RESULTS OF THE IN-DEPTH FINANCIAL HEALTH CHECK.

The Scheme is a Defined Benefit (DB) pension arrangement where all members' pensions are paid from a single pot, known as the fund. We keep a close eye on the Scheme's financial health to check if there's enough money set aside in the fund to make all future pension payments, or if we need to take action.

We complete an in-depth financial health check known as an actuarial valuation every three years and a yearly financial health check in the years in between. We ask the independent Scheme Actuary to check the difference between how much the Scheme needs to be able to pay the pensions built up (liabilities) and the total amount set aside in the fund to pay those pensions (assets).

The results show whether the Scheme is in surplus and the assets are worth more than the liabilities, or in deficit and the assets are worth less than the liabilities. We also look at the funding level, which is the difference between assets and liabilities shown as a percentage.

Members can request a copy of the full Actuarial Valuation Report by contacting the Pensions Administration Team.

Information on how the Scheme manages climate change risks and our sustainable investment choices can be found in our Climate Change Report which is available at **www.mandspensionscheme.com/sustainability**

THE LATEST RESULTS.

The results of the latest in-depth financial health check at 31 March 2024 are provided below, alongside the results of the previous in-depth financial health check at 31 March 2021 and the latest annual review at 31 March 2025.

	In-depth financial health check		Annual financial health check
	31 March 2021 (£m)	31 March 2024 (£m)	31 March 2025 (£m)
Assets	**10,693**	**6,590**	**5,720**
Liabilities	**10,006**	**6,302**	**5,656**
Funding surplus	**687**	**288**	**64**
Funding level*	**107%**	**105%**	**101%**

* A funding level of 100% or more means there is enough money set aside to cover the expected cost of paying all future pensions (i.e. the assets are worth more than the liabilities)

UNDERSTANDING THE LATEST RESULTS.

Although the results of the in-depth financial health check as at 31 March 2024 show a decrease in both assets and liabilities compared with 2021, we're pleased to confirm that the Scheme has remained in surplus.

The drop in assets and liabilities was largely due to the increase in interest rates the UK has experienced over the last few years. When interest rates go up, the amount the Scheme needs to pay future pensions goes down. At the same time, the value of some Scheme assets (like government bonds and insurance policies) also falls.

We've recently completed the annual financial health check as at 31 March 2025. This shows that the funding level and surplus both reduced over the year. This was due to changes in financial market conditions and a fall in the accounting value of certain contingent assets.

The Scheme continues to be in surplus and the funding level has remained above 100%. We're comfortable that the Scheme's investment strategy, which is designed so that movements in the assets and liabilities are broadly matched, is on track.

While a surplus doesn't mean the Scheme has more money than it needs, it does tell us it's in a healthy financial position with some protection against future changes in the value of the assets and liabilities.

WHEN IS THE NEXT FINANCIAL HEALTH CHECK?

We'll provide the results of the next annual financial health check in next year's newsletter. The next in-depth financial health check will be calculated as at 31 March 2027.

ADDITIONAL INFORMATION WE MUST TELL YOU.

As part of every actuarial valuation, all pension schemes must give members an idea of what would happen in the unlikely event that the sponsoring employer is no longer able to support future funding.

The Scheme Actuary must assume that the Trustee uses the amount it has set aside (the assets) to buy members' pensions from an insurance company. The insurance company would then take on the responsibility for paying pensions going forward.

As at 31 March 2024, the estimated cover for the benefits built up was around 93%. This is a lower percentage than the funding level because it costs more to buy pensions from an insurance company.

M&S would be legally required to fund the gap but, if in an extreme situation it wasn't able to, the Pension Protection Fund (PPF) may be able to take over the Scheme and pay compensation to members. The compensation would not be the same as the level of benefits from the Scheme. More information about the PPF is available at **www.ppf.co.uk**

We must also confirm that:

- There have not been any payments to M&S out of Scheme funds since the last Summary Funding Statement provided in 2024.
- The Pensions Regulator has not intervened in the running of the Scheme.

You can read an explanation for many of the technical words we use by visiting our online glossary at **www.mandspensionscheme.com/glossary**