

BTPS

Fact Sheet

About the Scheme

BT Pension Scheme, ("BTPS" or the "Scheme") is one of the largest private sector pension schemes in the UK.

It is a closed defined benefit (DB) pension scheme for employees, former employees and dependents of BT Group, with **over 258,000 members** and **c.£35.7bn** of assets as at 30 June 2024.



OVER
258,000
MEMBERS

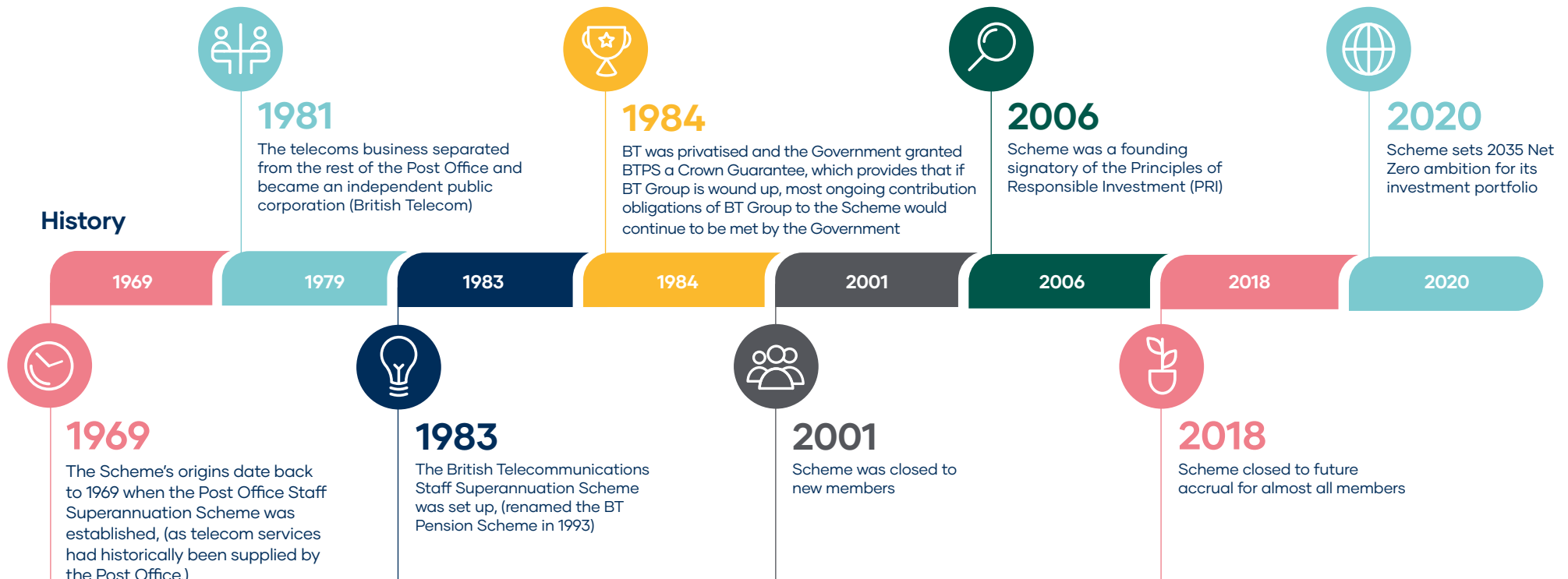


£35.7bn
OF ASSETS

Of this, nearly two thirds is invested in UK assets including gilts, corporate bonds (inc. secure income), property, infrastructure and private equity.

The Scheme closed to new members in 2001 and to future accrual in 2018. Each year, it pays out **c.£2.8bn** in benefits to **c.212,000** retired members and their beneficiaries.

History



Journey to full funding by

2030



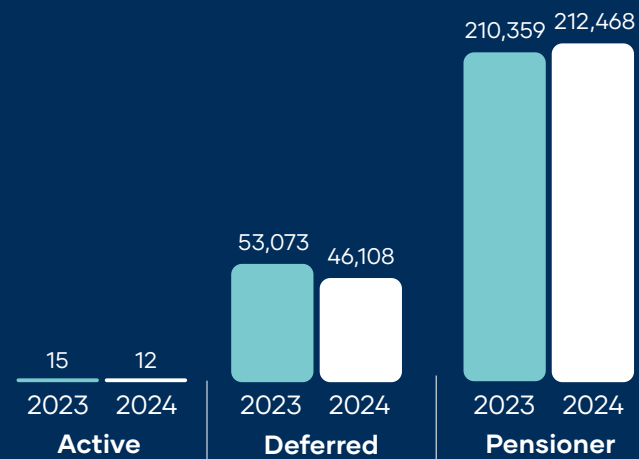
The Scheme's funding position has improved from 88% in June 2020 to 90% in June 2024, representing a reduction in the funding shortfall (deficit) from £7.98bn in June 2020 to £3.8bn in June 2024.

The Scheme remains on course to be fully funded by 2030.



Member profile

Member profile as at June 2024



Investment strategy

The Scheme's main objective is to ensure there are sufficient assets to pay the benefits in full at the right time to members and their beneficiaries under the Rules of the Scheme.

As more of the Scheme's members reach retirement, the matching of assets and liabilities will be increased with the investment portfolio transitioning towards bond and bond-like investments. We have set an objective to

reduce the level of investment risk gradually over time and to increase the level of cashflow aware assets, as the proportion of retired members increases. The income from those cashflow aware assets will help us reduce the range of investment outcomes and ensure funding stability. By 2034 (when virtually all Scheme members will be retired) the Scheme intends for its assets to provide adequate income plus capital repayments to meet members' benefit payments as they fall due.

The Scheme is exposed to five main risk factors:



Changes in long term UK interest rates



Liquidity and cash flow risk



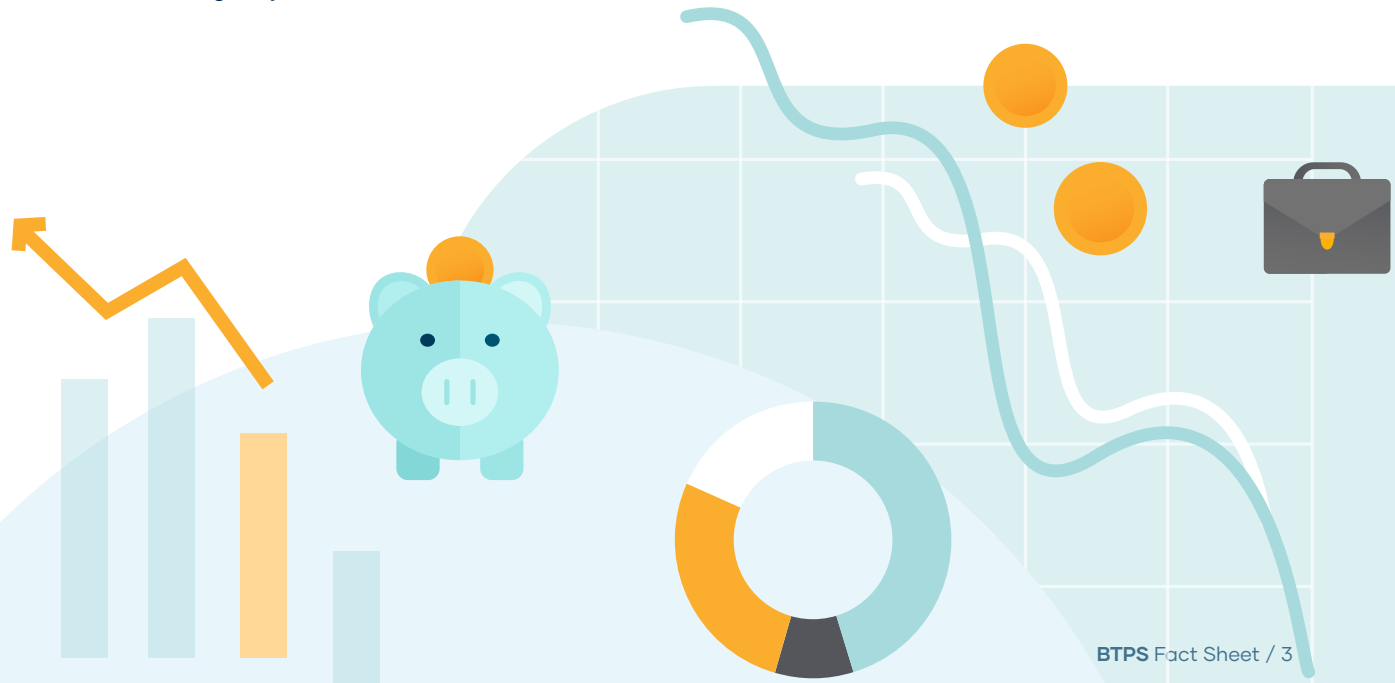
Changes in UK inflation



Changes in longevity

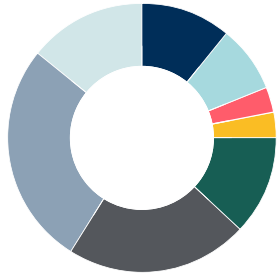


Asset risk

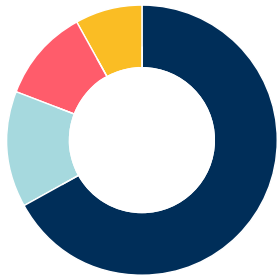


Where we invest as at June 2024

The distribution of investments



Equities	11%
Property	8%
Absolute returns	3%
Infrastructure	3%
Non-core credit	12%
Government bonds, cash and other net assets	22%
Corporate bonds	27%
Secure income	14%



UK	65%
United States	15%
Europe	12%
Other	8%

Property investments

Around 8% or **£2.8bn** of Scheme assets are invested in property, comprising of a diversified mix of offices, industrial property, retail and residential assets.

These investments provide the Scheme with income and over the long term, the value of commercial property has been shown as an asset class that keeps pace with inflation.



Investment grade credit

The Scheme owns approximately **£7.9bn** of conventional and index-linked government bonds which form part of our cash flow matching portfolio.

The purpose of the cashflow matching portfolio is to efficiently exploit the natural liquidity of bond and bond-like assets to further improve confidence that benefit payments can be met as they fall due. On June **2024** approximately **48%** of the Scheme's exposure to investment grade corporate bonds was allocated to UK corporate bonds and the remaining **52%** was invested globally.

Sustainable investment and climate change

The Scheme has a long history of being an engaged and responsible investor.

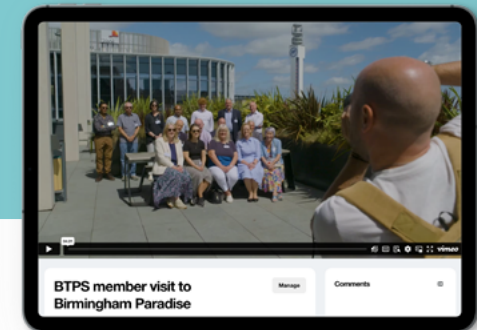
This commitment is central to how the Scheme thinks about its investments and this is mirrored in BTPS' responsible investment mission statement:

"The Scheme's investments should be managed to create sustainable long-term value, supporting the generation of optimal investment returns to ensure the Scheme can pay all benefits in full".

Climate change is one of the biggest risks posed to the Scheme achieving its member funding obligations. As a result, in October 2020, the Scheme set an ambition to achieve net zero greenhouse gas emissions (absolute scope 1-3) by 2035 across the portfolio.



Click [here](#) to watch a video of BTPS members visiting Birmingham Paradise, one of the Scheme's sustainable UK property investments.



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