

# BTPS

An update on the

# Scheme's financial health

The Trustee is responsible for ensuring that the BT Pension Scheme ("BTPS" or "the Scheme") has sufficient funds to pay its liabilities (members' pensions). A full actuarial valuation must be carried out at least every three years as a detailed financial health check on the Scheme. Interim assessments also take place in the years between valuations. The purpose of this Summary Funding Statement is to provide you with a summary of the interim assessment as at 30 June 2024. The next full actuarial valuation is expected to be carried out as at 30 June 2026.

## Results of the 30 June 2023 actuarial valuation and the 30 June 2024 interim assessment

The results of the 30 June 2023 full valuation, along with the results of the latest interim assessment as at 30 June 2024, are summarised in the following table:

### 30 June 2023 triennial valuation



Assets  
£37.33 billion



Liabilities  
£41.03 billion



Shortfall  
£3.70 billion



Funding level  
91%

### 30 June 2024 interim assessment



Assets  
£35.69 billion



Liabilities  
£39.54 billion



Shortfall  
£3.85 billion



Funding level  
90%

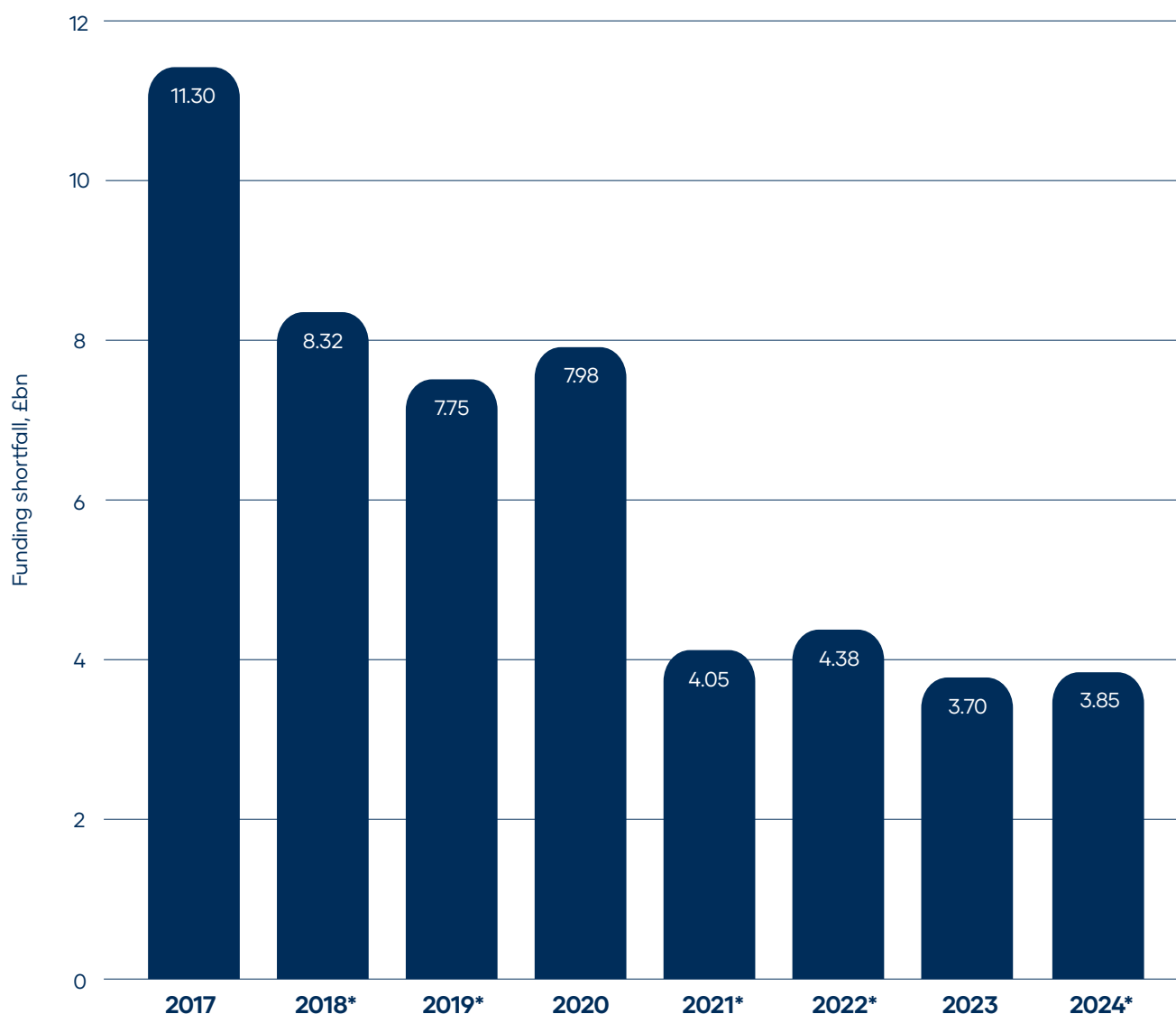
## Changes in the shortfall since the 2023 valuation

Between 30 June 2023 and 30 June 2024, the funding shortfall increased from £3.70 billion to £3.85 billion.

The key driver for the increase in the funding shortfall was the under-performance of the Scheme's equity and equity-like assets over the year relative to expectations.

Despite this, none of the additional contribution provisions agreed with BT Group as part of the 30 June 2023 valuation have been required, and whilst the Scheme is slightly behind the projected position from the 30 June 2023 valuation, it is still expected to achieve full funding by 30 June 2030.

## Progression of the funding shortfall since the 2017 valuation



\* Interim funding valuation year

## How will the shortfall be made up?

The Trustee and BT Group agreed a recovery plan as part of the 2023 valuation, which sets out the contributions the BT Group will pay in the expectation of returning the Scheme to a fully funded position by 30 June 2030.

The formal recovery plan ends on 31 December 2035, but in practice the Scheme is expected to reach full funding by 30 June 2030, as a result of the following payments from BT Group:

BT Group will pay

**£20m**

in 2024\* ...

... followed by

**£10m**

each year from 2025 to 2029...

These contributions are payable directly into the Scheme.

In addition,

**£690m**

in 2024\* ...

... followed by

**£590m**

each year from 2025 to 2029...

... followed by

**£490m**

in 2030.

These contributions are payable either directly to the Scheme or to the Scheme's co-investment vehicle. If these contributions are paid to the co-investment vehicle, funds will either pass to the Scheme or back to BT Group depending on the Scheme's funding position (as assessed over a series of dates between 2032 and 2042).



In addition, BT Group agreed to pay up to a further £300 million per year to the Scheme, if needed, to meet any future emerging shortfall in excess of £1 billion up to 2026, or in excess of £500m between 2026 and 2033. The need for these contributions will be assessed every six months. To date, none of these additional contributions have been required. **This aspect of the agreement provides more certainty that the Scheme will achieve its path to full funding.**

\* Payments due in 2024 by BT Group were paid as expected.

## What if the unthinkable happens – if BT Group stops trading?

In this scenario, we assume that the Trustee would continue to run the Scheme with a low-risk, closely-matched investment strategy including additional margins for risk. On this basis and assuming no further contribution from BT Group, it was estimated that at 30 June 2024 the assets of the Scheme would have met around 79% of the liabilities (the estimate at 30 June 2023 was 80%).

**Crown Guarantee:** On the privatisation of BT in 1984, the Government provided the Scheme with a special protection in the form of an undertaking so that, in the unlikely event of a winding up of BT Plc, those liabilities of BT Plc to the Scheme which are covered by the undertaking would be met by the Government.

## Task Force on Climate-Related Financial Disclosures (TCFD) Framework

We support the Task Force on Climate-Related Financial Disclosures (TCFD) Framework and our TCFD disclosure which reports on climate related risks and opportunities can be found on our website [www.btps.co.uk/SustainableInvestment](http://www.btps.co.uk/SustainableInvestment). A hard copy of this report is available on request.



## Additional information we are required to provide

Since the last update, the Scheme has not made any payments to BT Group under Section 37 of the Pension Act 1995. We also confirm that The Pensions Regulator has not used any of its powers under section 231(2) of the Pensions Act 2004 in relation to the Scheme. In particular, they have not modified the Scheme, nor made any directions regarding the contributions or the calculation of the Scheme's funding position. The Trustee reserves its position on the application of Part 3 of the Pensions Act 2004 to the Scheme.



### Contact us

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