

Scheme Funding Update

Actuarial Valuation as at 30 June 2024



As a member of the Pearl Group Staff Pension Scheme (the Scheme), you have built up valuable benefits for your future, so knowing that the Scheme is well funded is important.

This report provides an update on the latest valuation of the Scheme, which is a snapshot of its funding position on a particular day (in our case, 30 June 2024). It concerns the Final Salary section only; for the Money Purchase section, you can find details on the Scheme website.

A full valuation is carried out every three years by the Scheme actuary. Its purpose is to check that the Scheme holds sufficient assets to pay members' benefits as they fall due and to determine the level of future contributions required to maintain this position. I am pleased to report that the Scheme continues to enjoy a funding surplus on the technical provisions basis at 101%, and 100.5% on the solvency basis.

Between these formal valuations, the Scheme actuary prepares annual funding updates to monitor ongoing progress. The next update, reviewing the position as at 30 June 2025, will be shared in the next edition of *Your Pension Matters*.

The next full actuarial valuation will be due as at 30 June 2027.

Keith Jones
Chair of Trustees

Pearl Life Holdings Limited continues to be the sponsoring employer for the Scheme and is referred to throughout this report as 'the Company'.

Valuation results 2024

The latest valuation of the Scheme showed that on 30 June 2024, the funding position was as follows:

Market value of assets*

£1,726m

30 June 2024



£2,932m

30 June 2021

Amount needed to provide benefits

£1,714m

30 June 2024



£2,865m

30 June 2021

Surplus

£12m

30 June 2024



£67m

30 June 2021

Funding level

101%

30 June 2024



102%

30 June 2021

* Includes money purchase funds and AVCs.

How has the funding position changed?

The Scheme's funding level was 1% lower on the ongoing technical provisions basis, compared with 102% at the 30 June 2021 valuation. The main factors behind this change were the cost of discretionary increases, shifts in market conditions and the impact of securing members' benefits through insurance policies.

Although the value of the Scheme's assets has changed significantly over the last three years due to market conditions, the overall funding level has remained broadly stable. This is because the insured assets are designed to closely match the liabilities. However, these market-driven changes have

reduced both the assets and the liabilities, leading to a smaller surplus as the gap between the two has narrowed.

Discretionary increases were awarded to both deferred and pensioner members.

The Scheme has also been progressing its long-term de-risking strategy, securing members' benefits by purchasing insurance policies (known as buy-ins) with an insurer. This process was expected to bring the funding level closer to 100%. At the last valuation, the Scheme's funding stood above 100%, so the two buy-in tranches completed in November 2021 and November 2022 were anticipated to cause a modest reduction in the technical provisions funding level.

The benefit, however, is that the Scheme's assets are now much more closely aligned with its liabilities, as the insurance policies now cover almost all of the Scheme's liabilities.

How is my pension paid for?



The assets of the Scheme are held in a common fund, which is used to pay pensions and other benefits to members as they are due. They are not held in separate accounts for each individual.

How is the amount the Scheme needs worked out?

The Trustees agree to a funding plan with the Company which aims to make sure there is enough money in the Scheme to pay for pensions now and in the future. The amount of money that the Company pays into the Scheme may go up or down following actuarial valuations.

When calculating the amount needed to provide benefits, the actuary has to make prudent assumptions about what might happen in the future. These include how long members will live, what inflation might be and what investment returns the Scheme can expect. Together, the Trustees and the Company agree on what these assumptions should be.

The importance of the Company's support

The success of the Scheme relies on the Company continuing to support it because:

- the Company will be paying the future expenses of running the Scheme each year
- the funding level can fluctuate, and when there is a funding deficit, the Company will usually need to put in more money
- if the target funding level is insufficient, the Company will need to put in more money.

The solvency position

The Pensions Regulator requires us to explain what would happen if the Scheme had started to wind-up at 30 June 2024: it is estimated that the assets available would have been sufficient to secure 100.5% of benefits for members (compared with 99.9% as at the 2021 valuation).



Payments to the Company



There have not been any payments to the Company out of Scheme funds since the last summary funding statement was issued.

Where can I get more information?

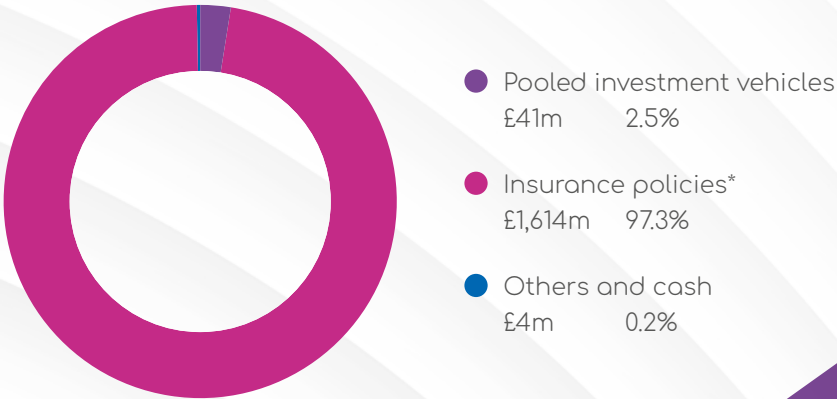
If you have any other questions or would like more information, please contact the Scheme administrators. The following documents are available on request:

- the Statement of Funding Principles, which sets out the Scheme's funding plan
- the Statement of Investment Principles, which explains how the Trustees invest the money paid into the Scheme
- the Schedule of Contributions, which shows how much money is being paid into the Scheme
- the annual Report and Accounts, which shows the Scheme's income and expenditure in the year to 30 June 2024
- the full Report on the Actuarial Valuation as at 30 June 2024.

How are the assets invested?

The Trustees' investment strategy is set out in a document called the Statement of Investment Principles, a copy of which is available on the Scheme website under 'General Scheme information'.

The Scheme's assets, excluding money purchase funds and AVCs, were invested as summarised below as at 30 June 2024:



* The value placed on the insured benefits as at 30 June 2024 reflects the Scheme's technical provisions liabilities for the actual membership data and assumptions adopted for the current valuation. This ensures that the value placed on the assets for the buy-ins is the same as the value placed on the liabilities covered by the buy-in. The insurance policies asset figure stated in the audited accounts, which we have replaced for the valuation calculations, is £1,733 million.

Get in touch

If you have any queries about your benefits or the valuation, please contact the Scheme administrator:



Call us:

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Email us:

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Write to us:

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Use the Scheme website:

www.pearlstaffpensionscheme.co.uk

Your Trustee Directors

Keith Jones, independent chair

Graham Felston*

Max Mauchline*

Chris Munro*

Gary Welsh

Lesley Williams

Quentin Zentner

*Nominated by members

