

Hampshire Pension Fund – 2024/25 Highlights

Over 212,000 scheme members, from **402** employers in Hampshire, including over **58,000** pensioners who were paid a

total of £390m of pensions in the last year.



74% of assets are invested in the **ACCESS** pool saving Hampshire over **£8.5m** of investment manager fees since 2018.



Committed to **Responsible Investment** and being a good steward of investments – reaccepted as a signatory to the **UK Stewardship Code** in 2024.



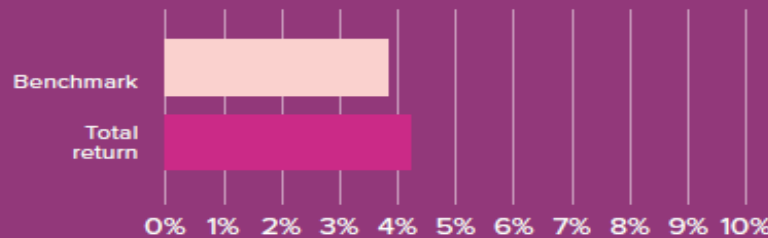
Confirmed all investment managers are excluding **'controversial weapons'** from the Fund's investment portfolios.

544 hours the total number of hours of training that Pension Fund Panel and Board members have undertaken in relation to the Pension Fund during 2024/25



£10.216bn total value of Fund assets

2024/25 Investment Returns



Received over **46,000** calls/online channel queries from scheme members last year.

Processed **3,800** retirements – **100%** within the target time.

Under £20 per member: cost of Administration and Governance, compared to the LGPS average of £44 (excluding Hampshire).

Actively working towards **disinvesting from fossil fuel investments**.

Scope **1&2** carbon footprint of **47 tCO2/£m** for equity investments **compared to the global benchmark of 59 tCO2/£m**.

Committed **2.5%** of the Fund to Timberland investments and agreed a **£75m new investment allocation** to social and affordable housing.



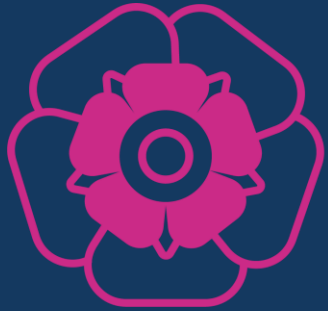
Funding level of 107.1% How the Pension Fund's current market value of investments compares with the total pensions it is expected to pay.

The Pension Fund's full Annual Report is available here:



Holder of the **Customer Service Excellence** standard since 2009.





HAMPSHIRE
PENSION FUND

Annual Employers Meeting

21 October 2025



Fire Alarms

- Should fire alarms sound, please make your way to the nearest fire exits, straight onto the rear courtyard.
- Go down the stairs via the car park onto Tower Street, turn right and follow the road to the front of EII South and then to Castle Avenue.



Welcome

Cllr Tom Thacker

Chairman, Pension
Fund Panel & Board



Today's Programme

10:00	Welcoming remarks – <i>Cllr Tom Thacker</i>
10:10	2024/25 Annual Report – <i>Andy Lowe</i>
10:25	Fund updates – <i>Andy Lowe</i>
10:40	Economic and market outlook – <i>Carolyn Dobson</i>
10:55	Regulatory update – <i>Steven Law</i>
11:20	<i>Coffee break</i>
11:35	2025 Actuarial Valuation – <i>Catherine McFadyen & Ciaran Henry</i>
12:25	General question and answer session
	Close



Annual Report 2024/25

Andy Lowe

Director of Corporate Operations



Annual Report for 2024/25



- Part of the Pension Fund's communication strategy with Fund employers
- Available electronically on the Pension Fund's website
- The Pension Fund accounts form part of the County Council's accounts
- 2024/25 Pension Fund audit largely complete as we move back towards better year-end timing



Hampshire Pension Fund – 2024/25 Highlights



HAMPSHIRE
PENSION FUND

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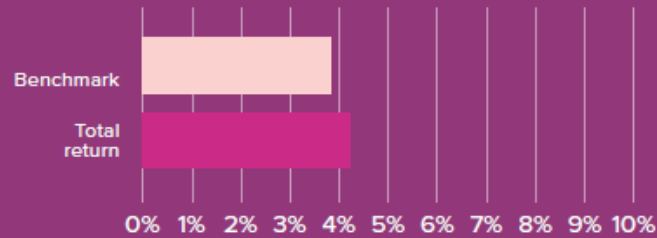


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Key achievements and what's ahead

- Efficient and effective delivery of business as usual
- Delivery of McCloud remedy
- Preparation for Pensions dashboard
- Focus on Cyber security
- Responsible Investment scheme member and employer survey
- Renewal of UK Stewardship Code signatory status
- New investment pooling relationships



Pension administration – business as usual

- Answered over 70,000 member queries
- Completed over 33,000 items of casework – all within service level targets
- Over 53% of all members registered for the Member Portal – and around 14,000 log ins each month
- Retained the Customer Service Excellence award and increased the number of areas in which the standard was exceeded
- Delivered the triennial valuation data to the Fund Actuary ahead of timetable – fewer employer data queries from annual returns process



McCloud remedy

Underpin for eligible members to provide the better of CARE or final salary benefits for the remedy period (1 April 2014 to 31 March 2022)

Calculated for all leavers since 1 October 2023 and all 'no liability' members who left before then

Details included on 2025 annual statements for eligible active and deferred members

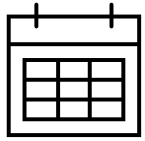
Recalculating benefits for around 2,300 pensioners

Waiting for regulations to allow calculation for 37 members with a pension sharing order

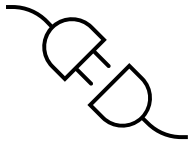
Waiting for information from other public sector schemes to allow calculation for 30 members with a 'Club' transfer in.



Pension Dashboards Programme



31 October 2026 deadline for connection



Fund on track to connect by December 2025



Six months notice of go live date for MaPs dashboard



Hard to estimate impact – LGPS members already have information but first time this is all in one place



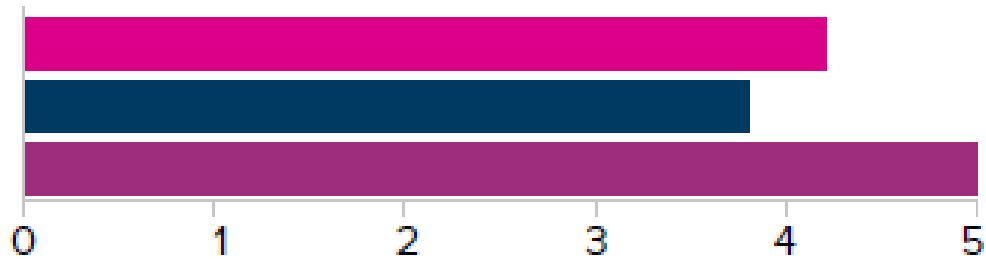
New employer and Fund responsibilities codified in draft Administration Strategy



Investment Returns to 31 March 2025

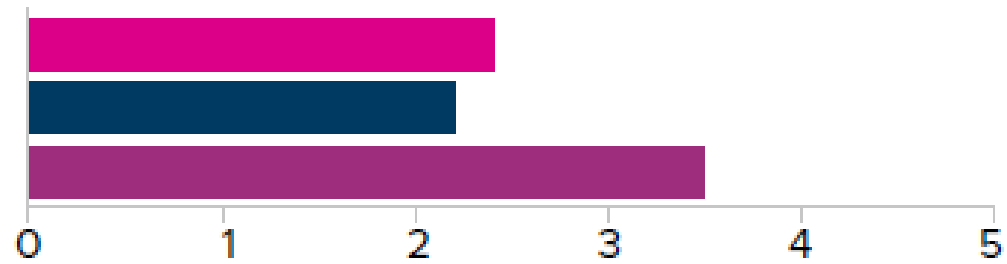
Total investment returns for the Fund
(12 months to 31 March 2025)

	%
Total Fund return	4.2
Weighted benchmark indices	3.8
Weighted benchmarks plus targets	5.0



Total investment returns for the Fund
(three years to 31 March 2025)

	% per annum
Total Fund return	2.4
Weighted benchmark indices	2.2
Weighted benchmarks plus targets	3.5

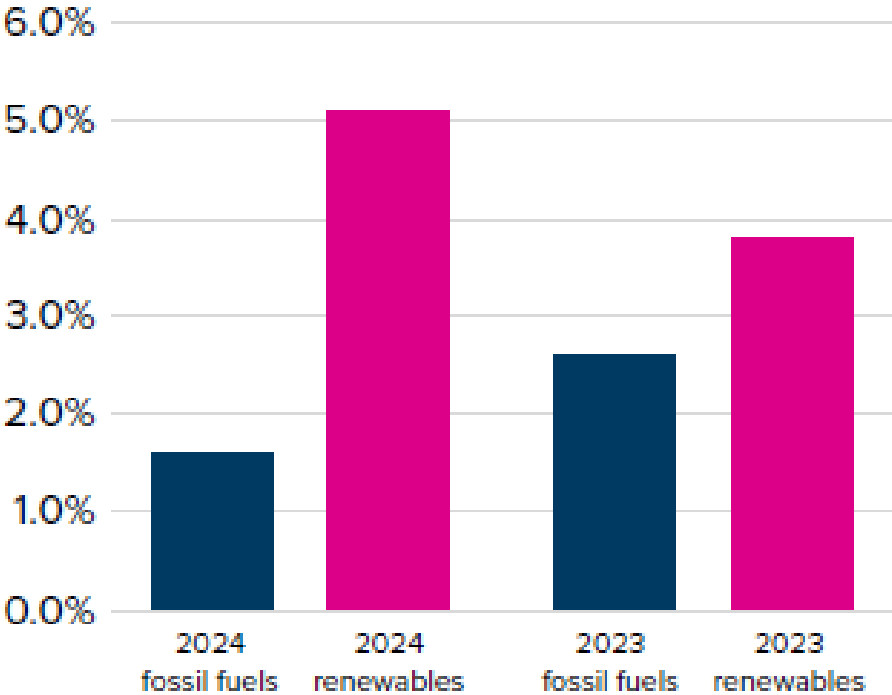


Progress on carbon data

2024 Carbon footprint (Scope 1 & 2)
tCO₂e/£m invested)



Holdings in Fossil Fuels and Renewable Investments



Local Government Reorganisation (LGR)

What we expect:

- The Pension Fund will not be split between the new unitary authorities – this is contrary to the Government's interest in LGPS consolidation
- The Pension Fund will not be part of Mayoral Authority – the Mayor will not be responsible for operational delivery and this is not the model of other existing Mayoral Authorities
- The Pension Fund will be administered by one of the new unitary authorities – to be confirmed once the new authorities are finalised



Key Updates:

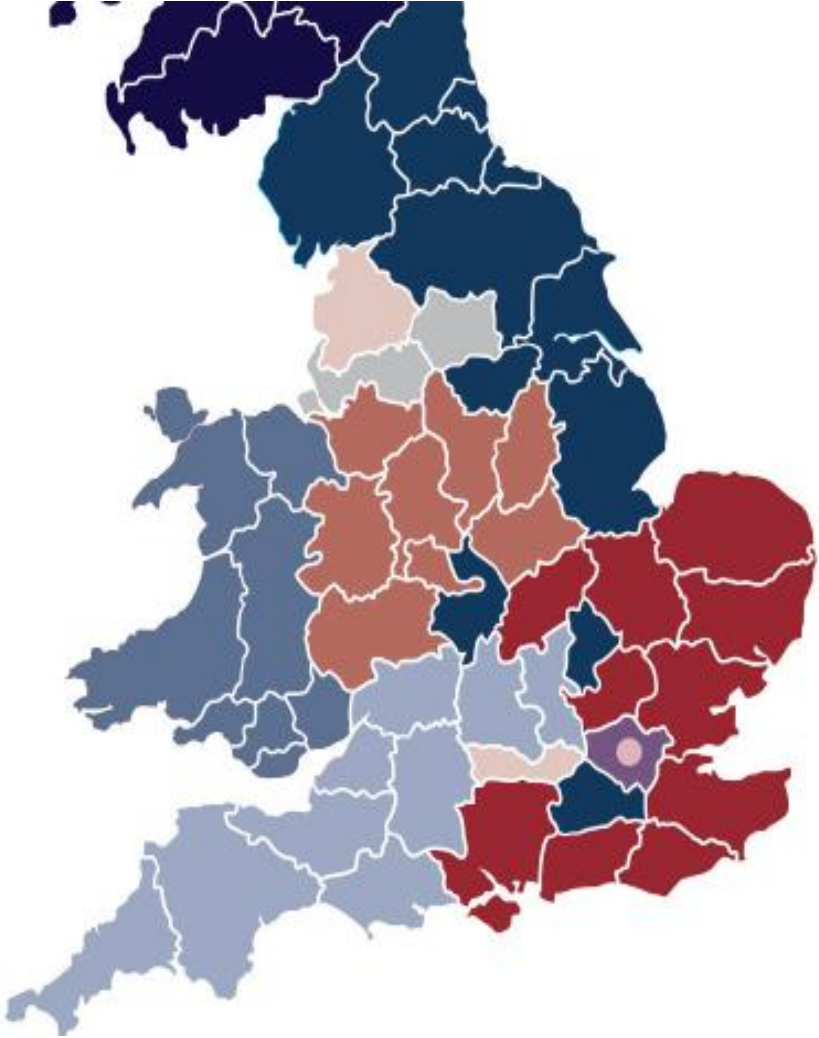
- **'LGPS Fit for the Future'**
- **Responsible Investment Survey**

Andy Lowe

Director of Corporate Operations



Existing investment pooling landscape

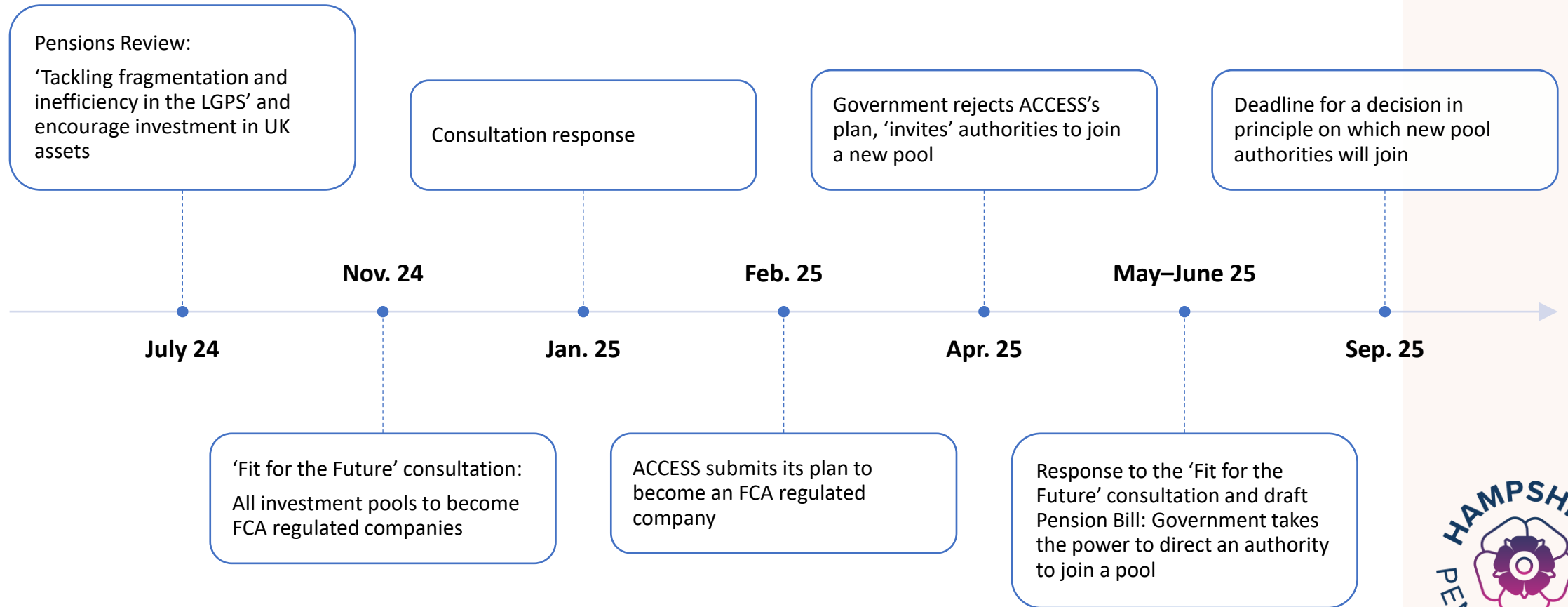


- Access
- Central
- Border to Coast
- Welsh CIV
- Brunel
- London CIV
- Northern Pool
- Local Pensions Partnership

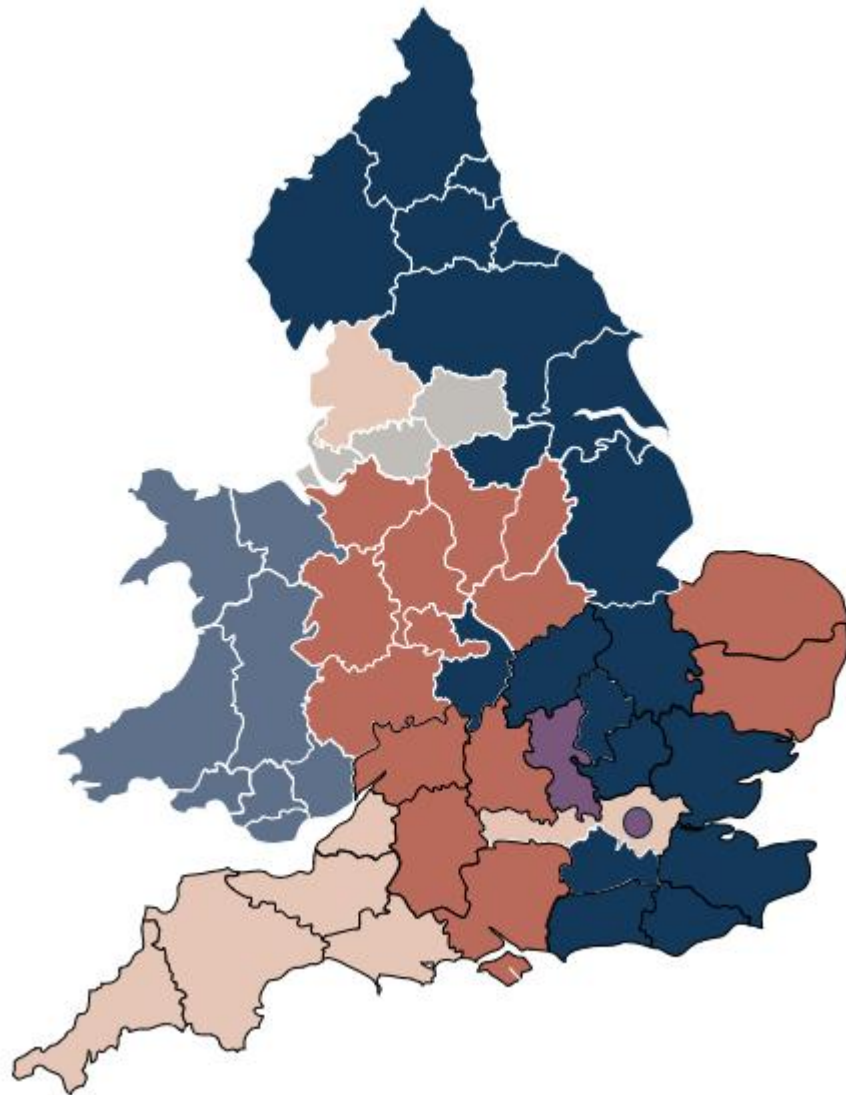
- ### ACCESS
- Cambridgeshire
 - East Sussex
 - Essex
 - Hampshire
 - Hertfordshire
 - Isle of Wight
 - Kent
 - Norfolk
 - Suffolk
 - West
 - Northamptonshire
 - West Sussex



Timeline of Government's agenda



New pooling map



- Central
- Border to Coast
- Welsh CIV
- London CIV
- Northern Pool
- Local Pensions Partnership

Former ACCESS funds

Border to Coast

- Cambridgeshire
- East Sussex
- Essex
- Hertfordshire
- Kent
- West Northamptonshire
- West Sussex

LGPS Central

- Hampshire
- Isle of Wight
- Norfolk
- Suffolk



Our new pool - LGPS Central

LGPS Central Highlights



£45bn

Assets under our stewardship
(at 31 March 2025)

£12bn

Internally managed public market
assets

£122m

Gross savings generated to
(at 30 June 2025)

£373m

Projected gross savings
by 2033/34



29 Funds

Including two newly launched credit
vintages

1st Quartile

Flagship Global Equity fund
performance since inception (at
31 January 2025)

£6bn

In private market commitments
by Partner Funds

101

Colleagues



100%

Responsible Investment
Integrated Status

43%

Colleagues with a non-white
ethnic background

174

Companies engaged with on
ESG matters in 24/25

2050

Net Zero commitment on
assets under our stewardship



**UK Stewardship
Code**

Signatory

25%

Of private market deployed
investment is in the UK

£11.2bn

Pooled Assets invested
in the UK

£30m

Invested in
Local NHS Facilities



LGPS pooling – next steps

- Oct'25 – signing an MOU for terms of engagement for joining LGPS Central
- Jan'26 – sign the Shareholder agreement to become an owner of LGPS jointly alongside the other 14 authorities
- Apr'26 LGPS responsible for implementing Hampshire's investment strategy and the provision of investment advice
- Beyond Apr'26 managed transition of some investments to consolidate the investments provided by LGPS Central – expect this to be a gradual and considered process



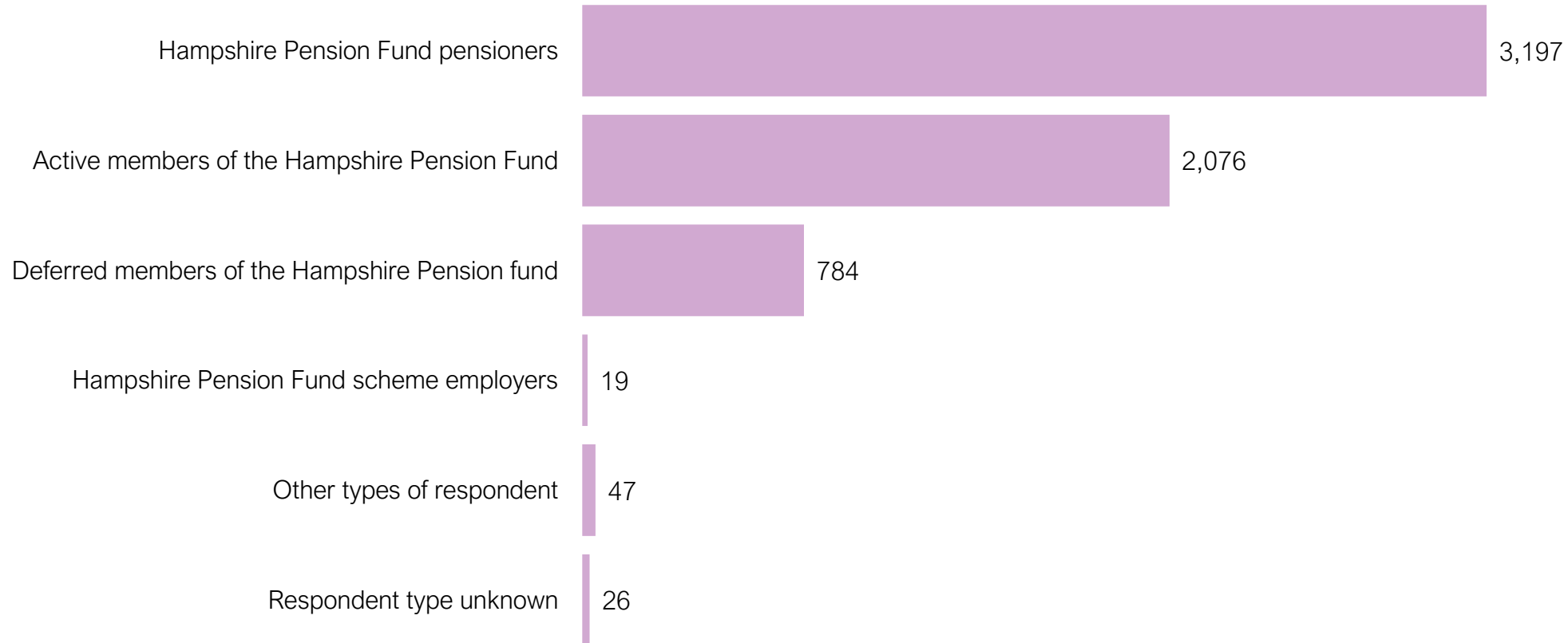
Responsible Investment (RI) survey

- Important for the Fund in testing alignment of its RI policy with scheme member and employers' view
- Last undertaken in 2022 (when we received 701 responses)
- Survey distribution:
 - Included as a link in pensioner payslips
 - Emailed to all scheme members with an email address
 - Highlighted to employers
 - Available on the Fund's website



RI Survey 2025 Responses

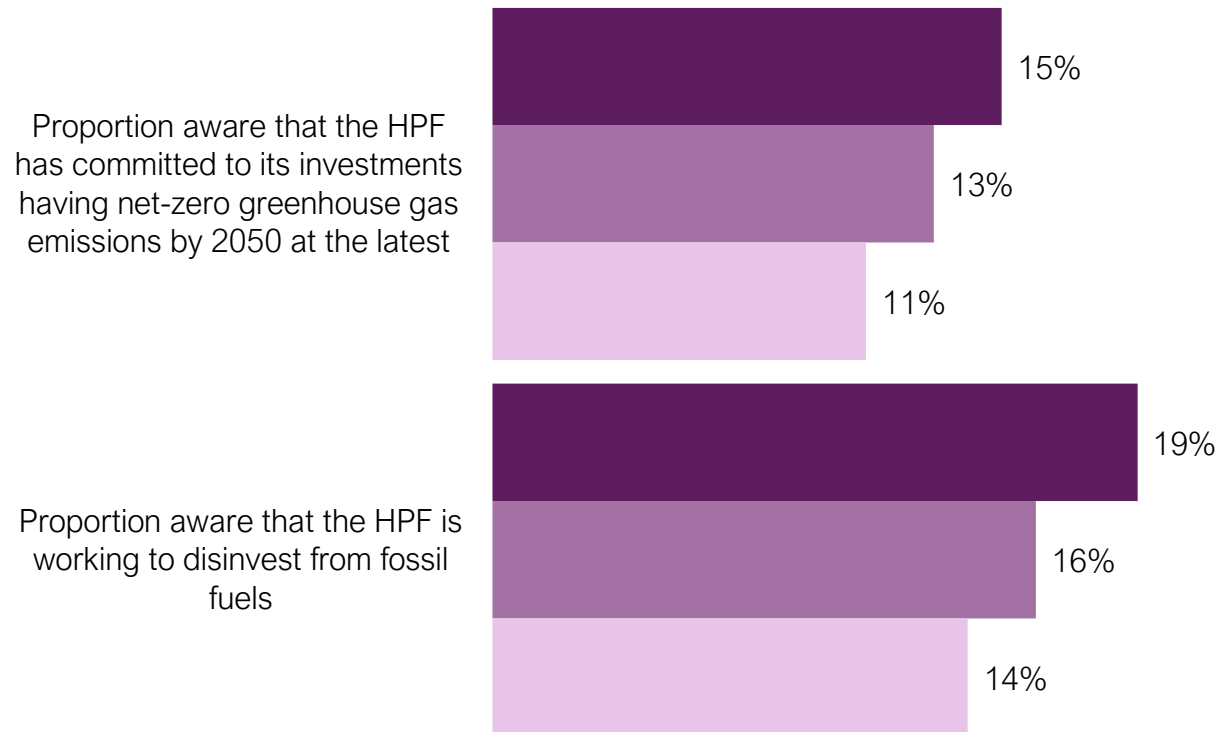
Breakdown of responses to the 2025 Hampshire Pension Fund Survey (Base: 6,149 responses)



Awareness of Net Zero Policies

Awareness of Net Zero policies

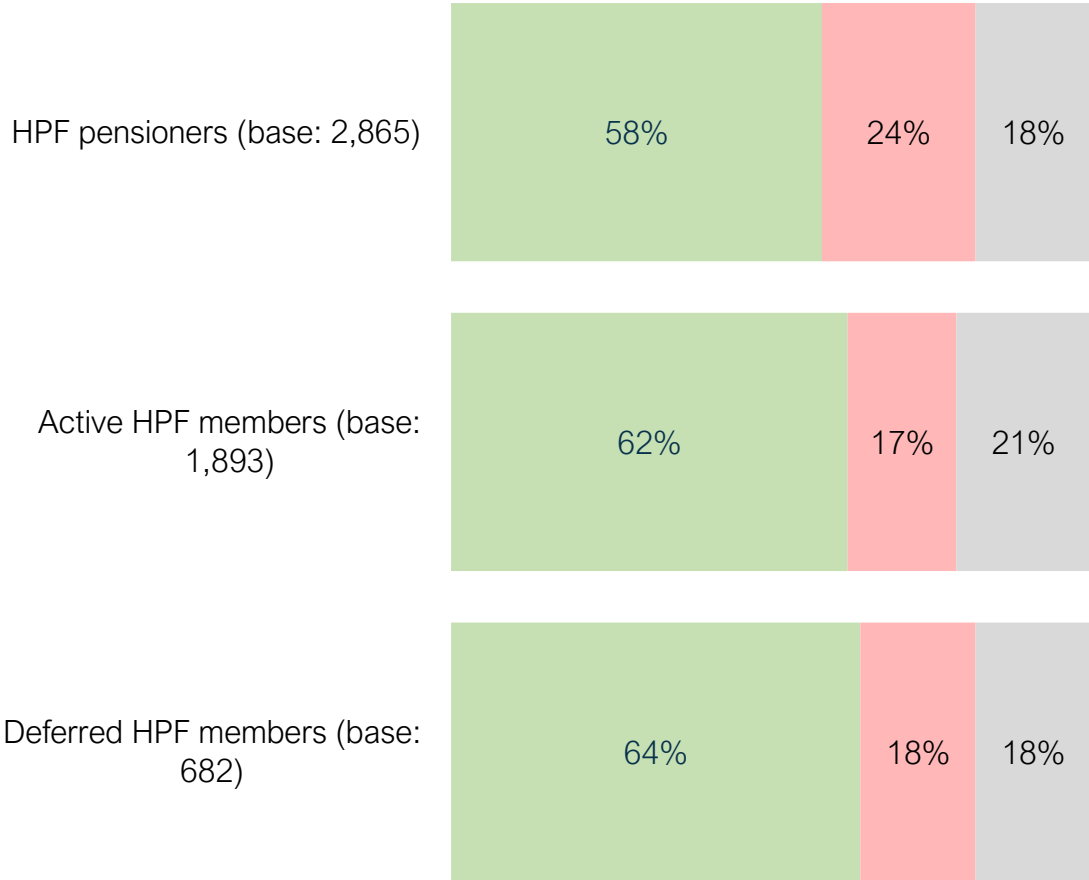
- HPF pensioners (base: 2,998, 2,954)
- Active HPF members (base: 2,000, 1,978)
- Deferred HPF members (base: 767, 757)



Fossil Fuel Disinvestment

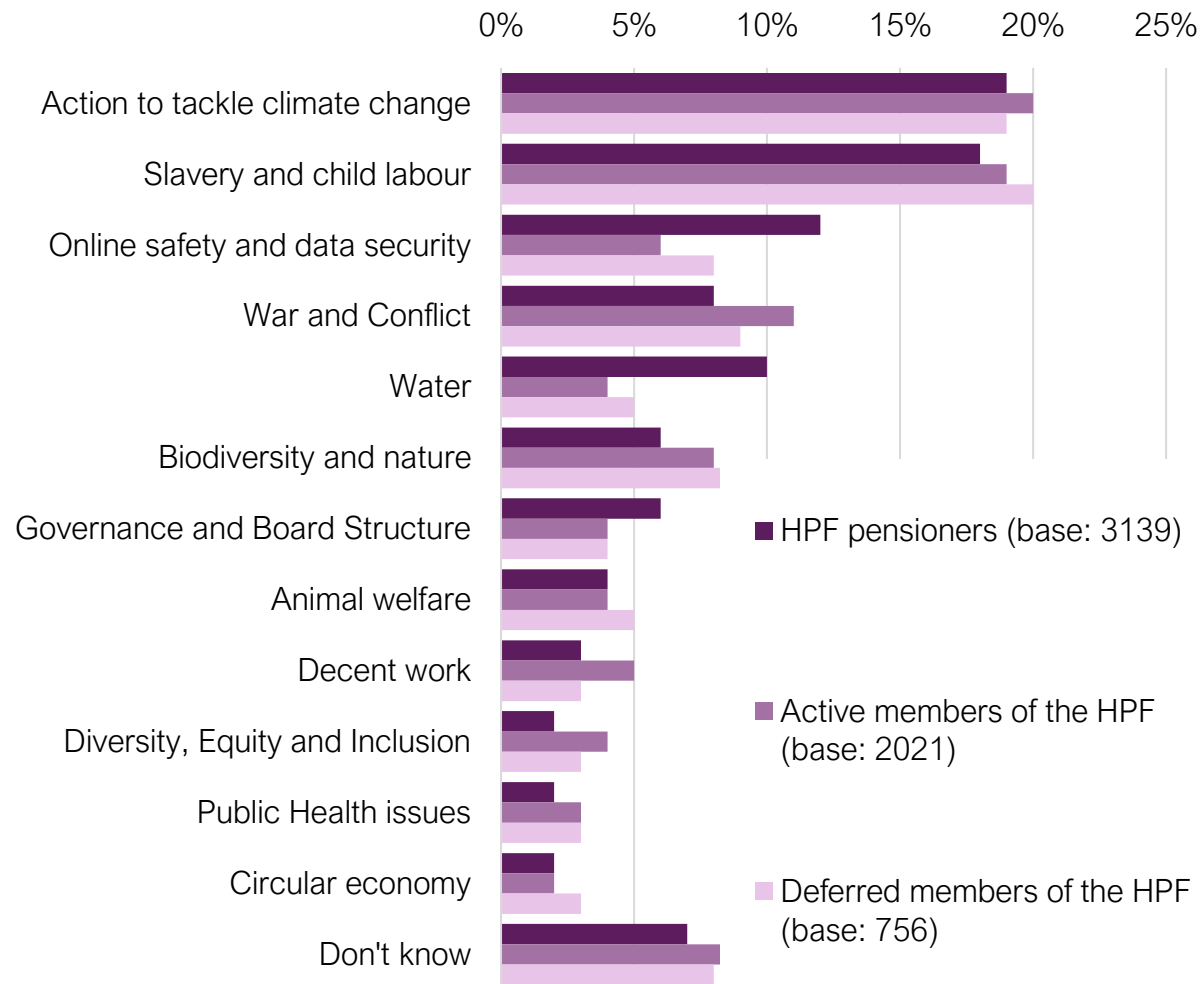
Do you agree with the Hampshire Pension Fund's decision to disinvest from fossil fuels?

■ Yes ■ No ■ Don't know



ESG Factors Ranked by Importance

Which of these ESG factors* do you feel is most important when considering the companies that your pension is invested in?



Economic & Market Outlook

Carolán Dobson

Independent Advisor to the
Hampshire Pension Fund
Panel & Board



Independent Investment Adviser

Economic and Market Outlook

October 2025

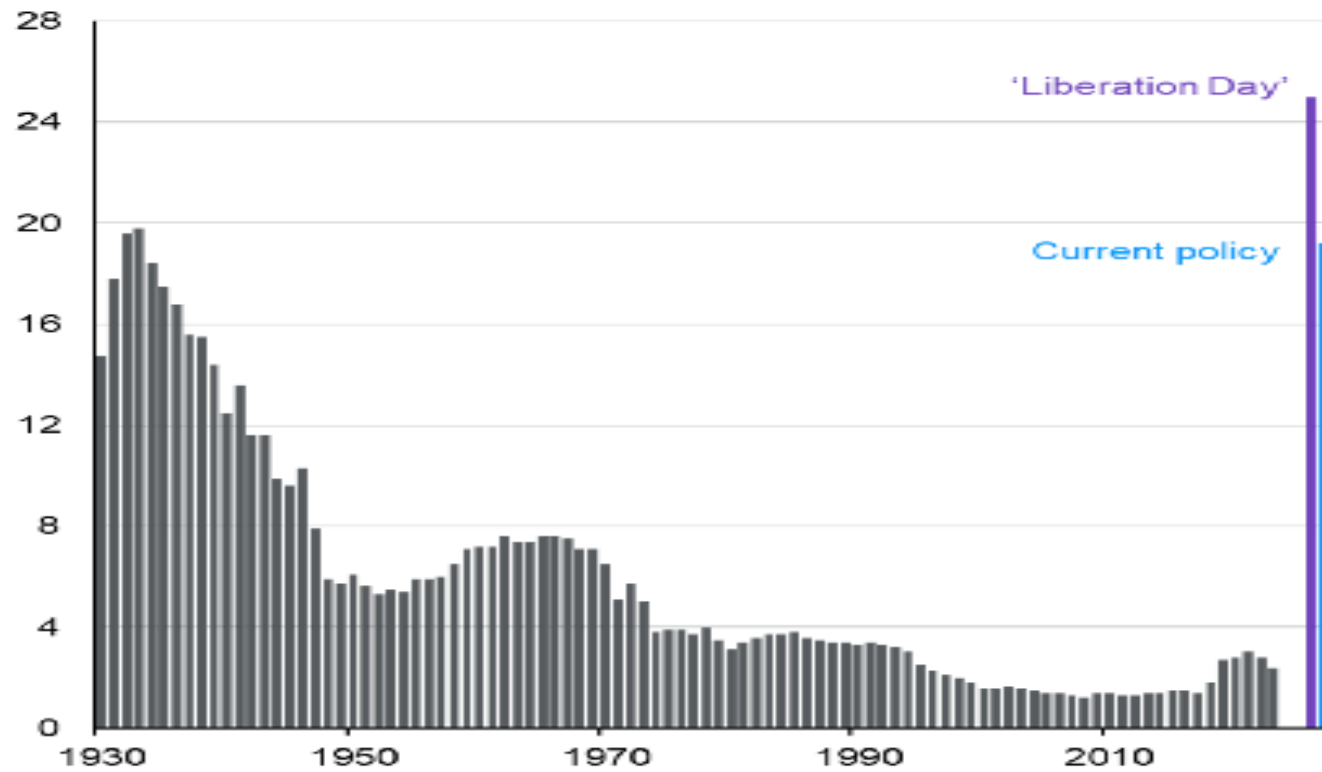
Conclusion Last Year

- Interest rates are falling but not that much
- Inflation reduced but not returning to trivial levels
- Economic growth subdued relative to history but not under any particular threat
- March to right in Europe
- Political developments internationally very important: Middle East, China, Ukraine

US Trade Tariffs

US effective tariff rate

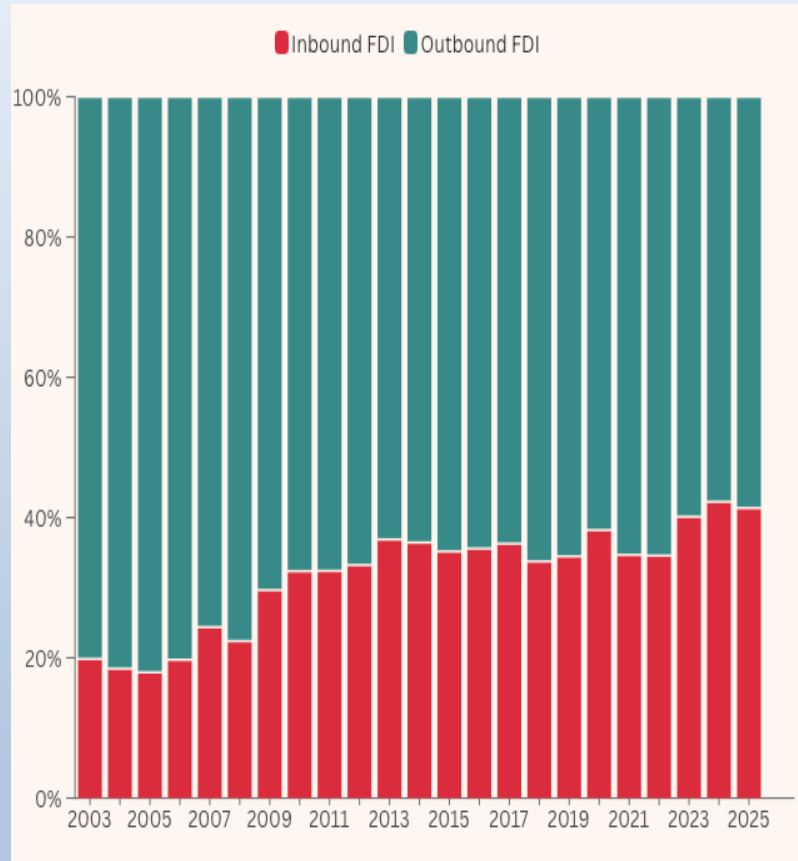
%, import duties collected as a share of total import value



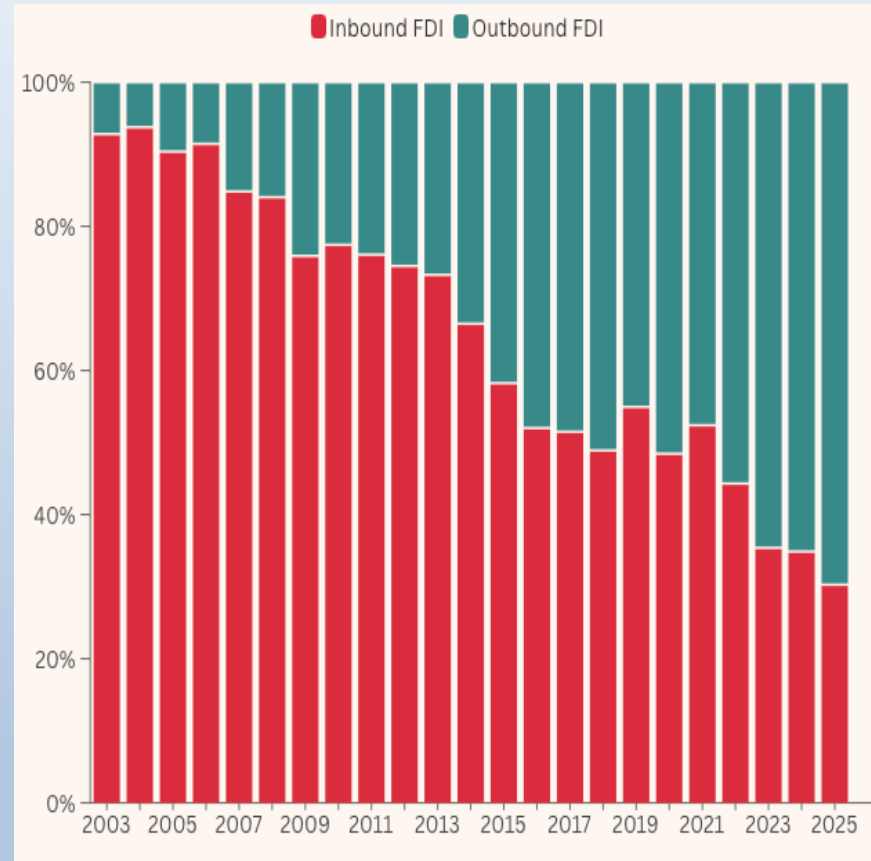
US trade tariffs: Have they mattered

- World markets fell sharply on Liberation Day (2nd April)
- Last week IMF predicted global economy slow modestly from 3.2% 2025 to 3.1% 2026
- Most countries just caved
- Only retaliation from China, Rare Earth exports controls
- White House announced \$8.8tr new investment pledges
- Unlikely to occur as UAE, Qatar, Japan, Saudi Arabia add to \$4.2tr and made under duress

Foreign Direct Investment

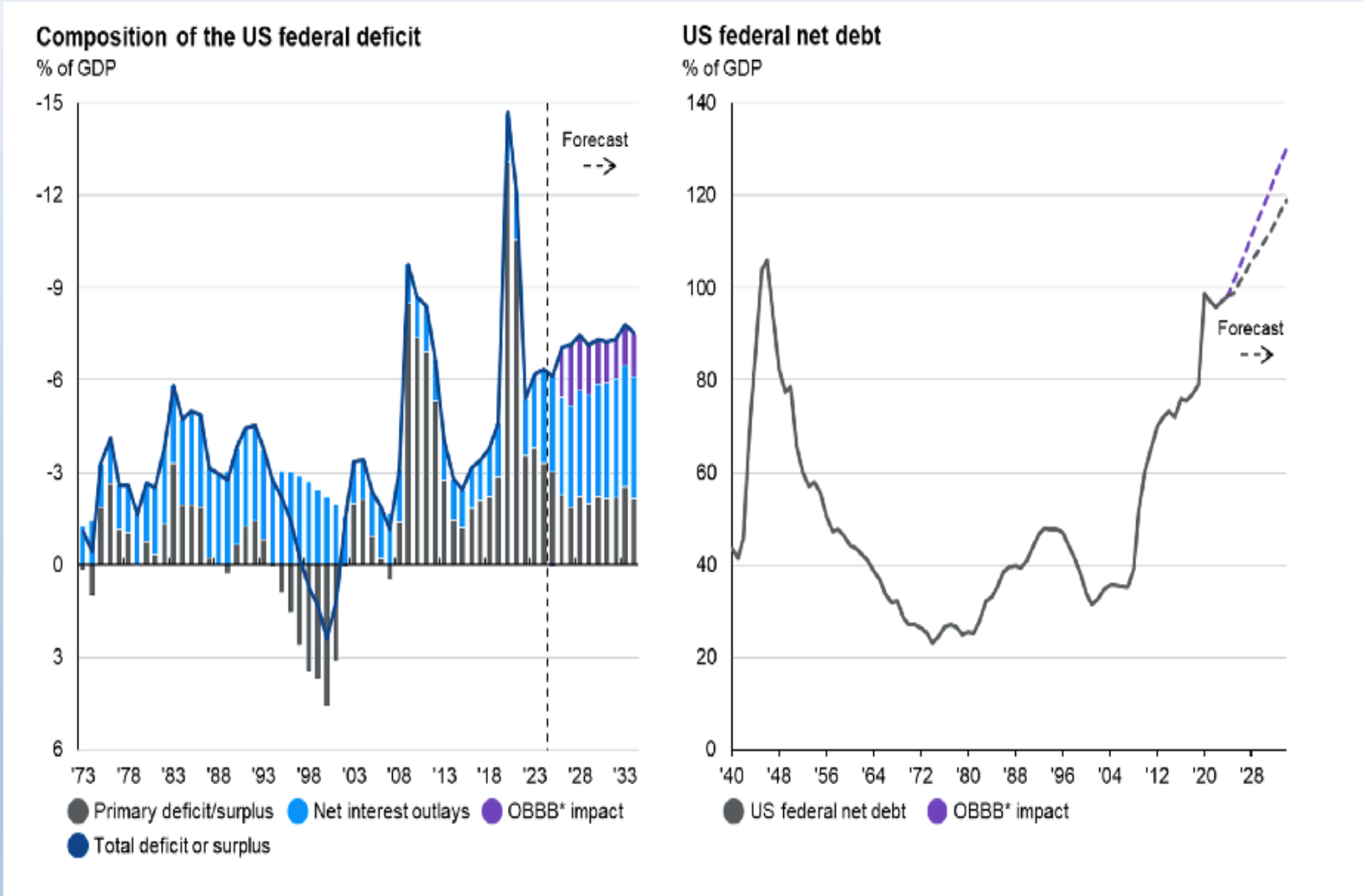


US



China

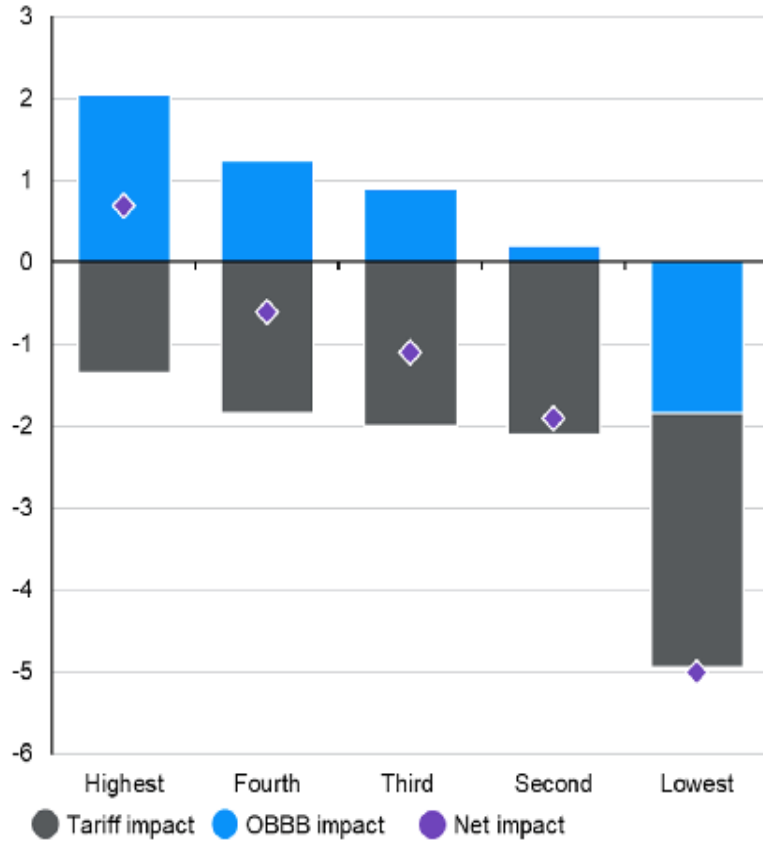
One Big Beautiful Budget



US Impact of tax and trade policies

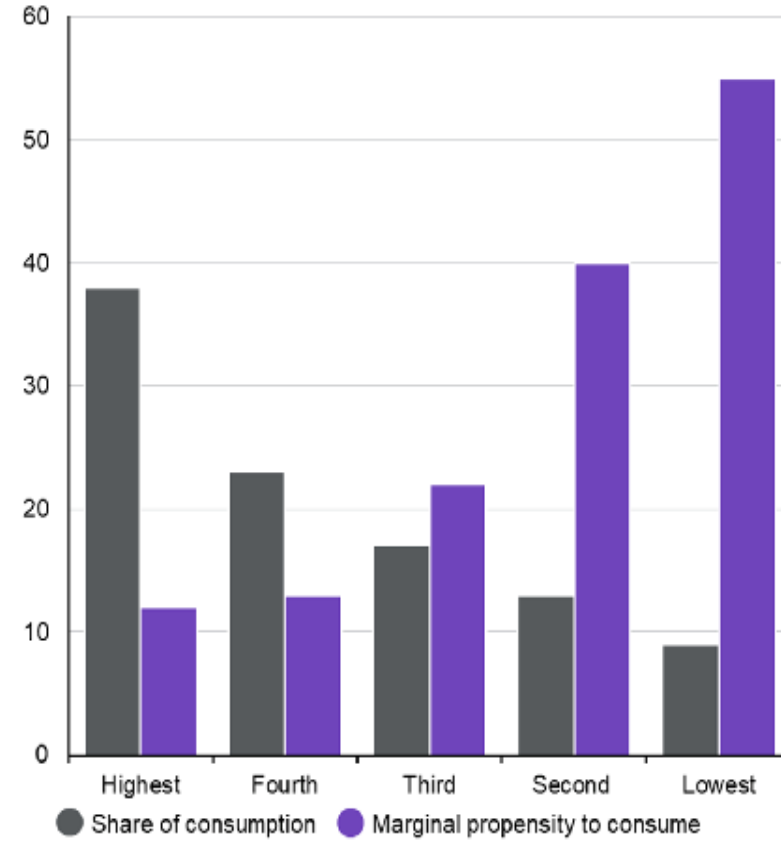
Tax and tariff impact on disposable income by income quintile

% average annual change, 2026 to 2034



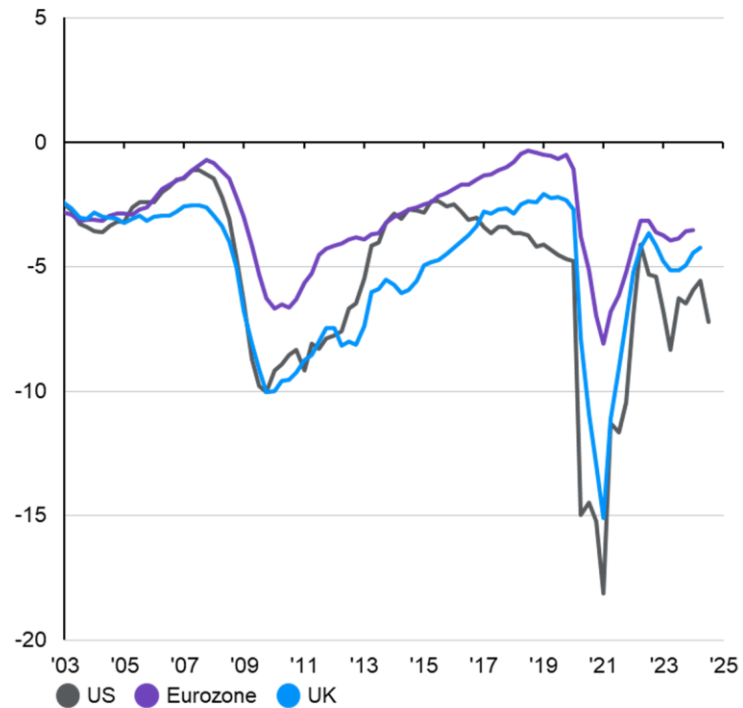
US consumption by income quintile

%

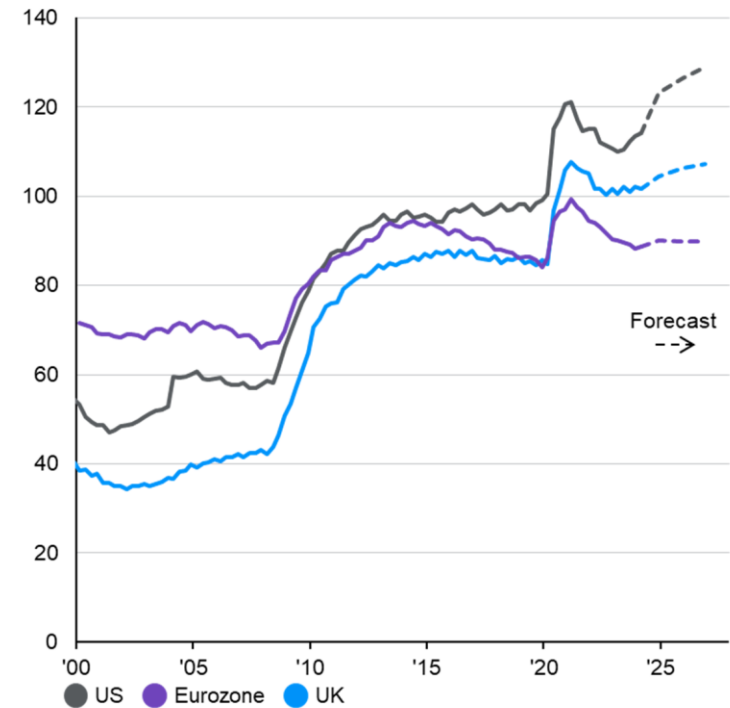


Global Government Debt Levels

Public sector budget balance
% of nominal GDP



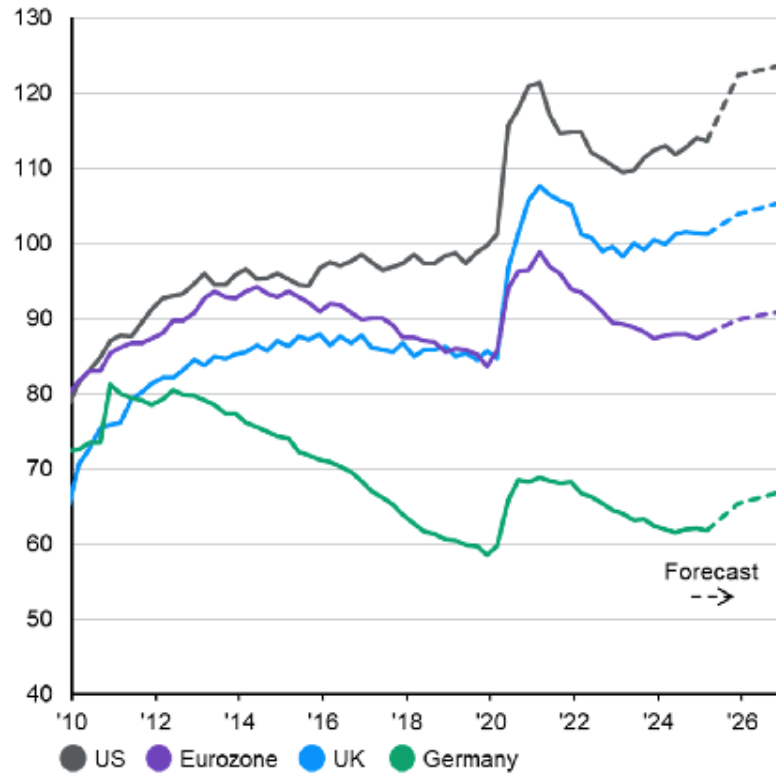
Government debt
% of nominal GDP



Global Fiscal Policy

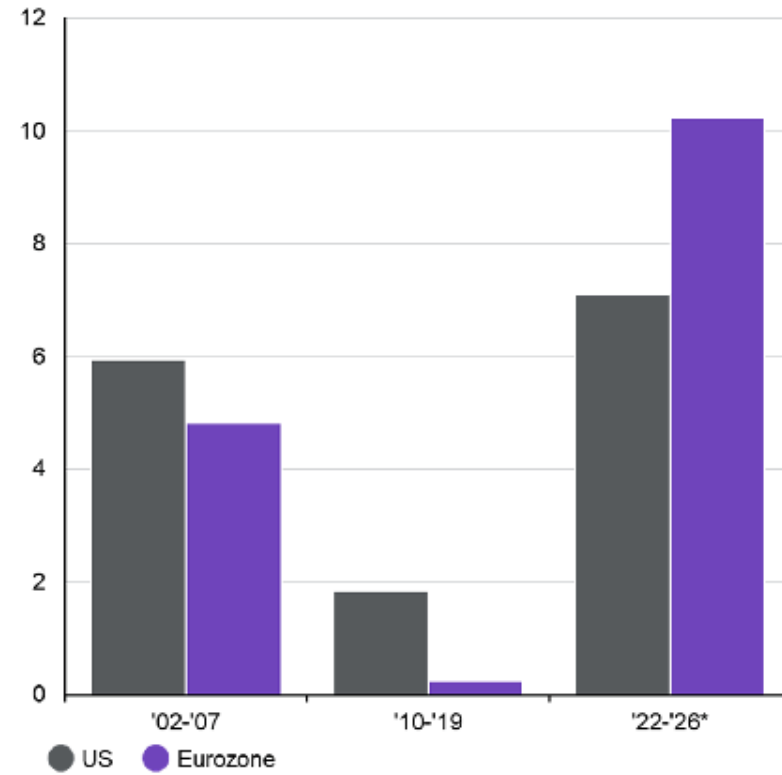
Government debt

% of nominal GDP



Government investment

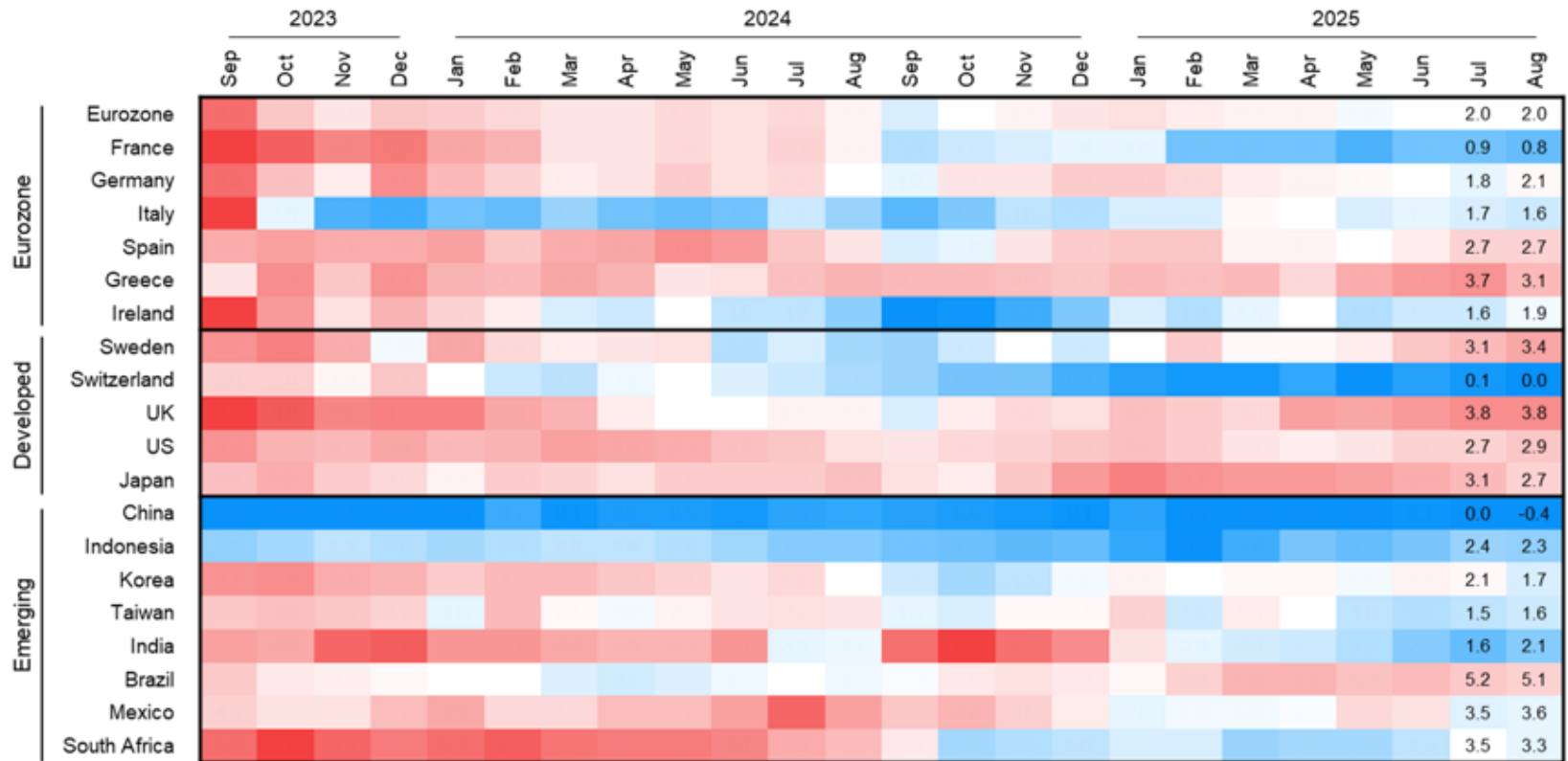
%, annualised change over period



Global Inflation

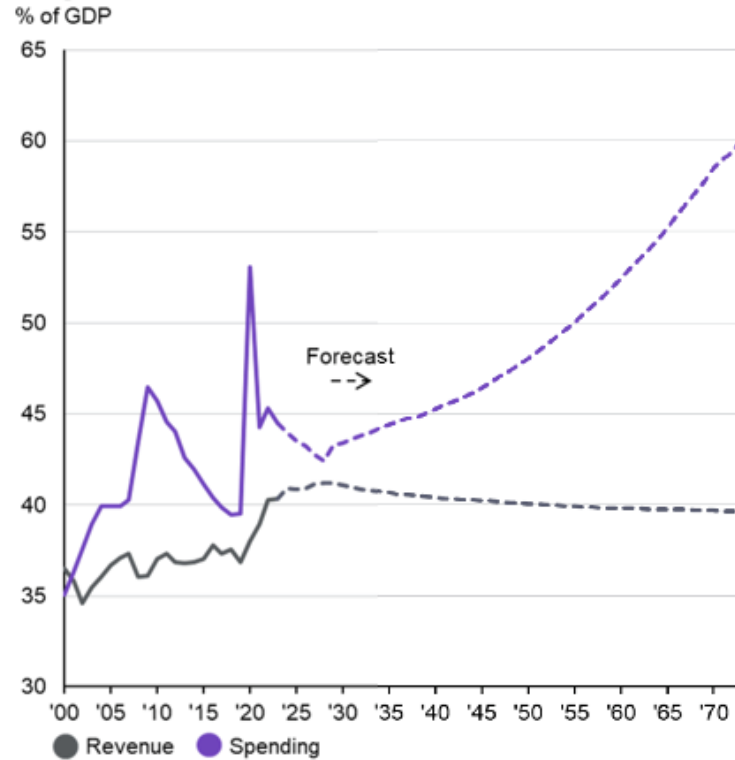
Headline inflation

% change year on year

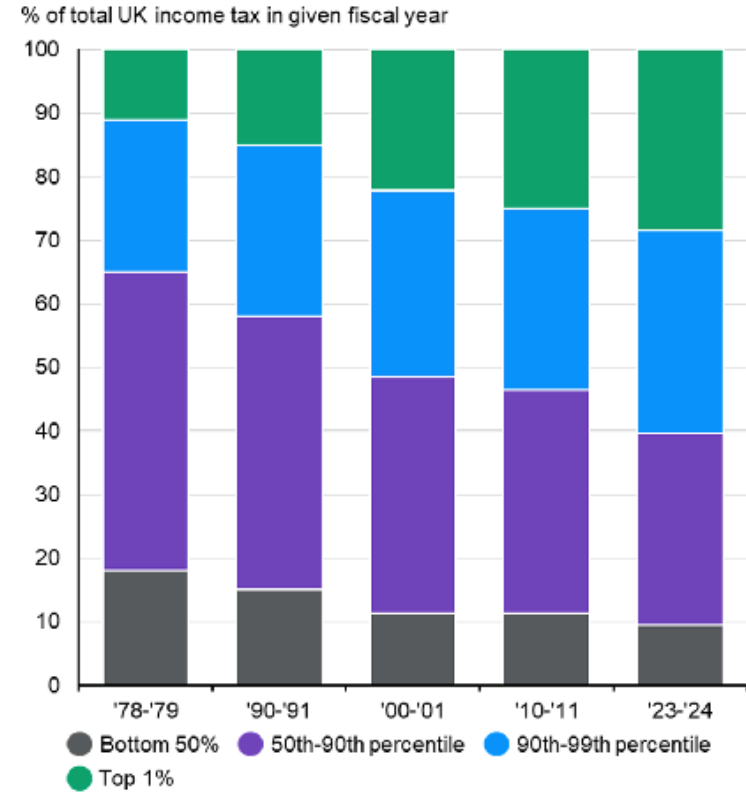


UK Fiscal Challenge

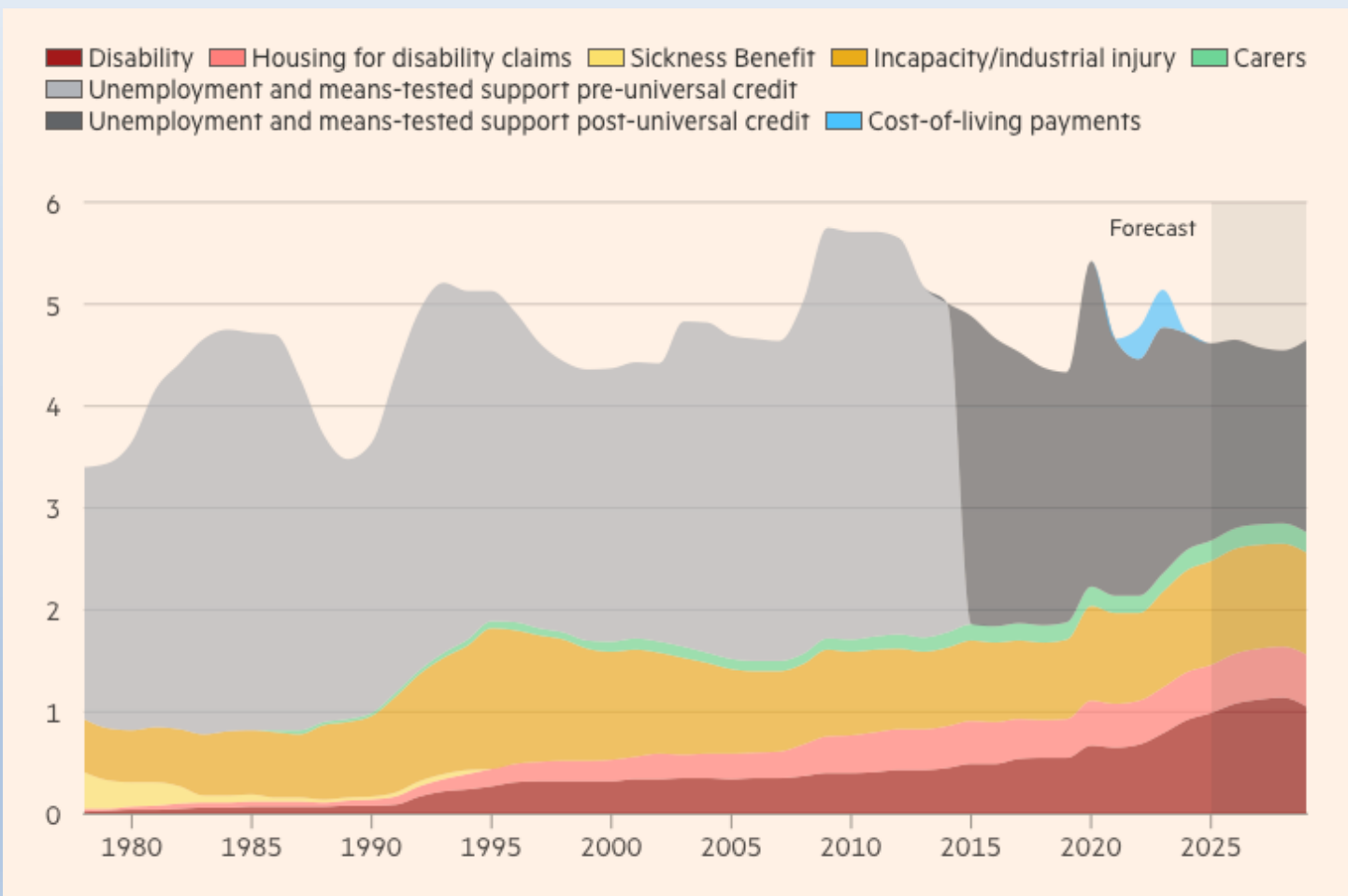
UK government revenue and spending



Taxpayer contribution by income percentile



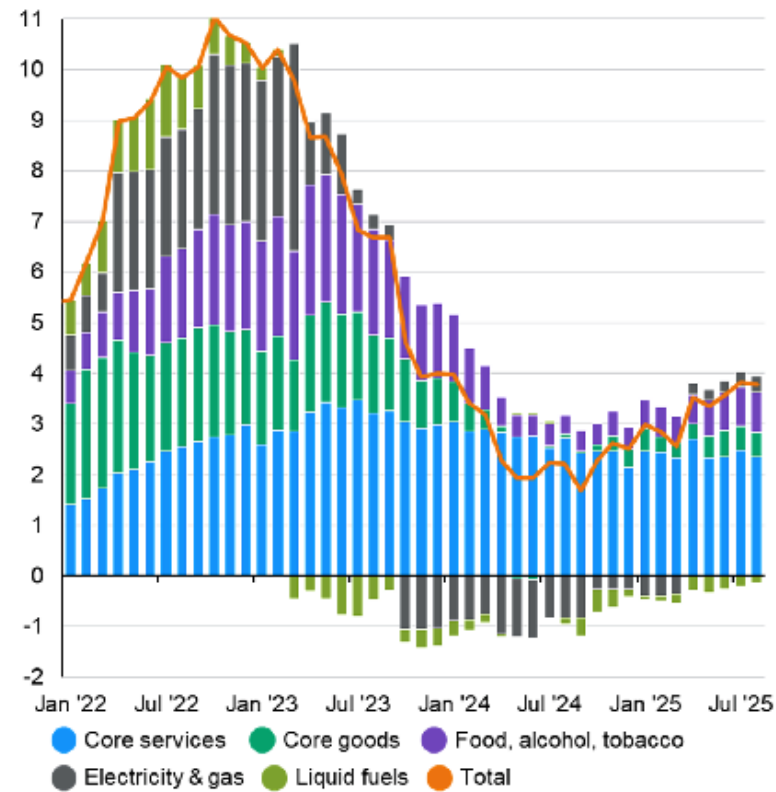
Non-Pensioner benefits as % GDP



UK Inflation

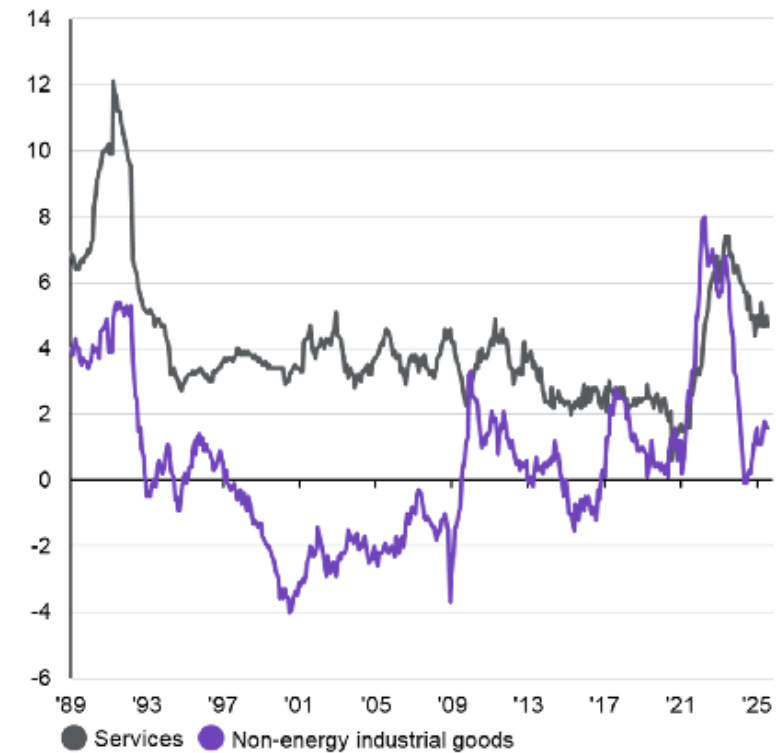
UK headline inflation breakdown

% change year on year

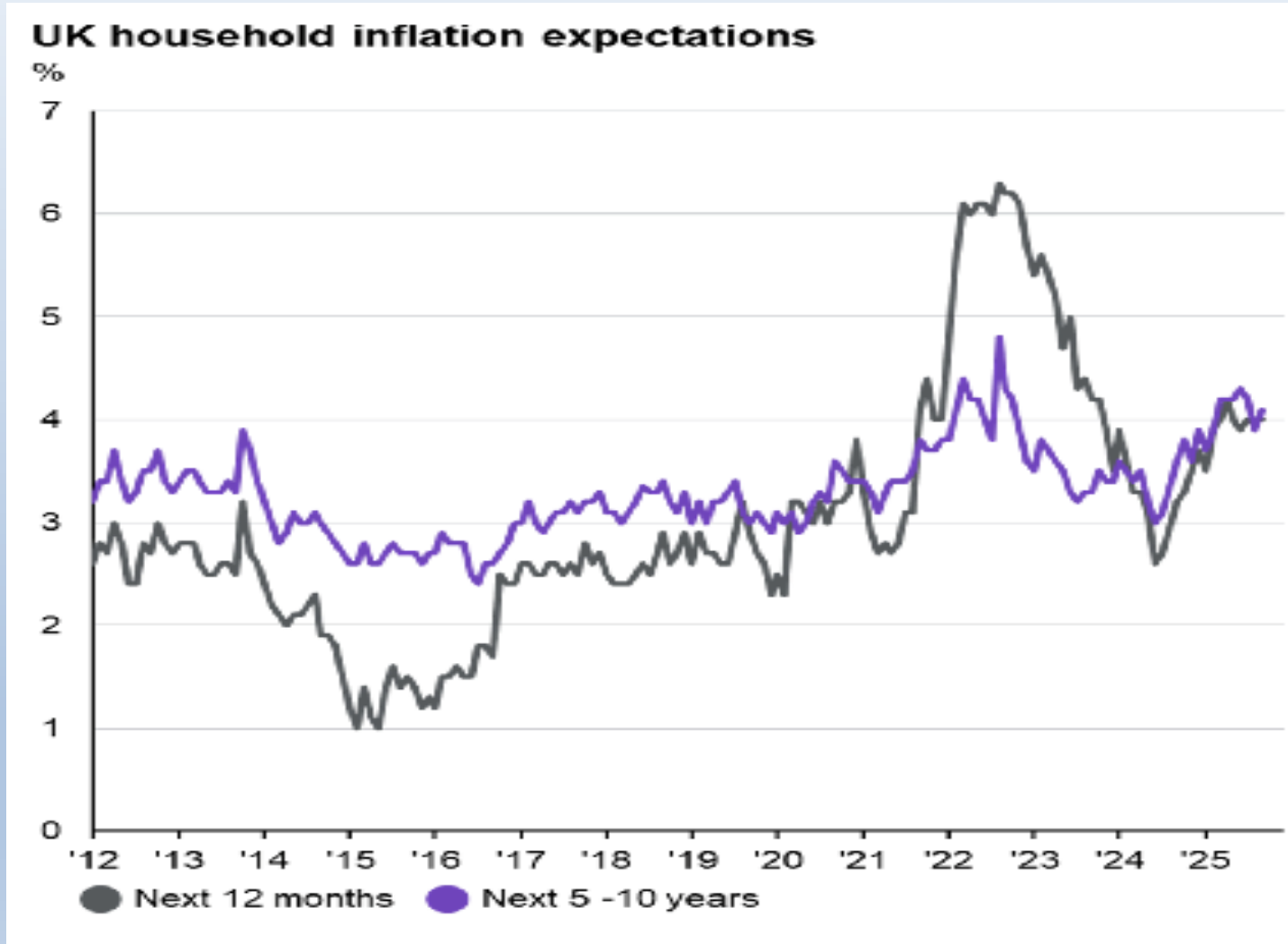


UK goods and services inflation

% change year on year



Embedding inflation into the system



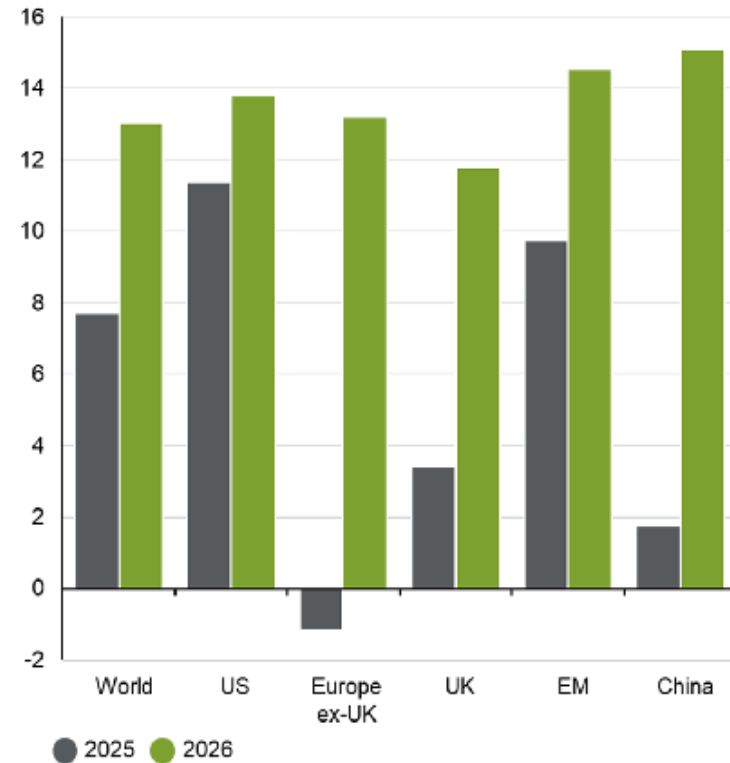
Global Equity Returns

	2017	2018	2019	2020	2021	2022	2023	2024	Q3 '25	YTD	10-year ann. return
GBP	29.8%	1.6%	26.4%	21.5%	29.9%	0.3%	19.2%	27.3%	13.1%	19.8%	15.6%
Local	Asia ex-Jp 35.9%	S&P 500 -4.4%	S&P 500 31.5%	Asia ex-Jp 22.7%	S&P 500 28.7%	FTSE All-Share 0.3%	S&P 500 26.3%	S&P 500 25.0%	Asia ex-Jp 13.1%	Euro ex-UK 13.4%	S&P 500 13.1%
	25.8%	-6.4%	21.0%	15.0%	18.3%	-4.1%	15.8%	14.5%	12.9%	19.3%	9.5%
	MSCI EM 31.0%	Portfolio -9.3%	Euro ex-UK 27.5%	MSCI EM 19.5%	FTSE All-Share 18.3%	TOPIX -2.4%	Euro ex-UK 17.3%	Asia ex-Jp 16.8%	MSCI EM 12.5%	MSCI EM 25.0%	Portfolio 8.7%
	17.0%	-8.4%	19.6%	14.7%	17.6%	-5.7%	13.3%	13.5%	10.6%	18.6%	9.0%
	Portfolio 21.4%	TOPIX 16.0%	Portfolio 23.2%	S&P 500 18.4%	Euro ex-UK 24.4%	Portfolio -10.3%	TOPIX 28.3%	Portfolio 15.6%	TOPIX 11.0%	Asia ex-Jp 25.5%	TOPIX 9.5%
	16.7%	-8.8%	19.2%	9.6%	14.3%	-6.9%	11.1%	10.0%	10.1%	16.6%	8.7%
	Euro ex-UK 14.5%	Asia ex-Jp -12.0%	FTSE All-Share 19.2%	TOPIX 7.4%	Portfolio 16.4%	Euro ex-UK -12.2%	Portfolio 16.2%	TOPIX 20.4%	S&P 500 8.1%	FTSE All-Share 16.6%	Euro ex-UK 7.6%
	15.6%	-8.9%	14.6%	8.2%	2.0%	-7.8%	7.9%	10.0%	9.3%	15.0%	7.2%
	TOPIX 22.2%	MSCI EM -9.7%	TOPIX 18.1%	Euro ex-UK 2.1%	TOPIX 12.7%	S&P 500 -18.1%	FTSE All-Share 7.9%	MSCI EM 13.7%	Portfolio 8.5%	Portfolio 17.7%	Asia ex-Jp 6.1%
	13.1%	-9.1%	14.3%	7.8%	-1.3%	-9.2%	4.0%	9.5%	6.9%	14.1%	6.3%
	FTSE All-Share 13.1%	Euro ex-UK -10.6%	MSCI EM 18.5%	Portfolio 8.4%	MSCI EM 0.1%	Asia ex-Jp -15.1%	MSCI EM 10.3%	FTSE All-Share 9.5%	FTSE All-Share 6.9%	TOPIX 15.3%	MSCI EM 6.4%
	11.3%	-9.5%	13.9%	-9.8%	-3.6%	-9.6%	0.3%	2.8%	4.9%	6.8%	6.2%
	S&P 500 21.8%	FTSE All-Share -9.5%	Asia ex-Jp 18.2%	FTSE All-Share -9.8%	Asia ex-Jp -2.8%	MSCI EM -15.2%	Asia ex-Jp 6.8%	Euro ex-UK 8.1%	Euro ex-UK 2.8%	S&P 500 14.8%	FTSE All-Share 6.2%

Regional earnings per share expectations

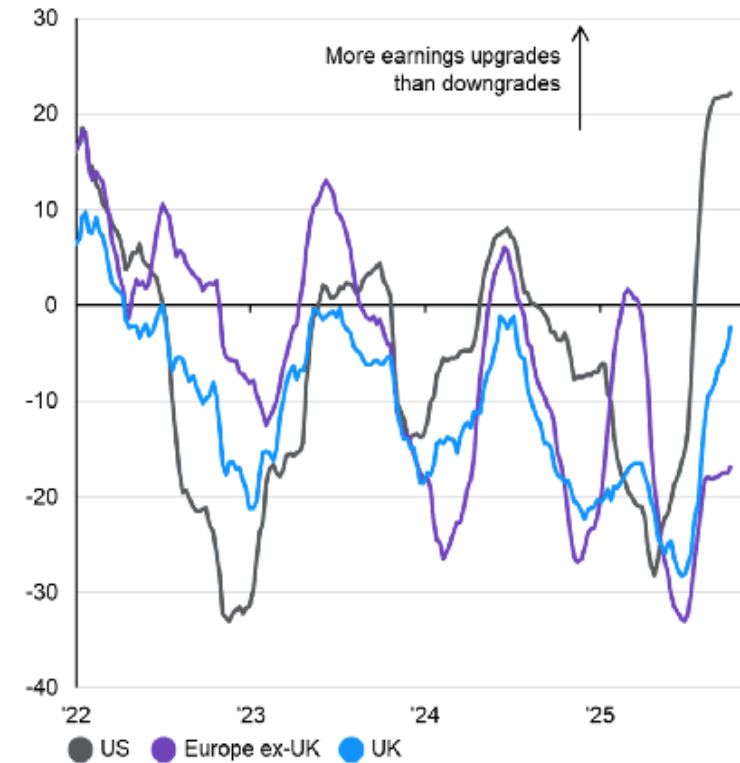
Consensus estimates for global earnings per share growth

% change year on year



Earnings revision ratios

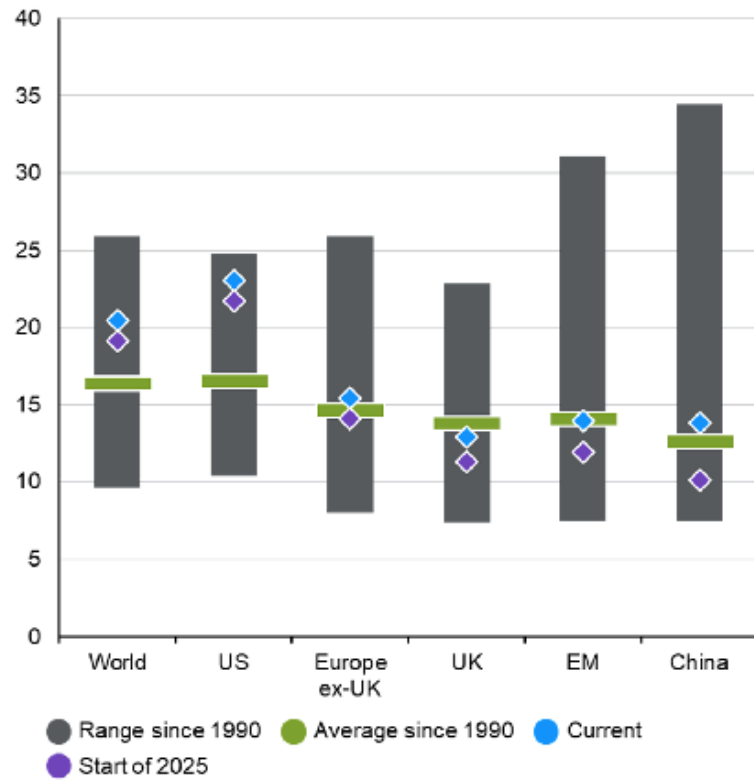
%, 13-week ratio of earnings estimate upgrades to downgrades



Regional Equity Valuations

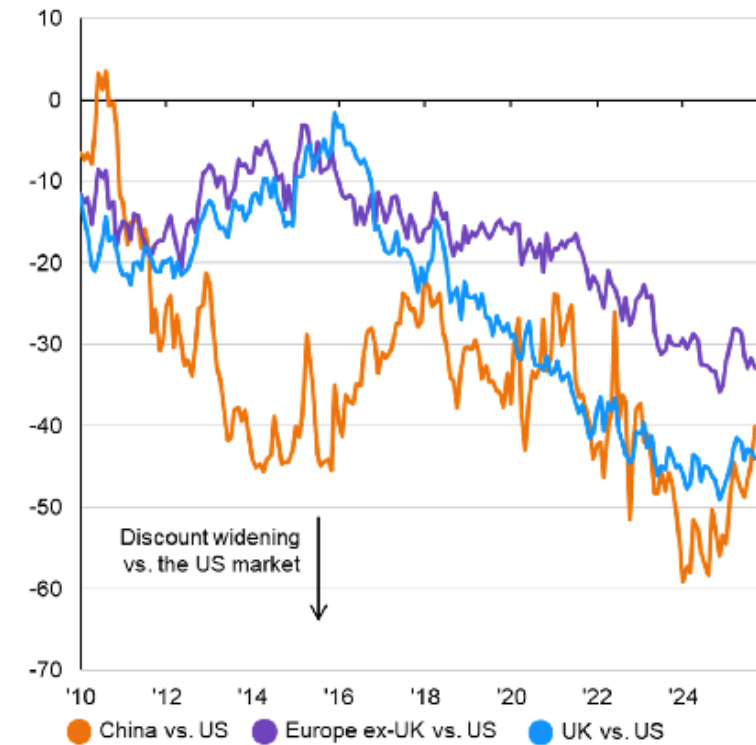
Global forward P/E ratios

x, multiple



Relative equity valuations

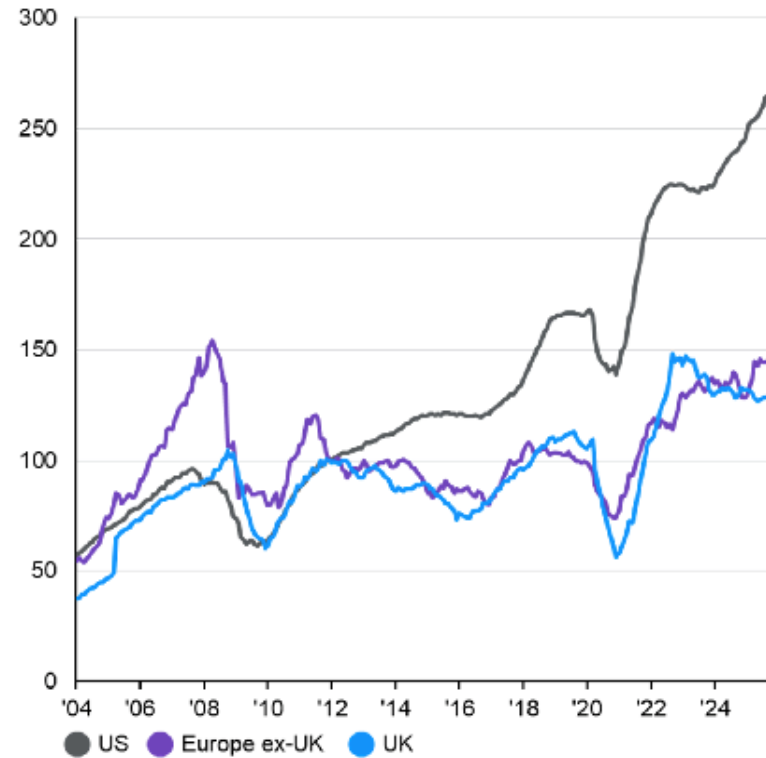
%, relative discount/premium based on 12-month forward P/E ratios



Regional earnings and profit margins

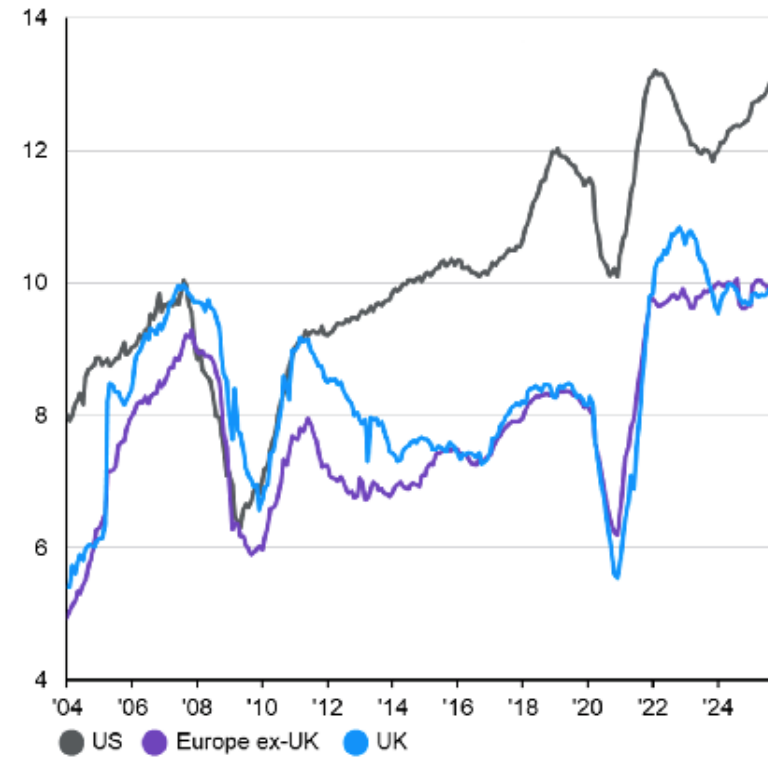
Earnings per share

USD, rebased to 100 in December 2011



Profit margins

%, margins of 12-month trailing earnings relative to sales



Equity Index Concentration

US weight in global equities and tech weight in the US

% of market cap



Weight of the top 10 stocks in the S&P 500

%



Conclusions

- Global economic growth subdued but continuing
- Probably through the worst of scares over trade tariffs
- Global supply changing are re balancing slowly
- Fiscal deficits increasing across the developed world
- Inflation unlikely to return to its lows
- Bond yields and cost of debt also unlikely to return to their lows
- Many signs of bubble behavior in global equity markets
- Danger in the shadow banking system

Regulatory update

Steven Law

Hymans Robertson



Current issues in the LGPS

October 2025

Steven Law FFA C.Act

Pensions dashboard



The new importance of data – dashboards

What is the pensions dashboard?

- Secure online platform that will let individuals see all of their pension entitlements in the one place. This includes workplace, personal and State Pensions.
- Help users understand their retirement savings and make informed decisions.
- “Go-live” date is still to be confirmed – 6-months’ notice will be provided.

What does this mean for LGPS administrators?

- LGPS funds are legally required to connect to the dashboard eco-system by 31 October 2026.
- LGPS administrators must ensure they have accurate member data and comply with strict security and matching standards to avoid errors.
- The accuracy of the funds data is limited by the accuracy of member data provided by you as an employer.

How can you help?

Data timescales

- Review the data you hold and ensure it is up-to-date
- Submit returns on time
- Promptly reply to any admin queries

Keeping informed

- Read communications from the fund
- Attend employer events (such as today!)

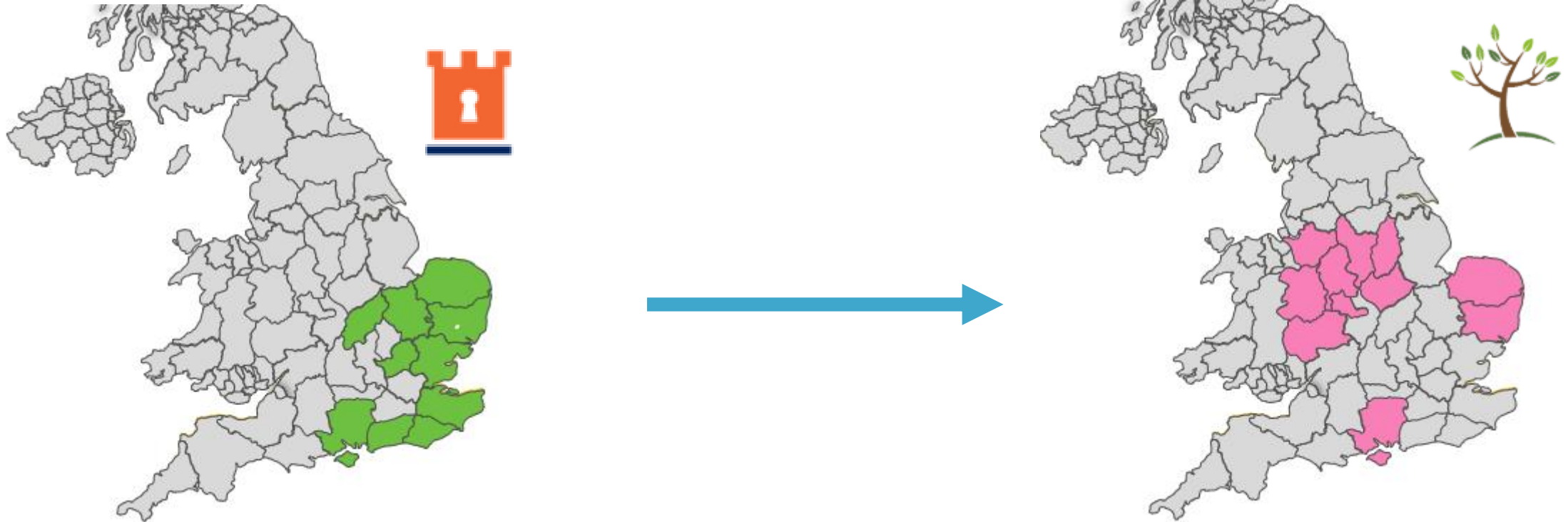
Engagement

- Ask questions – especially on anything you are unsure about
- Communicate any changes in circumstances to the fund

Fit for the Future



Pooling & Investments



ACCESS disaggregated
All assets must be under pool control

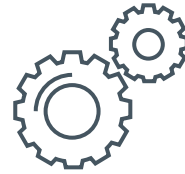
What's changing and what's not...



LGPS Central Limited



High level strategy



Investment implementation



Responsible investment



Strategic investment advice



Local investment



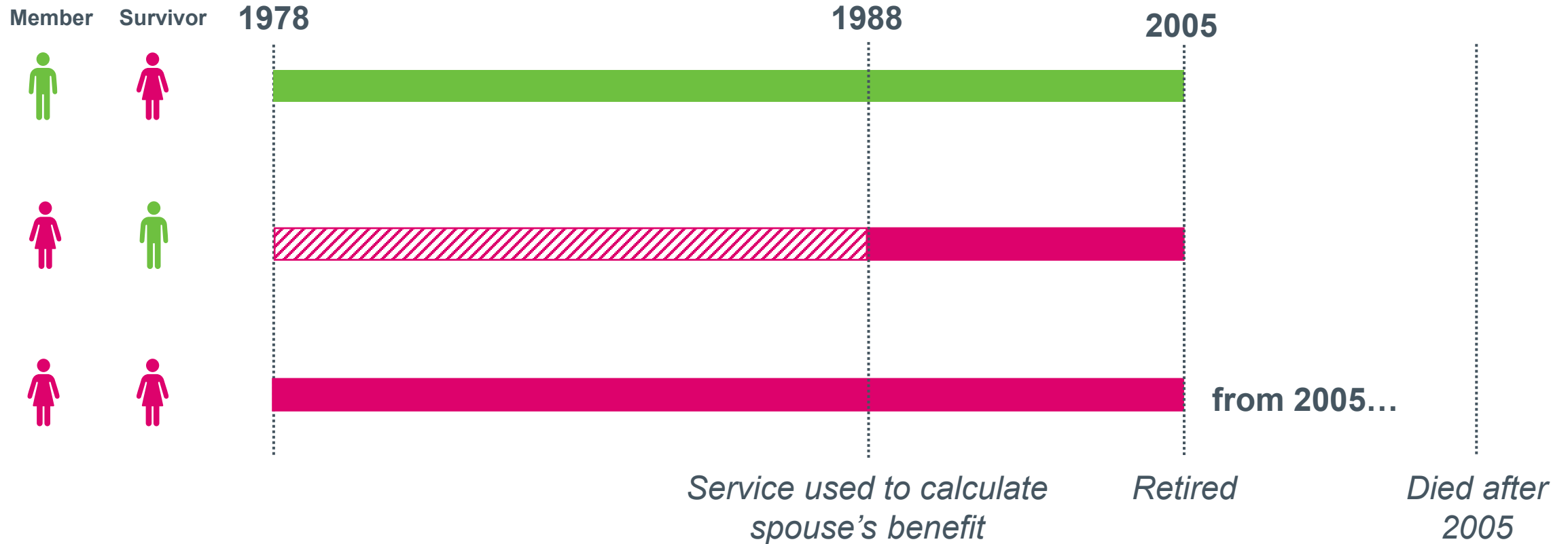
Final decision on Local Investments

No impact on employers, but risks will change in future

Access and Fairness



Members – Goodwin tribunal



Survivor benefits to be equalised across all relationship types – likely to have minimal impact on liabilities

Members - Other

Cohabitees

Nomination form
requirement dropped

Death grant

Age 75 limit for
guarantee dropped

Child leave

Up to 52 weeks
automatically
pensionable

Authorised leave (under 31 days)

Unpaid leave automatically
pensionable

Authorised leave (31 days and over)

Longer buy back period and
fairer costs

Any improvement in benefits, increases costs for employers
Proposed changes likely to have minimal impact

Employers

Consultation closed – outcomes pending!

Forfeiture

Ease conditions for employers recovering losses due to criminal activity of members

Gender Pensions Gap

Mandatory reporting – potentially at employer level – increasing reputational risks to employers

Opt-out reporting

Mandatory reporting – data to be provided by employers

Access and Protections



New minimum pension age

- 57 from 6 April 2028
- “4 November 2021” protections
- Members likely to retire later in future

Councillors and mayors

- Eligible to join the LGPS
- Must elect to join (no auto-enrolment)
- Restrictions on some benefits
- Costs to be met by councils

Fair Deal II

- Members retrain right to LGPS membership
- “Deemed Employer” status for contractors
- Removal of ‘admitted body’ status
- Option to extend protections on retender
- Simplifies pension aspects of outsourcing

MAT consolidation

- Minimum criteria for consolidation
- Must consider value for money
- Must have pre-existing position
- Must have agreement of funds involved
- Avenue for appeal

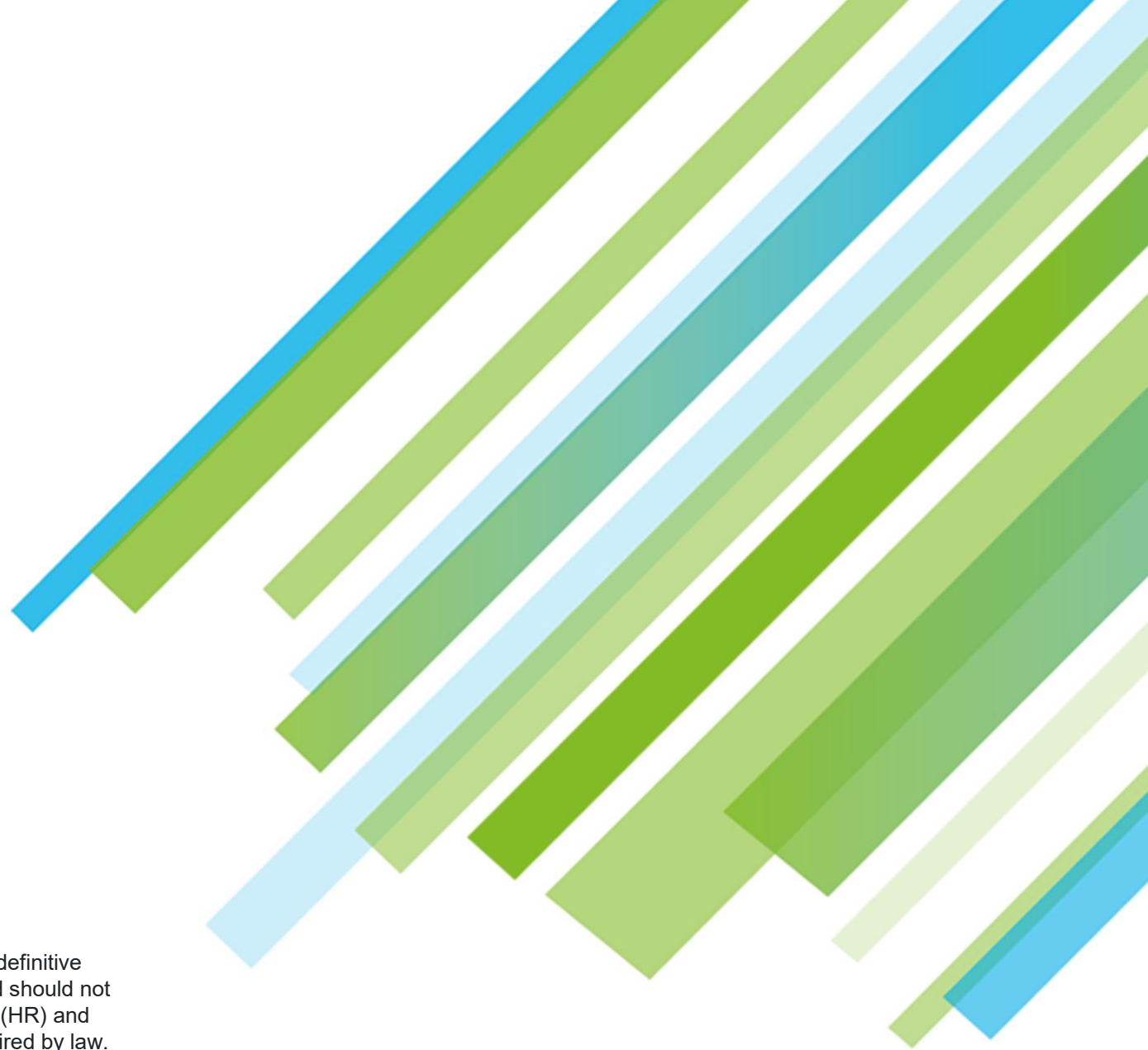
Consultation is live!

Thank you



Important Information

This material is provided as general information for illustration purposes only. It is not a definitive analysis of the subject(s) covered, is not a substitute for specific professional advice and should not be relied upon. It contains confidential information belonging to Hymans Robertson LLP (HR) and should not be disclosed to any third party without prior consent from HR, except as required by law.



Coffee break

Please rejoin us at 11:35



Actuarial update

**Catherine McFadyen
& Ciaran Henry**
Hymans Robertson



Hampshire Pension Fund

2025 Valuation Update

Catherine McFadyen FFA C.Act

Ciaran Henry FFA C.Act

21 October 2025

Agenda



What is an actuarial valuation



2025 valuation initial results



2025 valuation funding considerations

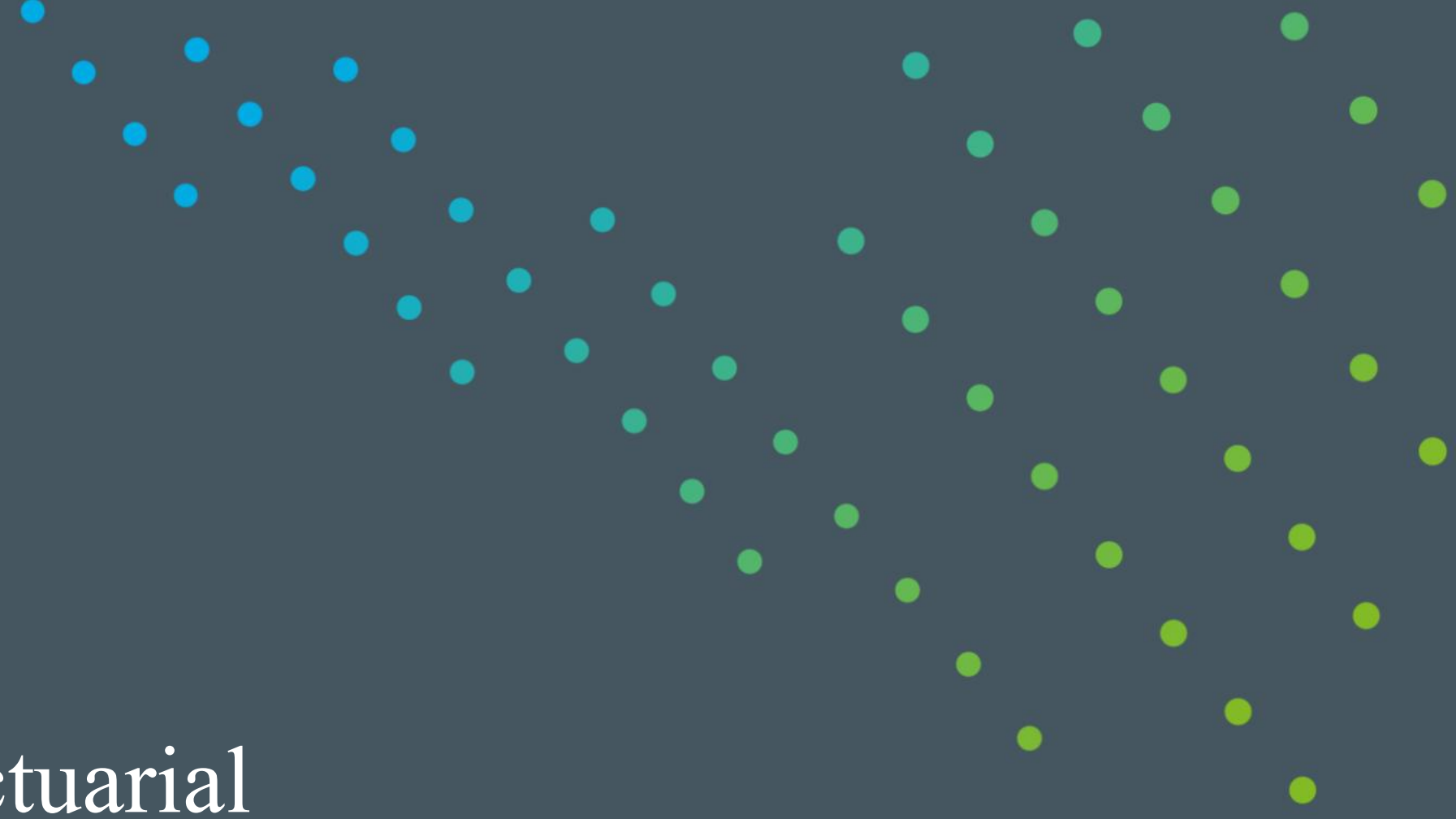


Changes to funding strategy statement



What you need to do as an employer

What is an actuarial valuation



Why does the Fund carry out a triennial valuation?



Compliance with legislation



Analyse actual experience vs assumptions



Part of continual 'health check' on fund solvency



Review funding strategy



Calculate employer contribution rates

The valuation is a key risk management exercise for the Fund

How the Fund works



Collect money
(contributions)

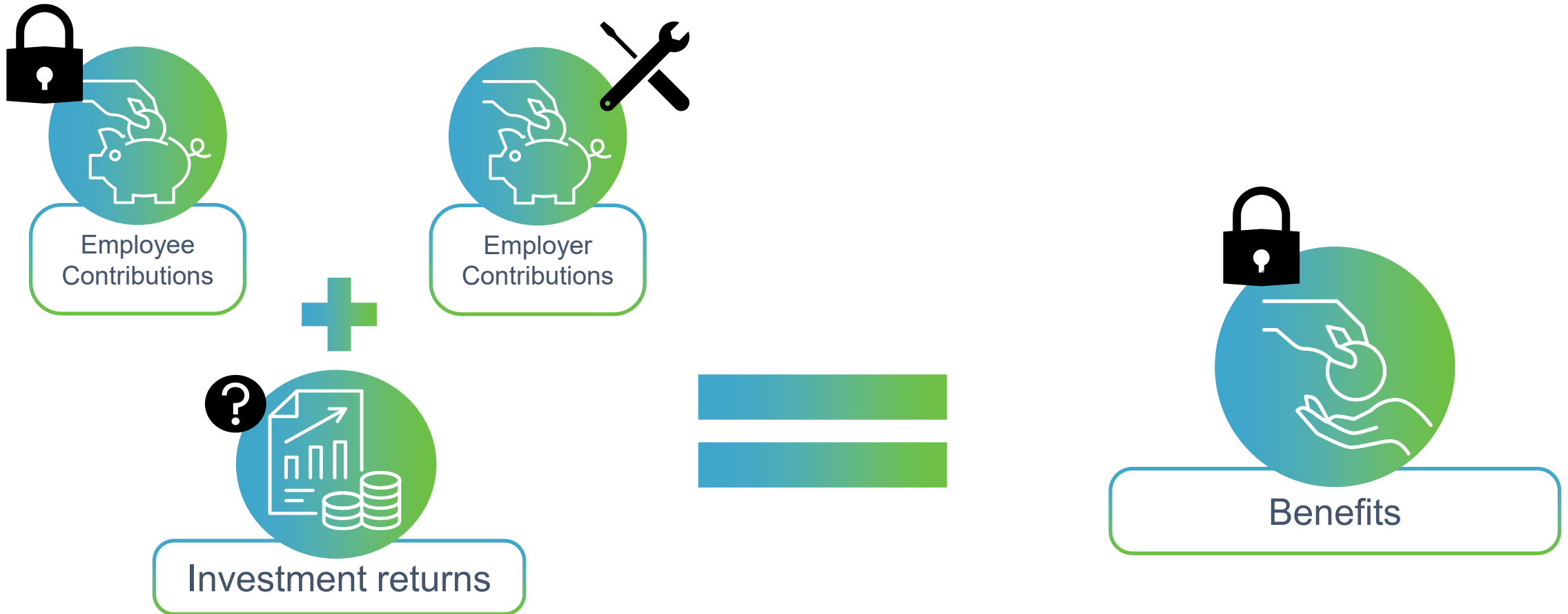


Invest money
(its assets)

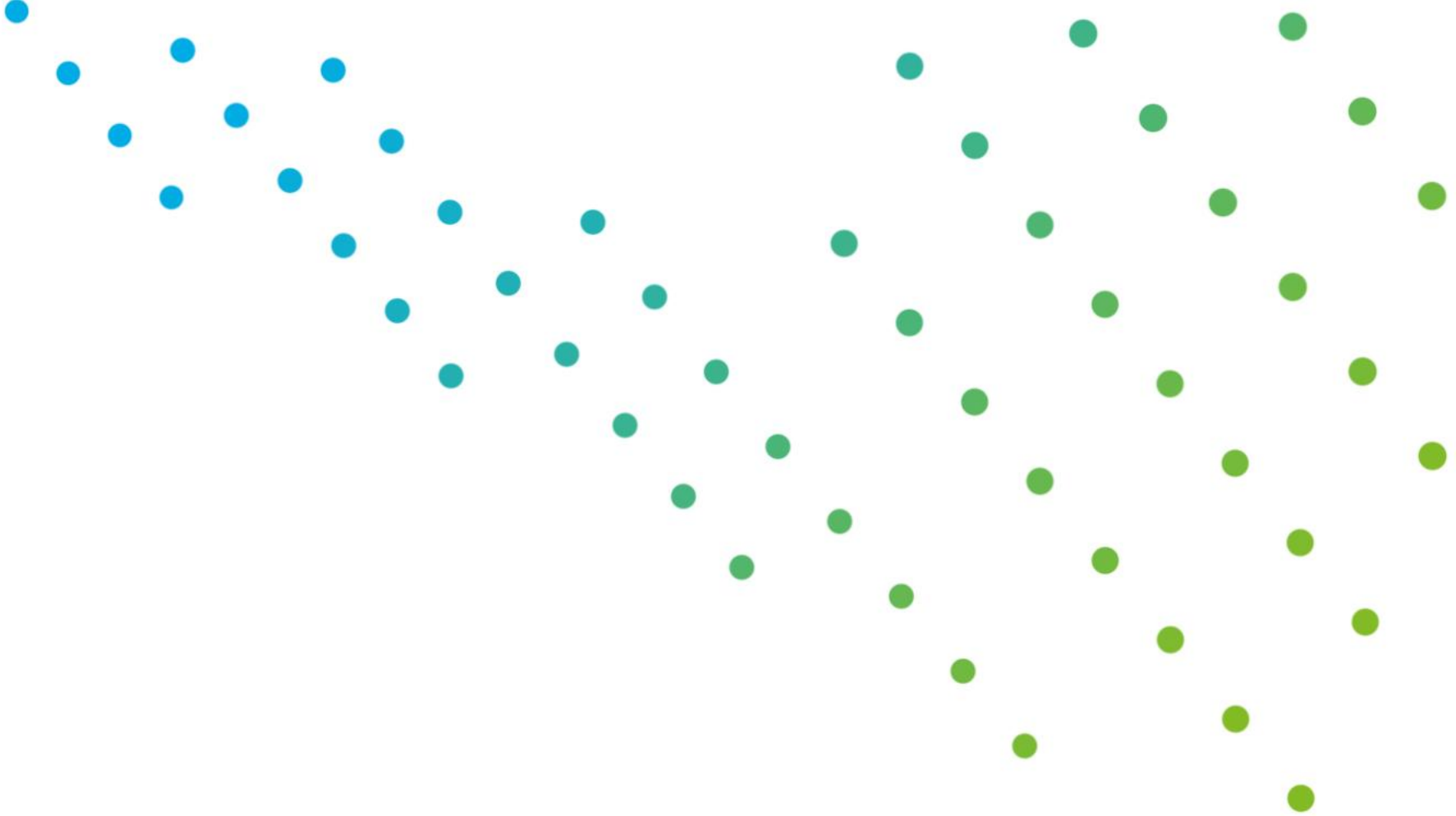


Pay money out
(benefits)

Getting the sides to balance

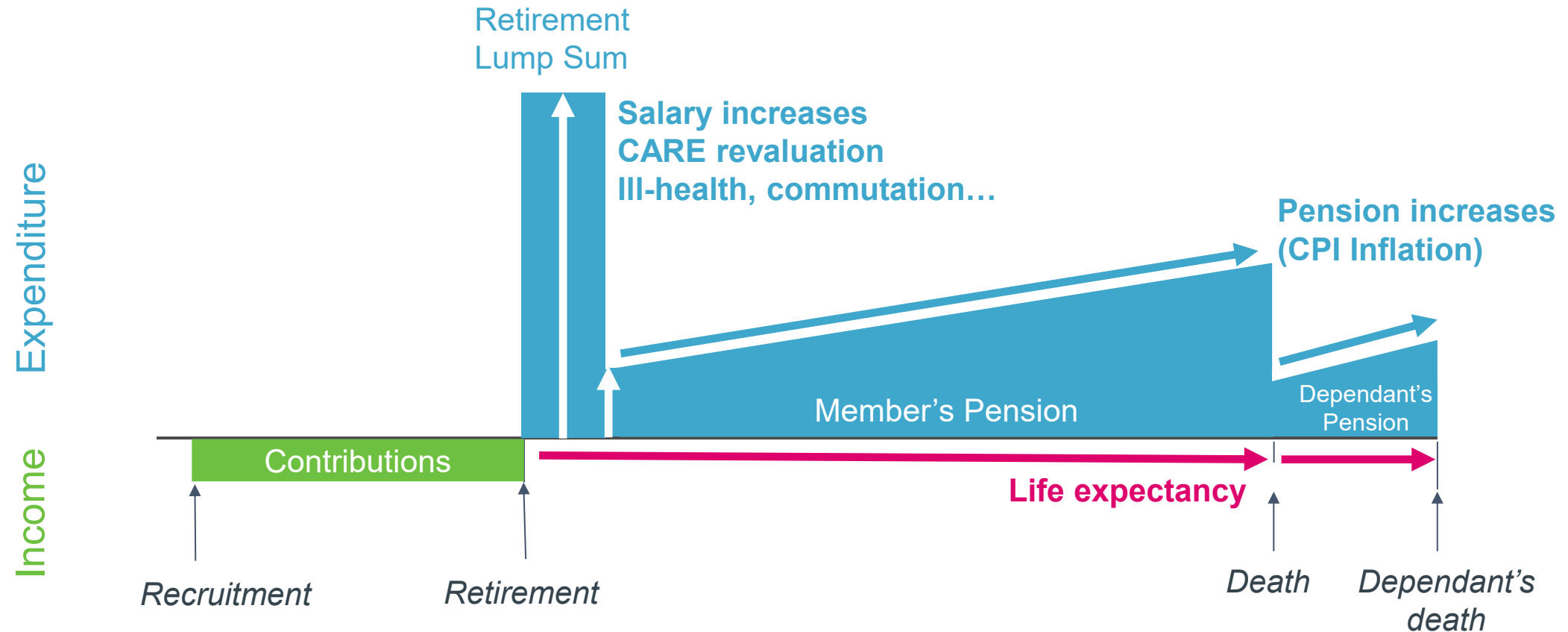


Key decision is the reliance on investment returns vs level of contributions



Assumptions

Valuation begins at member level



Assumptions used to calculate each member's liability at the valuation date

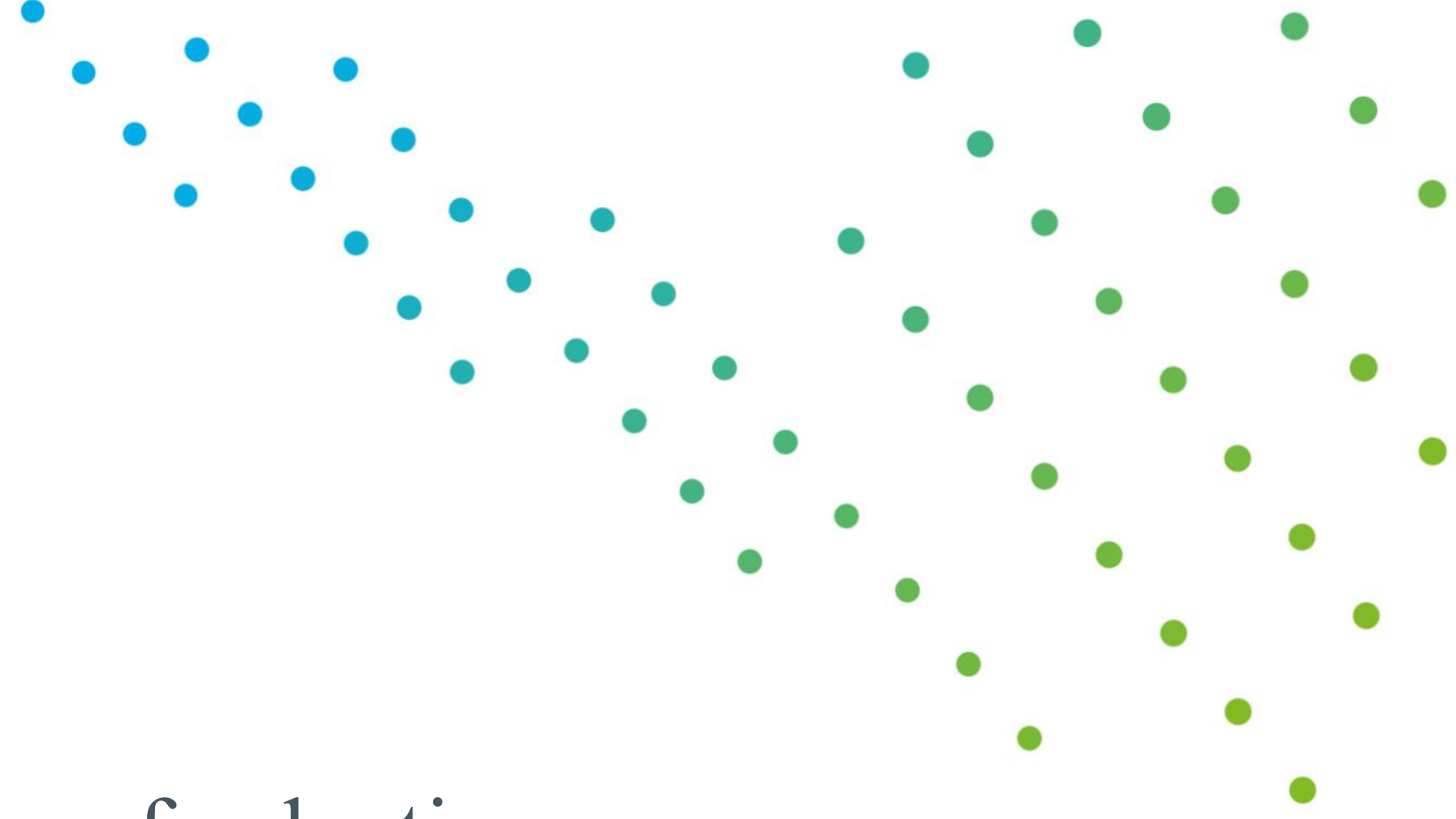
Which assumptions matter the most?

Assumption	Source
Future investment returns	Based on Fund's asset portfolio and future expected returns on each asset class (incl. margin of prudence)
Benefit Increases (CPI)	Consumer Prices Index (CPI) inflation
Longevity / Mortality	Tailored to Fund members – Club Vita analysis
Salary Increases	Typically (CPI) inflation plus a margin
Other demographics*	Fund specific, based on actual member experience



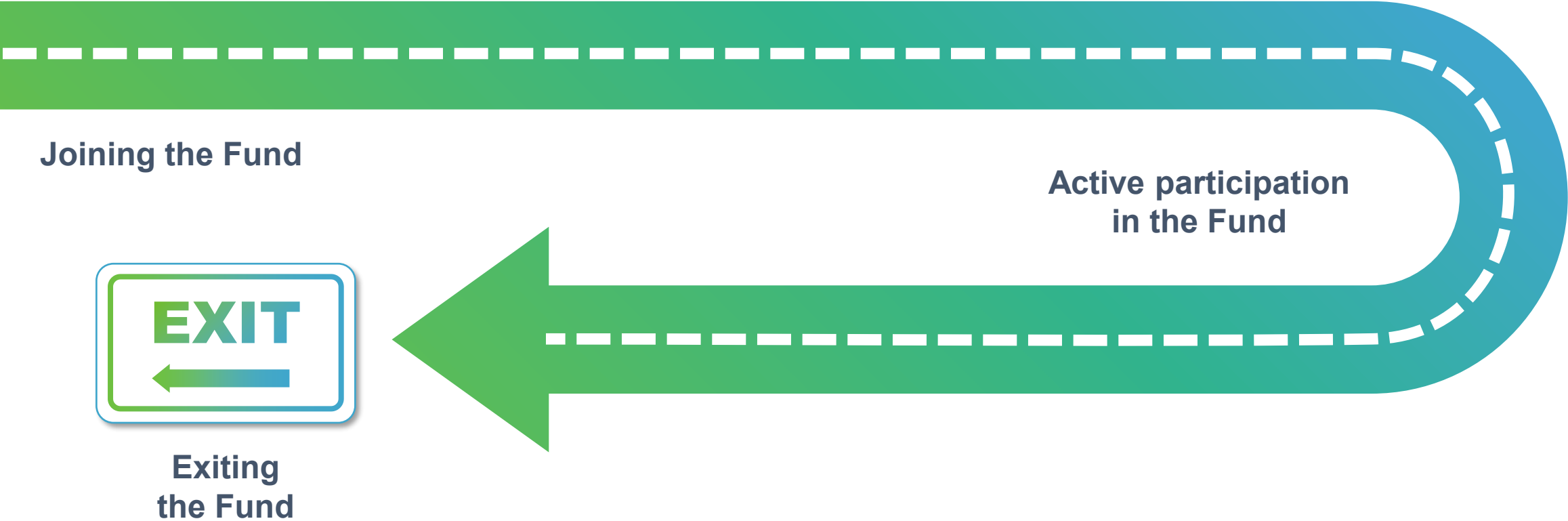
*including commutation, ill-health retirements and withdrawals etc.

Focus time and effort on the most impactful assumptions



Different types of valuations

Life cycle of an employer



Life cycle of an employer

Calculations and determinations

- Initial contribution rates
- Asset allocation from ceding employer/awarding authority

Joining the Fund

Key fund objectives

- Minimise risk placed on all other employers in the fund

Life cycle of an employer

Calculations and determinations

- Triennial valuations – calculation of employer funding positions and **contribution rates**
- Regular monitoring of employer **funding positions** between funding valuations and **employer covenant** strength
- FRS102/IAS19 accounting valuations – these **do not** impact employer contribution rates



**Active participation
in the Fund**

Key fund objectives

- Ensuring **solvency** and **long-term cost efficiency** for employers
- Prevent emergence of large surpluses/deficits for employers approaching exit

Life cycle of an employer

Calculations and determinations

- Cessation valuation – calculation of surplus or deficit of employer on exit
- Exit credit determination (if applicable)

Key fund objectives

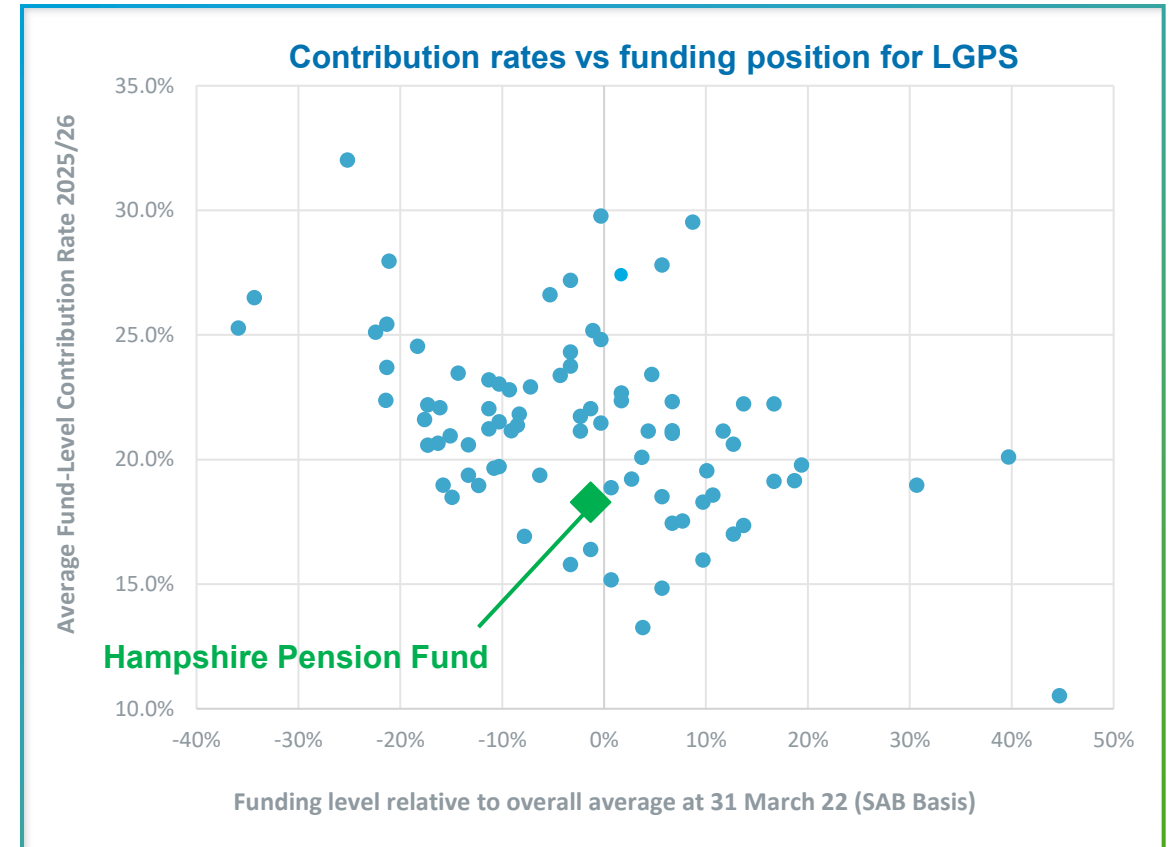
- Minimise risk of remaining fund employers having to make good any deficiency arising from exiting employer liabilities

**Exiting
the Fund**

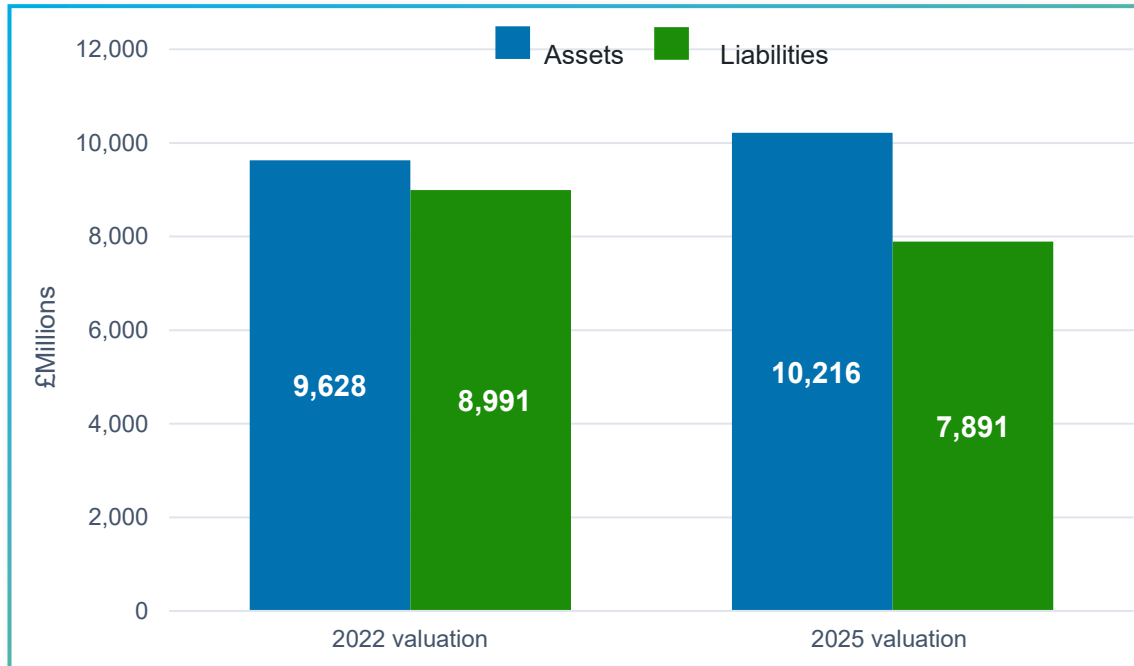
2025 valuation results

2022 valuation recap

- Measured on the Scheme Advisory Board's actuarial basis, the Fund had the **41st highest** funding level out of the 86 LGPS Funds in England & Wales.
- The Fund's average employer contribution rate for 2025/26 is 18.3%. This is the **13th lowest** of the 86 LGPS Funds in England & Wales.



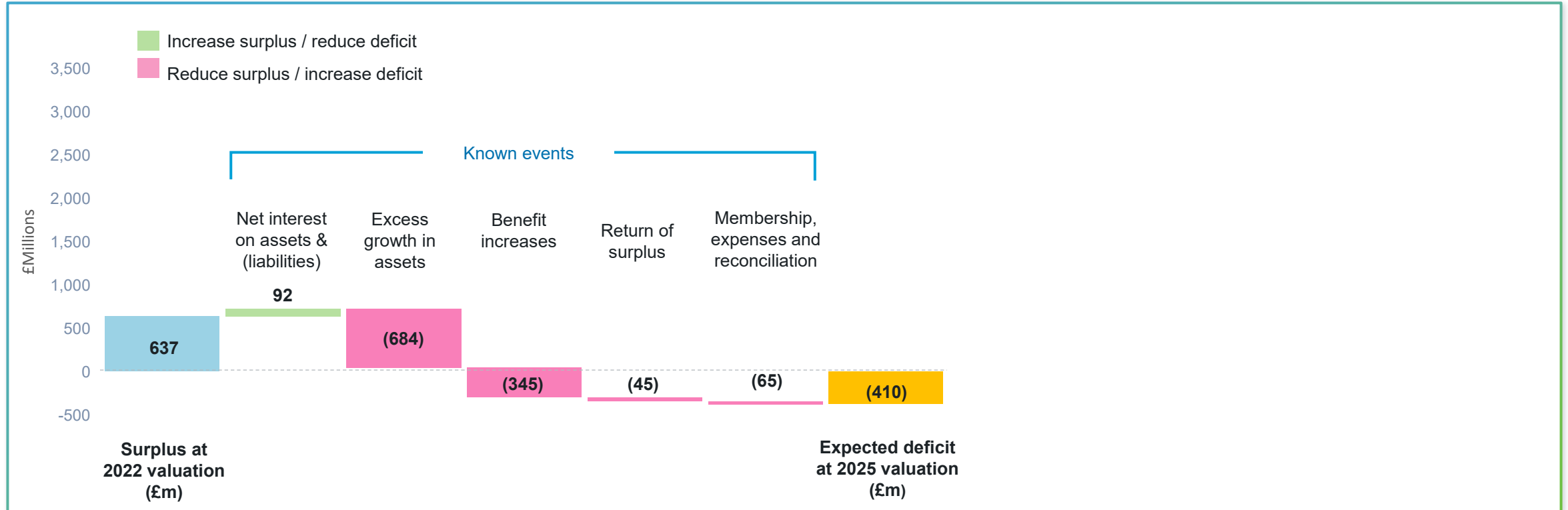
2025 valuation results past service (whole fund)



Valuation Date	31 March 2022	31 March 2025
Assets (£m)	9,628	10,216
Total Liabilities (£m)	8,991	7,891
Surplus / (Deficit) (£m)	637	2,325
Funding Level	107%	129%
Funding metrics	31 March 2022	31 March 2025
Required return (to be 100% funded)	3.9% p.a.	4.4% p.a.
Likelihood of achieving this return	78%	93%

All employers in the fund have their own unique funding level at 31 March 2025

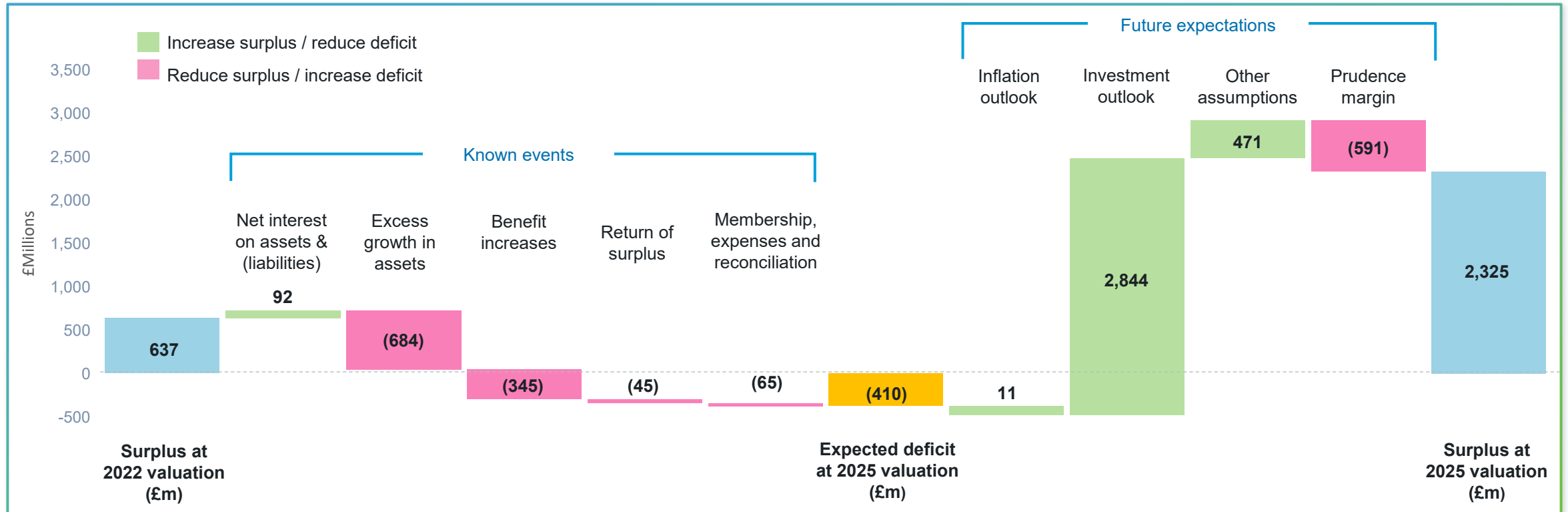
2025 valuation analysis (whole fund)



Numbers may not sum due to rounding.

Experience since 2022 has led to a deficit arising

2025 valuation analysis (whole fund)



Numbers may not sum due to rounding.

Higher assumed investment returns driving funding level improvements

Employer funding positions

Funding profile

Defined for employers in the Funding Strategy Statement

Membership experience

Events such as ill-health retirements, salary increases will affect your funding position

Membership profile

Differences such as age and gender will affect the contribution rate

Contributions being paid

Higher contributions will result in a larger funding level improvement

Employer funding level vs asset share at 31 March 2025



No two employers in the fund are the same

2025 valuation funding considerations

What does this mean for contribution rates?

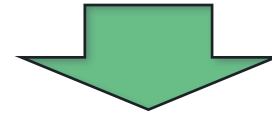
Healthy position
at this point
in time...

..however,
funding levels
have limitations

**Long-term
strategy most
important**

Contribution relief
may be possible
for many
employers...

..however, caution
remains and need
for longer-term
stability



Funding Strategy

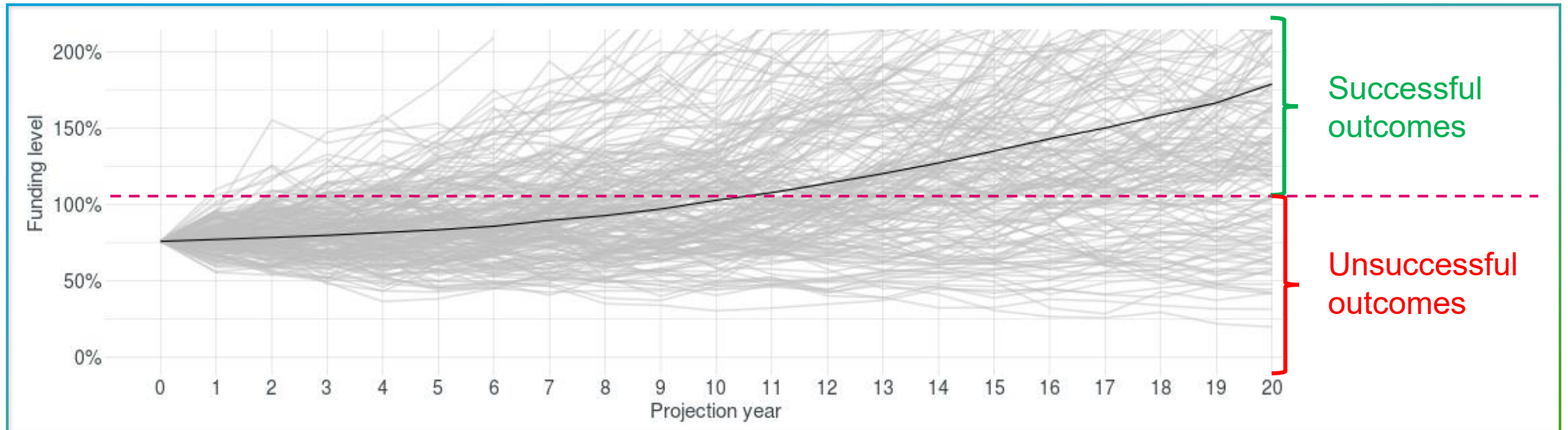
Long-term
solvency

Long-term cost
efficiency

Stability

Reflect
employer
characteristics

Using modelling to understand risk

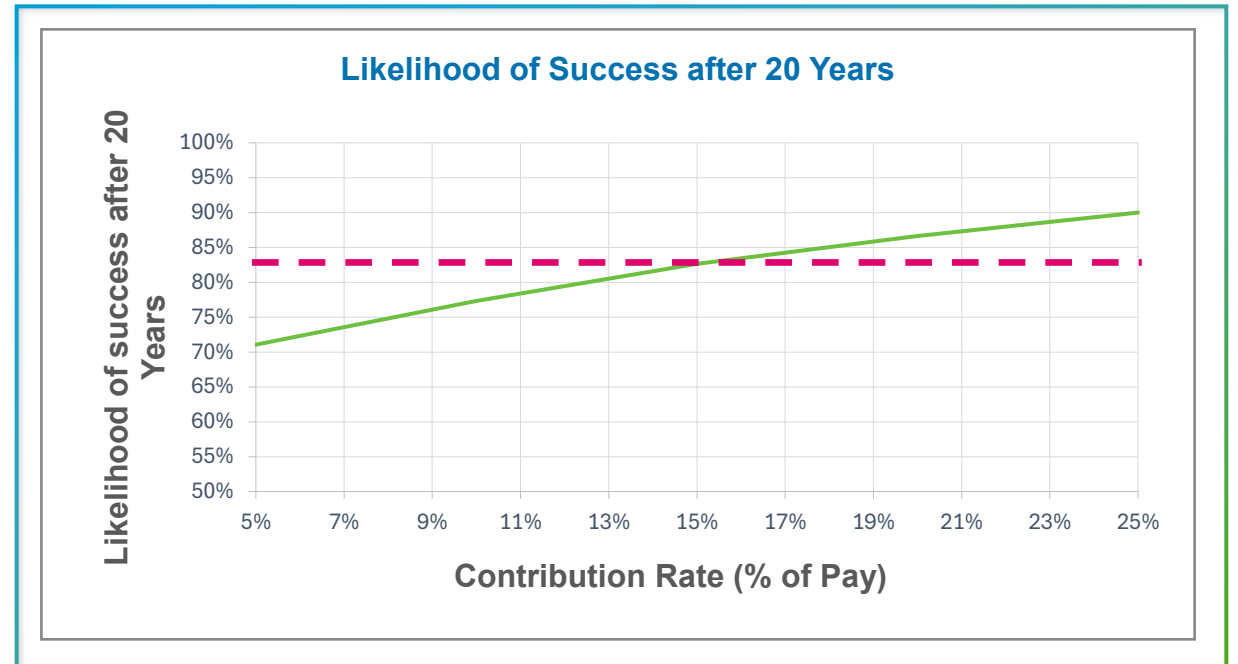


A risk-based approach will be used to set employer contributions. This involves projecting forward 5,000 future simulations over 20 years from the valuation date, each of which have different future market and economic conditions.

The outcome of simulation is deemed **successful** if the employer has a funding level of greater than 105% after 20 years. The outcome is deemed **unsuccessful** if the funding level is less than 105%.

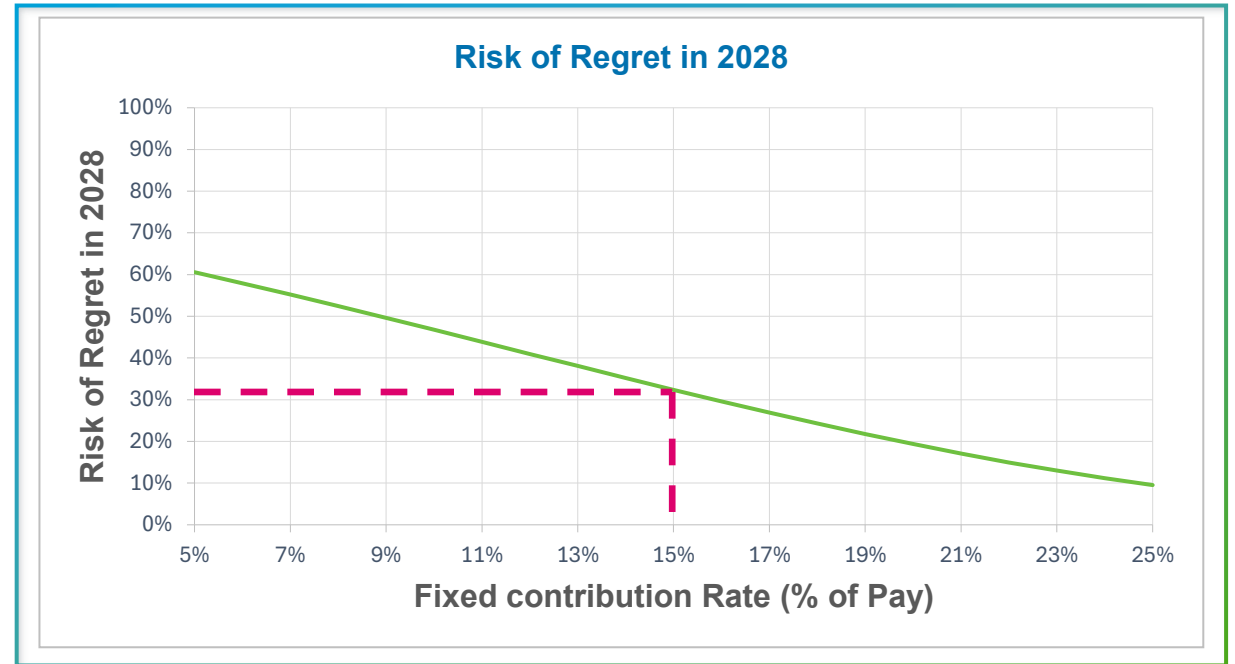
Ensuring long-term solvency

- The '*Likelihood of Success*' is the percentage of 5,000 future simulations which have successful outcomes after 20 years.
- Higher contribution levels lead to higher likelihoods of success.
- In this example, a contribution rate of 15% will give the employer an 83% chance of being at least 105% funded after 20 years.
- When determining contribution rates, the Fund will ensure the chosen contribution strategy has high likelihood of success to maximise the long-term solvency of an employer.



Ensuring long-term cost efficiency

- The '*Risk of Regret*' is the probability that an employer's contribution rate will need to be increased at the next valuation.
- Setting a higher contribution rate now will lead to a lower risk of regret at the next valuation.
- In this example, if the contribution rate for the employer was set to 15%, there would be a 32% chance that this would have to be increased at the next valuation. Any increase in contributions would be to ensure the employer retains a high likelihood of being 105% funded after 20 years.
- When determining contribution rates, the Fund will ensure the chosen contribution strategy has low risk of regret to maximise the long-term cost efficiency for an employer.



Funding bases



Key considerations when determining individual employer funding basis:

- **Expected length of participation** – how likely is it that an employer will exit the Fund?
- **Existence of guarantor** – is there a formal promise from a third party to meet any pension obligations not met by an employer?
- **Covenant strength** – what is the financial ability of an employer to support the fund now and in the future?

Changes to funding strategy

Recap of current contribution rates



Councils, Police and Fire

Ongoing basis
16% - 20% pay



Colleges

Ongoing basis*
18% - 22% pay



Academy Group

Ongoing basis
17.9% of pay



Town and Parish Council Group

Ongoing basis
21.4% pay



Other Higher and Further Education Bodies

Intermediate basis
20% - 65% pay

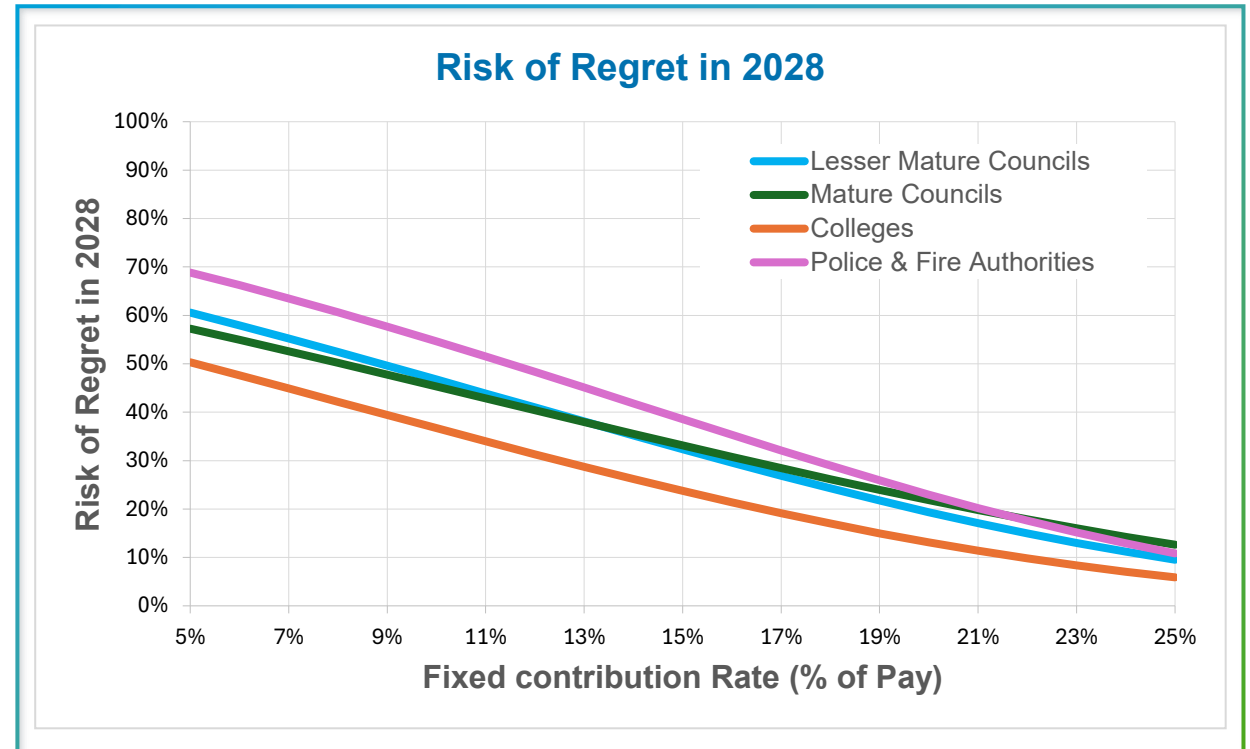


Housing Associations, Charities, Contractors, Admission Bodies

Various funding bases
0 - 60% of pay

Scheduled bodies – Councils, Police, Fire and Colleges

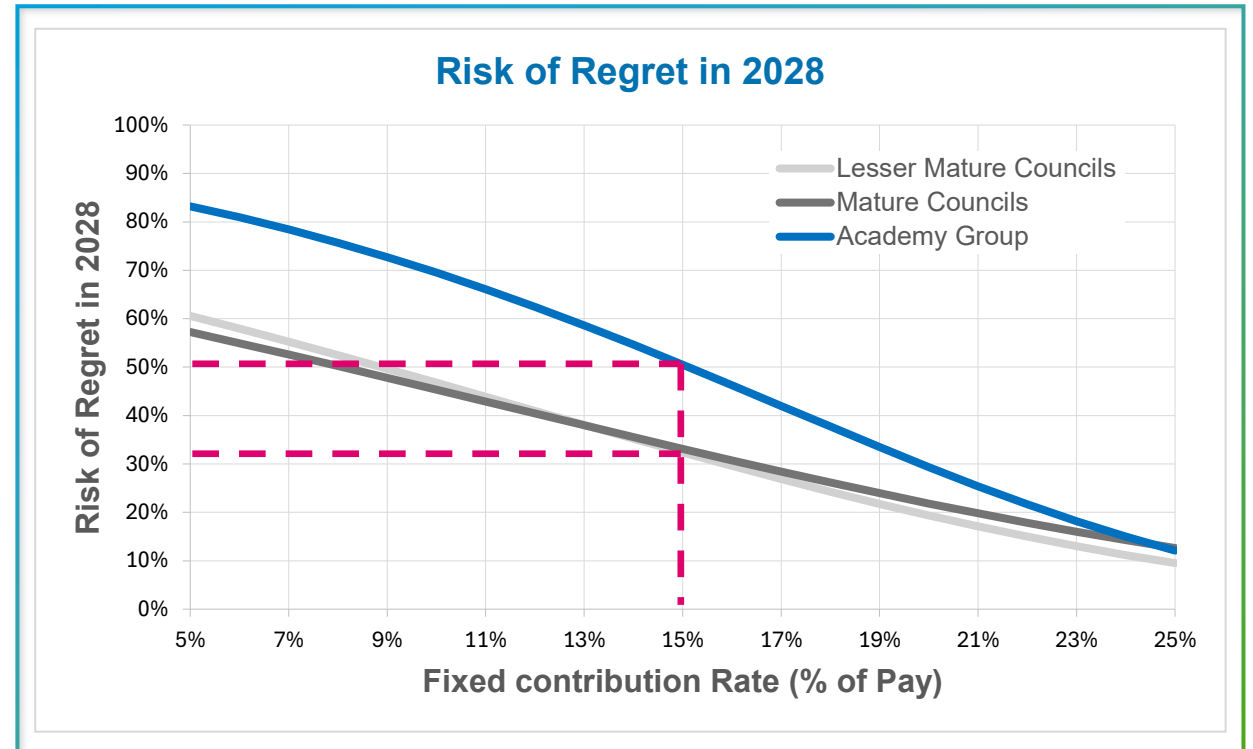
- Funding levels have increased since previous valuation for all scheduled bodies.
- Contribution rates to be reduced from current levels.
- Magnitude of contribution reductions subject to suitable level of 'risk of regret'. This is to avoid having to increase contribution rates at the next valuation.



Contribution rates must have regard for long-term cost efficiency alongside solvency

Academy Group

- Academy Group to be maintained at this valuation. Funding level of the group has increased since previous valuation.
- Contribution rate to be reduced from current level of 17.9%.
- 'Risk of regret' is higher than other scheduled bodies for a given contribution rate.
- Academy Group will therefore see more cautious contribution rate reductions than Councils, Police, Fire and Colleges.



Higher liability risk – caution needed for contribution reductions

Town and Parish Council Group

- Town and Parish Council Group to be maintained at this valuation.
- Funding level of the group has increased since previous valuation.
- Group contribution rate to be reduced from current level of 21.4%.
- Group primary rate is determined on the ongoing basis.
- Cessation valuations on low-risk basis.
- Councils have the option to opt out of the group and pay an individual contribution rate (which could be higher or lower than group rate).

The group approach aims to

Reduce funding level volatility

Reduce contribution rate volatility

Reduce cessation valuation volatility

Funding strategy focussed on managing volatility for participants

Intermediate employers – Other Higher and Further Education Bodies



- The intermediate funding basis is used for scheduled bodies who have limited or no guarantee – a weaker covenant than local authorities.
- On exit a cessation valuation is on the low-risk basis.
- In the current funding environment, the intermediate funding basis is in line with low-risk funding basis

Intermediate basis to be aligned with the low-risk basis

Changes to funding strategy



Time horizon for long-term secure employers increased from 16 to 20 years



Ongoing prudence level increased from 75% to 80%



Long-term funding target retained at 105% for ongoing employers



Contributions for long-term secure employers to be set with a minimum likelihood of success of 80%, and a targeting a risk of regret of no higher than 1 in 3



Aligning exit basis with risk-based valuation approach

What you need to do

What you need to do



Read your results schedule understand your valuation results

- Check the data is correct
- Check your current funding position
- Check the rate that will come into payment from 1 April 2026



Review the updated Funding Strategy Statement

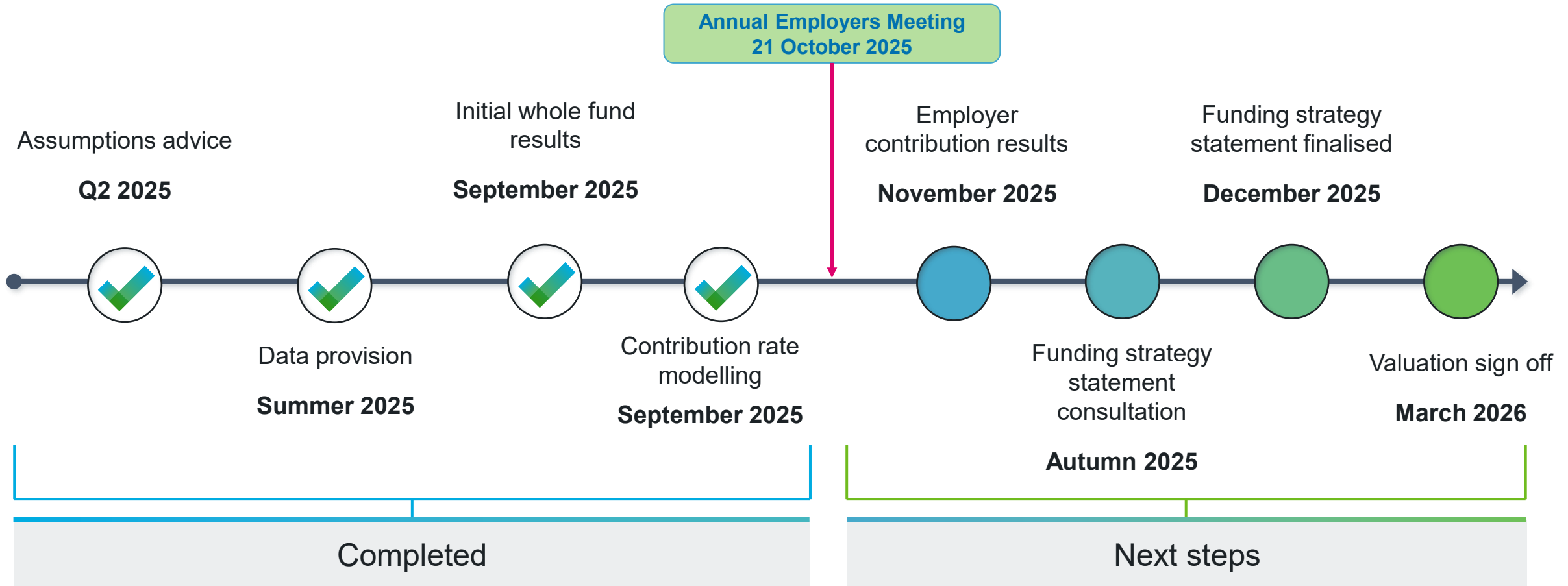
- Understand how the fund's strategy applies to your participation in the fund
- Feedback through the consultation



Engage with the fund

- Let the fund know about any possible changes in circumstance

2025 valuation – where we are



Thank you



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Any questions?

