

The Bupa Home Healthcare Limited Pension Scheme (the Scheme)

Annual Funding Statement

The Bupa Home Healthcare Pension Scheme Trustee Limited (the Trustee of the Scheme) is responsible for looking after the Scheme. Each year they are required by law to provide you with an 'Annual Funding Statement' which describes the level of funding that supports your pension.

What is the purpose of this statement?

This statement:

- Summarises the Scheme's funding position following completion of the latest actuarial valuation update as at 31 December 2024;
- Explains how the funding position has changed since the formal actuarial valuation as at 31 December 2023; and
- Allows us to keep you informed of other matters relevant to the security of your benefits.



"I am delighted to report that since we last updated you, the Scheme's funding level has improved significantly from 93% on 31 December 2023, to 104% as at 31 December 2024, meaning the Scheme is now fully funded on the valuation basis.

This elimination of the funding deficit was in no small part due to the significant contributions paid into the Scheme by Bupa,* and the work carried out with Bupa's support to reduce risk within the Scheme's investment strategy. Bupa's financial strength continues to provide very valuable security to members."

Martin Potkins
Chair of the Trustee

What was the Scheme's funding position as at 31 December 2024?

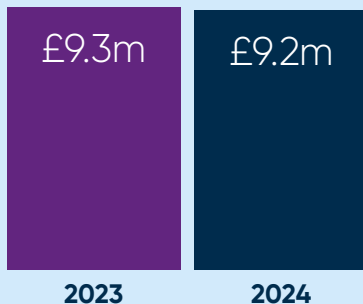
The surplus was £0.4m
This meant that the funding level was 104%*

**Calculated on an 'ongoing valuation' basis, which is defined in the jargon buster.*



How did the Scheme's funding position change between 31 December 2023 and 31 December 2024?

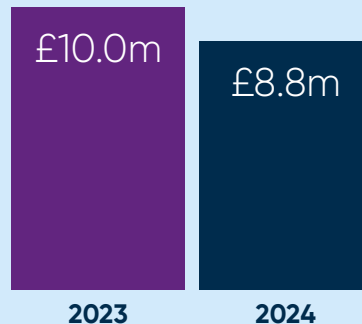
Assets



The Scheme's assets decreased by £0.1m since the actuarial valuation as at 31 December 2023 as a result of:

- The value of the Scheme's 'matching assets', decreasing broadly in line with the decrease in the value of the Scheme's liabilities.
- This decrease was largely offset by contributions paid into the Scheme by the Company.

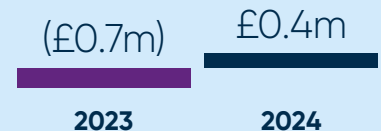
Liabilities



The Scheme's liabilities decreased by £1.2m since the actuarial valuation as at 31 December 2023 mainly as a result of:

- Changes in market conditions which have increased the discount rates used to value the liabilities, decreasing the expected cost of providing the benefits in today's terms.
- Benefits paid to members of the Scheme.

Funding Deficit



The Scheme was in surplus as at 31 December 2024.

The improvement from a deficit of £0.7m to a surplus of £0.4m was because the value (or cost) of the liabilities decreased by a greater amount than the assets. The ongoing funding level, as a proportion of assets to liabilities, increased from 93% to 104%.

As part of the 31 December 2023 actuarial valuation, the Trustee and Bupa agreed to continue the Recovery Plan established for the 2020 actuarial valuation with the aim of removing the deficit by 31 December 2024. Bupa paid contributions of £845k over 2024 to close the funding deficit and bring the Scheme to full funding. The position will be reviewed again formally as at 31 December 2026 or earlier as the Trustee decides.

Is there anything else I need to know?

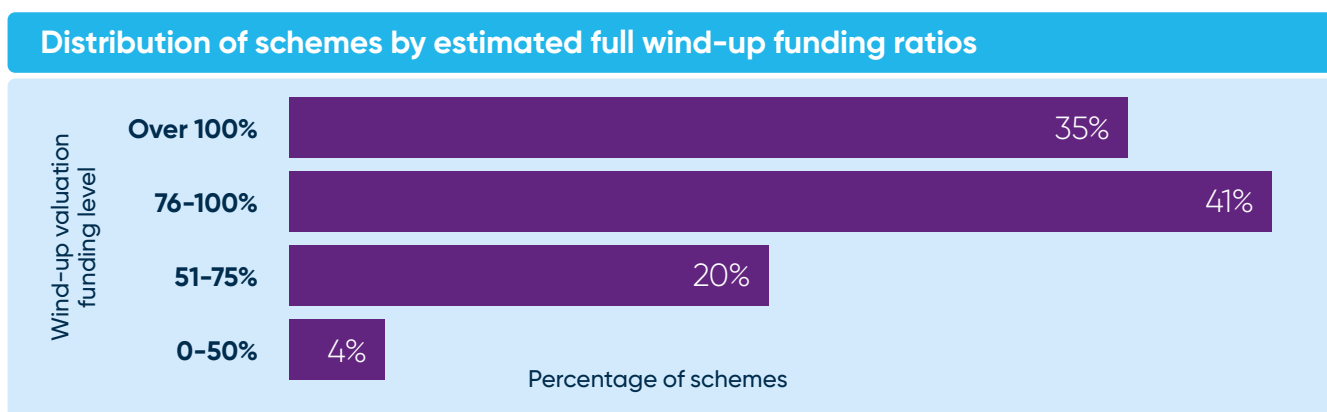
Snap-shot

An actuarial valuation is a snap-shot of the assets and liabilities at a given date. In practice, the value of the assets and liabilities of the Scheme are continually moving. It is important to remember the Trustee monitors investment performance frequently, and makes changes as required. Additionally, Bupa continues to provide strong support to the Scheme.

Wind-up valuation

The Trustee is required to provide you with an indication of what the funding position would be if the Principal Employer had to close the Scheme and secure the benefits with an insurance company. This is known as the wind-up valuation, and is carried out every three years alongside the actuarial valuation. The last wind-up valuation was carried out at 31 December 2023. The valuation level varies as it depends on economic conditions at the time, but if the Scheme had wound up on 31 December 2023, the financial position would have been assets of £9.3m and wind-up liabilities of £13.7m. That gave a shortfall of £4.4m and a wind-up valuation funding level of 68%. Please note that this wind-up valuation information is explained in accordance with regulatory requirements; the Principal Employer has no plans to wind-up the Scheme.

It should also be noted that it remains the case that the majority of pension schemes have a significant shortfall when measured on a wind-up valuation basis. This is illustrated by the following chart based on information published by The Pension Protection Fund as at March 2024. The data behind this chart has been gathered from pension schemes who have had actuarial valuations carried out over the previous few years. The chart illustrates the distribution of pension schemes closed to new benefit accrual, like our Scheme, on a wind-up valuation basis:



In real terms, this shortfall in the Scheme on a wind-up valuation basis means it would have been able to pay out, on average, 68% of members' benefits from existing assets. The wind-up valuation funding level is expected to improve by the time it is next formally reviewed, (as part of the 31 December 2026 valuation).

While the Scheme's winding-up funding level is below that quoted for many other pension schemes, this funding level is based on assets held by the Scheme at the last triennial valuation date, 31 December 2023. In practice, additional funds would be due from the Principal Employer in the unlikely event of the Scheme winding up; the Principal Employer would be legally required to finance the shortfall. As noted above, there are currently no plans to wind-up.

In the even more unlikely event that the Principal Employer is unable to finance this shortfall and pay the cost of buying members' benefits in full from an insurance company, the Trustee can call upon the Pension Protection Fund (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 is lower than those that would be provided by the Scheme, it does act as a 'safety net' for pension schemes where the sponsoring employer becomes insolvent. Visit the PPF website for further details at www.pensionprotectionfund.org.uk

Payments to employers

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

Jargon buster

Actuarial valuation: An in-depth review of a scheme's financial health carried out by the Scheme Actuary every three years.

Assets: The value of a scheme's investments which includes contributions paid into the scheme, together with returns on the investments.

Discount rate: An estimated rate of return on investments used to calculate how much needs to be invested now to meet future benefit payments.

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 level of 100%).

Liabilities: The current cost of providing all members' benefits (including pensions in payment and pensions to members who have already left active membership of the scheme).

Matching assets: An asset that is included in a scheme's investment portfolio because its value can be expected to move broadly in line with the value of the liabilities.

Ongoing valuation: An actuarial valuation method for calculating the value of the estimated liabilities which assumes that the Scheme will continue until all benefits are paid to members.

Valuation basis: The set of assumptions determined by the Trustees as most appropriate to place a value on a scheme's liabilities in line with UK legislation directives.

Wind-up valuation: An estimate of the cost of buying guaranteed pension policies with an insurance company.

How XPS uses your information

XPS Group administer the Scheme and provide the Trustee with actuarial consulting advice.

To provide these services, they need to share your personal information. The XPS Group Privacy Notice sets out how they obtain, use, store and dispose of your personal data and is available at:

www.xpsgroup.com/legal-regulatory/privacy-policy/

The relevant notice for your Scheme is labelled '*Combined Scheme Actuary and actuarial consulting services*'.

Keeping in touch

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

- **Moving house?** Please tell us your new address.
- **Do you need a new Expression of Wish form?** If your circumstances change – for example if you get married – let us know who you would like benefits to be paid to by updating your Expression of Wish form.

More information about the Bupa Home Healthcare Limited Pension Plan, including the Plan's Statement of Investment Principles and Implementation Statement, can be found at:

www.bupa.co.uk/pension-schemes-and-useful-documents.

The Bupa Home Healthcare pension team contact details are shown below.

Contact the Scheme's administrators

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(Robert Williams)

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