

Pensions:

SHPS 2020 valuation

21 September 2021 – CHC event

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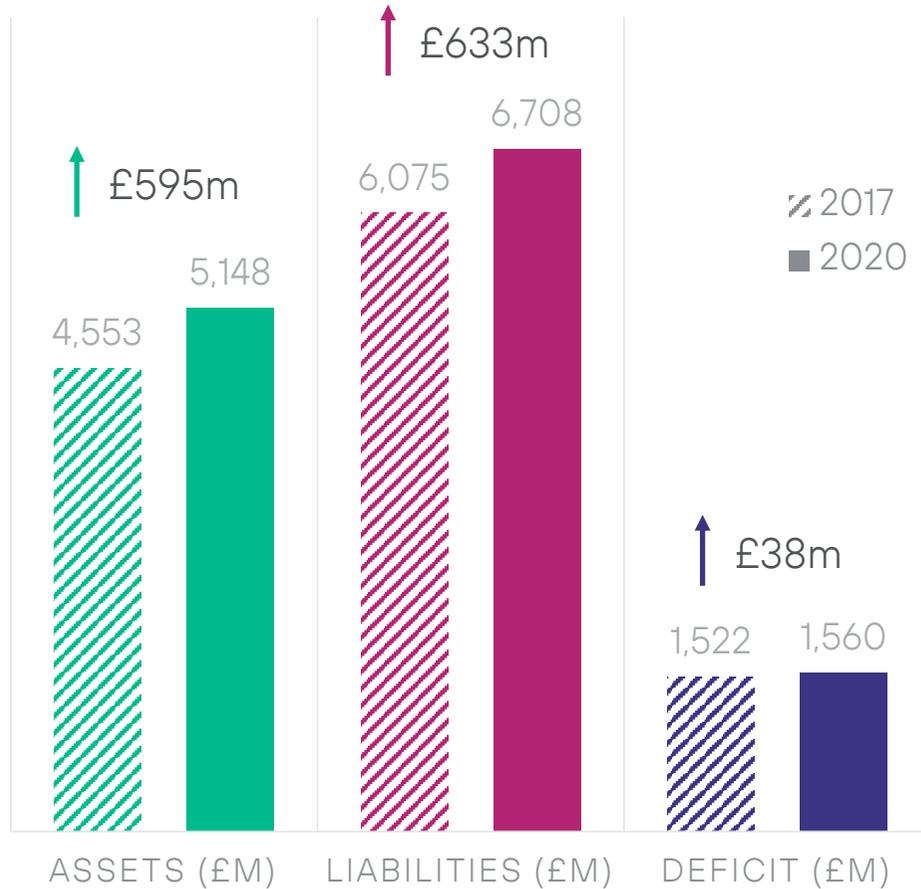
Agenda

1. Headlines
2. How did we get here?
3. Future service
4. Past service
5. Where do you go from here?



Sophie Ash, FIA
Isio

Headlines



£ Average deficit contributions
17% higher in 2022
72% higher contributions overall

£ Future service contributions
~50% higher

How did we get here?

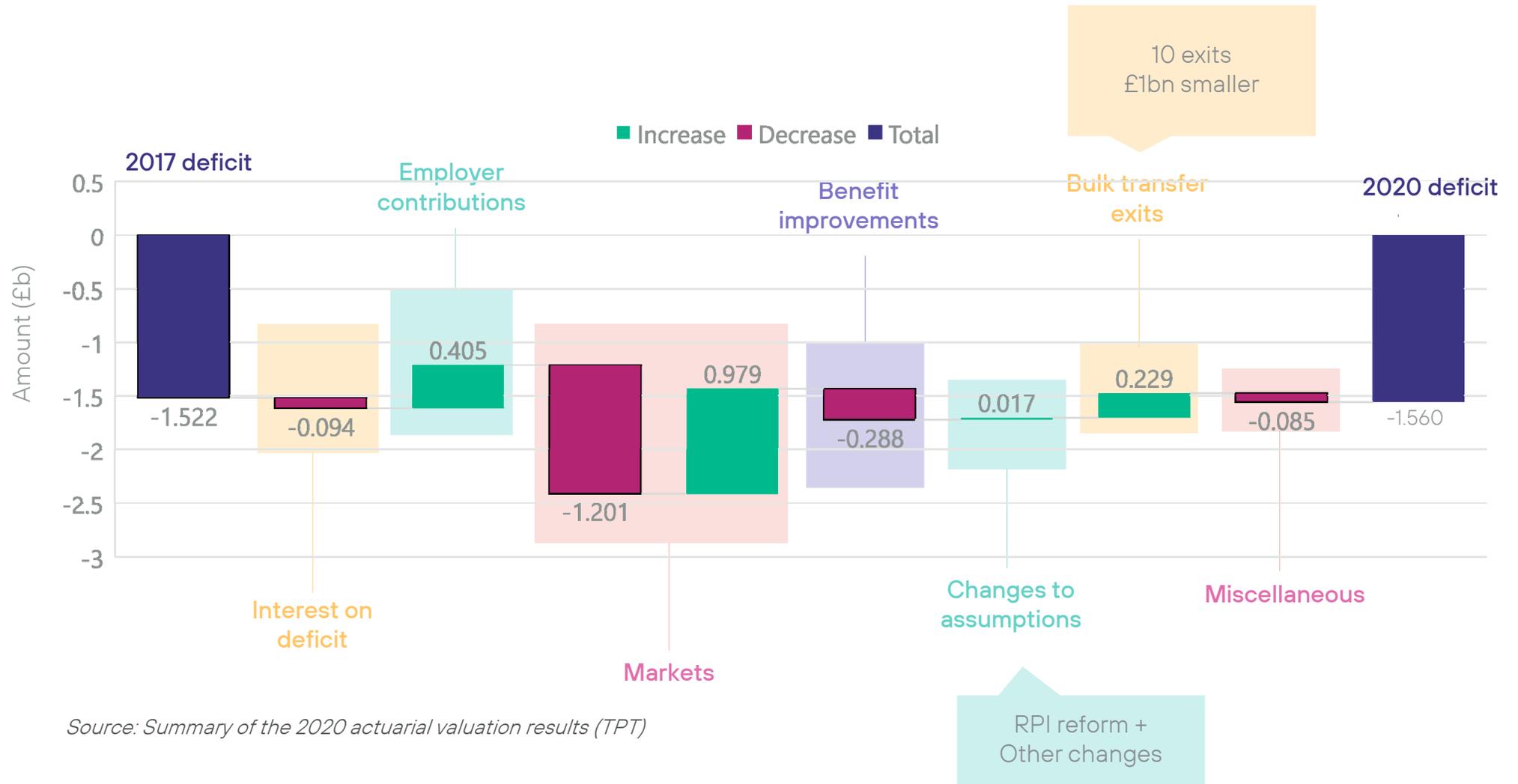
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2017 Funding Plan



Source: Isio analysis based on 2017 valuation results

2017 to 2020



Source: Summary of the 2020 actuarial valuation results (TPT)

Observations

- Post valuation experience
- The Pensions Regulators new DB Funding Code
- Covenant / prudence
- One size fits all

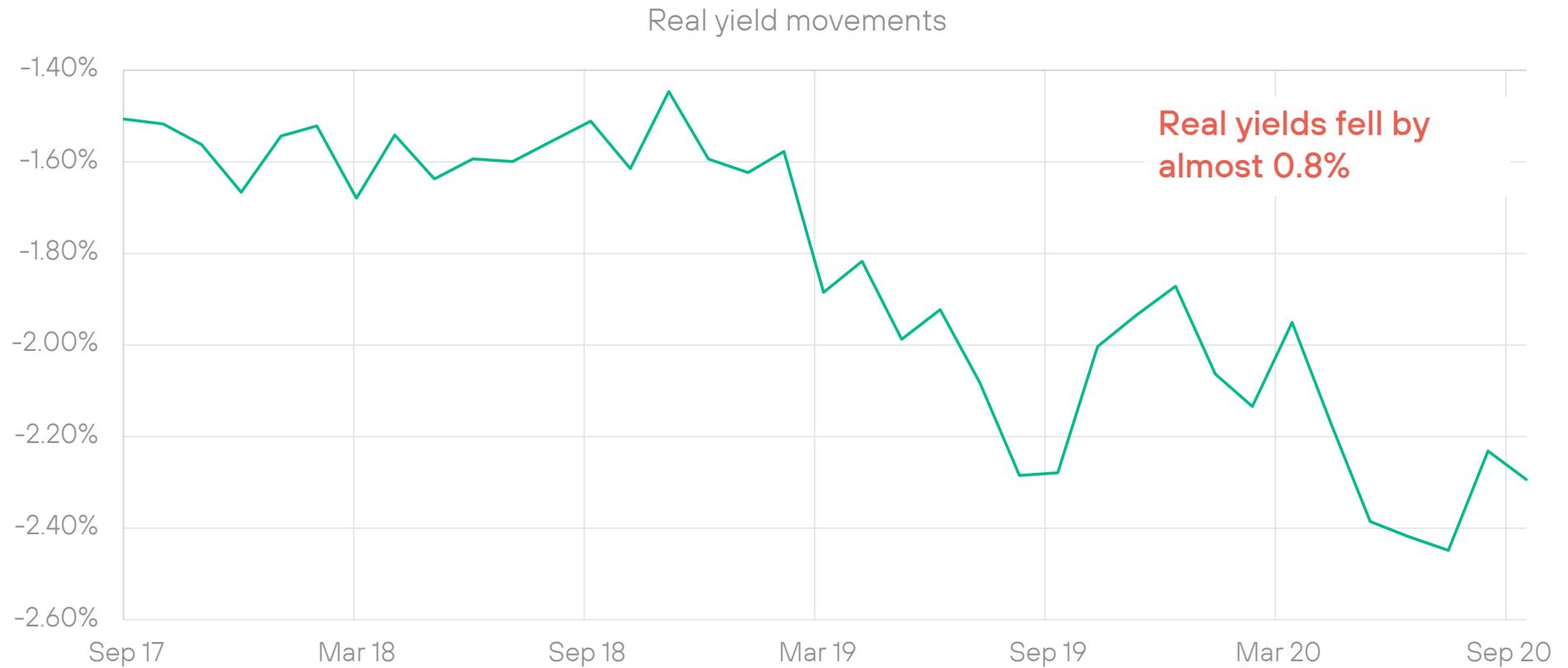


Revisit for the 2023 valuation

Future service

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Real yields



Source: BOE Real Government Yield Curve at a 25 year maturity

Future Service

Benefit type	Final Salary			CARE		
	60	70	80	60	80	120
Accrual rate	60	70	80	60	80	120
Existing Rate (% pensionable salaries)	27.20%	23.40%	20.50%	22.10%	16.70%	11.30%
April 2022 Rate (% pensionable salaries)	41.20%	35.40%	31.10%	33.00%	24.90%	16.80%
Net Change (% pensionable salaries)	14.00%	12.00%	10.60%	10.90%	8.20%	5.50%
% Change	51.47%	51.28%	51.71%	49.32%	49.10%	48.67%

**Increase of
c.50% for all
future
benefits**

Combined contribution rate

Source: Summary of the 2020 actuarial valuation results (TPT)

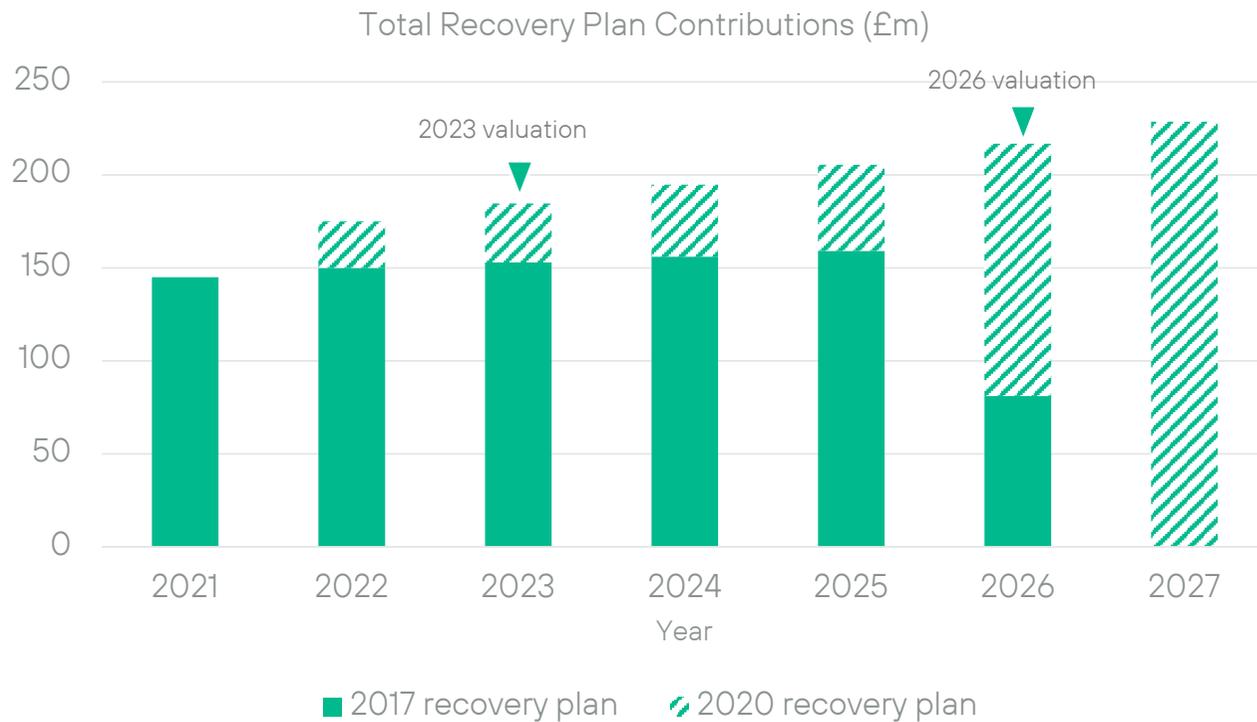


Deadline to confirm contribution changes 31 January 2022

Past service

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Recovery Plan



Source: Summary of the 2020 actuarial valuation results (TPT)

Recovery Plan end date

18 months longer

6 year Recovery Plan

Recovery Plan increases

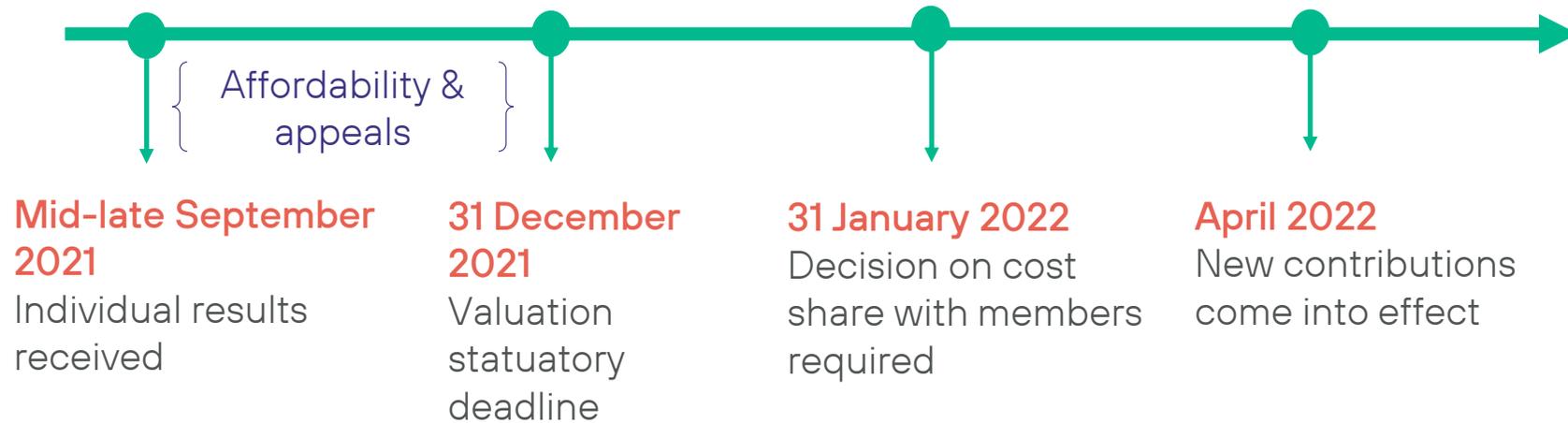
5.5% p.a.

Previously increased by 2% p.a.

Where do we go from here?

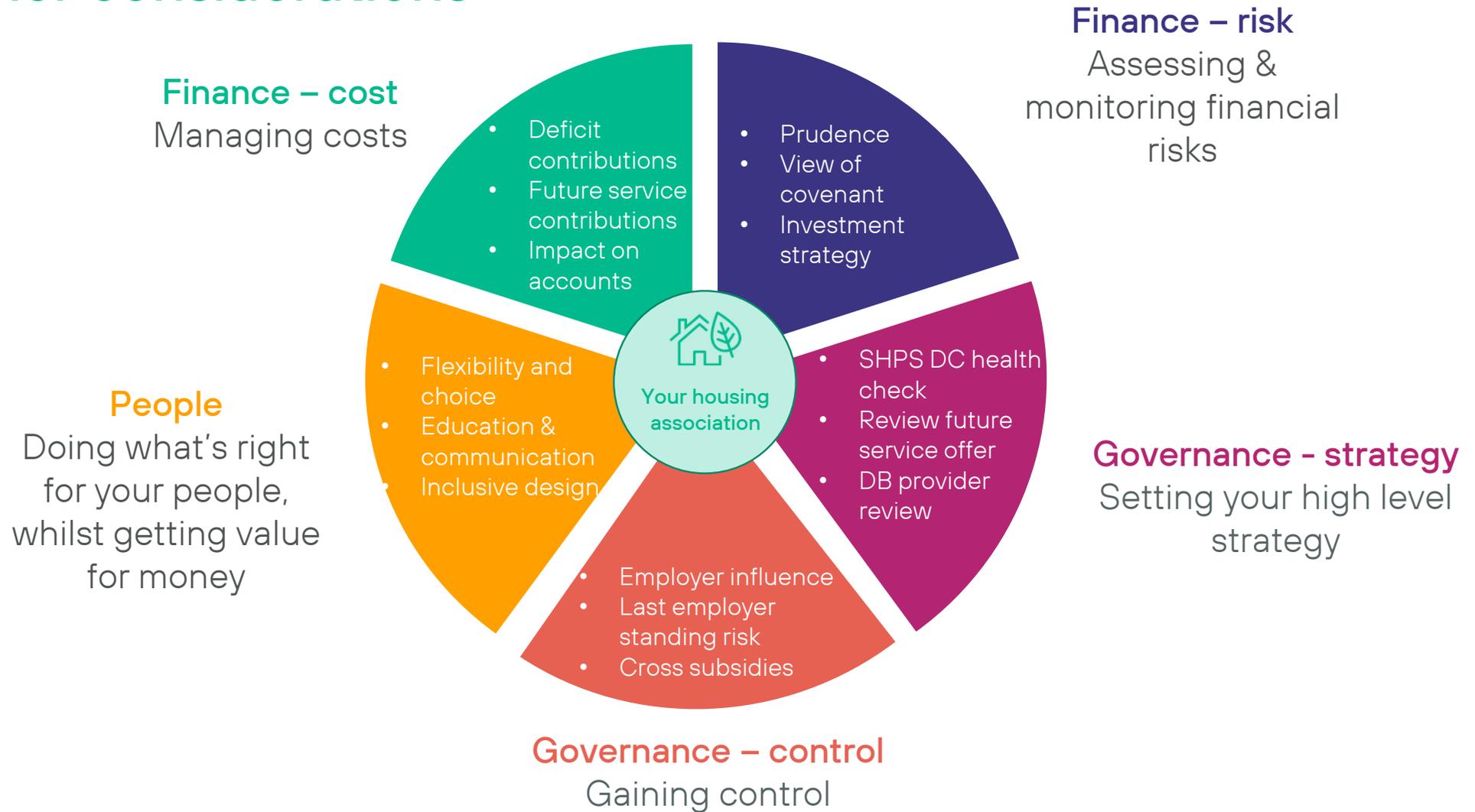
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Next steps – valuation process



What else can you do?

Other considerations



Possible actions



Explore different approaches to financing the contributions



Assess actions to potentially reduce your liability



Review pensions offering

Any Questions?



Thank you

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