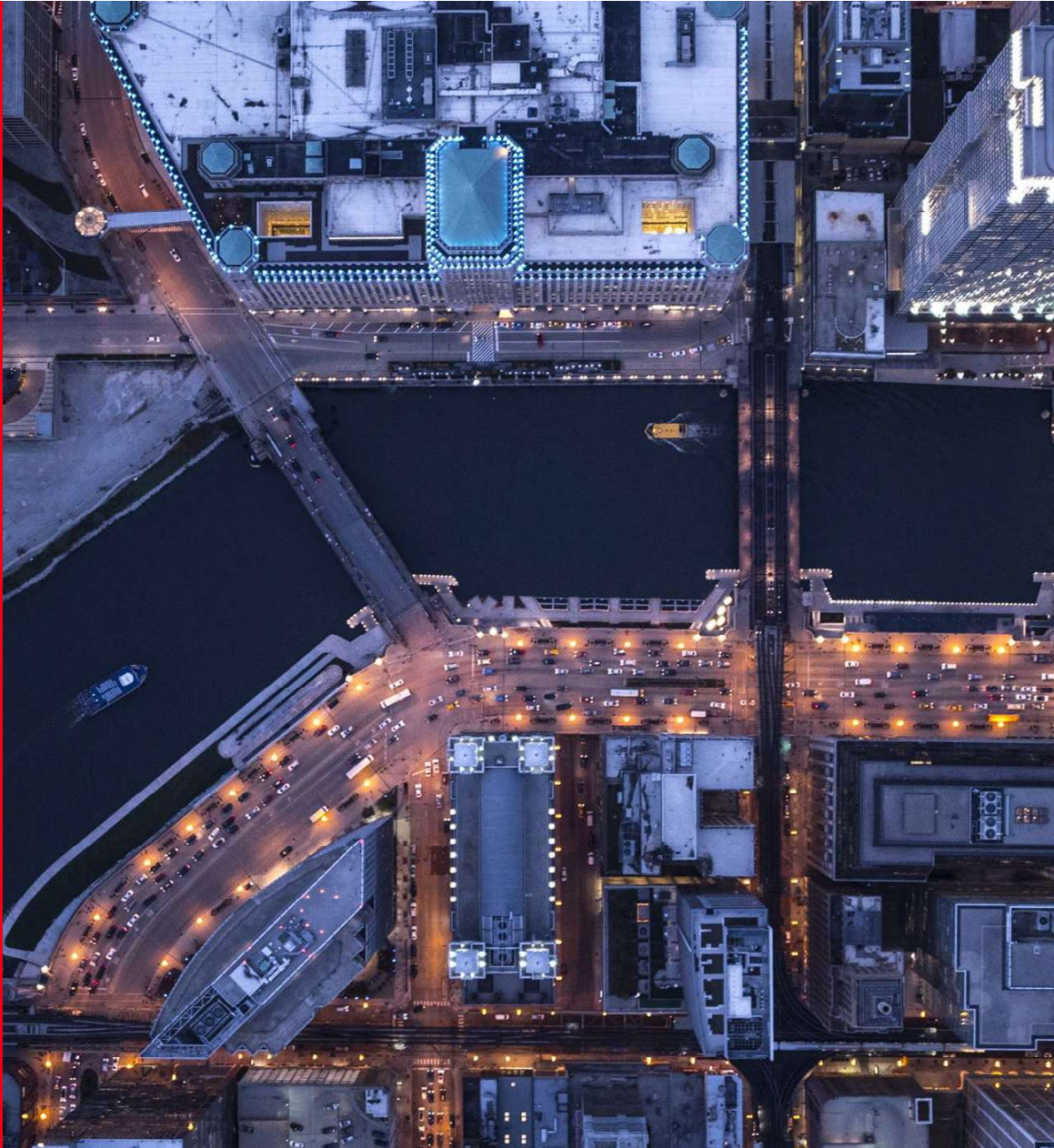


**AON**



# Annual Actuarial Report at 31 March 2024

The University of Oxford Staff  
Pension Scheme

Prepared for: OSPS Trustee Limited

Prepared by: Jay Harvey FIA

9 December 2024

Private and Confidential

# Your Annual Actuarial Report

## Why bring you this report?

This is the Annual Actuarial Report required by legislation.

Its purpose is to provide an **approximate** update of the assets and technical provisions of the DB Section of the Scheme on the **anniversary** of the last valuation.

This report is also intended to be used as the basis of the **Summary Funding Statement**, which needs to be provided to members.

### Next steps

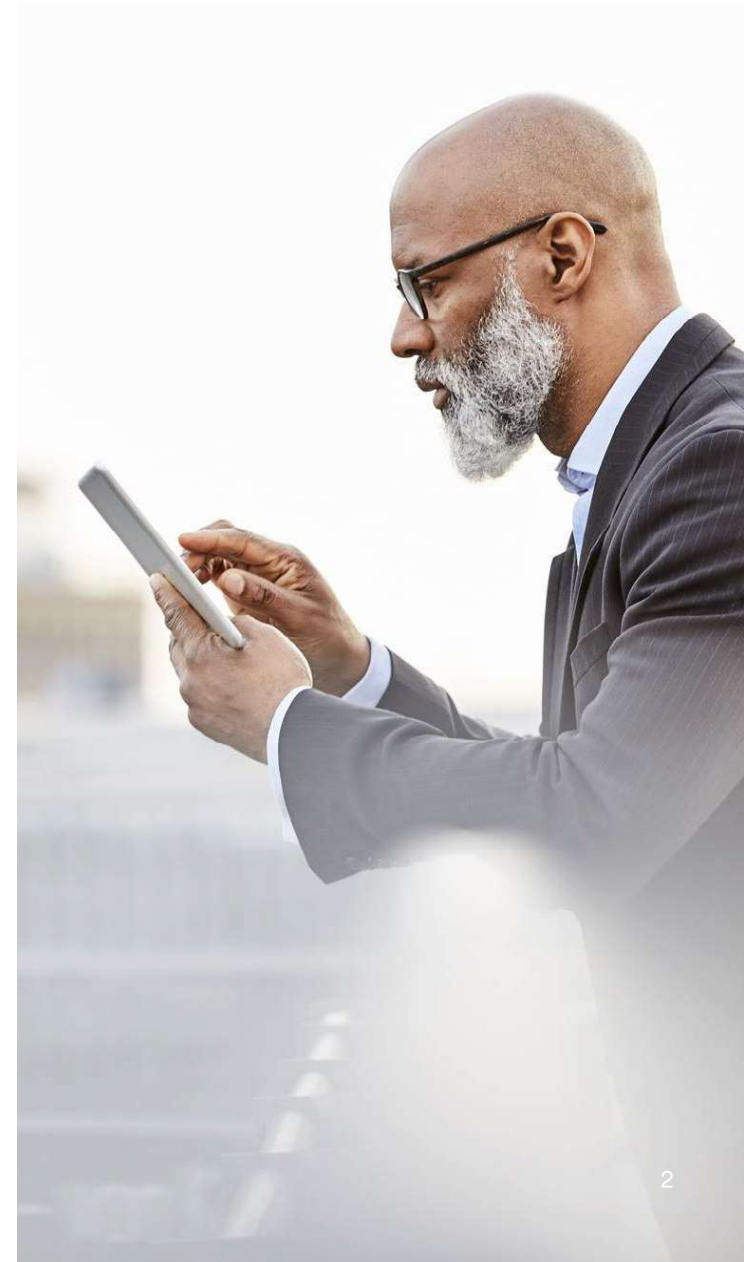
A copy of this report must be made available to the sponsor within **seven days** of receiving it and to members within **two months** of any request.

*J. N. Harvey.*

Jay Harvey FIA  
Scheme Actuary

+44 (0) 117 900 4439  
jay.harvey@aon.com

**AON**



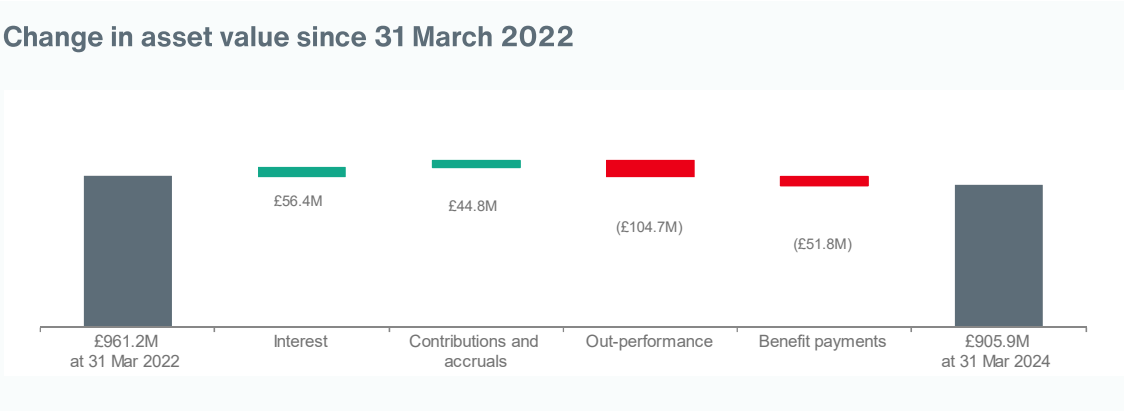
# Funding Position at 31 March 2024

**Funding level**

**125%**

31 Mar 2024

↗ 20%  
vs 31 Mar 2022



**Basis:** Technical Provisions  
**Effective Date:** 31 March 2024

**Comments**

The Scheme's funding position is estimated to have improved over the 2-year period to 31 March 2024. The Scheme's assets have grown to around 125% of the estimated value of the technical provisions. In pound terms, this means that the surplus is estimated to have increased to around £181.7 million at 31 March 2024 – an improvement of around £135 million over the 2-year period.

The main reason that the funding position improved over the period to 31 March 2024 was the significant increase in long-term interest rates (as measured by gilt yields). This has acted to decrease significantly the value placed on the technical provisions. At the same time, the Scheme's assets have also fallen in value – in part due to the hedging in place – but to a much lesser extent.

**Solvency estimate**

This looks at the estimated cost of purchasing annuities from an insurance company to meet the Scheme's benefits (together with an estimated allowance for the cost of winding-up the Scheme). It is a requirement to consider this position as part of the Scheme's full valuation even though the University and the other participating employers have no intention to wind-up the Scheme.

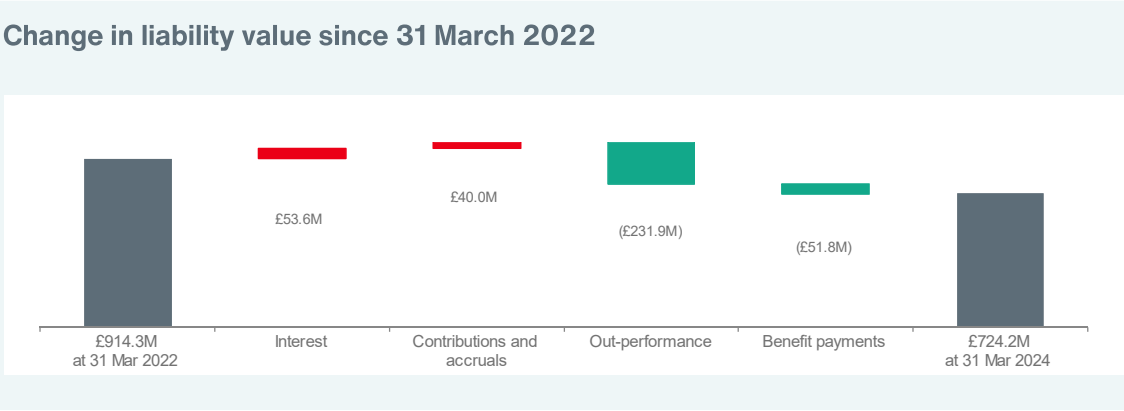
At the valuation date of 31 March 2022, the Scheme had a funding level on this measure of around 62%. At 31 March 2024, it is estimated that this position has improved materially to around 99%.

**Surplus**

**£181.7M**

31 Mar 2024

↗ £134.8M  
vs 31 Mar 2022



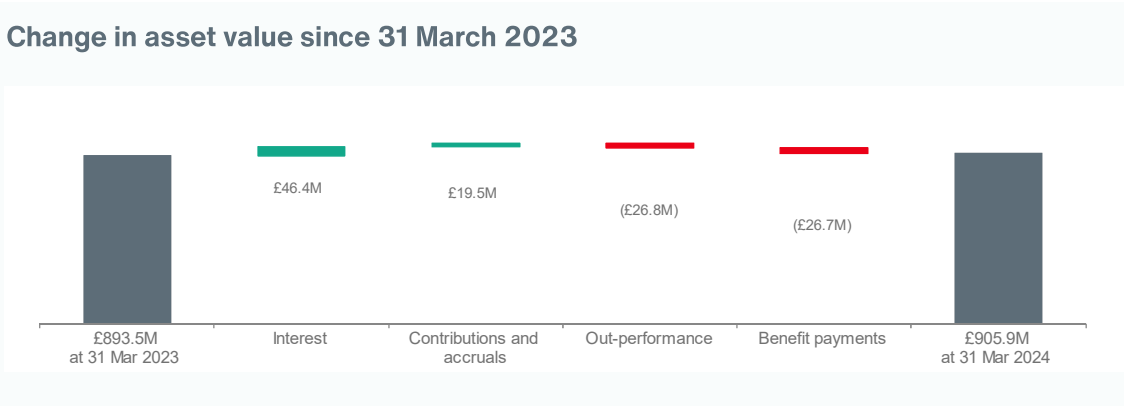
# Funding Changes Since the last Annual Actuarial Report

**Funding level**

**125%**

31 Mar 2024

↗ 9%  
vs 31 Mar 2023



**Basis:** Technical Provisions  
**Effective Date:** 31 March 2024

**Comments**

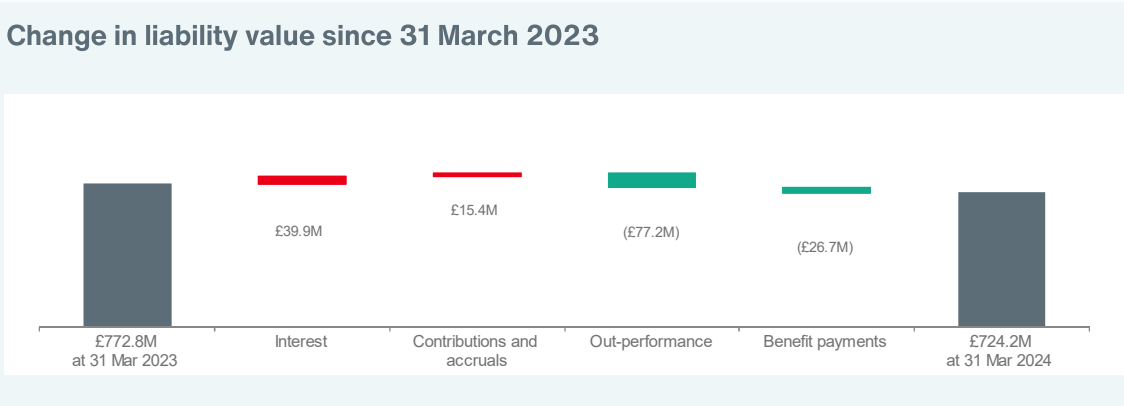
The Scheme's funding position is estimated to have improved over the year to 31 March 2024. The Scheme's assets have grown to around 125% of the estimated value of the technical provisions. In pound terms, this means that the surplus is estimated to have increased to around £181.7 million at 31 March 2024 – an improvement of around £61 million over the year.

**Surplus**

**£181.7M**

31 Mar 2024

↗ £61.0M  
vs 31 Mar 2023



The main reason that the funding position improved over the year to 31 March 2024 was a modest increase in long-term interest rates (as measured by gilt yields). This has acted to decrease the value placed on the technical provisions. At the same time, the Scheme's assets have increased in value due to positive returns and contribution income.

**Solvency estimate**

At 31 March 2023, the Scheme had a funding level on this measure of around 87%. At 31 March 2024, it is estimated that this position has improved materially to around 99%.



# Method

## Technical provisions liabilities

This Annual Actuarial Report is consistent with the technical provisions calculations for the formal actuarial valuation at 31 March 2022. The assumptions used have been modified only insofar as is necessary to maintain consistency with the Statement of Funding Principles (SFP) dated 27 June 2023, reflecting the change in the effective date and in relevant market conditions. In accordance with the SFP, the liabilities at 31 March 2023 and at 31 March 2024 reflect the reduction to the pre-retirement discount rate (from 2.25% pa in excess of gilt yields to 1.75% pa in excess of gilt yields) and the removal of the assumed inflation risk premium when deriving the RPI assumption.

The liabilities are projected from the results of the formal actuarial valuation at 31 March 2022 and are therefore approximate. Since the liabilities are not based on up-to-date membership data, they become more approximate the longer the period of time that has elapsed since the last actuarial valuation.

The liabilities take account of the following over the period since the last formal actuarial valuation:

- The benefit improvements agreed as part of the valuation package that the Trustee agreed with the University:
  - Benefits earned since 1 April 2018 attract increases linked to CPI inflation capped at 5% pa (both before and after retirement). It was agreed that a discretionary increase of 3% would be applied to these benefits with effect from April 2023. As such, these benefits were increased by 8% with effect from April 2023.
  - It was also agreed to amend the Rules relating to these post April 2018 benefits going forward such that the cap on increases will be permanently increased from 5% pa to 8% pa.

- Cashflows into and out of the Scheme; and
- Actual price inflation and its impact on benefit increases.

Demographic experience since the last formal actuarial valuation has been assumed to be in line with the SFP.

This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the covenant of the sponsoring employer, investment strategy or economic outlook.

## Solvency liabilities

The solvency liabilities have been rolled forward from 31 March 2022 in a similar manner to the technical provisions liabilities. In addition, the solvency liabilities also take into account my views on any general changes we have seen in respect of pricing in the insurance market.

Please note the resulting liabilities are only an estimate and the true position can only be established by conducting a competitive buy-out auction and fully defining the scope and likely cost of a wind-up process for the Scheme.

## Assets

For the purpose of this report, I have used the audited value of the assets at 31 March 2024 provided to us in the Trustee Report and Accounts. I have taken the total assets assigned to the DB section and then deducted the assets relating to Money Purchase Investments and AVCs, as the corresponding liabilities are also not included in the value of the technical provisions.

# TAS compliance

This report has been prepared in accordance with the framework below.

This report has been requested by OSPS Trustee Limited. It has been prepared under the terms of the Scheme Actuary Agreement between the Trustee and me on the understanding that it is solely for the benefit of the addressee.

This report, and the work relating to it, complies with 'Technical Actuarial Standard 100: General Actuarial Standards' ('TAS 100') (updated July 2023) and 'Technical Actuarial Standard 300: Pensions' ('TAS 300 v2').

The compliance is on the basis that OSPS Trustee Limited is the addressee and the only user and that the document is only to be used to form the basis of the Summary Funding Statement for members and to help the Trustee decide whether an out-of-cycle actuarial valuation needs further consideration.

This report should be read in conjunction with:

- The report on the most recent actuarial valuation of the Scheme, dated 27 June 2023.
- The Statement of Funding Principles, dated 27 June 2023.
- The previous Annual Actuarial Report, dated 26 July 2023.

If you require further copies of any of these documents, please let me know.

# Glossary

## Understanding the terminology in this document

### General terms

#### Funding level / ratio

The ratio of the value of assets to the value of liabilities.

#### Surplus / Deficit

The value of assets less the value of liabilities. If the value of the liabilities is greater than the value of the assets, then the difference is called a deficit. If the value of the assets is greater than the value of the liabilities, then the difference is called a surplus.

#### Technical provisions

The funding target for a scheme, agreed as part of the actuarial valuation.

#### Solvency estimate

The estimated cost of purchasing annuities from an insurance company to meet a scheme's benefits (together with an estimated allowance for the cost of winding-up a scheme).

### Chart labels

#### Interest

The asset and liability values are assumed to increase at the discount rate used to value the liabilities.

#### Contributions & accrual

The expected increase in assets and liabilities due to contributions and new benefit accruals.

#### Outperformance

Actual returns achieved on assets over and above the assumed discount rate and the impact on liabilities of a change in market conditions.

#### Benefit payments

The expected decrease in assets and liabilities due to benefit payments (including transfers out) during the period.



Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

Copyright © 2024 Aon Solutions UK Limited. All rights reserved. [aon.com](http://aon.com)

Aon Solutions UK Limited. Registered in England & Wales No. 4396810. Registered office: The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN.

The information and opinions contained in this document, enclosures or attachments (this “document”) are for general information purposes only and should not be treated as a substitute for specific advice. It is based upon information available to us at the date of this document and takes no account of subsequent developments. Any reliance placed upon information in this document is at the sole discretion of the recipient. Unless we have otherwise agreed with you in writing: (a) we make no warranties, representations or undertakings about any of the content of this document and (b) Aon disclaims, to the maximum extent permissible under applicable law, any and all liability or responsibility for any loss or damage, whether direct, indirect, special, punitive, consequential (including lost profits) or any other loss or damage even if notified of the possibility of such loss or damage, arising from the use of or reliance on this document. In this disclaimer, references to “us”, “we” and “Aon” include any Aon colleagues and Scheme Actuaries. To protect the confidential and proprietary information in this document, unless we provide prior written consent no part of this document should be reproduced, distributed, forwarded or communicated to anyone else. We do not accept or assume any duty of care, responsibility or liability whatsoever to any person who receives a copy of this document without our consent.

