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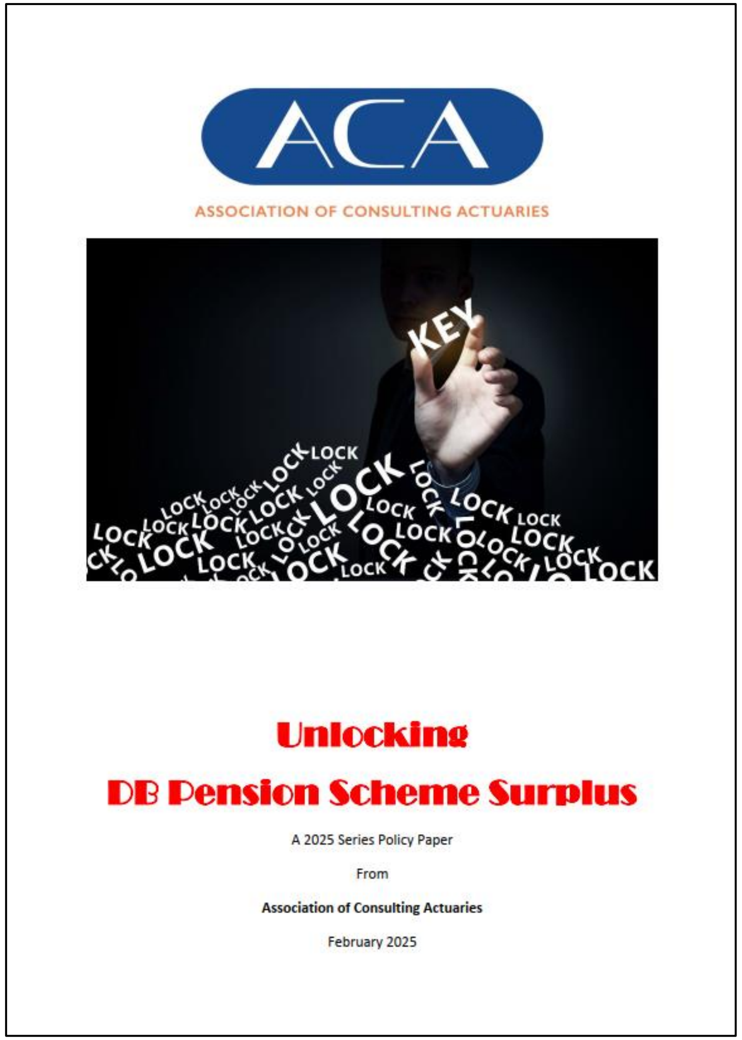
ASSOCIATION OF CONSULTING ACTUARIES

Unlocking DB Pension Scheme Surplus – 8 May 2025

Agenda

- ACA paper released February 2025

- ACA survey results on return of surplus



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Unlocking

DB Pension Scheme Surplus

A 2025 Series Policy Paper

From

Association of Consulting Actuaries

February 2025

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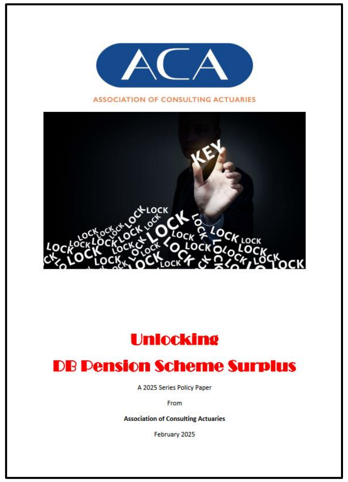
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KEY

LOCK

Unlocking

DB Pension Scheme Surplus

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7 Key questions asked:

1. Which schemes will the DB surplus flexibility regime target?
2. What level of protection is needed for the members of a scheme releasing surplus?
3. What protection is provided to the PPF?
4. What asset strategy will schemes who release surplus be allowed to pursue?
5. How should trustees consider requests for surplus release?
6. Over what time period should surplus be released?
7. What flexibilities or restrictions will apply to the use of surplus?

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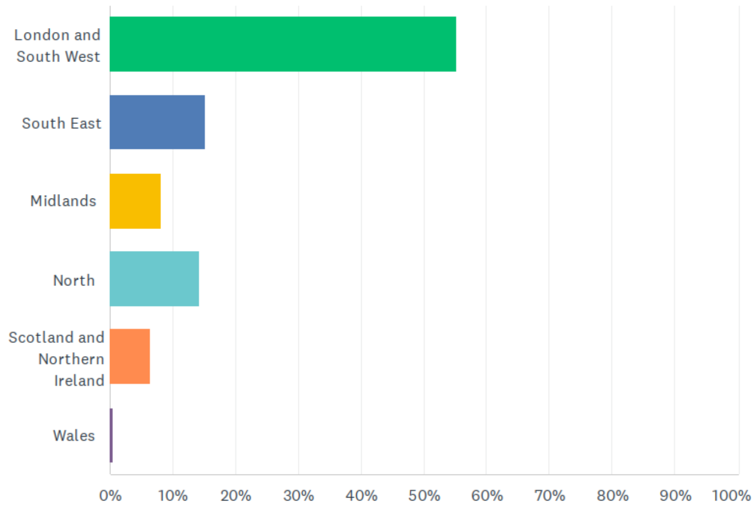
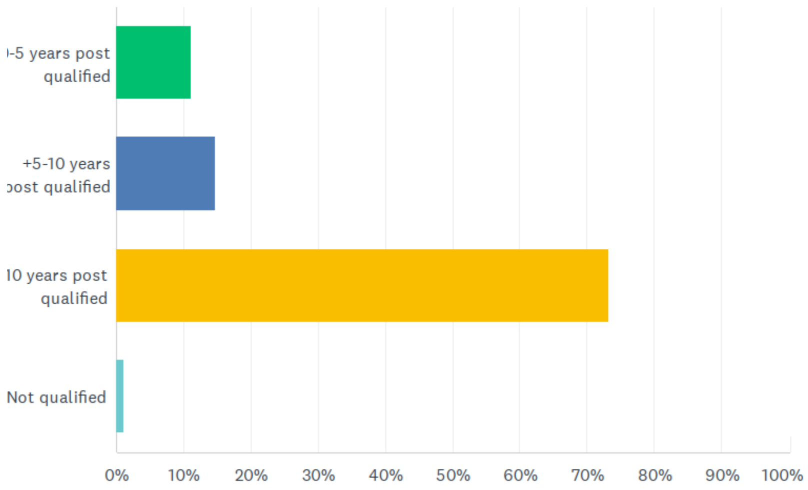
358
responses

Survey responses:

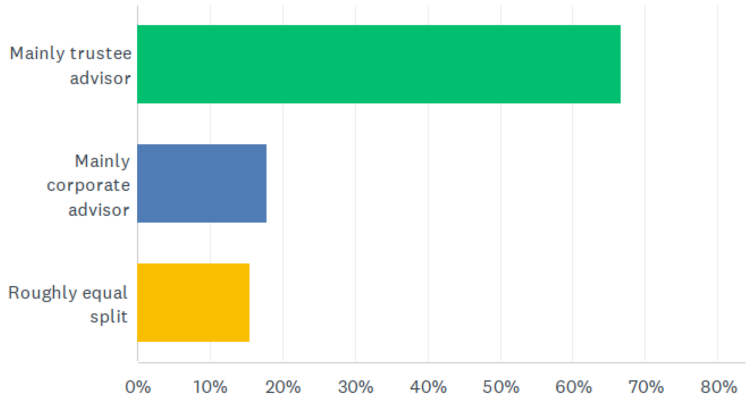
Q1 Location



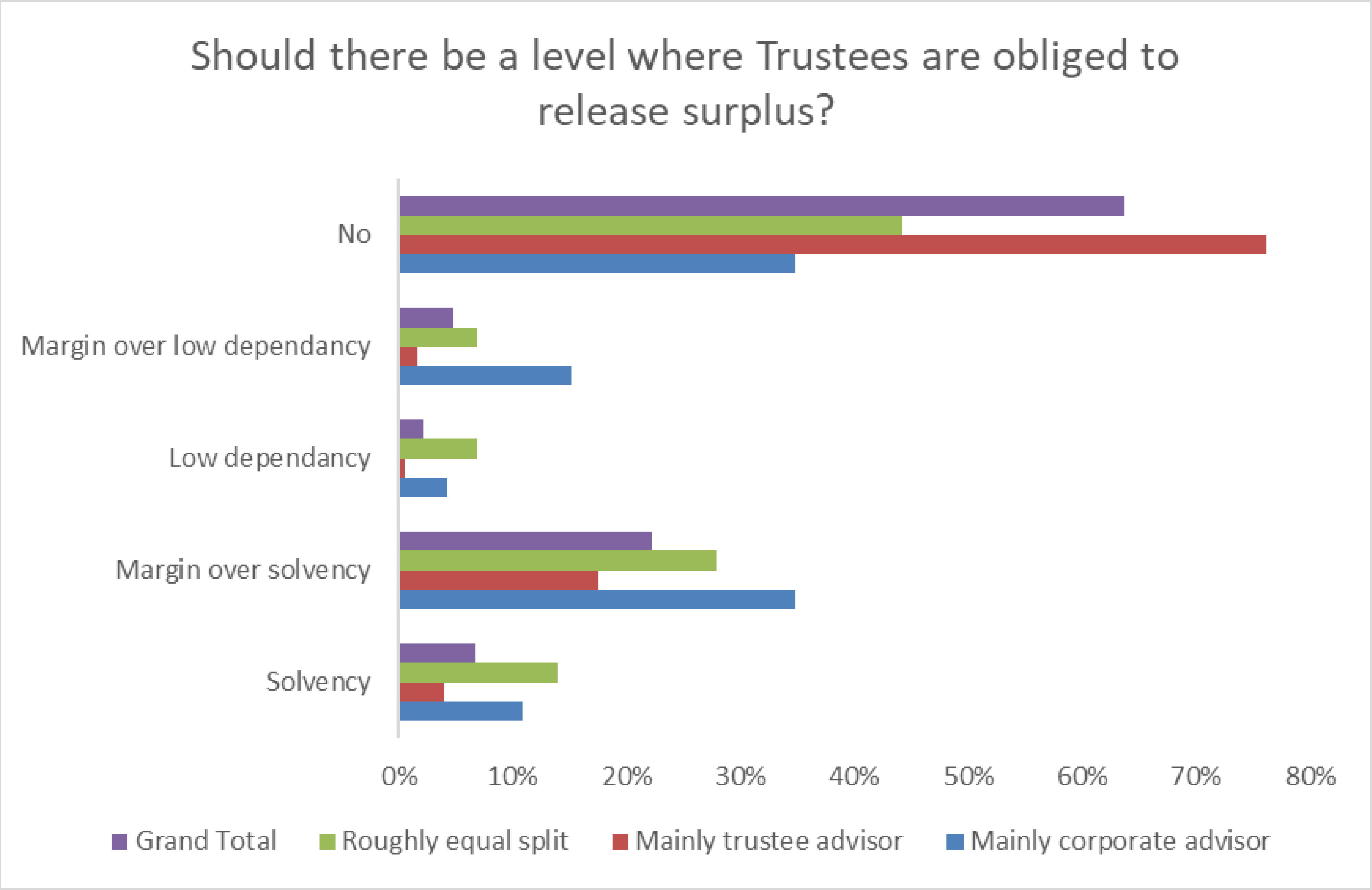
Q2 Years qualified



Q3 Area of focus



Question 4:



- Around 2/3 overall say no
  - Trustee 76%
  - Equal split 44%
  - Corporate 35%
- Of the other 1/3, around 80% think it should be linked to solvency
- A few comments on needing to determine where surplus came from (member vs company contributions)

Question 5:

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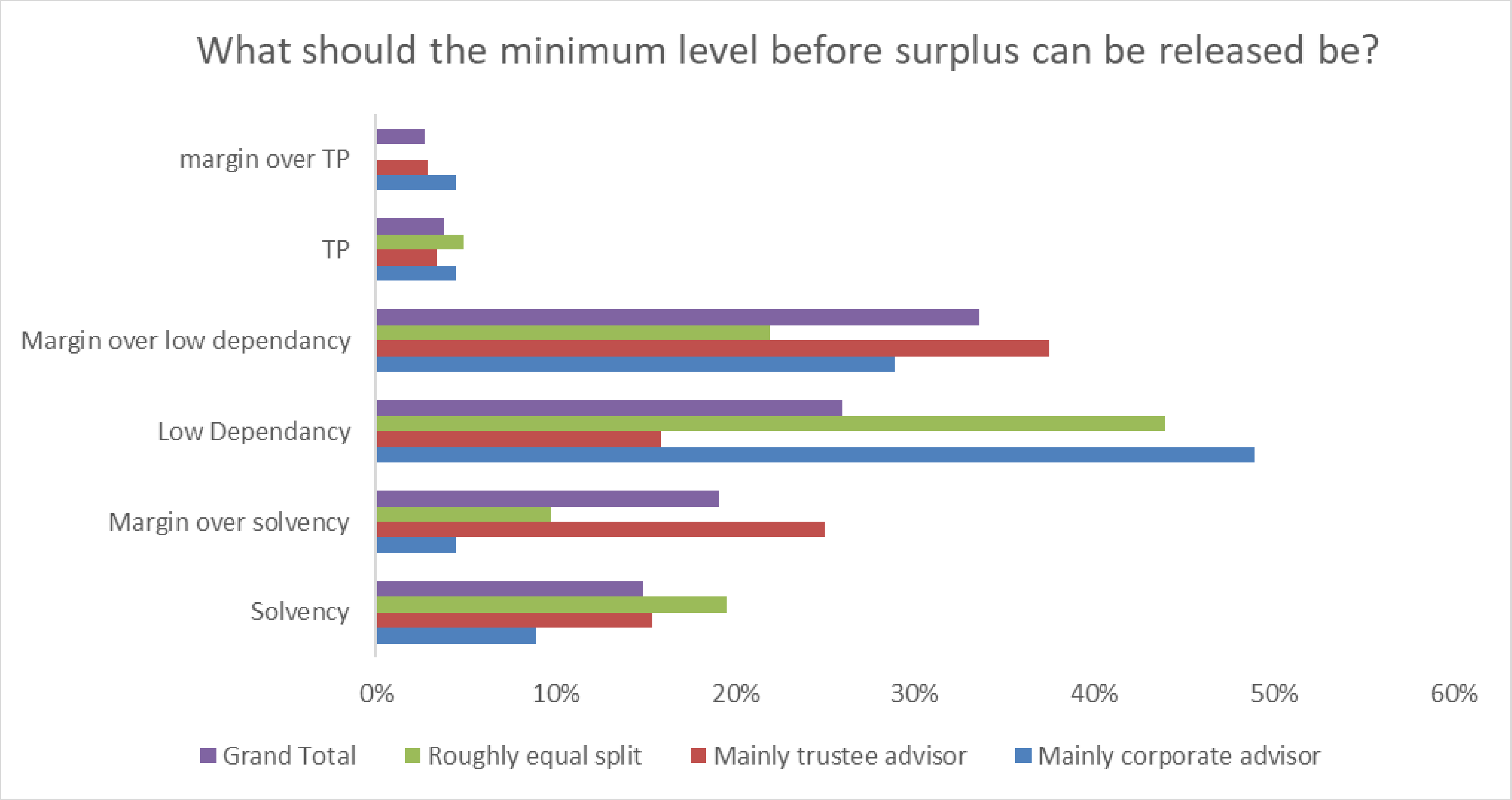


- 60% relative to low dependency
- 34% solvency
- 6% TPs

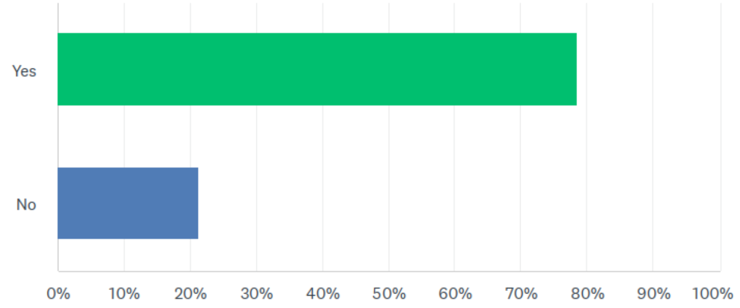
- Nearly 80% state low dependency for corps vs 53% Trustee

- Comments relating to:
  - Scheme specific
  - Covenant dependant
  - No level subject to Trustee discretion

Question 7 and 8:

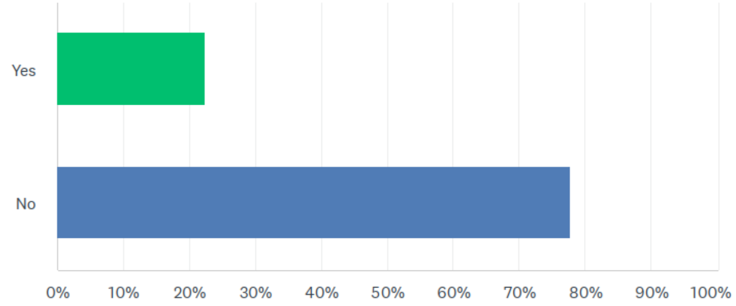
Q8 Do you think Trustees' would be more inclined to consider release of surplus if PPF compensation was increased to broadly 100% of benefits?

Answered: 266   Skipped: 92



Q9 If 'yes' to Q8, do you think schemes/employers would be willing to pay a material premium to the PPF for this?

Answered: 233   Skipped: 125



- Answers broadly similar for all types of ACA member

Question 11:

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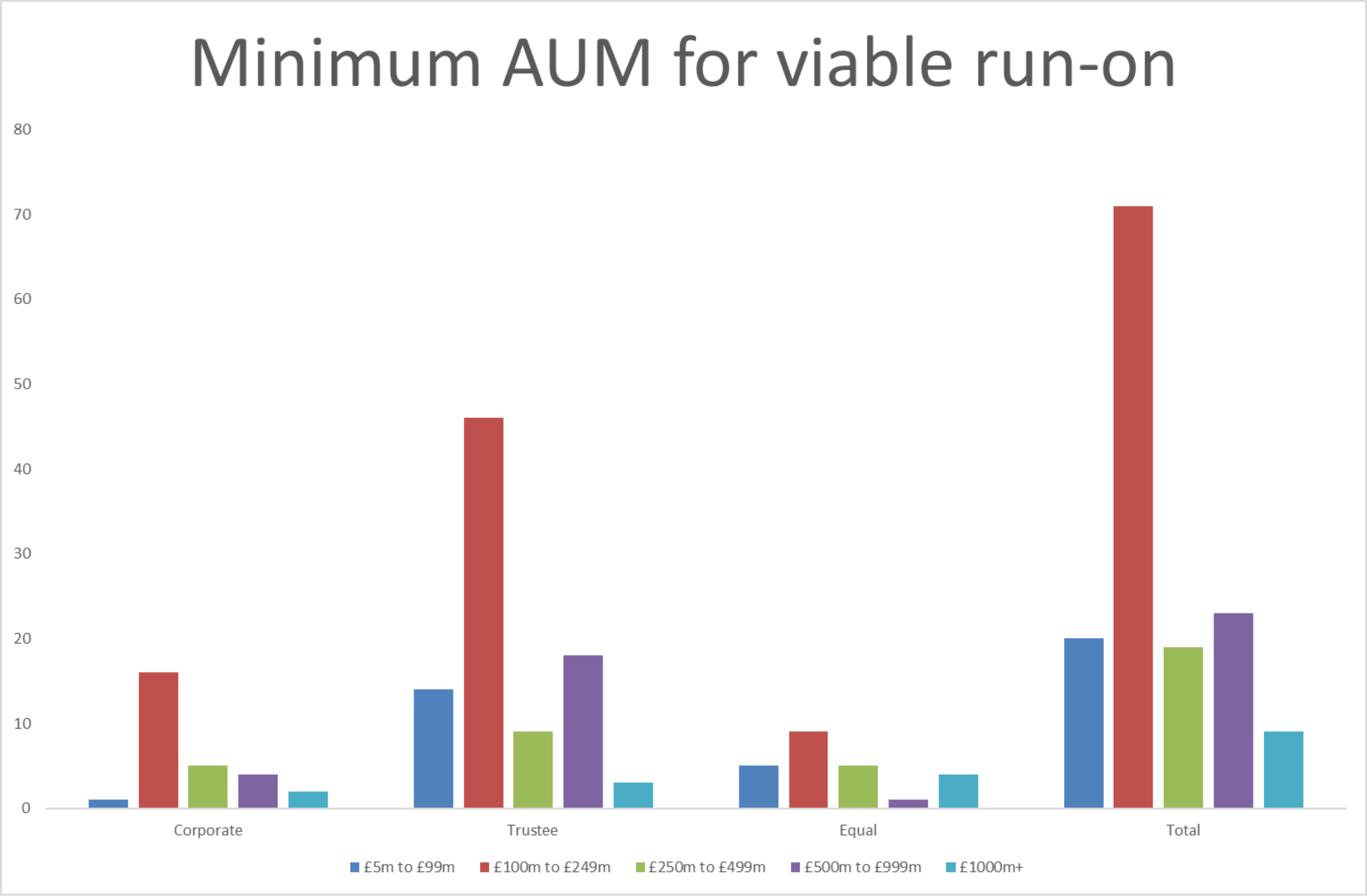

- Answers broadly similar for all types of ACA member
- £100m most common answer for over 1/3 of respondents
- Average (mean) of around £250m