



Chair's statement

Welcome to the annual review of your pension fund, which we hope you will find helpful in understanding how your Scheme is being managed.

Since last year's report the Trustee has been busy completing the 5 April 2025 annual actuarial update and monitoring the Scheme's investments, as well as undertaking work to ensure compliance with the General Code of Practice.

Despite a challenging economic environment, the Scheme remains broadly on track to achieve full funding by the summer of 2027 which is good news. The University continues to support the Scheme in the form of contributions to address the funding shortfall.

The Trustee met three times during 2025. The main areas of focus were:

- A review of the Scheme's investment strategy.
- The 5 April 2024 actuarial valuation and actuarial factor review.
- The 5 April 2025 annual actuarial update.
- Preparing the Scheme for connection to the Pensions Dashboard.
- Ensuring compliance with the General Code of Practice.
- Monitoring the University's covenant.
- The preparation of the Scheme's annual accounts.

Ray O'Connell's second term of appointment as a University Appointed Trustee Director came to an end on 31 July 2025. I would like to take this opportunity to thank Ray for his 10 years of dedicated service to the Trustee Board and you, the Scheme's members.

Finally, as always, please feel free to provide feedback on this report or any other aspect of your Scheme membership. You can provide your feedback by contacting the Secretary to the Trustee or the Scheme Administrator (contact details below).

Steve Balmont,
BESTrustees Limited,
Chair of the Trustee Board

Trustee board

The Trustee is usually comprised of five Trustee Directors, three of whom are appointed by the University and two by the members. Following on from Ray O'Connell's departure, a replacement to fill the University appointed vacancy is being sought.

Appointed by the University:

BESTrustees represented by Steve Balmont (Chair)
Margaret Laithwaite

Nominated by the Members:

Anna Ames
Angela Elliott

For general queries about the Scheme or to obtain formal documents please contact:

Secretary to the Trustee Directors

Phil Farrell
Quantum Advisory, St Mary's Court,
The Broadway, Amersham,
Bucks, HP7 0UT

Email: exeterretirement@qallp.co.uk
Telephone: 020 3008 7197

If you have any questions about your benefits or wish to notify change of personal details, please contact:

The ERBS Administration Team

Broadstone Consultants & Actuaries Ltd
BBS House
23-25 St George's Road
Bristol
BS1 5UU

Tel: 0117 937 8700

Email: ERBS@broadstone.co.uk

Actuarial valuation as at 5 April 2025

The actuarial valuation was completed during the Scheme year. The funding position of the Scheme as at 5 April 2024 is shown below.

Assets	£94.3m
Amount needed to provide benefits (liabilities)	£104.2m
Shortfall	£9.9m
Funding Level	91%

As part of the actuarial valuation the Trustee and the University agreed that University would pay contributions to eliminate the funding shortfall at a rate of c£3.16m with annual increases applied from 1 August 2025 on a predetermined basis. Based upon conditions prevailing at the valuation date these contributions are expected to be sufficient to eliminate the funding shortfall by 30 June 2027.

Summary Funding Statement

Every three years the Scheme Actuary (a financial expert who specialises in estimating how pension funds might develop) carries out a formal check on the Scheme's finances, called a 'valuation'.

The Trustee reports the results of these financial checks to you in a 'Summary Funding Statement'. This year we are reporting the results of the latest actuarial valuation as at 5 April 2024 and an updated funding position as at 5 April 2025.

Understanding Scheme Funding

The Scheme is set up as a shared fund of money to which contributions are paid by the University (and – prior to closure – by you, the members). Your benefits are paid out of this fund. There is no separate account for you. The Trustee is responsible for agreeing a 'funding plan' with the University, with a view to making sure that there is enough money in the Scheme to pay for pensions now and in future. This amount is known as the 'funding target' (the official name for it in the Regulations is the 'technical provisions').

To work out the funding target, the Scheme Actuary looks at the benefits the Scheme needs to pay to all members and estimates how the cost of these benefits might change in the future. The Actuary uses assumptions (which have been agreed by the Trustee in consultation with the University) in respect of various factors; for example, how long people will live after they retire and how much the cost of living will rise in future.

Then the Actuary looks at the Scheme's assets which are represented by the money the Scheme has built up to date from contribution income and investment returns. The Actuary compares the value of those assets at the valuation date with the funding target. If the assets of the Scheme are more than 100% of the funding target, the Scheme has a

surplus. If the assets are less than 100% of the funding target, the Scheme has a shortfall (or deficit).

How well funded is the Scheme?

The table below shows the results of the latest formal actuarial valuation as at 5 April 2024, together with an annual update as at 5 April 2025.

	Formal actuarial valuation 5 April 2024	Annual update 5 April 2025
Funding target	£104.2m	£95.1m
Value of Scheme assets	£94.3m	£86.7m
Shortfall	£9.9m	£8.4m
Funding level	91%	91%

Since the 5 April 2024 actuarial valuation, the Scheme's funding level has remained unchanged. Whilst the Scheme's assets have fallen in value since the 5 April 2024 actuarial valuation, so has the value placed on the Scheme's liabilities (the benefits payable to members). This, combined with the contributions paid into the Scheme by the University, has resulted in a reduction to the Scheme's funding shortfall of around £1.5m.

Removing the shortfall

As part of the 5 April 2024 actuarial valuation the Trustee agreed a new contribution schedule with the University effective from 1 May 2025.

From that date, the University will pay recovery plan contributions at the rate of around £3.2m a year, with the amount increasing each year at the rate of 0.5% above the increase in the Retail Price Index (RPI), until 30 June 2027 (with the monthly contribution due in June 2027 reduced by £87,500). If the assumptions are borne out in practice, these contributions will be sufficient to eliminate the shortfall at the valuation date by 30 June 2027.

In the event that the funding position has not improved as expected at the time of the next valuation (due as at 5 April 2027), the University has agreed to make an additional lump sum contribution, subject to certain conditions.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways:

- On an 'ongoing' basis (as shown above), which assumes that the Scheme will continue into the future.
- On a 'full solvency' basis, which shows the position if the Scheme had started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured at once by buying insurance policies. This would be more expensive than paying the benefits gradually over time so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 5 April 2024, the Scheme's full solvency funding level was 77% with an estimated shortfall of £28.2m. This represented an improvement of around 9% and £40.5m respectively compared to the position at the previous formal valuation as at 5 April 2021.

Please note that we are legally required to report the full solvency position at the most recent formal valuation as part of this funding statement. However, the University has no current plans to end the Scheme.

We must also tell you if there have been any payments to the University out of Scheme funds in the last 12 months. There have not been. Additionally, we can confirm that The Pensions Regulator has not enforced an approach for calculating the Scheme's funding target and has not set a schedule of contributions.

The Pensions Regulator and other useful information

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at thepensionsregulator.gov.uk.

By law, no-one involved in your Scheme can give you advice about your pension arrangements. If you are thinking of making any changes to your pension arrangements at any time, you should obtain as much information as you can and think about obtaining independent financial advice. You can find an adviser in your area by searching the Money Helper directory at moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at register.fca.org.uk/s or by phoning the Financial Conduct Authority helpline on 0800 111 6768.

Annual Report and Accounts

It is the responsibility of the Trustee to keep accurate financial records for the Scheme and to produce Annual Report and Accounts.

The financial information below is an extract from the full statutory accounts for the Scheme year to 5 April 2025 which have been independently audited by Assure UK.

Financial summary

	£
Fund at the start of the year	94,341,189
Income for the year	
Contributions received	3,938,980
Other income	4,852
Total income	3,943,832

Expenditure for the year	
Benefits payable	(5,790,803)
Payments for leavers	(34,683)
Administrative expenses	(559,893)
Total expenditure	(6,385,379)
Net withdrawals from dealings with members (income less expenditure)	(2,441,547)
Returns of investments	
Investment income	339,515
Change in market value of investments	(5,151,210)
Investment management fees	(147,744)
Net returns on investments	(4,959,439)
Net decrease in the Scheme's assets during the year	(7,400,986)
Scheme assets at the end of the year	86,940,203

Membership

During the Scheme year to 5 April 2025, the number of members in the Scheme **decreased** by 54 from **3,114** to **3,060**. Membership at the end of the year was split as follows:



Advisers to the board

- **Scheme Actuary and Consultant**
Mr J M Harvey (Aon)
- **Legal Advisers**
Burgess Salmon LLP
- **Investment Adviser**
Aon Investments Ltd
- **Investment Managers**
BlackRock Investment Management (UK) Ltd
- **Investment Custodians**
Bank of New York Mellon (International) Ltd
- **Auditor**
Assure UK
- **Scheme Administrator**
Broadstone Corporate Benefits Limited
- **Scheme Secretary**
Mr P Farrell (Quantum Advisory)

Pension scams

Pension scams often involve tempting offers designed to persuade you to transfer your pension savings. If you're feeling under financial pressure and are thinking about using your pension to repay debts, it's important to speak to an independent debt adviser first to explore your options.

Citizens Advice provides free impartial advice on how to manage debtcitizensadvice.org.uk/debt-and-money

Common signs of a pension scam include:

- Promises of a guaranteed or unusually high returns
- Pressure to act quickly, using high-pressure sales tactics
- Offers involving unusual or unregulated investments, often overseas
- Complex arrangements that make it difficult to understand where your money will end up
- Multiple companies (sometimes based abroad) each taking a fee, significantly reducing the value of your pension

Early access to your pension – a major red flag

Be extremely cautious of any scheme offering to help you release cash from your pension before age 55. This is almost certainly a scam. As a rule, you can only access your pension from age 55 (rising to 57 from 6 April 2028), unless you have a protected pension age or are in serious ill health.

Scammers may describe early access schemes as “pension liberation” or “pension loans” and may claim you're simply borrowing money from your pension. Your pension will be transferred into a high-risk or fraudulent arrangement, often based overseas.

You may receive a lump sum – often up to 50% of your pension – but this comes with significant consequences:

- The company involved may take a large fee, sometimes as much as 30% or more
- You could be hit with a tax bill from HMRC of up to 55% of the total amount withdrawn

This tax charge can apply even if:

- You didn't realise you were breaking the rules
- You've spent the money or paid fees to the company
- You later try to return the funds to your pension

After tax and fees, the remaining money is typically invested in high-risk, unregulated products – such as overseas property – or, in some cases, is stolen outright.

Key warnings:

Accessing your pension early is rarely in your best interest and can result in long-term financial damage. If an FCA-authorized adviser recommends such a scheme, ask them to explain all the tax implications, legal risks, and alternative options. These schemes can be illegal if you are not clearly informed of the consequences.

'Free Pension Reviews' – don't be fooled

If you're contacted out of the blue with an offer of a free pension review, it's highly likely to be a scam. Genuine pension advice is not free. Many of these companies are not authorised by the Financial Conduct Authority (FCA) and may falsely claim to be. They may also pretend to act on behalf of official organisations like the FCA or MoneyHelper to appear legitimate. You can check the Financial Services Register on the FCA's website to see if a company is authorised to provide financial advicefca.org.uk/firms/financial-services-register

Thinking of transferring your pension?

If you choose to transfer your pension benefits out of the Scheme, we are required to carry out several checks to confirm that the receiving arrangement is a legitimate pension scheme. These checks are designed to protect your retirement savings and may take time to complete – please be patient while we undertake this important process. In certain circumstances the Trustee may decide not to pay a transfer of your benefits to another arrangement if it has good reason to doubt its legitimacy.

Protect yourself

Learn how to spot and avoid pension scams by visiting the FCA's ScamSmart website: fca.org.uk/scamsmart/how-avoid-pension-scams

If you think you've been scammed or are being targeted contact Broadstone, the Scheme Administrator (contact details on page 1) and report it to Action Fraud on 0300 123 2040 or online at actionfraud.police.uk

MoneyHelper – pension information service

MoneyHelper is a government service that offers free, impartial guidance on your pension options. It can help you make the most of your pension savings and guide you on important factors to consider. For more information, visit moneyhelper.org.uk.

Through MoneyHelper, you can also access Pension Wise, a service providing free one-on-one appointments for pension savers aged 50 and over with Defined Contribution (DC) pension savings. The experts at Pension Wise can walk you through your retirement options. Book an appointment at moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

It's never too early to start planning for your future – so why not get started now?

State Pension

You can claim your State pension from State Pension Age (SPA), which is currently 66. From next year, it will start rising to 67, increasing gradually between 2026 and 2028.

It is planned to go up again to 68, between 2044 and 2046, but this could change if the government updates the legislation that sets out the SPA timetable.

You can check your SPA at gov.uk/state-pension-age

Changes to the minimum retirement age

Normal Minimum Pension Age (NMPA) is the earliest age at which you can access your benefits from a registered pension scheme without incurring an unauthorised payments tax charge (unless you are retiring due to ill-health).

Whilst the NMPA is currently 55, it will increase to age 57 from 6 April 2028. Which means if you were born on or after 6 April 1973, you will have to wait until you are 57 to take your pension savings unless you have a protected pension age. This mirrors the increase in State Pension Age to age 67, which will also take effect from 6 April 2028.

General Code of Practice

In March 2024, the Pensions Regulator introduced a new set of governance requirements known as the General Code of Practice (the Code).

The Trustee Directors, together with their advisers, have reviewed the Scheme's governance against these requirements and are pleased to report that the Scheme is well governed and largely compliant with the Code. Where any gaps have been identified, appropriate steps have been taken to address them.

The Trustee Directors are required to assess the quality of their governance arrangements every three years by undertaking what is known as an Own Risk Assessment (ORA). Work has started on the preparation of the Scheme's first ORA which must be completed by 5 April 2026.

Pensions dashboards

The Pensions Dashboard project is a government initiative which aims to provide a single place where individuals can get information about all their pension savings, across nearly all schemes where they have a benefit entitlement.

The Trustee is pleased to report that the Scheme was connected to the Pensions Dashboard ecosystem in advance of its Connection date of 30 June 2025. However, whilst the

Scheme has connected, the Pensions Dashboard has not yet been made available to the public. The government's plan is for the public to have access to the Pensions Dashboard from late 2026, however, this is to be confirmed and will be subject to successful testing.

Investment matters

The Trustee Directors are responsible for determining the Scheme's investment strategy (in consultation with the University).

The Trustees have agreed a Statement of Investment Principles (SIP) that governs decisions about the Scheme's investments. The SIP is reviewed on a regular basis and the latest version approved on 15 October 2024 is available on the Scheme's website exeter.ac.uk/staff/pensions/erbsscheme

As at 5 April 2025, the Scheme's strategic portfolio composition consisted of 15% passive global equities, 80% bonds and 5% cash.

Investment performance

At the end of the financial year to 5 April 2025, the value placed on the Scheme's assets was c.£87m compared with c.£94m at 5 April 2024. A total of £2.48m was withdrawn during the year to fund future benefit payments, of which £1.4m was held on deposit as at 5 April 2025.

The table below shows how the different parts of the Scheme's investment portfolio have performed:

Return period	Equities per annum	Bonds/Gilts per annum
Over the last 12 months	+5.5%	-10.7%
Over the last 3 years	+7.5%	-18.6%

Whilst the Scheme's growth portfolio performed well over the Scheme year on the back of positive performance from equity markets, the Scheme's matching assets fell in value due to continued rises in gilt yields. However, the value placed on the Scheme's liabilities, which is calculated based upon gilt yields, also fell resulting in an improvement to the Scheme's funding level.

Social, environmental and ethical considerations

The Trustee is required to prepare a Statement of Investment Principles to explain, amongst other things, the approach it takes towards responsible investing on Environmental, Social and Governance (ESG) principles.

If you would like to know more about how the Trustee Directors monitor the funds in which they invest, take into account ethical and ESG factors or how the Scheme's investment managers have voted in relation to the Scheme equity funds, you can read more in the 2025 Engagement Policy Implementation Statement which is available on the Scheme's website at exeter.ac.uk/staff/pensions/erbsscheme

Keep your details up to date

It is important to let the Scheme's administrator, Broadstone, know of any major changes to your circumstances, such as a change to your address.

You should also make sure that your Expression of Wish Form is up to date as this lets the Trustee Directors know who you would like to receive any benefits that become available should you die. Whilst they are not legally bound to follow your wishes, they will always be considered.

An Expression of Wish Form can be requested from Broadstone (contact details on page 1).