

The Bupa Pension Scheme
**Annual Funding
Statement and
Newsletter
2023**

June 2024

Welcome to the annual newsletter from the Trustee of The Bupa Pension Scheme

The Bupa Pension Scheme (the “Scheme”) provides valuable benefits to you and your dependants. This newsletter tells you about developments in the Scheme year from 1 July 2022 to 30 June 2023 and gives you information about the financial position of the Scheme.

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Section One

A Message from the Chair of the Trustee Board

Last year was a busy year for the Scheme, driven by a number of political and economic factors the overall size of the Scheme's assets reduced. However, overall I'm pleased to report that the Scheme's funding position (the difference between the assets held compared to the pensions it has promised to pay out) has improved since last year, details of which are included within this document.

During the year the Trustee worked on a number of matters on your behalf, in particular the impacts the Scheme's activities has on climate change, which we believe will be a key factor that influences financial outcomes for the Scheme. We've recently published our first climate disclosures report setting out our findings and policies in this area which can be found at www.bupa.co.uk/pension-schemes-and-useful-documents.

I'd like to extend my thanks to the outgoing Chair, Arthur Walford, who's dedicated stewardship of the Scheme has led to the favourable position we find ourselves in today, and also to Fiona Harris who resigned from the Trustee Board last year after almost 20 years. I'm sure you'd like to join me in wishing them the very best for their future endeavours.

2023 also brought a new Company-appointed addition to the Trustee Board, Rebecca Pearson (Care Services General Manager). Rebecca brings with her a wealth of experience and will be a valuable addition in 2024 and beyond.

I encourage you to read the information contained within this statement. As always, the Pensions Team will be more than happy to help you with any queries you may have about the Scheme in general and supply any further information you may require.

I'd also like to remind our members to be aware that scammers are targeting pension scheme members and to be extra vigilant, especially if you receive a cold call or offer of a 'free pensions review' or similar.

Martin Potkins

Chair of the Trustee

Membership Statistics

Scheme membership at 30 June 2022 and 30 June 2023:

Membership category	30 June 2022	30 June 2023
Deferred	5,240	4,786
Pensioner	5,636	5,938
TOTAL	10,876	10,724

Summary Accounts

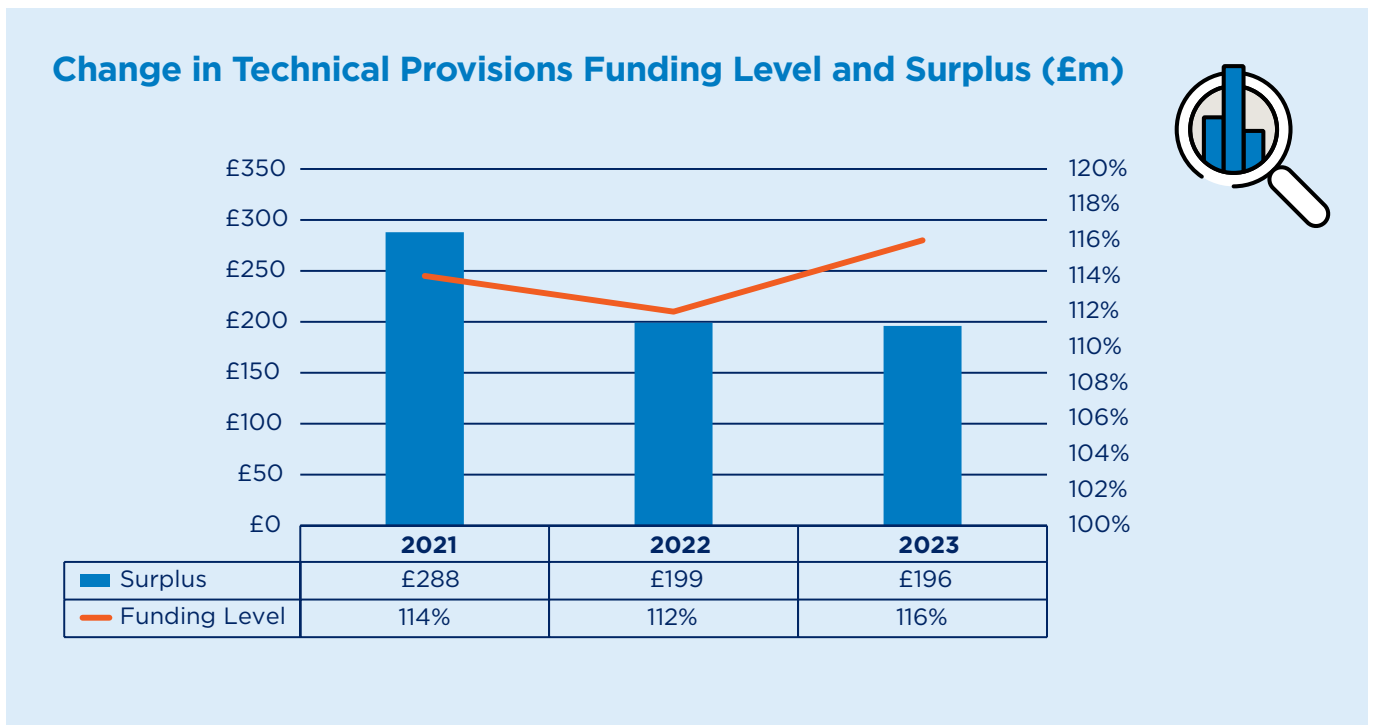
Value of Final Salary Category at 30 June 2022	£1,809.8m
Changes over the year	
<i>Plus income</i> This is mainly income from investments with some other small amounts; the scheme is closed and has a funding surplus, so no contributions are currently needed.	+ £37.6m
<i>Less expenditure</i> Covering pensions and other benefits of £45m and transfers out of £13m. Also includes administrative and investment management costs.	- £62.5m
Change in market value	
A decrease in the value of assets during the year.	- £350.4m
Value of Final Salary Category at 30 June 2023	£1,434.5m

Summary Funding Statement

We're sending you this statement to keep you updated about the financial security of the Scheme. We recommend you take some time to read it through, as the financial security of the Scheme supports the benefits you receive in retirement. We assess this by looking at the **Funding Position** (the proportion of the Scheme assets to its liabilities – e.g. the pensions it has promised to pay). There's a jargon buster to help you understand some of the terms we use, which are highlighted in **bold**.

What were the results of the most recent Actuarial Valuation?

The latest **Actuarial Valuation** was carried out as at 1 July 2023, and showed a **Funding Position** of 116% on a **Technical Provisions Basis** with a **Surplus** of £196m. The funding level has remained relatively stable over the past three years:



How has the Scheme's Funding Position changed?

As a result of continuing increases in UK interest rates the value of the Scheme's assets and liabilities have dropped significantly since last year.

In the year to 1 July 2023, the value of the Scheme's **Assets** fell by £378m and over the same period, the value of the Scheme's **Liabilities** also fell by £375m, which means that the **Surplus** has reduced by around £3m to £196m.

The Scheme, adopts a 'hedging strategy' which is designed so that the value of the assets moves broadly in line with the value of the Scheme's liabilities, which means that the Scheme remains in a strong financial position.

Is there anything else I need to know?

Snap-shot

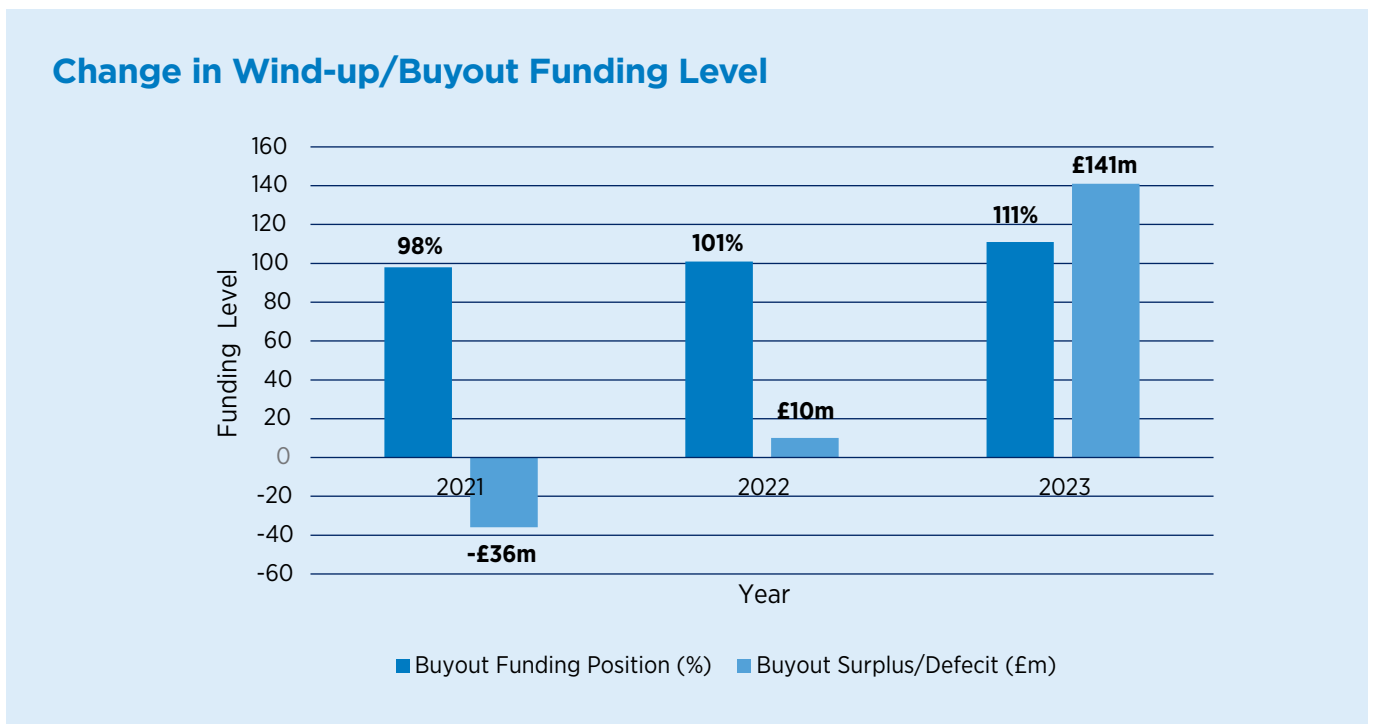
An **Actuarial Valuation** and an **Actuarial Review** are snap-shots of the value of the **Assets** and **Liabilities** at a given date. In practice, these values are continually moving. It's important to remember that the Trustee regularly monitors the Scheme's **Funding Position** and investment performance and makes changes to its investments or funding strategy as required.

How much does Bupa pay into the Scheme?

As the Scheme is closed to future accrual, no further contributions are payable. Furthermore, as the Scheme is currently in **Surplus**, no additional contributions from Bupa are required. If the Scheme funding level was to drop down to go into **Deficit**, Bupa would be required to make good this deficit over a reasonable timeframe.

Wind-up valuation

The Trustee is required to inform you of the wind-up (sometimes referred to as 'solvency' or 'buy-out') valuation as if the Scheme had been wound up on 1 July 2023. This is not an indication that the Scheme will wind up.



In real terms, this means that on this basis the Scheme would have expected to secure 100% of members' benefits with an insurer from the existing assets. Some pension schemes have a significant shortfall when measured on a **Wind-Up Valuation** basis so the Scheme is in a strong position in real terms and relative to some other schemes. In the unlikely event of the Scheme winding up, Bupa would be legally required to ensure that the benefit expectations for members was met.

The Trustee is also required to inform you of the Pension Protection Fund (PPF) valuation (which assesses the funding level against the benefits that would be payable by the PPF).

The PPF was set up by the Government in 2005 as a 'lifeboat' fund to help members of schemes where there are insufficient assets to provide a certain level of pension benefits. Although the level of benefits provided by the PPF will be lower than those that would have been provided by the Scheme, it does act as a 'safety net' for pension schemes where the sponsoring employer becomes insolvent.

As at 1 July 2023, on a **PPF Basis**, the Scheme was estimated to be fully funded.

Visit the PPF website for further details: www.ppf.co.uk

Payments to employers

One further point that the law requires us to tell you, is to confirm there have been no payments to Bupa out of the Scheme **Assets** during the past year.

The Pensions Regulator

We can confirm that the Regulator has not used its legal powers in relation to the Scheme to make directions as to any of:

- The level of benefits available from the Scheme going forward;
- The method or assumptions used to calculate the **Liabilities**;
- The contributions that should be paid to the Scheme under any Schedule of Contributions.



Jargon buster

Actuarial review – An interim review of the funding position carried out by the Scheme Actuary each year between actuarial valuations.

Actuarial valuation – An in-depth review of the Scheme’s financial health, in particular its funding position, carried out by the Scheme Actuary at least once every three years.

Assets – The value of investments (including investment returns) bought with (previous) member and employer contributions for the exclusive purpose of financing the Scheme.

Deficit - More liabilities than assets.

Financial Security of the Scheme - Comparison of the value of the liabilities to the assets which tells us the funding position.

Funding Position – The proportion of assets to liabilities. A fully funded scheme would have an equal amount of assets and liabilities (i.e. a funding position of 100%).

Liabilities – The expected cost of providing all members’ pensions & benefits, i.e. pensions for current pensioners, former actives and deferred members and, as applicable, their dependants. Liabilities can be measured using different actuarial assumptions. For example, in this document we refer to liabilities calculated on a Technical Provisions Basis, PPF Basis and Wind-Up Basis.

Long Term Funding Target – The target set by the Trustee and agreed with Bupa of having (and maintaining thereafter) sufficient assets by 2020 to pay all benefits earned as and when they fall due without the Trustee requiring additional contributions from Bupa in the future (this target was achieved ahead of 2020).

Technical Provisions Basis – An actuarial assessment to calculate the value of the liabilities in accordance with legislation (the Scheme Funding regime) which assumes that the Scheme will continue to run on indefinitely with the support, if needed, of Bupa.

PPF Basis – An actuarial assessment to calculate the value of the liabilities in accordance with the lower level of benefits that would be provided by the Pension Protection Fund in the unlikely event of Bupa suffering an insolvency event.

Surplus - More assets than liabilities.

Scheme Actuary – A professionally qualified actuary appointed by the Trustee, who provides the Trustee with advice on all aspects of the funding of the Scheme.

Statement of Investment Principles – A document which sets out the Scheme’s investment strategy and how it manages its investments.

Wind-up Valuation – An estimate of the cost of buying lifetime pension policies for every member with an insurance company. Sometimes referred to as a ‘solvency’ or ‘buy-out’ valuation.

Pension News

Pension scams - what they can look like

Unfortunately, pension scams are still happening. The internet and advances in digital communications mean these kinds of scams are getting more common and harder to identify.

There are different types of pension scam, but they can all lead to you losing a lifetime's worth of savings in a moment. Pension scams can take many forms, and usually appear to be a legitimate investment opportunity, but pension scammers are clever, and know all the tricks to persuade you to hand over your savings.

They might try to persuade you to cash in your pension - either the whole of it or a large sum - and hand the money to them to invest. Watch out particularly for:

- people contacting you out of the blue, or
- adverts claiming to offer free pension reviews or no-obligation consultations.

Fraudsters are imitating genuine investment and Independent Financial Adviser (IFA) firms. These "clone firms" are fake firms set up by scammers using the name, address and 'Firm Reference Number' (FRN) of real companies authorised by the Financial Conduct Authority (FCA). Once set up, these fraudsters will then send sales materials linking to websites of legitimate firms to dupe potential investors into thinking they are the real firm.

Don't let a scammer enjoy YOUR retirement!

Scamproof your savings



Pension scams. Don't get stung.



Not sure how to choose an IFA?

Make sure that the person or firm you're dealing with is regulated by the Financial Conduct Authority (FCA) and is authorised to provide pension advice. Check the [FCA register](#) of regulated companies, or the [FCA warning list](#) on the FCA's website www.fca.org.uk.

Shop around and get the opinion of a few financial advisers. You can find regulated financial advisers in the [Retirement Adviser Directory](#) on the MoneyHelper website www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Check the Warning List of Firms, which is updated daily on the FCA's ScamSmart site, on the link below, and do NOT deal with a firm that is not authorised by the FCA.

Check if the person or company you are dealing with is on the Financial Services Register or call the FCA on 0800 111 6768. If you call the person or company back, use the phone number listed on the Financial Services Register.

For more information generally on pension scams go to www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam or www.fca.org.uk/scamsmart

Four simple steps to protect yourself from pension scams:

-  **Reject unexpected pension offers**
-  **Check who you're dealing with before changing your pension arrangements**
-  **Don't be rushed or pressured into making any decision about your pension**
-  **Consider getting impartial information and advice**

Find out more:
www.fca.org.uk/scamsmart

*YouGov online survey of 1,018 adults aged 45-65 with a pension




Increase to the minimum pension age

The earliest age at which a pension can normally be taken will rise from 55 to 57 from 6 April 2028 for members of all pension schemes who have not yet started to receive their benefits – with few exceptions. This change to the minimum pension age has been in the pipeline since 2014 and there will be no phasing of its introduction. The increase is related to the increase in State Pension age, which will be 67 by 2028, with further rises possible from 2037.

Date of Birth	Effect on Earliest Retirement Date
Before 6 April 1971	No effect
6 April 1971 - 5 April 1973	Age 55 until 5 April 2028 then age 57
After 5 April 1973	Age 57

Scheme Documents

Members can access the Scheme's Statement of Investment Principles, Governance Statement, Implementation Statement and Privacy Notice by visiting <http://www.bupa.co.uk/pension-schemes-and-useful-documents>.

Lifetime Allowance (LTA)

The LTA was a measure of how much you could save across all your pensions over your lifetime without incurring a tax charge. The LTA for most people was £1,073,100 in the previous tax year 2023/24. The LTA was however abolished with effect from 6 April 2024.

Instead of the LTA three new allowances were created:

- An individual 'lump sum allowance' set at £268,275 (a quarter of the current £1,073,100 lifetime allowance) which is the tax free limit of lump sums taken from pension schemes.
- An individual 'lump sum and death benefit allowance' set at £1,073,100 – which is the tax free limit of lump sums taken while someone is alive, any serious ill health lump sums and any lump sums paid out on death.
- An overseas transfer allowance again set at £1,073,100 which is the limit set on any transfers to a qualifying overseas pension arrangement.

Any payments made above these allowances will be taxed at your marginal rate of income tax.

Expression of Wish Form

Bupa Pensions recommends updating your Expression of Wish form if there have been material changes to your personal circumstances.

If you're a **pensioner member** in your first five years of retirement and your personal or family circumstances change – for example if you get married, separated, divorced or suffer a close family member bereavement – it's even more important to let us know to whom you'd like the Trustee to consider paying any death benefits, by updating your Expression of Wish form.

If you're an **enhanced deferred member**, still employed by Bupa, you can change your indicated beneficiaries via the "Benefits" application in Viva Benefits.

If you're a **deferred member** and you need to update your nominated beneficiaries, please request an Expression of Wish form from Bupa Pensions.

Taskforce on Climate Related Financial Disclosures (TCFD)

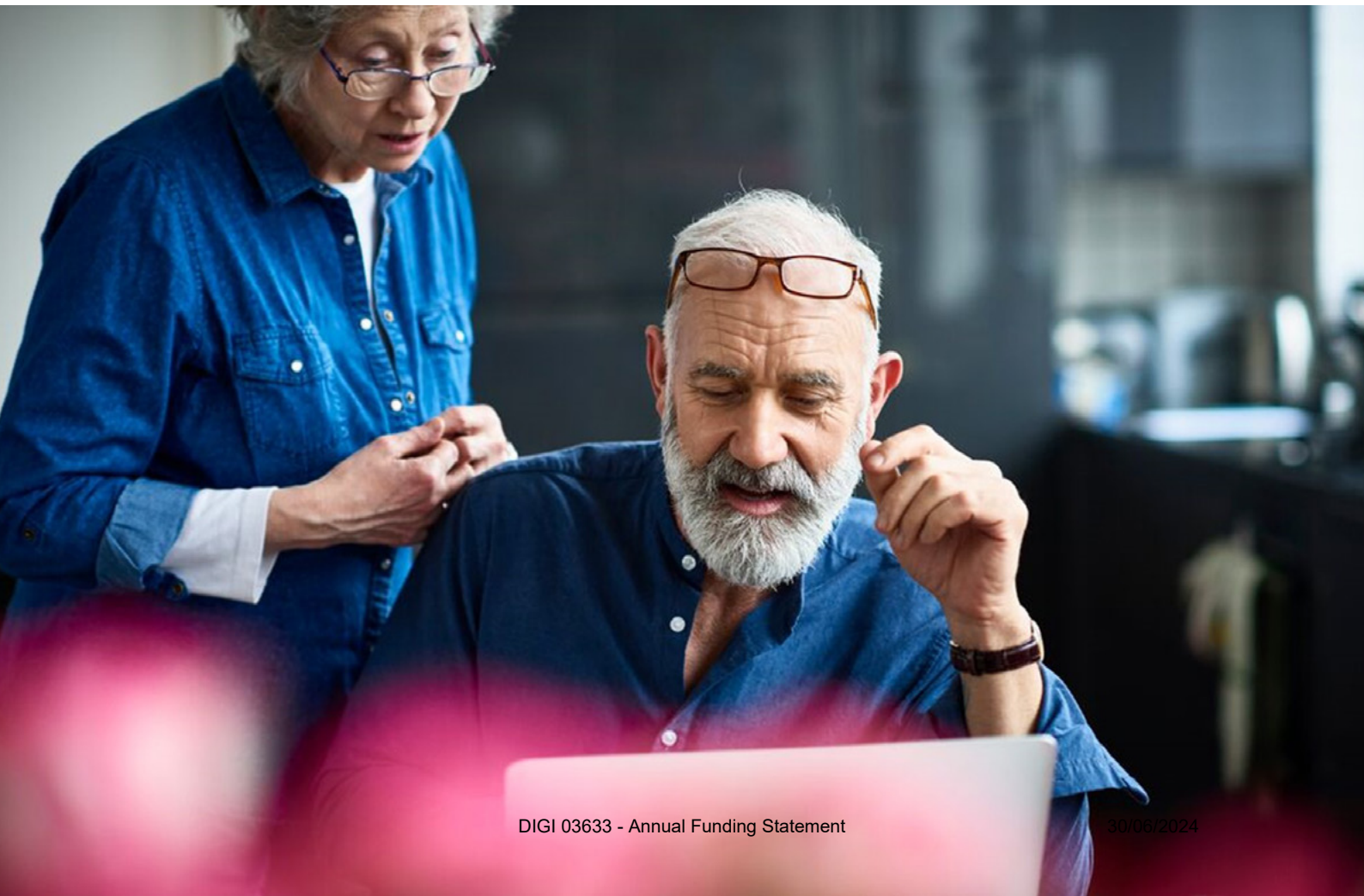
The Trustee believes that we can contribute to the transition to a net carbon zero economy, help improve societal living standards and tackle governance issues, positively impacting the world we live in. In addition we expect climate change will have a meaningful impact on the global economy and believe the Scheme's funding strategy is relatively robust under a range of different climate scenarios.

The Trustee has agreed that the non Liability Driven Investment (LDI) asset section of the investment portfolio (the portion of assets that **do not** move in line with TBPS **liabilities**) should align with a 1.5°C Implied Temperature Rise by 2040, consistent with the more ambitious target of the Paris agreement.

The Trustee recognises that an investment's financial success is influenced by a wide range of factors including Environmental, Social and Governance (ESG) factors. The Trustee considers climate change as both a material risk and an opportunity, which should be integrated within the Scheme's investment processes and requires sustained, long-term oversight and management. To achieve this, the Trustee has a robust and effective governance framework, which is flexible over time to meet the needs of the Scheme and its beneficiaries.

The full TCFD report can be found at

<http://www.bupa.co.uk/pension-schemes-and-useful-documents>



Keeping in touch

The Trustee is required to hold up-to-date information to help it contact you when benefits are due to be paid or to provide you with information about the Scheme.

- Have you moved home? Please tell us your new address.
- Would you like us to be able to communicate with you by email? If so, please provide us with your personal email address.

The Bupa Pensions team contact details are shown below.

Contacts

Email:
pensions@bupa.com

Telephone:
+44 (0)161 240 4357

Write to:
Bupa Pensions, Bupa Place, 102 The Quays, Salford, M50 3SP

