

The Bupa Pension Scheme

Pensioner Member Annual Funding Statement and Newsletter 2024

March 2025

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 2023 to 30 June 2024 and gives you information about the financial position of the Scheme.

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A message from the Chair of the Trustee Board

The last Scheme year was another busy one and I'm pleased to announce that the triennial Actuarial Valuation as at 1 July 2023 was completed and signed off during the year. The key result of the valuation is that the funding position of the Scheme remains strong despite market and political uncertainty, with the Scheme being 120% funded on an ongoing basis (we call this the technical provisions funding basis).

During the year the Trustee continued to work towards our temperature alignment target with our investment managers and has developed a Sustainable Investment policy that formalises our climate ambitions and sets out the expectations we have of different stakeholders regarding climate risk. We've recently published our second 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.

Last year, in line with our climate principles, we trialled a new way of issuing the Summary Funding Statement and Annual Newsletter by substantially reducing the size of the paper-based statement. This was a great success, and the new format will now be used each year.

There were no changes to the members of the Trustee Board over the year and I'd like to extend my thanks to my colleagues on the Board for their continued hard work.

2025 is shaping up to be another busy year for the Trustee and the Bupa Pensions team. This year we'll be looking at ways to make communication with our members easier and faster. Whilst we'll continue to send communications by post, the Trustee is considering sending certain communications by e-mail as well. There's more about this on the letter that was enclosed with the Summary Funding Statement.

Martin Potkins

Chair of the Trustee

Membership Statistics

Scheme membership at 30 June 2023 and 30 June 2024:

Membership category	30 June 2024	30 June 2023
Deferred	4,418	4,786
Pensioner*	6,216	5,938
TOTAL	10,634	10,724

*Including spouse's and children's pensions in payment.

Summary Accounts

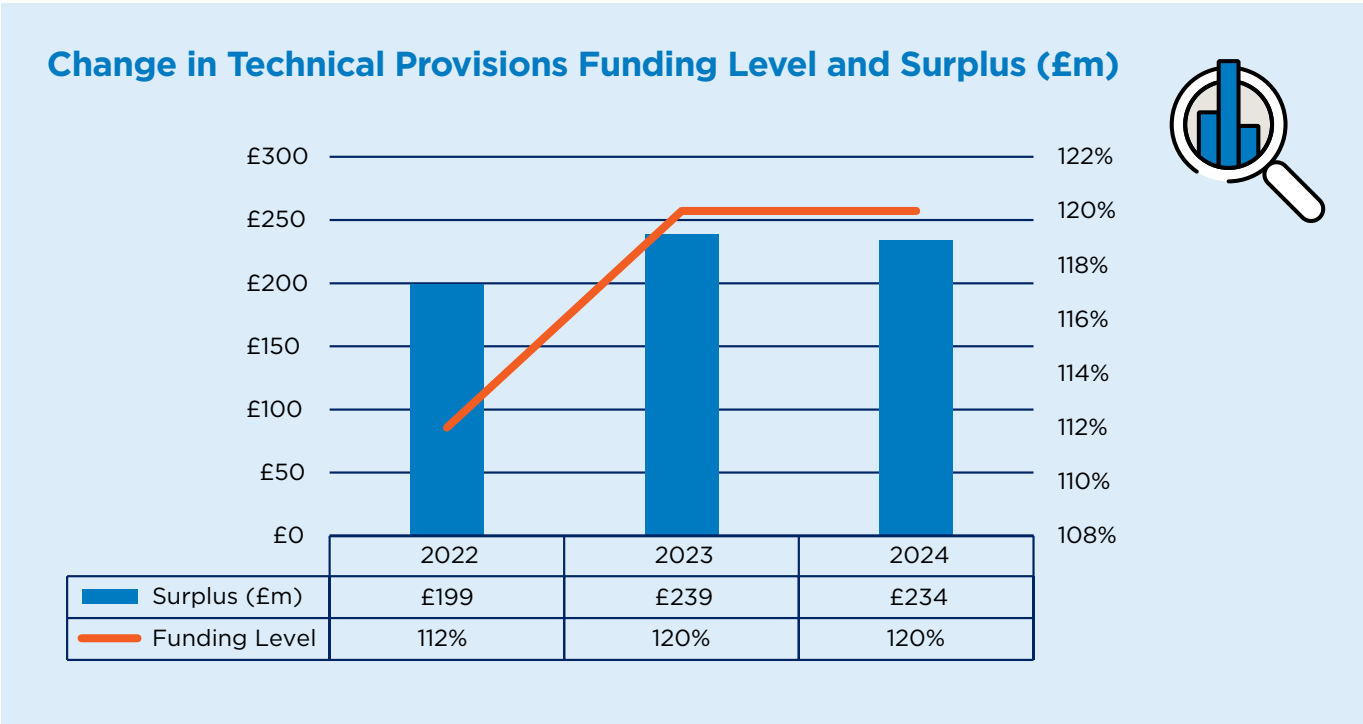
Value of Final Salary Category as at 30 June 2023	£1,434.5m
Changes over the year	
Plus income This is mainly income from investments with some other small amounts; the Scheme is closed and has a funding surplus, so no contributions are currently needed.	+ £31.7m
Less expenditure Covering pensions and other benefits of £46m. Also includes administrative and investment management costs.	- £50.1m
Change in market value	
A decrease in the value of assets during the year.	- £0.2m
Value of Final Salary Category as at 30 June 2024	£1,415.9m

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 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 – the latter being the pensions it has promised to pay you and your fellow members). There’s a jargon buster on page 8 to help you understand some of the terms we use, which are highlighted in **bold**.

What were the results of the most recent Actuarial Review?

The latest **Actuarial Review** was carried out as at 1 July 2024, and showed a **Funding Position** of 120% on a **Technical Provisions Basis** with a **Surplus** of £234m. The funding level has remained strong over the past three years:



How has the Scheme’s Funding Position changed?

Over the year the Scheme’s **Assets** and **Liabilities** have remained relatively stable.

In the year to 1 July 2024, the value of the Scheme’s **Assets** fell by £19m and over the same period, the value of the Scheme’s **Liabilities** also fell by £14m, which means that the **Surplus** has reduced by around £5m to £234m.

The Scheme adopts a ‘hedging strategy’ which is designed so 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

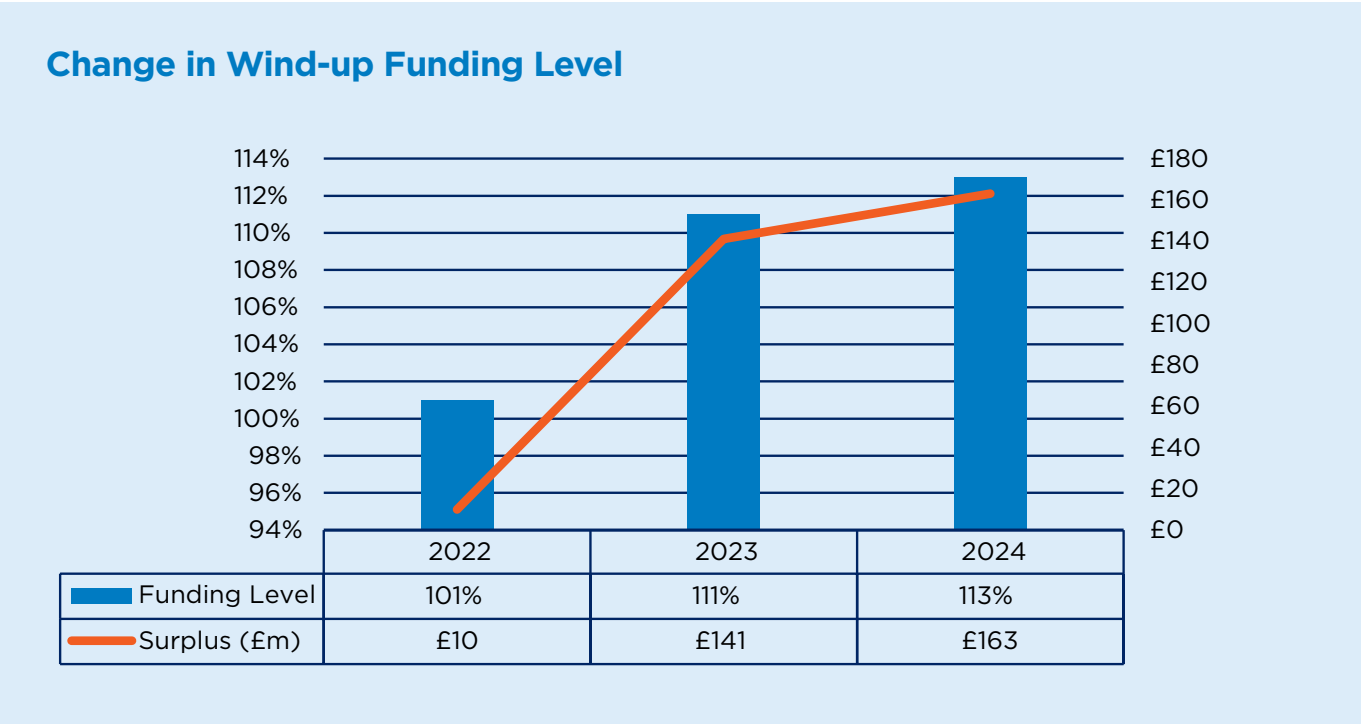
An **Actuarial Valuation** and an **Actuarial Review** are snap-shots of the value of the **Assets** and **Liabilities** at a given date. In practice, these values are continually moving. It's important to remember that the Trustee regularly monitors the Scheme's **Funding Position** and investment performance 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 and drop far enough 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 2024. It important to note that 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**, so the Scheme is in a strong position in real terms, and relative to some other schemes. In the event of the Scheme winding up, Bupa would be legally required to ensure that member's benefits were secured.

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 may 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 2024, 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 (1 July 2023 to 30 June 2024).

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 – Value of liabilities exceeds the value of assets.

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**.

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 – Value of assets exceeds the value of 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.

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.

Wind-up Basis – 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 can be very clever and know lots of 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 you 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



Scheme Documents

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

State Pension Update

The State Pension is due to increase by 4.1% from April 2025 under the triple lock mechanism, which means an increase by the higher of inflation, average earnings growth, or 2.5%. This year's increase was driven by the growth in average earnings. You can get a forecast of your State Pension at www.gov.uk/check-state-pension.

Tax Legislation Update

The Government recently conducted a consultation regarding inheritance tax and pensions which proposed some important changes to the tax treatment of pensions after someone passes away.

Currently pensions do not form part of your estate for inheritance tax purposes. From April 2027, however, unspent pension pots will be subject to inheritance tax.

More details of the legislation will be confirmed over the next year and we'll keep you updated.

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.

Your Scheme Membership Details

Please note that as the Scheme administrators, Bupa Pensions use independent services to regularly monitor any potential changes in the membership population such as changes in addresses, mortality and, where appropriate, bank details. This is important so that members can be kept up to date regarding their benefits. Occasionally a more in-depth check may be required. In such cases Bupa Pensions may check your details against an external database with a registered credit reference agency which may record the search. This type of search is to check your identity and reduce the risk of fraud, it will not affect your credit rating.

Sustainable Investment

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 the Scheme's PS **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 Climate Disclosures Report can be found at
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

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Write to:
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