Arts Council Retirement Plan (1994) Summary Funding Statement and Newsletter 2025

Welcome to your 2025 summary funding statement and newsletter for the Arts Council Retirement Plan (1994) ('the Plan'). This statement lets you know about the Plan's financial position and updates you on developments over the past year. A full valuation of the Plan is done every three years, with annual updates in intervening years. The most recent actuarial valuation was carried out at 31 March 2022 and the 31 March 2025 valuation is currently underway.

This statement outlines how the Plan's financial position has changed since the 2022 actuarial valuation and subsequent annual updates, as detailed in the previous summary funding statement sent to you last year.

As Trustees, we are responsible for monitoring the Plan's financial health and reporting its financial position to members. Legislation requires trustees and employers to work together to maintain the Plan's financial health, and we must issue the summary funding statement to all members.

We hope this summary funding statement helps you understand the financial arrangements that support your retirement benefits.

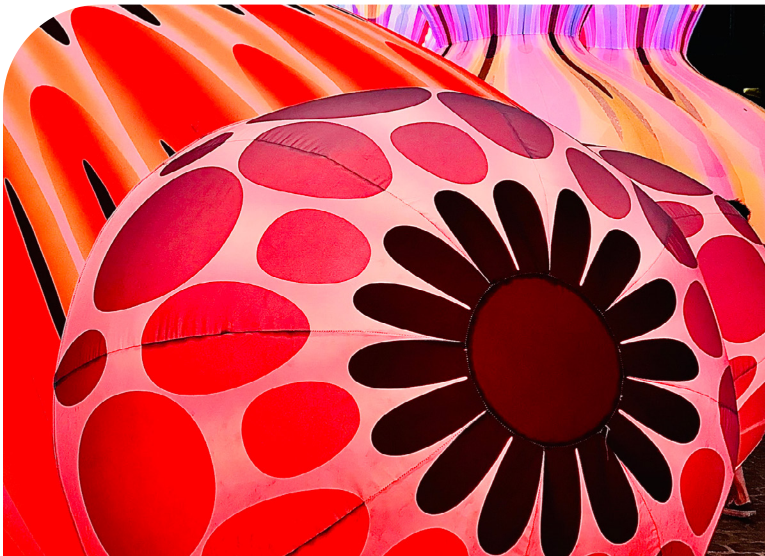
How does the Plan work?

The Plan is a defined benefit pension scheme. This means it provides a guaranteed level of pension when you retire based on your pensionable salary and your years of service in the Plan.

The pension benefits are financed by contributions from the sponsoring employers and the members, which are jointly paid into the Plan. Together with investment returns, this fund covers the payment of benefits to Plan members and/or their dependants now and for the future.

The sponsoring employers meet the Plan running costs.

For more information on the Plan's benefits, you can refer to the member guide here: artscouncilplan.co.uk/resources/pension-plan-member-guide/



Understanding your summary funding statement

What does this word mean?
Pensions have a language of their own – words which have a specific meaning, and which are used as 'shorthand' when talking about pensions. Here is an explanation of some of the words we use in this statement.

Assets
This is all the money building up in the Plan as investments, such as company shares and bonds, properties, and bank balances.

Funding level
This is the assets divided by the liabilities. If the value of the assets was equal to the liabilities, the funding level would be 100%.

Liabilities
This is everything the Plan owes now, and the expected value of benefits it will have to pay to members and their dependants in the future.

Scheme Actuary
A professional appointed by the Trustees who is responsible for assessing the financial sustainability of the Plan and providing advice on contributions and risk management.

Surplus
If the Plan has more assets than liabilities, it has a surplus.

Shortfall
If the Plan has more liabilities than assets, it has a shortfall.

Your summary funding statement

The Plan's financial position

At the date of the most recent formal actuarial valuation of the Plan, the Scheme Actuary found:

How has this changed?

The Plan's financial position is estimated at least once a year. The Scheme Actuary estimated:

At 31 March	**2022**	**2023**	**2024**	**2025***
The Plan had assets of	£232.4m	£211.1m	£232.1m	£236.1m
The amount the Plan needed to provide benefits was	£250.7m	£176.0m	£169.9m	£156.7m
This gave a shortfall/ surplus of	– £18.3m	+ £35.1m	+ £62.1m	+ £79.4m
This is the same as a funding level of	93%	120%	137%	151%

*These are draft results whilst the 31 March 2025 valuation is still in progress.

Since 31 March 2022, the Plan's funding position has improved significantly. This is mainly due to a large increase in bond yields over this period. Bond yields are used to calculate the cost of future pension payments. When the bond yields rise, the estimated cost of providing pensions in the future goes down – meaning the value of the Plan's liabilities has reduced. Over the same period, the value of the Plan's assets have remained fairly stable. As a result, the Plan's funding level has notably improved, with an estimated surplus of £79 million as at 31 March 2025.

Payments to sponsoring employers

There have been no payments to the sponsoring employers out of Plan funds in the period since last year's summary funding statement.

Recovery plan

As the Plan had a shortfall at the 2022 formal valuation, the Trustees have agreed a recovery plan with the sponsoring employers who have agreed to pay additional contributions into the Plan each year until 2034.

What if the Plan started to wind up?

One of the periodic checks the Scheme Actuary carries out is the funding level of the Plan if it was wound up with no further contributions from the sponsoring employers. If at the last formal actuarial valuation the Plan was closed and the liability for all benefits up to that date were transferred to an insurance company, the Plan would have needed an additional £132.3m of assets to ensure benefits were paid in full. This is the Plan's full solvency position, and is equivalent to a solvency funding level of 64%.

This check is being redone as at 31 March 2025 as part of the ongoing valuation. The results of this have not been confirmed but the position is expected to have improved since 31 March 2022, as it has done for the financial position figures estimated for 2025 shown on the previous page.

We are required to estimate this figure to get a complete picture of the Plan's financial health. It does not mean that the sponsoring employers are thinking of closing the Plan.

If the Plan closed and the sponsoring employers couldn't pay enough to secure members' benefits in full, the Pension Protection Fund (PPF) might take over the Plan and pay compensation to members. The PPF is not intended to replicate each member's pension, but to ensure that members receive most of their pension. This is typically around 90% of the pension earned for most members under normal pension age, and 100% for most pensioners. However, any increases to pensions once a scheme is in the PPF are less generous than the increases that the Plan would have provided.

Further information and guidance is available on the PPF's website at www.ppf.co.uk. You can also email information@ppf.co.uk or call 0345 600 2541, from 9.00am to 5.30pm, Monday to Friday.

Statements about the Pensions Regulator's involvement with the Plan

Legislation requires us to tell you certain information about the Pensions Regulator's involvement in the Plan.

We confirm that the Pensions Regulator has made no modifications to or directions on the Plan since the last summary funding statement was provided.

More information and Plan news

Please read on to find an introduction from your new Trustee Chair, as well as further information and the latest updates from the Trustees.

For more information or any feedback

We hope you find this summary funding statement and newsletter informative. Please feel free to share any feedback you may have, or anything else you'd like to see included in future updates.

For any questions regarding the Plan, or for copies of Plan documents, contact the administrators.

Keeping the Trustees informed

So that we can continue to send you information about your pension, please remember to let us know if your address changes. If you're an active member, you just need to let your employer know about your change of address. If you're a deferred or pensioner member, please contact the Plan administrators.

Please also remember to keep your expression of wish nominations up to date, particularly if your circumstances change. Expression of wish forms allow you to request who you would like to receive death benefits and dependant pensions after you die. More than one person can be nominated if you want to. Whilst it's not binding on the Trustees or Plan administrator, they will consider your wishes when making their decision. You can contact the Plan administrators or HR services at your employer for a form, or update and view your nominated beneficiaries online via PRISM.

Address:

Arts Council Retirement Plan Administrators
Hymans Robertson
20 Waterloo Street
Glasgow G2 6DB

Phone: 0141 566 7777

Email: artscouncil@hymans.co.uk

Keeping you informed about your pension

Mark Engelbretson
Chair of Trustees

Welcome and introduction from Mark Engelbretson

Following Chris Daykin's retirement in January 2025, I am pleased to introduce myself as the new Chair of the Trustees for the Arts Council Retirement Plan (1994).

I am a pensions industry professional and have over 30 years of industry experiences representing the professional trustees services firm Ross Trustees Ltd. I have worked in senior roles for in-house pension arrangements for many large employers including British Airways, The RAC, Carnival Plc, Mothercare and Network Rail. I am a keen supporter of the arts and it is an honour to now be involved with the Plan.

On behalf of the Trustees, I would like to thank Chris Daykin for his many years of exceptional support as a Trustee and Trustee Chair. His unwavering dedication and experience have been invaluable for the Plan and our members. We wish him well in his retirement.

As your new Chair, I would like to welcome you to the latest edition of your pension newsletter. Over the last year, the pensions landscape has continued to evolve and we will provide updates on recent Plan developments in this newsletter.

Changes in Trustees

The Trustee nominated by pensioner members of the Plan – Mark Harrison – recently decided to step down, after serving almost 25 years as a Trustee. We thank Mark for his service and dedication over the years and wish him well for the future. We are pleased to announce that following an election process (involving members of the Plan), the Trustees have welcomed Francis Runacres as our new pensioner member-nominated Trustee, effective from May 2025. Francis joined Arts Council England in 2000 where he held various positions, including leading the Stabilisation and Recovery Unit and serving as an Investment Director. Most recently, Francis was the Executive Director for Enterprise and Innovation until his retirement in 2023.

Support for our plan and vision

As indicated above, recent increases in interest rates and yields have significantly improved the Plan's funding position, assisted by performance on our portfolio of investments. The Trustees have been diligently working on investing the Plan's assets responsibly – more details on our work with stewardship and responsible investment is outlined on page 6.

The three largest sponsoring employers remain committed to ensuring that all permanent employees have the right to be members of the Plan. This strong employer covenant enables the Trustees to focus on achieving positive outcomes for the Plan.

Get online with PRISM

The Trustees encourage you to log on to PRISM, our new online secure member portal, and the home for all information about your benefits in the Plan. You'll find useful information on the home page as well as recent announcements and news about the Plan.

To get full value from everything available on the site, you'll need to register your details and go through a short security process. Once logged in, you can understand more about your projected pension at retirement with the Plan, view and update your personal details, add and update your nominated beneficiaries (the trustees encourage you to review and update your beneficiaries regularly), plus much more. Visit www.artscouncilplan.co.uk to log on or register, or scan the QR code above.

If you're having problems logging into the site, please don't hesitate to contact the Plan administrators using the details on page 3.

Pensions dashboard and finding lost pensions

The Plan is working closely with the Plan's administrator to progress one of the pension industry's most significant initiatives – the rollout of the Pensions Dashboard. This UK government-backed project allows non-retired individuals to securely access their unclaimed state, private and workplace pension information in one place. This will help individuals to locate lost pensions and view existing ones, which are not yet in payment, with greater ease.

The Trustees would encourage you to use the Dashboard once it has been made available. If you have worked for other employers before or since your time at the Arts Council, you should be able to find and locate all of the pensions earned at these workplaces using the Dashboard. This can help give you a better idea of what your pension will be when you retire.

The date when the Dashboard will go live is not yet known. You can look out for advertising from the Department for Work and Pensions, and further updates from the Trustees, on the launch of the Dashboard.

To ensure the best chance of seeing all your pension information once the Dashboard is available, it's important that all your pension schemes hold up-to-date personal information for you. To view and update the personal data held for you by Arts Council Retirement Plan (1994), you can visit your PRISM dashboard as set out above.

Pension increases

Most pensions in payment increased by 1.7% in April 2025, fully in line with the annual rise in the Consumer Price Inflation (CPI) Index to September 2024, which is the same as the basis used by most public sector plans for determining pension increases. This includes elements of the pension where CPI increases are not guaranteed. These are discretionary pension increases which were approved by both the Trustee Board and Arts Council England as the Principal Employer.

GMP Equalisation

Following a High Court Ruling in 2018, pension scheme trustees are required to address an element of pension 'Guaranteed Minimum Pension' (or 'GMP'), to ensure pension benefits are equal for men and women. GMP was built up prior to 5 April 1997. For those of you who have a GMP element to your pension, if you have been impacted by equalisation, you will receive a personal letter explaining the impact on your pension. If you were affected by equalisation, you may have already received this letter.

Changes to inheritance tax

The UK government has announced changes to inheritance tax and how this applies to pensions. From April 2027, leftover funds in private pension pots will be included as part of your estate when calculating the inheritance tax due to be paid.

This currently does not include the death benefits or dependant's pension that your loved ones may receive from the Plan. These pensions will still be excluded from inheritance tax.

Inheritance tax can be a complicated area, so it's a good idea to get advice to help you make the right decisions. You can find independent financial advisers local to you at www.unbiased.co.uk.

Investment of plan assets

How is the Plan invested?

The Trustees aim to invest the Plan's assets in a responsible and financially effective manner to ensure that the benefits promised to members are paid. The Trustees have always sought to invest prudently in order to balance reasonable returns against the risk of different types of investment and to take into account the very long-tailed nature of the Plan's liabilities. Even without any new members, running off the pension payments in respect of existing members would take more than 80 years. Since the Plan is still open, with new members continuing to join and benefits still building up for all active members, our investment horizon is very long-term.

Responsible investment

Given the longevity of the Plan, the Trustees have continued to develop the Plan's investment strategy with a particular focus on environmental, social and governance (ESG) factors. Over the last few years, the Trustees have been considering the investments which will protect the Plan against the financial risks of climate change, including investments which are expected to contribute in a positive way to the transition to a low carbon economy.

In 2020, the Trustees framed their 'Vision for a Responsibly Invested Strategy', where they outlined the following ambition statement:

> "To invest in a manner where sustainability issues are not just considered as part of what managers do, but so that the invested assets contribute positively to a more sustainable future"

This Vision has been integral to the development of the Plan's investment strategy during recent years and has seen each of the Plan's assets considered in turn to align with its principles. In January 2025, the Trustees considered how their Vision could be evolved, building on their original statement and looking forward to 2030. Discussions to date have included what actions could be taken over the coming years to enhance the Trustees' ambition statement. Key areas of focus will include:

1. Ambitious, thoughtful and action-based stewardship
2. Creating positive impact through investment
3. Measurement of progress and how this can be used to drive positive change

In 2025, the Trustees were once again successfully admitted by the Financial Reporting Council (FRC) to be a signatory of the UK Stewardship Code. Most signatories are medium to large financial entities, and the Plan is one of the smallest. It shows a remarkable achievement that the Plan has continued to meet the high standards set by the UK Stewardship Code and is reflective of the Trustees' commitment to stewardship and responsible investment. We will strive to remain a signatory by making incremental improvements to our stewardship of assets.

Details of the investment strategy and the approach to responsible investment are in the Statement of Investment Principles, which is publicly available: https://artscouncilplan.co.uk/resources/statement-of-investment-principles/

The assets were broadly invested as shown in the chart below as at 31 March 2025.

- Equity 44%
- Property 8%
- Infratructure 19%
- Corporate Bonds 5%
- Index Linked Gilts 25%

*Figures may not sum due to rounding.

What is the membership of the Plan?

At **31 March 2025**, the Plan had **2,848** members.

Active members **849**	A member of the Plan who is at present accruing benefits earned from current service.
Deferred members **1,379**	A member who has left the Plan but has not yet retired.
Pensioners **620**	A member who has retired and is receiving their pension benefits.

Thinking of leaving the Plan?

If you are thinking of leaving the Plan for any reason, we recommend that you take financial advice first. For a list of independent financial advisers local to you, go to www.unbiased.co.uk.

Scheme information

Who are the Trustees?

The Trustees are responsible for the efficient and effective running of your Plan. The Trustees that make up the Plan's board are:

Mark Engelbretson
Independent Chair representing Ross Trustees Limited

Ian Stevenson
Employer Nominated Trustee (Creative Scotland)

Navees Rahman
Employer Nominated Trustee (Arts Council England)

Lorna Virgo
Employer Nominated Trustee (Arts Council of Wales)

Francis Runacres
Pensioner Member Nominated Trustee

Mumtaz Ali
Active Member Nominated Trustee

Who are the Plan's professional advisers?

The Trustees delegate some of their day-to-day responsibilities to professionals and take advice from experts when making decisions. The Trustees' advisers are:

Scheme Actuary
Bill Barnes, Hymans Robertson LLP

Independent auditor
Crowe U.K. LLP

Administrators
Hymans Robertson LLP

Investment managers
IFM Investors
Legal & General Assurance (Pension Management) Limited
Quinbrook Infrastructure Partners (GP3) Limited
Storebrand Asset Management AS

Investment advisers
Hymans Robertson LLP

Additional voluntary contribution providers
Aegon Scottish Equitable plc

Legal advisers
Sacker and Partners LLP

Covenant advisers
Grant Thornton LLP

Data controllers

The Trustees and the Scheme Actuary use your personal data to administer the Plan. Each acts as a data controller. Your personal data will be processed fairly and lawfully, in accordance with the principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 solely in connection with the scheme. Details of how we use your personal data can be found in the privacy notice, upon request from the Plan administrator or on the Plan website: www.artscouncilplan.co.uk/resources/privacy-notice/

If you have any queries about your personal data, please contact the Plan administrators using the details on page 3.

Avoiding pension scams

It is crucial to stay vigilant and informed to protect yourself from pension scams. Scammers often pose as Financial Conduct Authority (FCA) authorised advisors, convincing pension scheme members to gain early access to their savings (before age 55) or transfer their pension account to attractive but fraudulent investment opportunities.

How to spot a scam:

- Be wary of unsolicited calls, emails or offers, especially those offering 'free pension reviews' or promises of low-risk, high-return investments. Common scams include early pension release schemes, often targeting victims through social media or referrals.
- Avoid paperwork requiring immediate signature, or advice to invest all savings in one place. Financial advisers generally suggest diversifying your assets.

If the offer seems too good to be true – it probably is!

- Be sceptical of claims about 'legal loopholes' allowing you to get 'cash back' from your pension.
- Promises of large returns if you transfer money overseas is a common scam tactic.

Falling victim to a scam could lead to losing all of your pension savings, and in some cases you might get a tax bill on your pension pot of up to 55% for accessing funds early.

Follow the FCA's four key steps: reject unexpected offers, verify who you're dealing with, don't be rushed or pressured, and seek impartial information or advice. For more details, visit the avoiding pension scams guidance on the Plan's website: https://artscouncilplan.co.uk/your-pension-knowledge/avoiding-pension-scams/

Pensions checklist

Every year it's worth asking yourself a few questions which might have an impact on your pension arrangements.

Ask yourself	What to do?
Might you exceed the annual allowance of £60,000 for the 2025/26 tax year? This is the maximum you or someone else (such as your employer) can contribute to all your pensions in one year, without incurring a tax charge.	Contact Hymans Robertson for a factsheet at artscouncil@hymans.co.uk and consider seeking independent financial advice. You can find independent financial advisers local to you at www.unbiased.co.uk.
Might you exceed the lump sum tax allowances? The Lump Sum allowance applies a limit of £268,275 on the amount of tax-free cash you can access from your pensions. The Lump Sum and Death Benefit Allowance applies a limit of £1,073,100 on the amount of tax-free cash that can be paid in your lifetime and on death.	Contact Hymans Robertson for a factsheet at artscouncil@hymans.co.uk and consider seeking independent financial advice. You can find independent financial advisers local to you at www.unbiased.co.uk. If you think you're affected, then you should contact Hymans Robertson.
Are you getting close to retirement and considering your options? If so, you should also consider whether or not your investment choices remain suitable.	You should seek independent financial advice and contact Hymans at artscouncil@hymans.co.uk if you want information, for example a transfer value or a retirement quotation. You can find independent financial advisers local to you at www.unbiased.co.uk.