Leicestershire County Council Pension Fund

AGM

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15 December 2025

Agenda

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Valuation timetable

2025 valuation milestones

Data Cleansing
Q4 2024

Contribution rate modelling
Q1 2025

Assumptions Advice
Q2 2025

Data provision
Summer 2025

Initial results
September 2025

Funding Strategy Statement
September 2025

Employer results
Autumn 2025

Employer forum and engagement period
Q4 2025 / Q1 2026

Valuation sign off
March 2026

Completed

Next steps

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The funding valuation

Why do we do a valuation?

- Compliance with legislation
- Analyse actual experience vs assumptions
- Part of continual ‘health check’ on Fund’s solvency
- Review Funding Strategy Statement
- Calculate employer contribution rates

The valuation is a large risk management exercise

How we do the valuation

Inputs

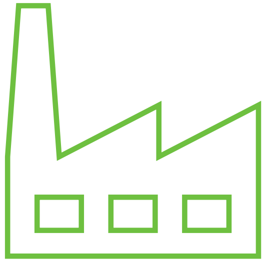
Data

Financial and demographic assumptions

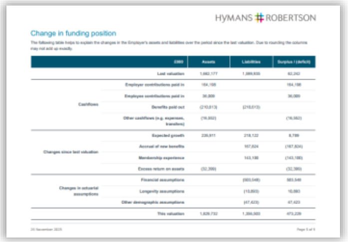
Funding and investment strategy

LGPS benefit structure

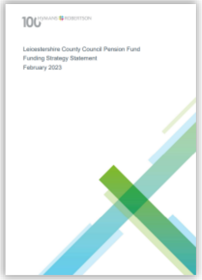
Actuary's calculations



Primary outputs



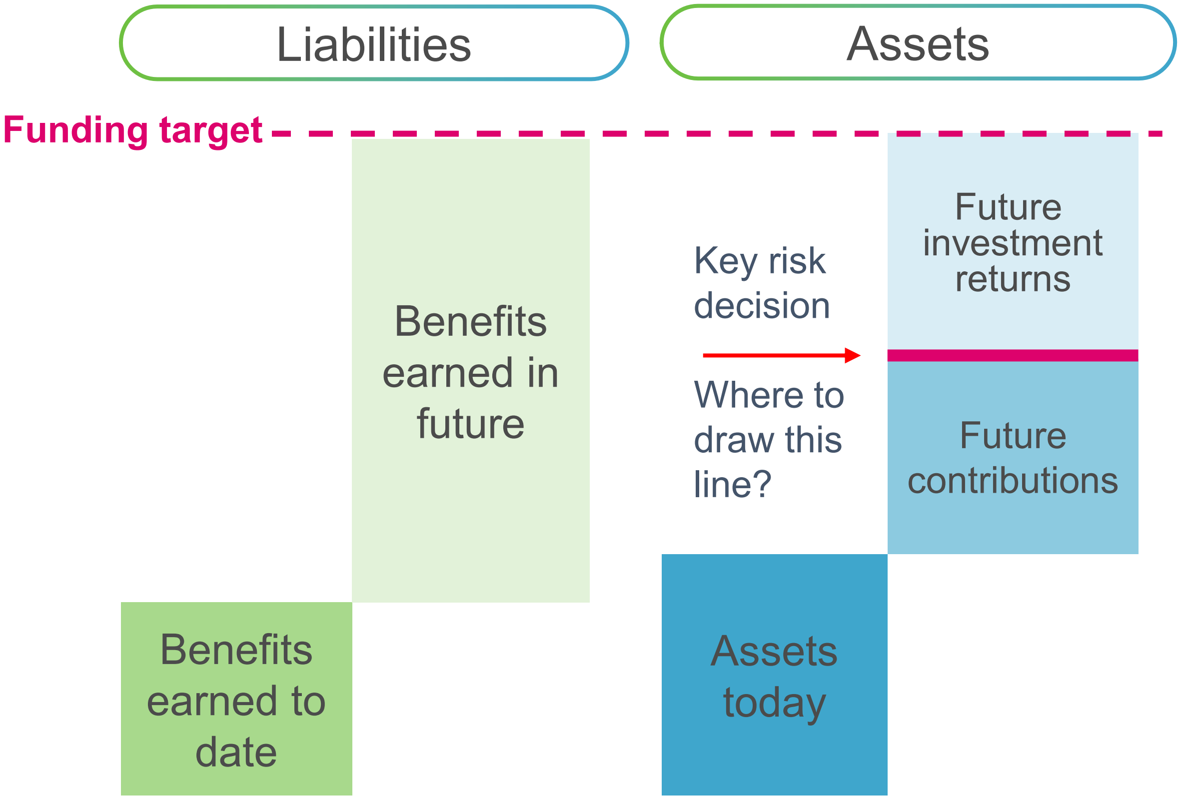
Individual employer results schedule



Updated Funding Strategy Statement

Final valuation report

Key funding decision



General insights

- Funding level (assets today compared with benefits earned to date) is ‘past service’ **only**
- Majority of benefits yet to be earned
- Balance future contributions vs investment risk

Setting future contributions requires careful long-term risk management

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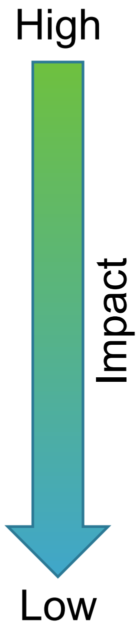
The assumptions

Summary of key assumption changes

Assumption	2022	2025
Future investment returns	4.4% p.a.	6.1% p.a. (80% prudence)
Benefit Increases (CPI)	2.9% pa	2.5% pa
Longevity / Mortality	Club VITA	Club VITA
Salary Increases	3.4% pa (CPI + 0.5%)	3.0% pa (CPI + 0.5%)
Other demographics*	Based on Fund experience	Based on Fund experience

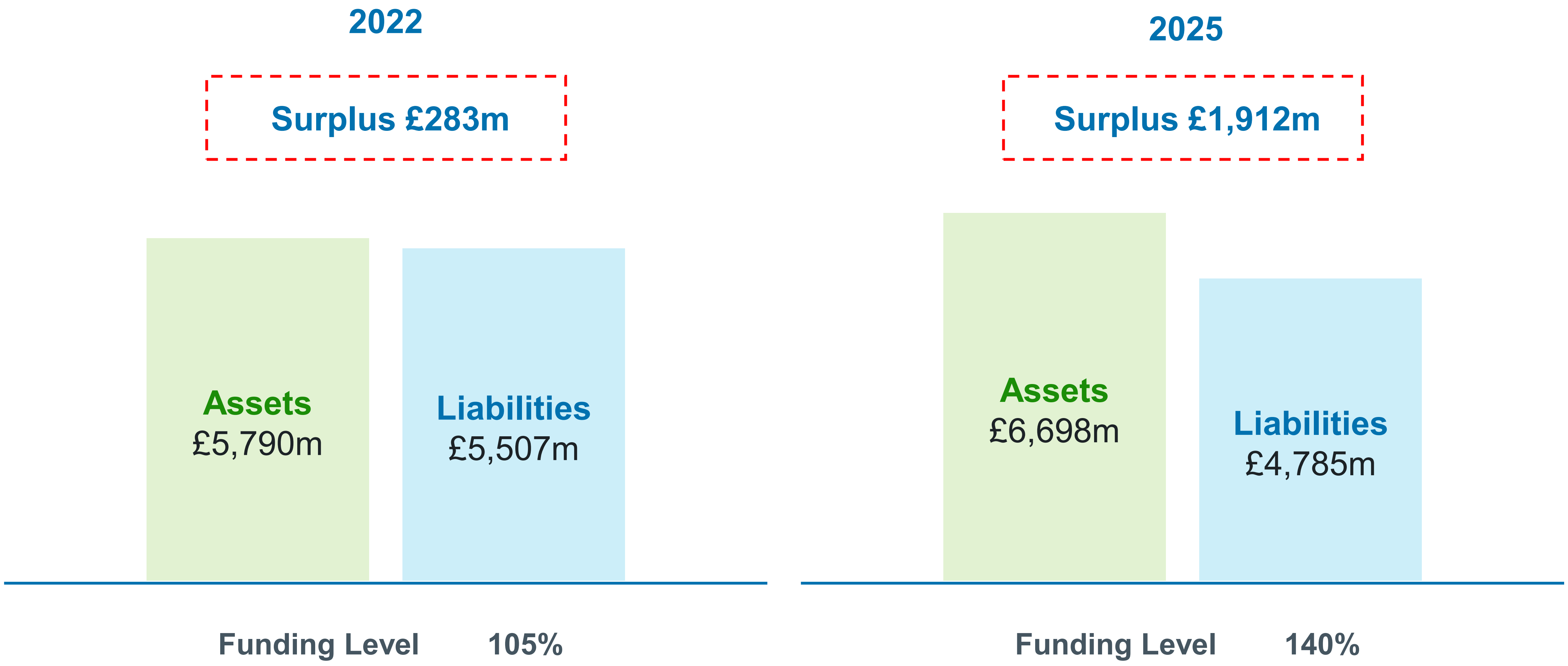
*including commutation, ill-health retirements and withdrawals etc.



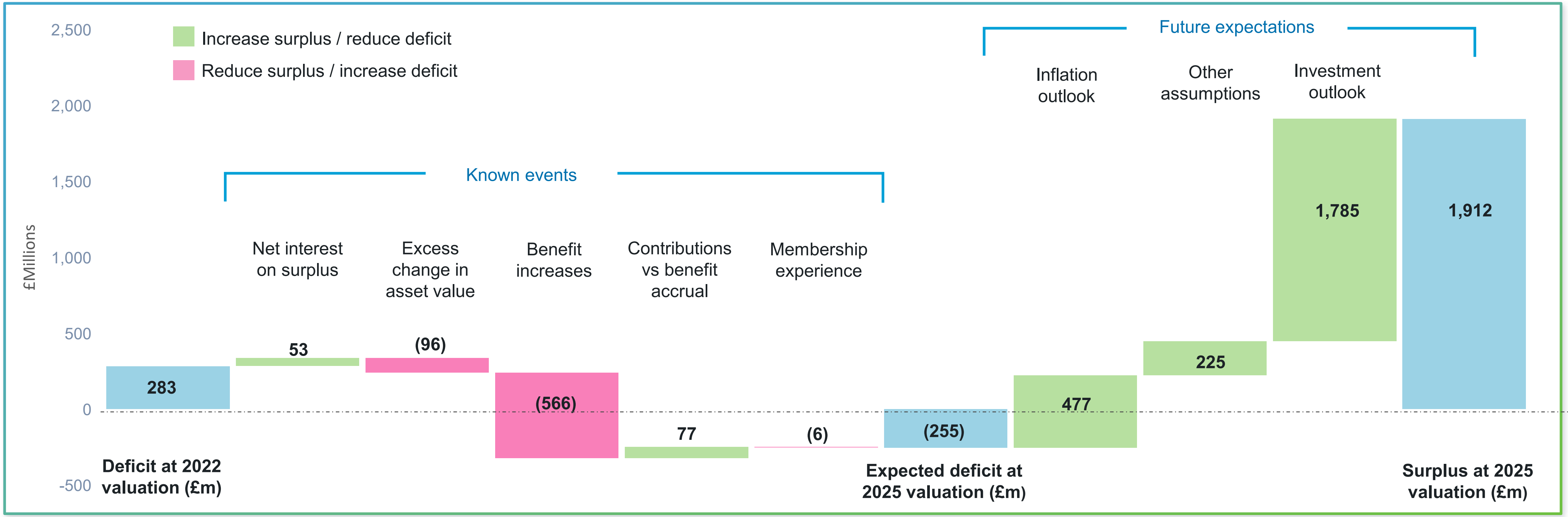
Prudence margin helps to protect against future uncertainity (and is a requirement)

2025 valuation results

Whole fund valuation results



Change in whole fund funding position



Numbers may not sum due to rounding.

Employers will see variation based on their own circumstances

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Employer level funding strategy

3 steps to setting the funding strategy

Funding target
What is the long-term funding objective?

Time horizon
Will the employer continue to participate in the Fund for the long-term or will they exit (and when)?

Likelihood of success
How sure do we want to be of achieving this target (balancing funding risks with employer affordability)?

Reflects the circumstances of each employer and allows the Fund to manage risk

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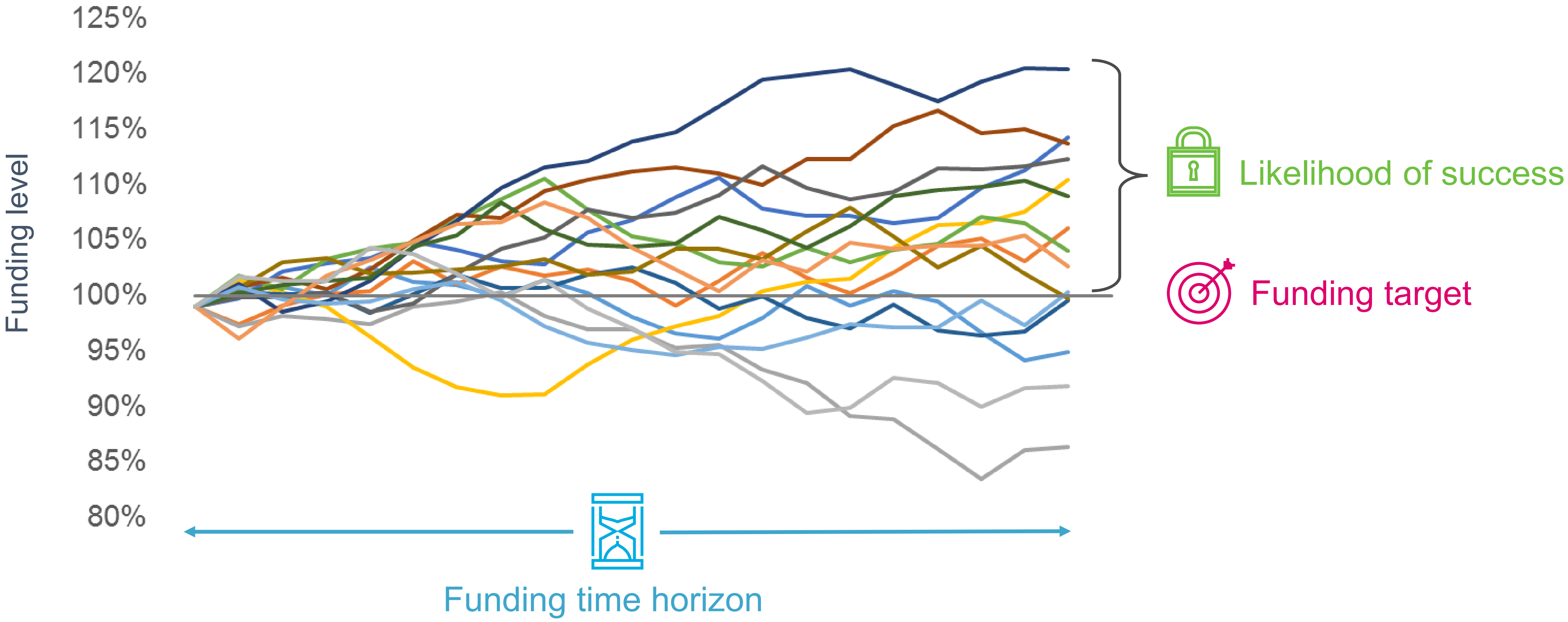
Setting risk-based contribution rates



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Contribution rates aim for 80% chance of meeting the funding target at the end of the time horizon

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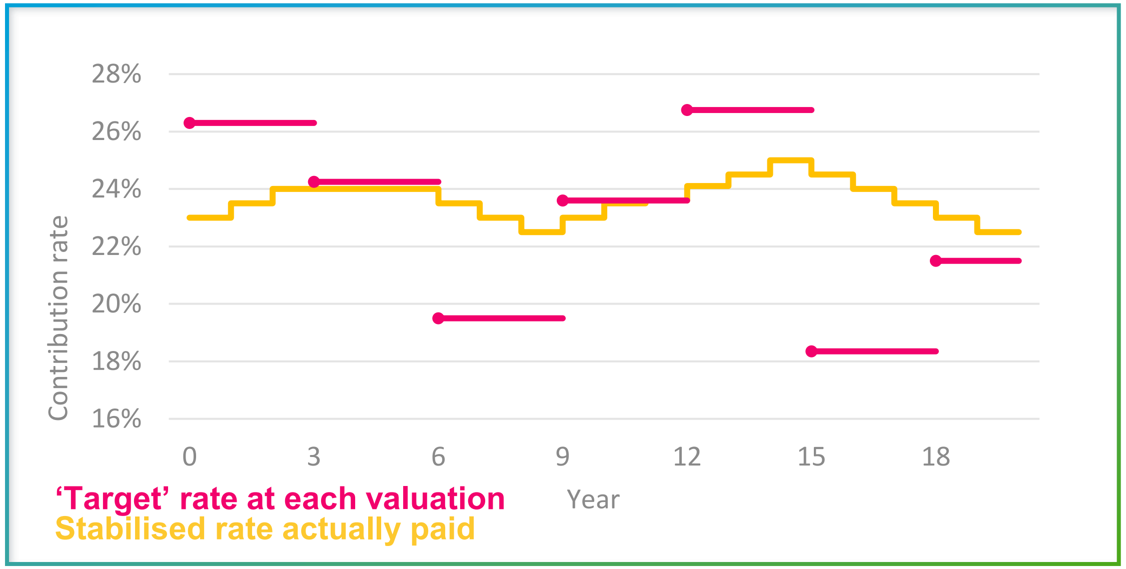
Stabilised contribution strategy



General insights

The Fund set rates to achieve contribution stability for its long-term, secure employers.

Stabilisation takes a long-term approach to setting contribution rates.

Provide employers with budgeting certainty

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Remove volatility from contribution rates for long-term open employers (government backed)

Funding themes at the 2025 valuation

Funding position

Improved funding positions expected across all employers

Contribution rates

With downwards movement to required future contributions

Funding position improvements and contribution changes will vary by employer

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Thank you

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