Suffolk Pension Fund

Annual Employers Meeting

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14 October 2025

Agenda

1. The funding valuation
2. Funding Strategy Statement
3. 2025 valuation results
4. Employer level funding strategy
5. Employer valuation results schedule
6. What do you need to do?

The funding valuation

Why do we do a valuation?

- Calculate employer contribution rates
- Compliance with legislation
- Analyse actual experience vs assumptions
- Review Funding Strategy Statement
- Part of continual ‘health check’ on Fund’s solvency

A valuation is a large risk management exercise

How the Fund works

Collect money

(contributions)

Invest money

(its assets)

Pay money out

(benefits)

Contributions and investment returns fund all the benefits

How do we get the sides to balance?

Employee Contributions

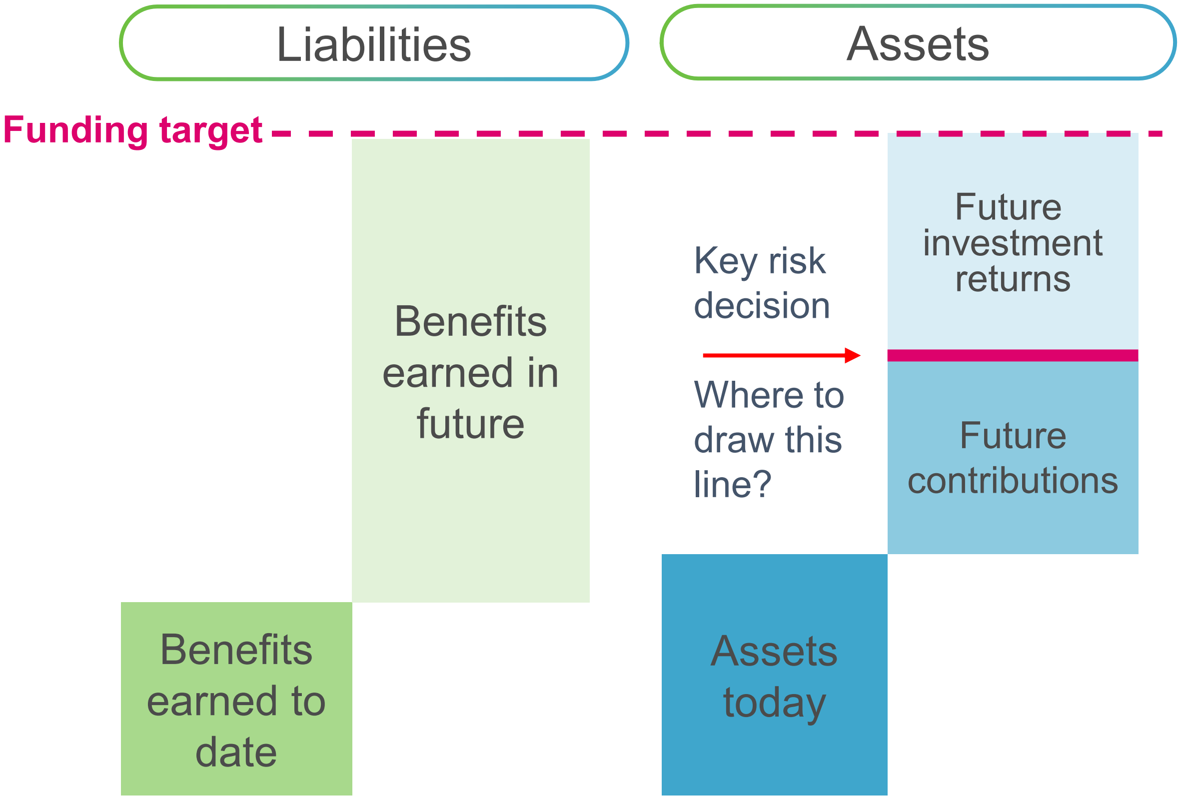
Employer Contributions

Investment returns

Benefits

Employer contributions are the main tool the Fund can control to meet the balance of cost

Key funding decision



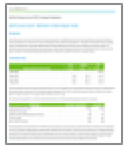
General insights

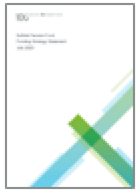
- Funding level is 'past service' only
- Majority of benefits yet to be earned
- Balance future contributions vs investment risk

Setting future contributions requires careful long-term risk management

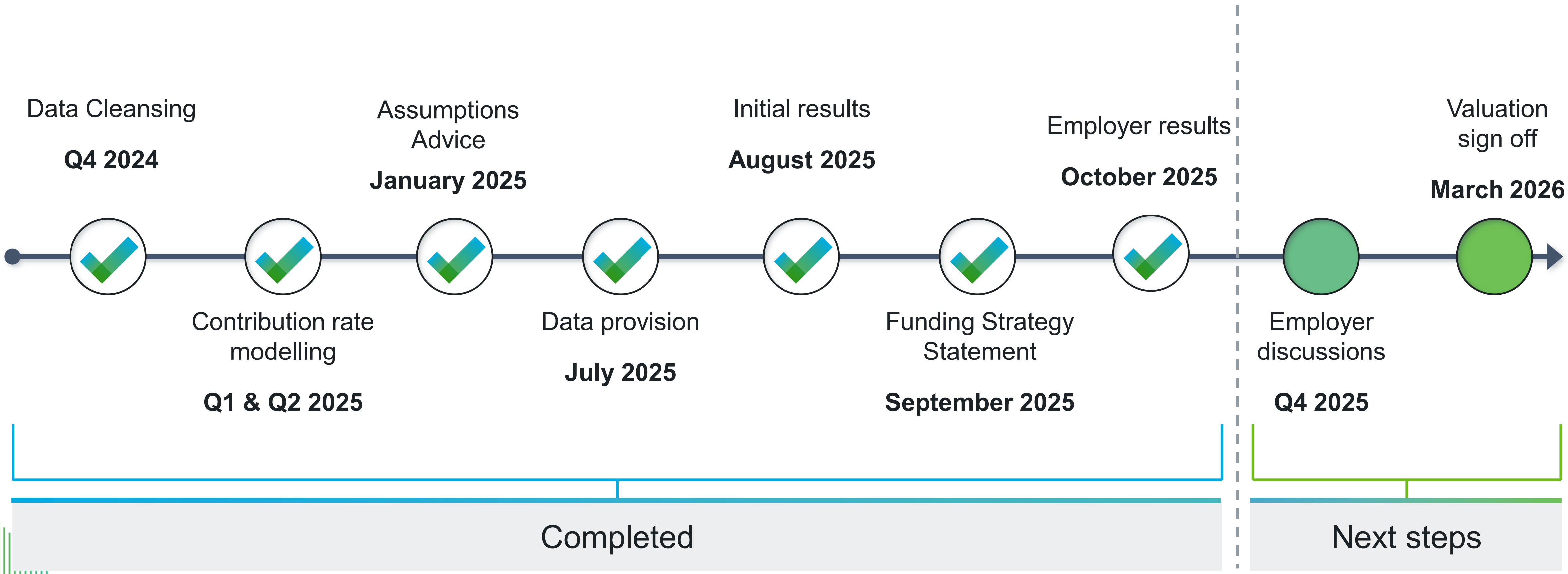
How we do the valuation

Inputs	Actuary’s models	Primary outputs
Data for each member		Individual employer results schedule
Financial and demographic assumptions		Updated Funding Strategy Statement
Funding and investment strategy		Final valuation report
LGPS benefit structure		





2025 valuation – next steps



Funding Strategy Statement

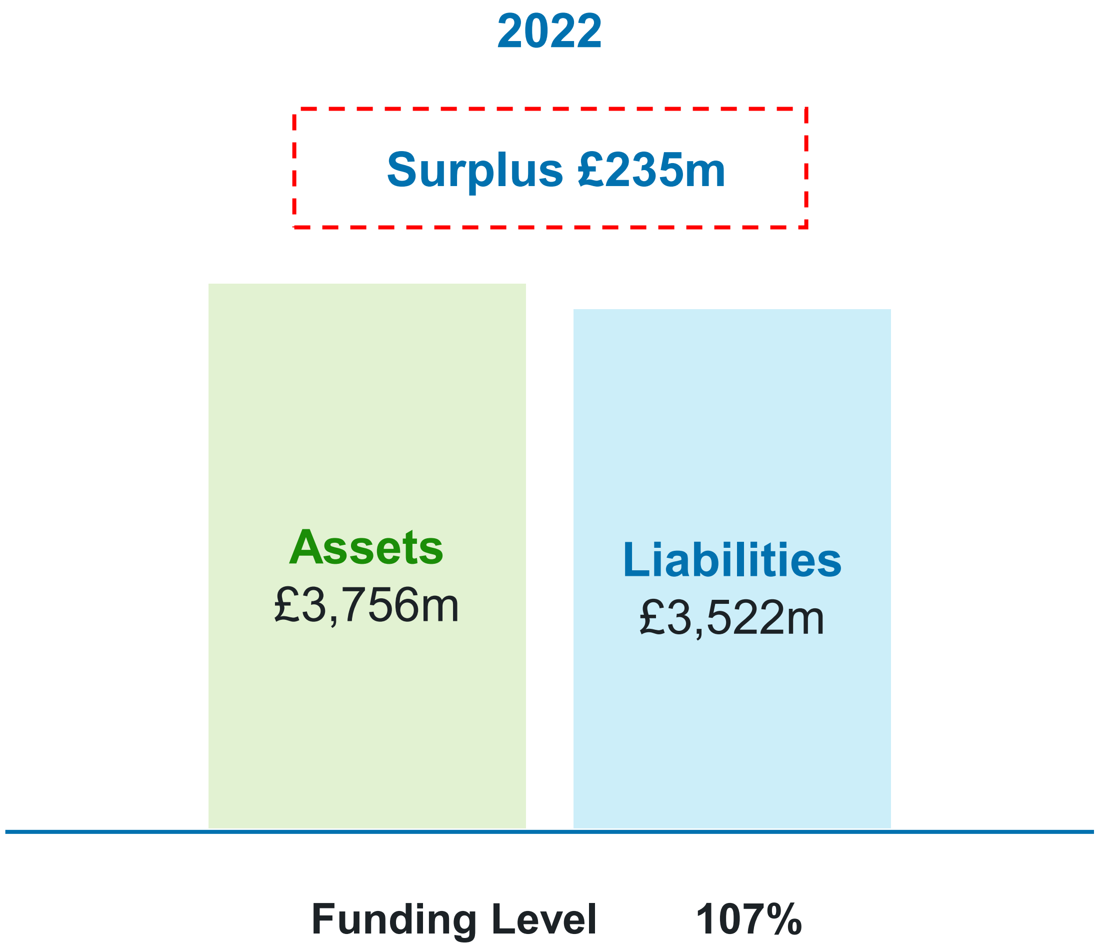
Funding Strategy Statement (FSS) review

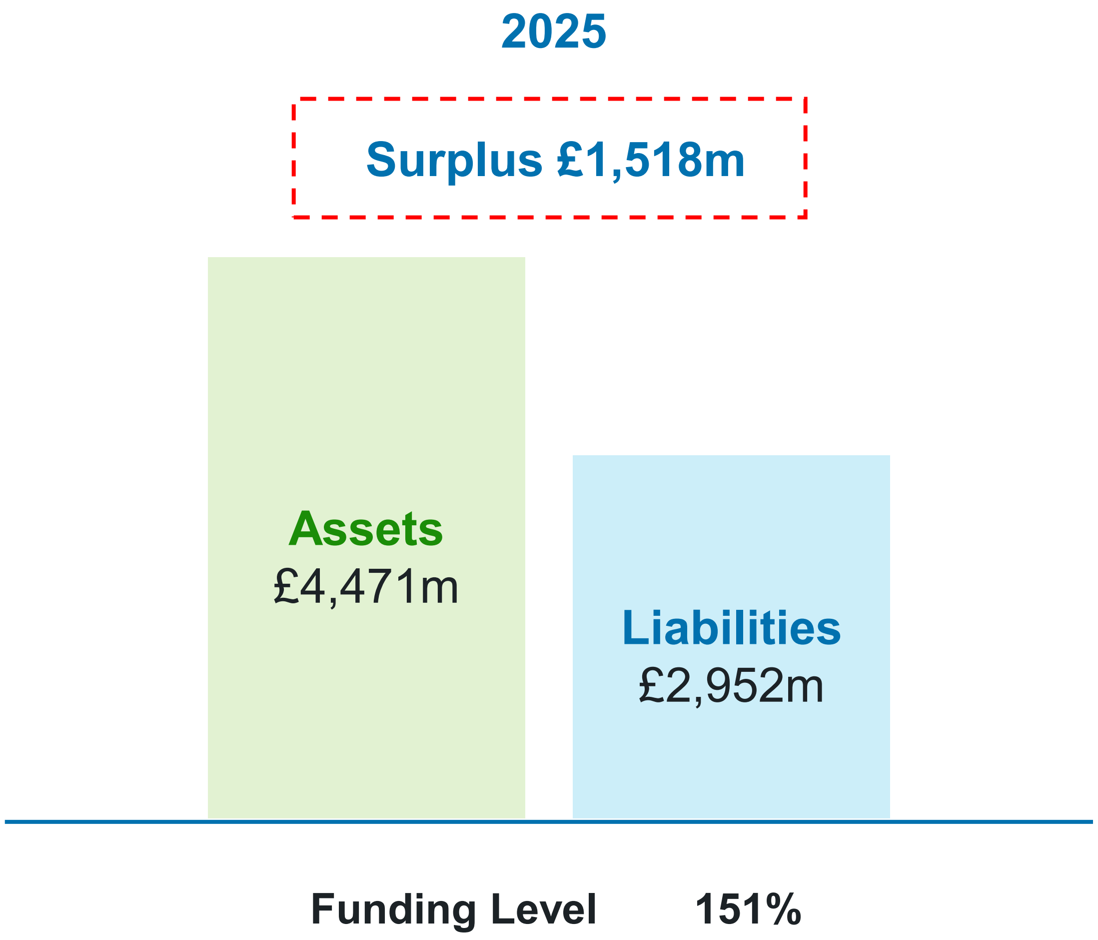
- Publicly available document which all LGPS Funds must maintain
- Regulations require a review of FSS at least every three years
- New guidance set by SAB / MHCLG / CIPFA for preparers of FSS
- FSS has been refreshed to ensure compliance with new guidance, including improved accessibility and navigation for stakeholders
- No material changes in funding strategy (apart from academy MAT pooling)
- The updated FSS is now out for consultation with employers alongside your results

Funding Strategy Statement is now being consulted upon with employers

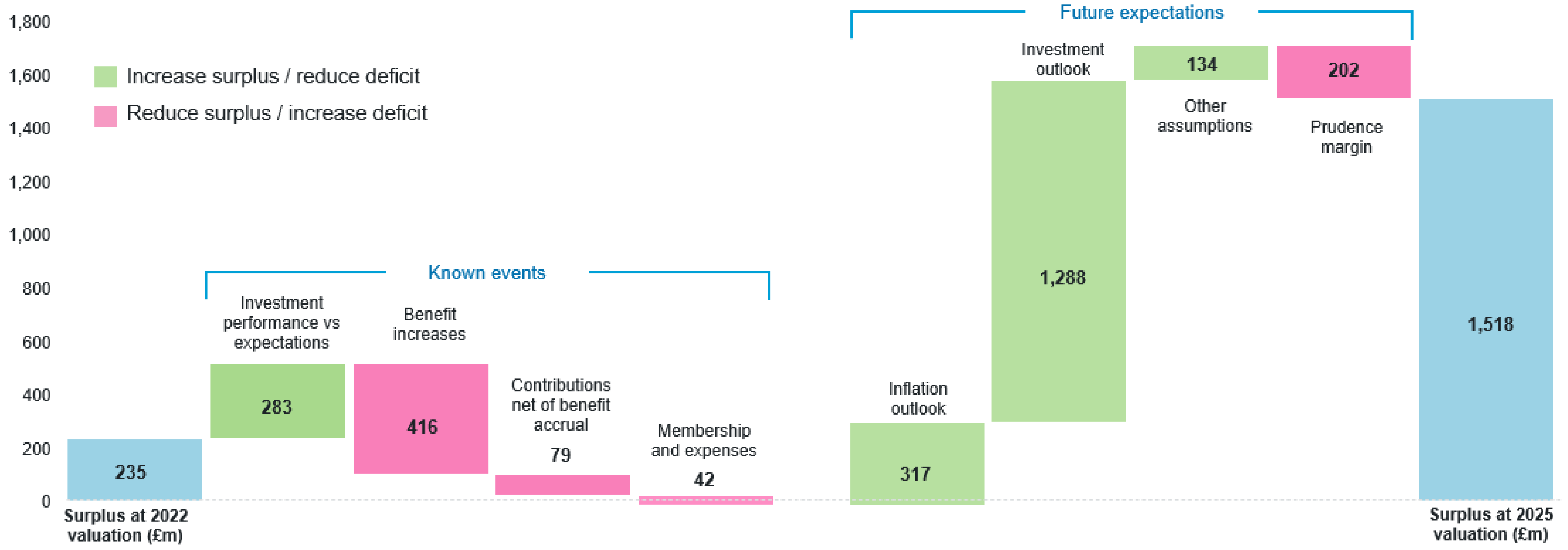
2025 Valuation Results

Whole fund valuation results





Change in whole fund funding position



Employers will see variation based on their own circumstances

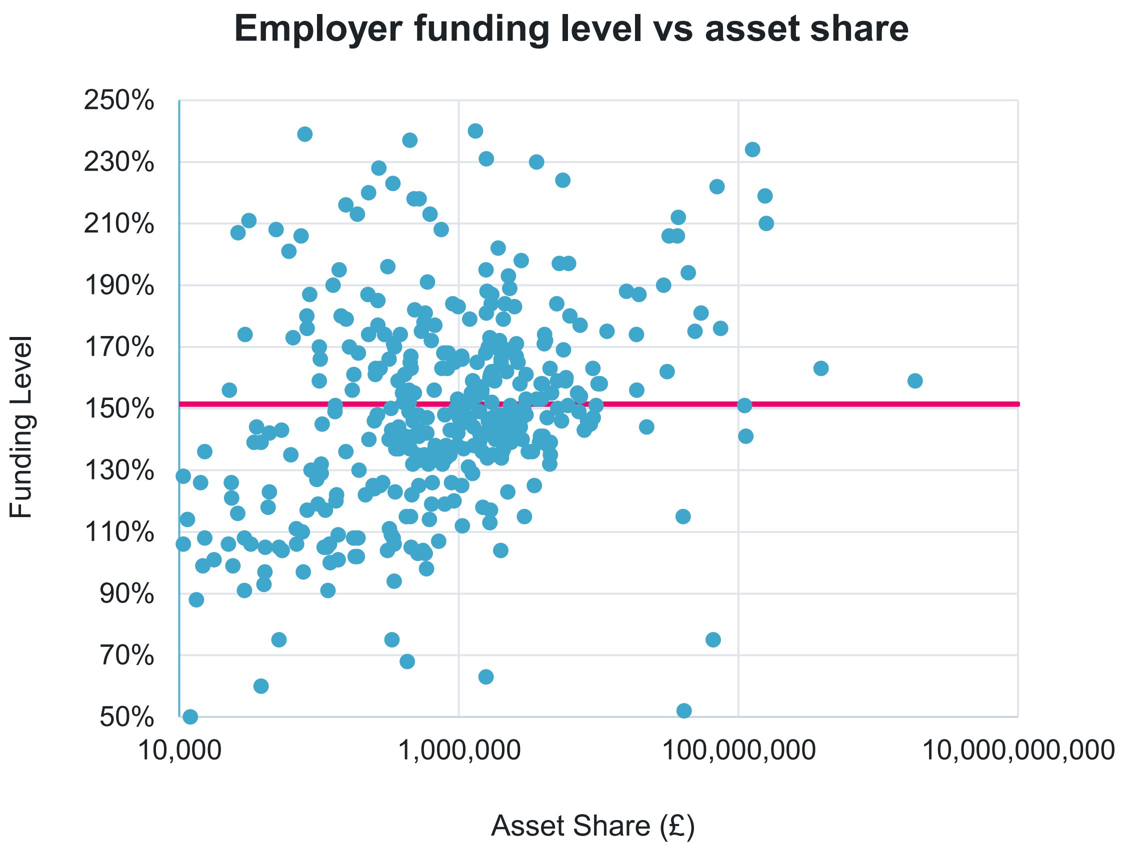
Individual funding positions

Funding profile and history
LGPS history and active payroll impact past and future costs

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



No two employers are the same

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Funding themes at the 2025 valuation

Funding position

Across all employers, funding positions are improved

Contribution rates

Majority of employers seeing managed reductions in contributions

Funding position improvements and contribution changes vary by employer

Employer level funding strategy

3 steps to setting the funding strategy

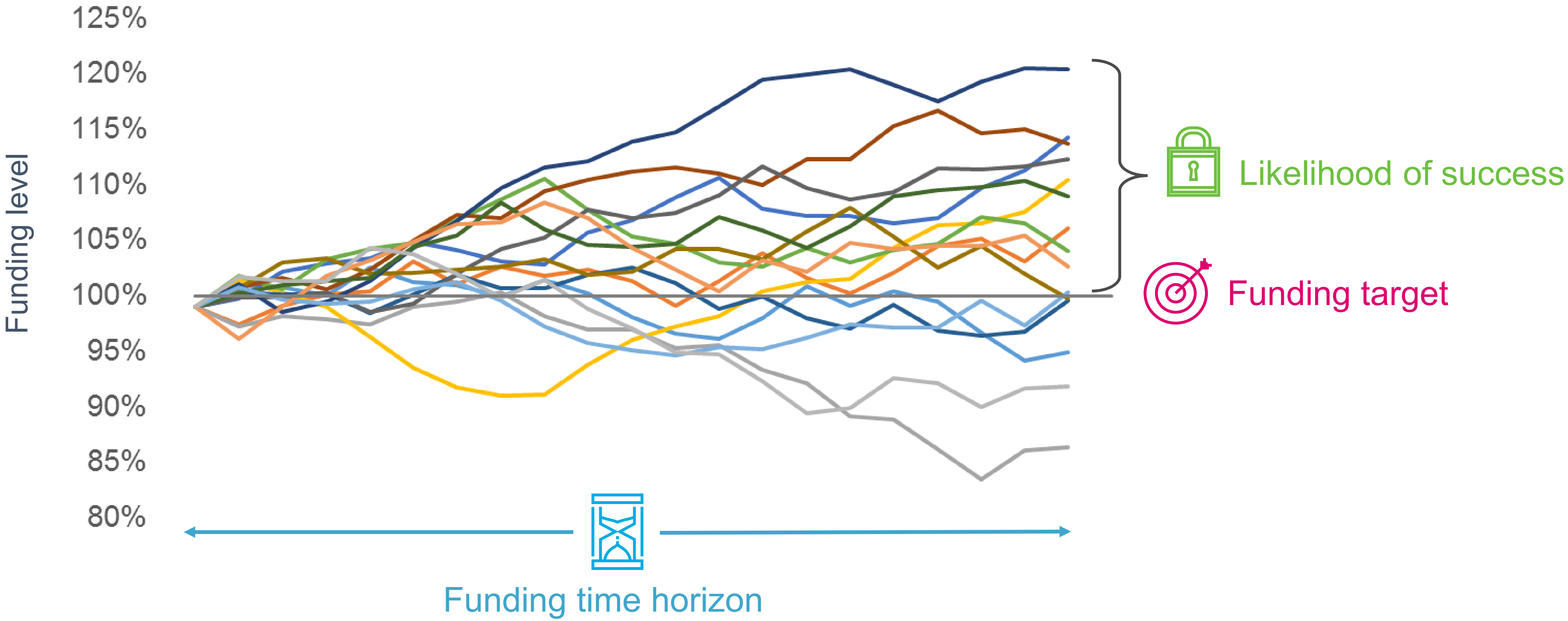
Funding target
What is the employer’s funding objective?

Time horizon
Will the employer continue to participate in the Fund for the long term or will they exit (and when)?

Likelihood of success
How strong is the employer’s covenant?

Reflects the circumstances of each employer and allows the Fund to manage risk

Setting risk-based contribution rates

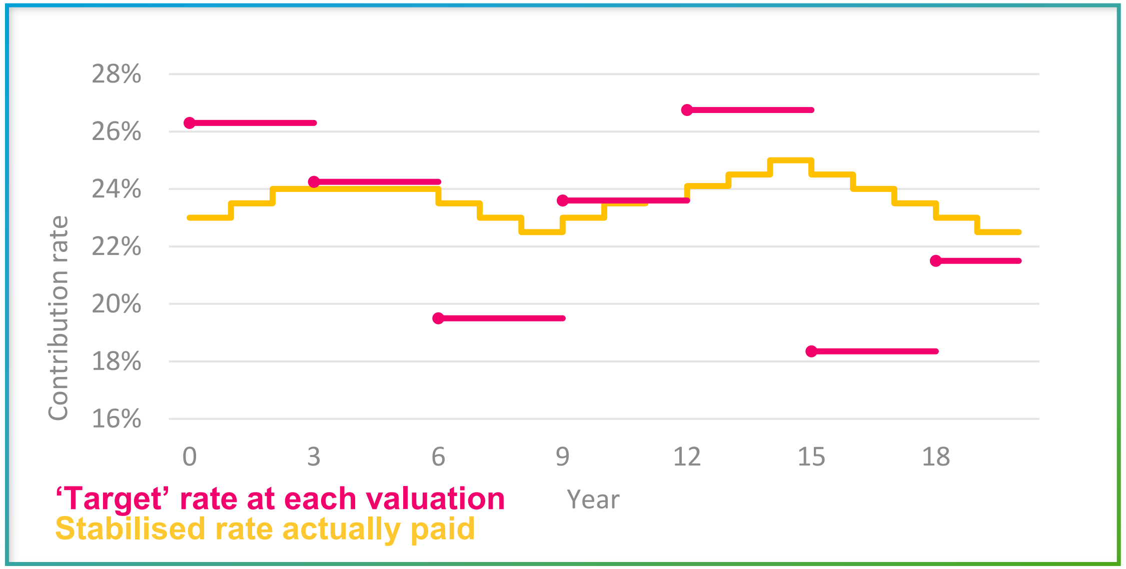


Set contribution rate to have sufficiently high likelihood of meeting the funding target at the end of the time horizon

Funding strategy by employer type

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	**Councils, Police**	**Academies, Colleges**	**Other Scheduled Bodies**	**Open to new entrants**	**Closed to new entrants**	**Without pass-through arrangements**
SAB Tier	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 3**	**Tier 3**	**Tier 1 or 2**
Funding basis	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing
Minimum likelihood of success	85%	85%	85%	85%	85%	85%
Maximum time horizon	20 years	20 years	20 years	15 years	15 years	15 years
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay					
Secondary rate	% of payroll	% of payroll	% of payroll	% of payroll	Monetary amount	% of payroll
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus (assessed at valuation date)	Covered by stabilisation arrangement		Total contribution rate must be set at least at the primary rate. However, reductions may be permitted by the administering authority subject to additional consideration of the low-risk exit basis position			
Phasing of contribution changes	Covered by stabilisation arrangement		3 years	3 years	3 years	3 years

Stabilised contribution strategy



General insights

The Fund set rates to achieve contribution stability for its long-term, secure employers.

Stabilisation takes a long-term approach to setting contribution rates.

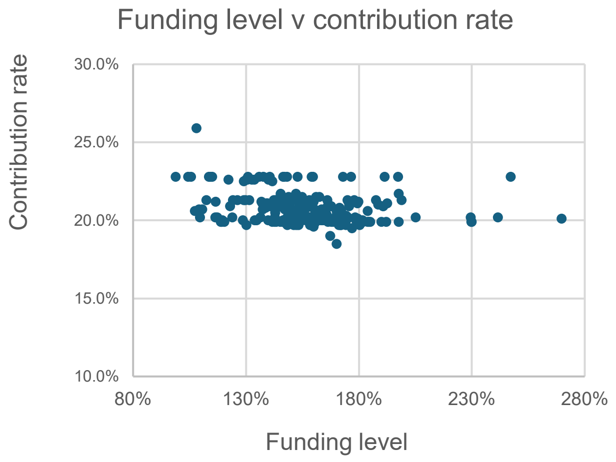
Rates are set in advance of the valuation date, to provide employers with budgeting certainty

Annual changes in contribution rate are restricted to a predefined maximum level

Remove volatility from contribution rates for long-term open employers (government backed)

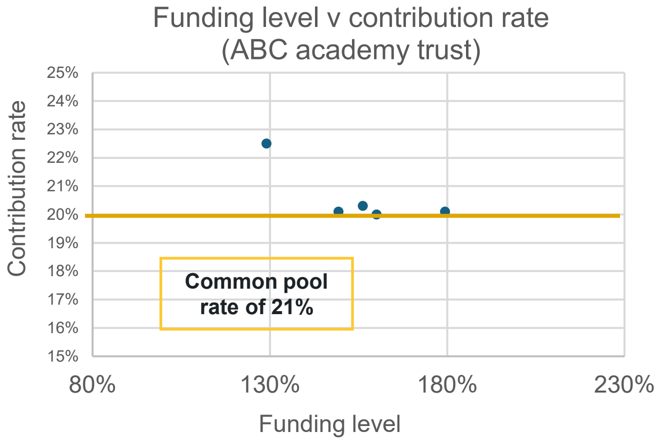
Different types of employer pooling

No Pooling



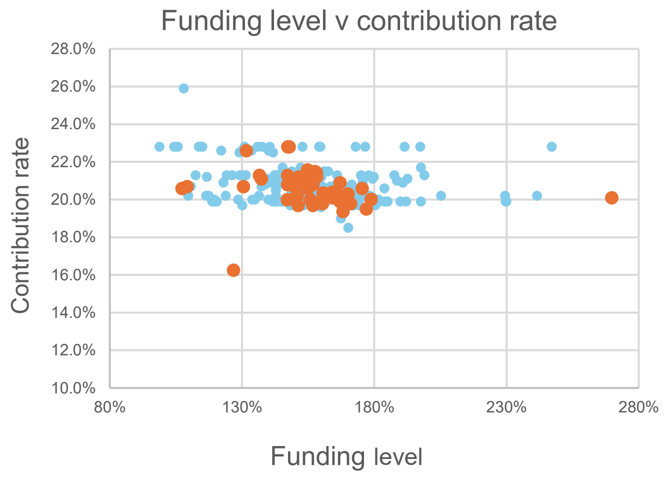
- Everyone pays their own contribution rate
- Funding position specific to each employer
- No sharing of experience

Contribution Rate Pooling



- Everyone pays **the same** contribution rate
- Funding position specific to each employer
- Experience shared only for contribution rate setting

Full Risk Pooling



- Everyone pays **the same** contribution rate
- Experience is shared across all employers for contribution rates and funding positions

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Admitted Bodies

Contract nature

- Pass-through: typically included within funding position of letting employer and pay agreed rate
- Traditional with guarantee: own funding position but typically pay an agreed rate
- Traditional with no guarantee: own funding position and pay individual rate assessed at each triennial funding valuation

Contribution rates

- No change if fixed rate in contract
- Will change if contractor pays the letting employer rate (and that is also changing)
- Downwards pressure on contribution rates where fixed rate agreement not in place

Low-risk basis

- Low-risk exit basis funding results included within employer schedules for all admitted bodies
- This basis would likely apply upon the employer's exit from the Fund

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Employer valuation results schedule

ABC Employer (code 123)

Suffolk Pension Fund

2025 Actuarial Valuation – Notification of draft employer result

This schedule is addressed to the Administering Authority of the Suffolk Pension Fund (the Fund). Hymans Robertson LLP consent to it being shared with the Employer) and, if applicable, its advisor(s) on a non-reliance, no liability basis for information purposes only, and in a manner that fully discloses how it has been produced. It should not be construed as advice to the Employer, its advisor(s) or any other third party with whom it is shared. Any reader of this schedule should carry out their own enquiries and obtain their own advice prior to making decisions.

This schedule should be read in conjunction with the Fund's draft Funding Strategy Statement (the FSS).

This schedule contains a summary of the draft results of the 2025 actuarial valuation of the Suffolk Pension Fund (the Fund), specifically those relating to the Employer or Pool/Group named above. Its main purpose is to notify the Administering Authority of the contribution rates payable by the Employer from 1 April 2026 to 31 March 2029 as well as the Employer's funding position on the valuation date (31 March 2025). This schedule has not been prepared for any other purpose.

This schedule also contains detailed technical information explaining the results and how they compare to the last valuation, which may be when the Employer joined the Fund.

It also contains the data and assumptions underlying the results, and the reliances and limitations which apply to them. Please see the appendices for more information and read these in conjunction with the draft Funding Strategy Statement.

Surplus/(deficit)
£12.7m
+£6.1m vs last valuation

Funding level
181%
+46% vs last valuation

Contributions from 1 April 2026
20.0% of pay

Contribution rates

The contribution rates for the three-year period from 1 April 2026 to 31 March 2029 are set out in the following table (alongside the current rate in payment).

Employer contribution rates for year ending	Primary rate	Secondary contributions*		Total contributions*	
	% of pay	% of pay	£	% of pay	£
31 March 2026	24.8%	(1.8%)	-	23.0%	-
31 March 2027	24.3%	(2.3%)	-	22.0%	-
31 March 2028	24.3%	(3.3%)	-	21.0%	-
31 March 2029	24.3%	(4.3%)	-	20.0%	-

*Contributions may include a percent of pay and monetary element, both of which are payable.

The above contribution rates are the minimum rate required by the Fund. In most circumstances the Employer can pay additional contributions to improve its funding position but this should be referred to the Fund in the first instance. The Employer's final contribution rates will be certified in the Fund's Rates and Adjustments Certificate.

The Primary Rate includes an allowance of 0.5% of pay for administration expenses.

Employer contribution rates are in addition to employee contributions. The average employee contribution rate is 6.0% of pay.

Employer details and funding plan

The contribution rates payable from 1 April 2026 have been determined based on the following funding strategy and employer circumstances:

		Last valuation	This valuation
Employer details	Employer Type		Admitted Body
	Funding pool		Individual
	Investment strategy	Whole Fund	Whole Fund
	Open / closed to new entrants	Open	Open
Funding strategy	Funding target (see FSS for details)	Ongoing	Ongoing
	Funding time horizon (years)	15	15
	Minimum likelihood of achieving funding target by end of time horizon	80%	85%

The contribution strategy is based on the parameters in the table above, which indicate the minimum likelihood that both past and future service benefits will be at least fully-funded on the relevant basis at the end of the time horizon.

This funding strategy has been determined by the Administering Authority, taking into account the type of organisation the Employer is and the nature of its participation in the Fund. The approach to setting employer contribution rates, and the Employer's funding target, is explained further in the draft FSS. Further details on the investment strategy is included in the Fund's Investment Strategy Statement.

Funding position

The table below shows the Employer's funding position as at 31 March 2025 on the Fund's Ongoing basis (as defined in the Fund's draft FSS), alongside the funding position at the last valuation for comparison.

Monetary amounts in £000		Last valuation Ongoing basis	This valuation Ongoing basis
	Asset share	25,255	28,398
Past-service liabilities	Employees	6,860	4,771
	Deferred pensioners	3,614	2,038
	Pensioners	8,187	8,867
	Total liabilities	18,661	15,676
	Surplus/(Deficit)	6,594	12,722
	Funding level	135%	181%

The funding position only covers assets and liabilities accrued up to the calculation date (past service), it does not consider the cost of benefits that will be earned in the future (future service).

Results on alternative funding bases

This section shows the Employer's funding position at 31 March 2025 on alternative bases (as defined in the Fund's draft FSS). The results on these bases may be more appropriate in certain situations - see the draft FSS for details.

Monetary amounts in £000		This valuation
		Low-risk exit basis
	Asset share	28,398
Past-service liabilities	Employees	6,385
	Deferred pensioners	2,815
	Pensioners	10,475
	Total liabilities	19,674
	Surplus/(Deficit)	8,724
	Funding level	144%

The low-risk exit basis would apply on exit were the employer to cease participation in the Fund.

Change in funding position

The following table helps to explain the changes in the Employer's assets and liabilities over the period since the last valuation. Due to rounding the columns may not add up exactly.

	£000	Assets	Liabilities	Surplus / (deficit)
	Last valuation	25,255	18,661	6,594
Cashflows	Employer contributions paid in	679		679
	Employee contributions paid in	263		263
	Benefits paid out	(1,929)	(1,929)	
	Other cashflows (e.g. expenses, transfers)	(308)		(308)
Changes since last valuation	Expected growth	2,801	2,101	700
	Accrual of new benefits		1,606	(1,606)
	Membership experience		2,176	(2,176)
	Excess return on assets	1,638		1,638
Changes in actuarial assumptions	Financial assumptions		(6,236)	6,236
	Longevity assumptions		(330)	330
	Other demographic assumptions		(372)	372
	This valuation	28,398	15,676	12,722

Appendix A – Data

A.1 Membership data

The results in this schedule are based on the membership data summarised below which was supplied to us by the Fund for the purpose of the 2025 formal valuation.

		Last valuation	This valuation
Employee members	Number	129	97
	Total actual pay (£000)	1,475	1,431
	Total accrued benefit (£000)	348	387
	Average age	57.3	57.9
Deferred pensioners	Number	151	115
	Total accrued benefit (£000)	194	177
	Average age	52.0	56.1
Pensioners and dependants	Number	98	140
	Total accrued benefit (£000)	393	603
	Average age	66.4	68.6

Average ages are weighted by liability.

Appendix B – Assumptions

B.1 Financial assumptions

The financial assumptions underlying the funding positions disclosed are detailed below (with comparison to those adopted at the last valuation).

Assumption (% p.a.)	Last valuation	This valuation	This valuation
	Ongoing basis	Ongoing basis	Low-risk exit basis
Discount rate	3.70%	5.60%	3.90%
Pension increases	2.70%	2.30%	2.30%
Salary increases*	3.70%	3.30%	3.30%

*This is in respect of inflationary increases. There is a separate promotional salary scale assumption.

For further details on the methodology used to derive the assumptions, please see the draft FSS.

B.2 Demographic assumptions

The longevity assumptions underlying the funding positions disclosed are detailed below (with comparison to those adopted at the last valuation). Details of the demographic assumptions are available within the draft FSS.

Assumption	Last valuation	This valuation
	Ongoing basis	Ongoing basis
Baseline longevity	2021 VitaCurves	2024 VitaCurves
Future improvements	CMI 2021: A=0.25%; 2022 W = 25% (2021), 0% (2020); LTR=1.5%; Sk=7	CMI 2024: Core parameterisation except, A=0.25%, LTR = 1.5%

Based on the above assumptions and the characteristics of the Employer's individual membership, the average life expectancies are summarised below.

Life expectancy (years)	Ongoing basis	
	Male	Female
Current pensioners	21.6	24.8
Future pensioners	22.0	25.8

Life expectancies are from age 65. Future pensioners are assumed to be aged 45 at the valuation date. Figures for future pensioners are a weighted average of active and deferred members.

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What do you need to do?

What do you need to do?

Complete the **2025 Valuation Engagement Portal** to:

1. **Funding Strategy Statement (FSS)**

- Provide your responses to the FSS consultation questions.
- Provide any comments about the FSS (question 7).

2. **Valuation results:**

- Confirm receipt and understanding of your results schedule
- Confirm your acknowledgement (or otherwise) to your contribution rate from 1 April 2026.
- Provide any comments about your results (question 10).

3. Request further information (i.e. enhanced materials) to support your understanding of your own valuation results.

Consultation period is open until 31 December 2025

Thank you