	
- Post-5.4.88 GMP	<b>CPI, 0% pa floor, 3.0% pa cap</b>	
- 6.4.97–5.4.05 accrual	<b>CPI, 0% pa floor, 5.0% pa cap</b>	
- Post-5.4.05 accrual	<b>CPI, 0% pa floor, 2.5% pa cap</b>	

Financial assumptions	5 April 2022	5 April 2021
<b>Section A DB underpin</b>		
Discount rate		
- Member funds pre-retirement	<b>Nominal gilts curve plus 2.0% pa until 5 years before retirement, linearly reducing to gilts at retirement.</b>	
- Non-member funds pre-retirement	<b>Nominal gilts curve plus 0.50% pa</b>	
- Post retirement	<b>Nominal gilts curve plus 0.25% pa</b>	
Price inflation (RPI)	<b>Gilt market breakeven inflation curve</b>	
Price inflation (CPI)	<b>RPI inflation less 0.9% pa to 2030 and reducing to RPI inflation less 0% pa thereafter</b>	
Revaluation of pensions in deferment:		
- Non-GMP subject to section 84 orders	<b>As Section B DB liabilities</b>	
Pension increases in payment	<b>As Section B DB liabilities</b>	
- Pre-5.04.88 GMP		
- Post-5.04.88 GMP		
- 6.04.97 to 5.04.05 accrual		
- Post-5.04.05 accrual		

I regard the financial assumptions adopted for this actuarial report as consistent with those used for determining the Plan's technical provisions at 5 April 2021, adjusted for changes in market conditions, and in my view they are appropriate for the purpose of this actuarial report.

The demographic assumptions used for the purposes of this update are consistent with those adopted for the actuarial valuation as at 5 April 2021, as set out in the Plan's Statement of Funding Principles dated 29 April 2022.

However, if the Trustee and Company were to consider all the assumptions in detail as part of a formal valuation process it is likely that some of these assumptions would change - for example, this report makes no allowance for any updates to the mortality assumptions that might be appropriate as a result of COVID-19.

There is no allowance in the assumptions underlying the technical provisions for any future discretionary increases to benefits.

I have included an allowance of 1% of the liabilities in my calculations for the potential cost of equalising GMPs. This is consistent with the approach adopted for the previous valuation. As such, please note that this estimate makes no explicit allowance for the cost of equalising GMPs for historic transfers out.

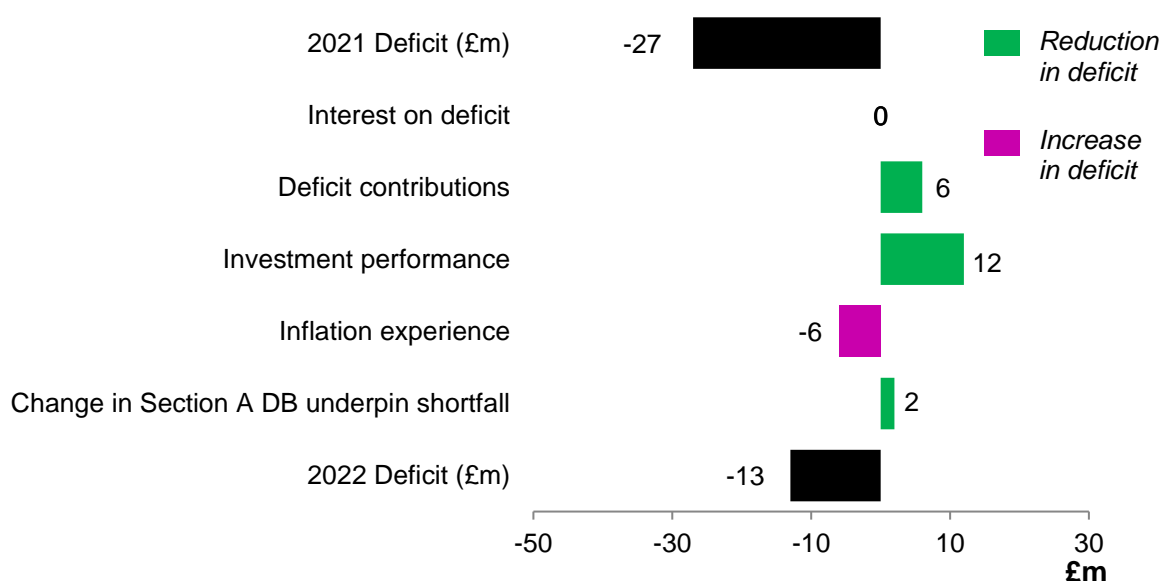
The table below compares the estimated technical provisions as at the effective date of the actuarial report with the market value of the Plan's assets and the corresponding figures from the latest actuarial valuation:

Valuation statement	5 April 2022 £m	5 April 2021 £m
Technical provisions for the DB liabilities	275.8	290.2
Technical provisions for the DC liabilities	36.4	34.2
Total Technical provisions	312.2	324.4
Market value of assets	299.0	297.1
Past service surplus/(deficit) (assets less technical provisions)	(13.2)	(27.3)
Funding level (assets ÷ technical provisions)		
- Overall	96%	92%
- DB only	95%	91%

### Developments since the latest valuation

There have been no significant developments since the last valuation.

The funding deficit is estimated to have decreased to £13.2 million from £27.3 million at the previous valuation. The main factors contributing to this change are:



# Solvency

## Discontinuance

In the event that the Plan is discontinued, the benefits of employed members would crystallise and become deferred pensions in the Plan. There would be no entitlement to further accrual of benefits.

If the Plan's discontinuance is not the result of the Company's insolvency, the Company would ultimately be required to pay to the Plan any deficit between the Scheme Actuary's estimate of the full cost of securing Plan benefits with an insurance company (including expenses) and the value of the Plan's assets – the "employer debt". The Trustee would then normally try to buy insurance policies to secure future benefit payments. However, the Trustee may decide to run the Plan as a closed fund for a period of years before buying such policies if it is confident that doing so is likely to produce higher benefits for members or if there are practical difficulties with buying insurance policies, such as a lack of market capacity.

If the Plan's discontinuance is a result of the Company's insolvency, the "employer debt" would be determined as above and the Plan would also be assessed for possible entry to the Pension Protection Fund ("PPF").

If the assessment concluded that the assets (including any funds recovered from the Company) were not sufficient to secure benefits equal to the PPF compensation then the Plan would be admitted to and members compensated by the PPF. Otherwise, the Plan would be required to secure a higher level of benefits with an insurance company.

## Estimate of solvency

The solvency position represents the estimated cost of securing deferred and immediate non-profit annuities with an insurance company for all members at the valuation date. In the 2021 valuation we estimated the solvency level of the Plan's DB section to be 76%. We have not produced a formal estimate of the solvency position as at 5 April 2022. However, we expect the solvency position to have improved between 5 April 2021 and 5 April 2022.



# Additional information

## Data provided

### Membership data

We have based our funding update calculations as at 5 April 2022 on the membership information provided by the Plan's administrators as at 5 April 2021. A summary of this membership data can be found in my formal report on the actuarial valuation as at 5 April 2021 (dated 29 April 2022).

### Summary of significant membership events

There have been no significant membership events since the valuation as at 5 April 2021.

### Asset information

The audited accounts supplied as at 5 April 2022 show that the market value of the Plan's assets was £299.0 million. This includes DC section assets and Additional Voluntary Contributions (AVCs) which amounted to £36.4 million.

## Glossary

This glossary describes briefly the terminology of the regime for funding defined benefit pension schemes as introduced by the Pensions Act 2004.

**Actuarial report:** A report prepared by the Scheme Actuary in years when an actuarial valuation is not carried out that provides an update on developments affecting the Plan's assets and technical provisions over the year.

**Actuarial valuation:** A report prepared by the Scheme Actuary that includes the results of the calculation of the technical provisions based on the assumptions specified in the Statement of Funding Principles and assesses whether the assets are sufficient to meet the statutory funding target.

**Demographic assumptions:** Assumptions relating to social statistics for Plan members, which can affect the form, level or timing of benefits members or their dependants receive. This can include levels of mortality experienced by the Plan and the proportion of members electing to exercise benefit options.

**Discount rates:** Assumptions used to place a capital value at the valuation date on projected future benefit cash flows from the Plan. The lower the discount rate the higher the resulting capital value.

**Financial assumptions:** Assumptions relating to future economic factors which will affect the funding position of the Plan, such as inflation and investment returns.

**Funding target/objective:** An objective to have a particular level of assets relative to the accrued liabilities of the Plan. See also statutory funding objective.

**Scheme Actuary:** The individual actuary appointed (under the Pensions Act 1995) by the Trustee to perform certain statutory duties for the Plan.

**Secondary funding target:** The secondary funding target is a stronger target than the statutory funding objective, and one to which the trustees aspire over the longer term. Once 100% funding on the technical provisions basis is reached, the secondary funding target may be expected to be achieved by a combination of investment returns and contributions.

**Statement of Funding Principles (SFP):** The SFP sets out the trustees' policy for ensuring that the statutory funding objective and any other

funding objectives are met and, in particular, the assumptions for calculating the technical provisions at the effective date of the actuarial valuation. The trustees are responsible for preparing and maintaining this document, taking into account the advice of the Scheme Actuary and in many cases seeking the agreement of the employer.

**Statement of Investment Principles (SIP):** The SIP sets out the trustees' policy for investing the Plan's assets. The trustees are responsible for preparing and maintaining this document, taking into account written investment advice from the appointed investment advisor and consulting the employer before any changes are made.

**Statutory estimate of solvency:** An estimate of the cost of discharging a scheme's liability to pay benefits through the purchase of insurance policies in respect of each member's full benefit entitlement under the Plan (unless the actuary considers that it is not practicable to make an estimate on this basis, in which case the estimate of solvency can be prepared on a basis that the actuary considers appropriate).

**Statutory funding objective:** To have sufficient and appropriate assets to cover the Plan's technical provisions.

**Summary funding statement:** An update sent to members following the completion of each actuarial valuation or actuarial report informing them of the assessed financial position of the Plan.

**Technical provisions:** The amount of assets required to make provision for the accrued liabilities of the scheme. The technical provisions are calculated using the method and assumptions set out in the Statement of Funding Principles.

**Winding-up:** This is a particular method of discharging a scheme's liability to pay benefits. It typically arises where the employer no longer provides financial support to it (for example if it becomes insolvent) and would usually involve using the scheme's assets to buy insurance policies that pay as much of the scheme's benefits as possible in accordance with the statutory priority order.