

	Triennial Actuarial Valuation				Annual Accounting Valuation			
	Total LB Merton Fund		WPCC Share		Total LB Merton Fund		WPCC Share	
Application	The purpose of the triennial actuarial valuation report is to determine employer contributions for the following three year period in order for the scheme to be fully funded or to have a plan to do so (ie, 'report is required for funding purposes'); the report as at 31 March 2019 will set the contributions for the period 1 April 2020 to 31 March 2023				The accounting valuation forms the basis of the balance sheet and funding status disclosures in respect of the pension obligations (ie, report is required 'for accounting purposes'); the report as at 31 March 2019 of 18 April 2019 provided the basis of WPCC's financial statements as at 31 March 2019			
Net Asset Value as at 31 March 2019	£718.0 million	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020, which is calculated as six-month smoothed market value straddling valuation date	<b>£7.238 million</b>	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020, which is calculated as six-month smoothed market value straddling valuation date	£721.4 million	Source: LB Merton Pension Fund Annual Report 2018/19 of 31 July 2019 (included for comparison purposes only as this figure may not have been calculated on the same basis as that used for the annual accounting valuation but the report does value the assets as at a particular point in time, in this case 31 March 2019)	<b>£7.182 million</b>	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019 (based on asset value in triennial valuation as at 31 March 2016, adjusted by whole fund income and expenditure to 31 March 2019, estimated fund returns to 31 March 2019, estimated fund income and expenditure for WPCC to 31 March 2019 and any other adjustments)
Defined Benefit Obligation as at 31 March 2019	(£698.0 million)	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020	<b>(£6.962 million)</b>	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020	(£1,059.9 million)	Source: LB Merton Pension Fund Annual Report 2018/19 of 31 July 2019 including McCloud case judgment; without McCloud, value is £1,052.8 million	<b>(£9.895 million)</b>	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019
Net Defined Benefit Asset/ (liability) as at 31 March 2019	£20.0 million	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020; represents funding level of 103%, c/w 94% (deficit of £32.7 million) as at 31 March 2016	<b>£0.276 million</b>	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020; represents funding level of 104%, c/w 94% (deficit of £0.293 million) as at 31 March 2016	(£338.5 million)	Calculated (for comparison purposes only)	<b>(£2.713 million)</b>	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019

Financial Assumptions:								
Discount Rate	4.8%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020; discount rate assumption is set with reference to expected future investment returns of the fund, set by the fund actuary; assumes prudence allowance of 0.9%	4.8%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020; discount rate assumption is set with reference to expected future investment returns of the fund, set by the fund actuary; assumes prudence allowance of 0.9%	2.4%	Source: LB Merton Pension Fund Annual Report 2018/19 of 31 July 2019	2.40%	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019; discount rate assumption is based solely on the yields on corporate bonds in accordance with IAS 19
Salary Increases	3.6%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020; based on CPI plus 1%	3.6%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020; based on CPI plus 1%	3.9%	Source: LB Merton Pension Fund Annual Report 2018/19 of 31 July 2020	3.95%	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019; based on CPI plus 1.5%
Price Inflation	2.6%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 27 March 2020; Consumer Price Inflation (CPI) based on Retail Price Inflation (RPI) derived from 20 year point on Bank of England RPI curve less 1% differential	2.6%	Source: Barnett Waddingham Triennial Valuation as at 31 March 2019 of 24 March 2020; Consumer Price Inflation (CPI) based on Retail Price Inflation (RPI) derived from 20 year point on Bank of England RPI curve less 1% differential	2.4%	Source: LB Merton Pension Fund Annual Report 2018/19 of 31 July 2020	2.45%	Source: Barnett Waddingham Pension Accounting Disclosure Report as at 31 March 2019 of 18 April 2019; based on RPI less 1.0%