

# Summary Funding Statement

## Hewlett-Packard Limited Retirement Benefits Plan HP SECTION

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# Chairman's welcome

Dear Member

## Summary funding statement for the Hewlett-Packard Section of the Hewlett Packard Limited Retirement Benefits Plan (the Plan)

Welcome to the latest update on the funding of the Plan. In April 2023 we provided you with a funding statement which set out the results of the actuarial valuation as at 31 October 2021 and the funding assessment of the Plan as at 31 October 2022. The Scheme Actuary has now completed a further funding assessment of the Plan as at 31 October 2023 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 [hprbp.com](http://hprbp.com). If you would like to contact the Trustee, please e-mail us at [iphpplan@zedra.com](mailto:iphpplan@zedra.com) or by writing to Kerry Merryweather, Plan Secretary, HP Plan Trustee, ZEDRA Inside Pensions, First Floor, Trident House, 42-48 Victoria Street, St. Albans, Hertfordshire, AL1 3HZ.

A formal triennial actuarial valuation is now being carried out as at 31 October 2024. The next funding statement will be provided after completion of the actuarial valuation, which may not be until 2026 as the deadline for completing the actuarial valuation is 31 January 2026.

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 personal email address and your Expression of Wish form. Equiniti Paymaster can be contacted on **0333 207 6553** or by e-mailing [hp2@equiniti.com](mailto:hp2@equiniti.com). Expression of Wish forms can also be downloaded from our website.

Yours faithfully

**Paul Early**

Chairman of the Trustee

Hewlett-Packard Limited Retirement Benefits Plan

## 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 or surplus. 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

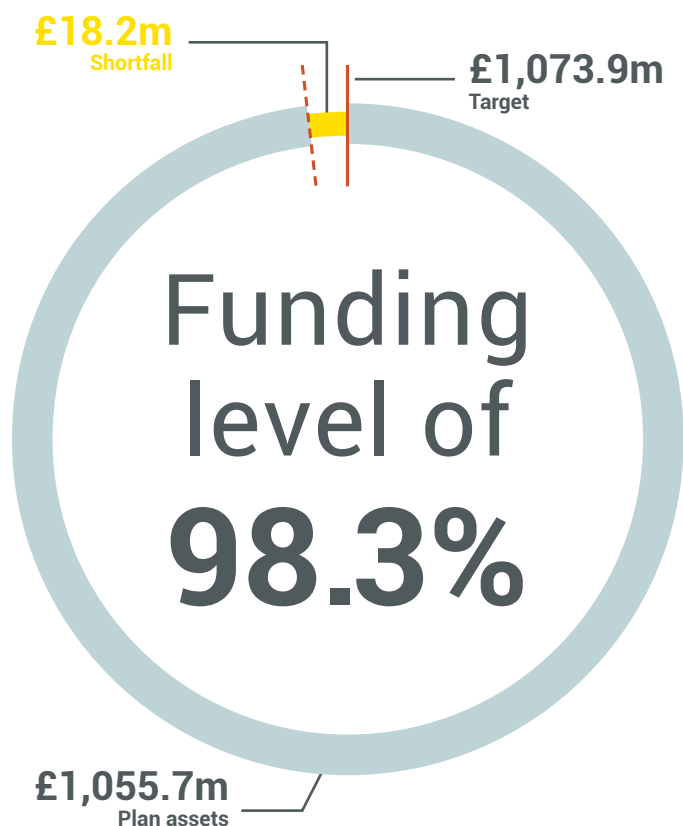
The Company pays contributions to the Plan so that the Plan can pay benefits to Plan members.

Contributions have also been 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 as at 31 October 2023

The Scheme Actuary carried out an updated funding assessment as at 31 October 2023. This showed that the Plan's funding target was £1,073.9 million, whilst the value of the assets was £1,055.7 million, giving the Plan a shortfall of £18.2 million and a funding level of 98.3%.



All graphs shown are for illustrative purpose only.

2023 SFS – from the Trustee to members of the HP Section



If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions. At 31 October 2023, this was

**£1,073.9  
million**

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The value of the Plan's assets was

**£1,055.7  
million**

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The shortfall in the funding was

**£18.2  
million**

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## Changes in the funding level since your last summary funding statement

Both the assets and technical provisions decreased over the year, with the result that the funding level remained broadly stable. There was a marginal increase in the funding shortfall to £18.2 million.

The Trustee's investment strategy aims to broadly match the assets to changes in the technical provisions and this has largely been achieved over the year. The decrease in the assets was largely offset by a decrease in the funding target over the period as a result of an increase in the expected return on government bonds. This meant that less money was needed to be set aside in order to pay benefits in the future.

Despite the marginal increase in the funding shortfall, no contributions were due from the Company following the annual check.

# 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.

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.

The table below shows how the assets of the HP Section compared to the Funding target at 31 October 2021, 31 October 2022 and 31 October 2023.

|                                 | 2023      | 2022      | 2021      |
|---------------------------------|-----------|-----------|-----------|
| <b>Funding target</b>           | £1,073.9m | £1,333.4m | £1,936.1m |
| <b>Assets</b>                   | £1,055.7m | £1,318.5m | £2,103.9m |
| <b>Plan shortfall / surplus</b> | (£18.2m)  | (£14.9m)  | £167.8m   |
| <b>Funding level</b>            | 98.3%     | 98.9%     | 108.7%    |



## 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 2021 the solvency estimate for the Plan was 92.1%, corresponding to a shortfall of £175.7 million compared with the amount the Plan would need to ensure benefits were paid in full by an insurance company. The solvency estimate had decreased to 89.1% as at 31 October 2023, corresponding to a shortfall of £129.0 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 [ppf.co.uk](http://ppf.co.uk). Or you can write to the Pension Protection Fund at:

**PO Box 254  
Wymondham  
NR18 8DN**

The Trustee regularly reviews 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.



### PLEASE NOTE

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 Helper Service has useful information about finding financial advice. You can visit their website at [moneyhelper.org.uk](http://moneyhelper.org.uk) or phone their consumer helpline on **0800 011 3797**.



# Additional documents available on request

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 2021
- The Scheme Actuary's report assessing the funding level as at 31 October 2022 and 31 October 2023
- The Statement of Funding Principles
- The Statement of Investment Principles
- The Schedule of Contributions
- The Members' Booklet (which you should have received when you joined the Plan)
- The report setting out how the Trustee meets climate governance requirements in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The first TCFD report is available on the Plan website: [hprbp.com/library/plan-documents](https://hprbp.com/library/plan-documents), or on request in the same way as other documents, as set out below

If you would like a copy of any of the above they can be found on the Plan website: [hprbp.com](https://hprbp.com). Alternatively, please contact the Trustee to request a copy by e-mailing: [iphpplan@zedra.com](mailto:iphpplan@zedra.com) or by writing to:

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

[Go to '2023 Summary Funding Statement' online at \*\*hprbp.com\*\*](#)

# 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 for service 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.
- 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.
- 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.



## HP SECTION

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