

## **Forester Life Limited – Directors’ Annual Report to planholders in the Deferred Pensions Fund – 2025**

### **Introduction**

The Principles and Practices of Financial Management (PPFM) is a document that we are required by law to produce and which sets out how the company will manage the fund.

Each year, the Forester Life Board considers whether the business has been managed in line with the PPFM and we report to our planholders on compliance, how we managed the business over the year and on the exercise of discretion.

This is the report for the Deferred Pensions Fund.

This annual report explains:

- if our operation of the Deferred Pensions Fund during 2025 complied with the fund’s Principles and Practices of Financial Management (PPFM);
- the way we have exercised management discretion in making key decisions during 2025 and whether this was consistent with the PPFM; and
- how we have addressed any competing or conflicting rights, interests or expectations of the fund’s planholders.

A copy of the latest PPFM can be found on our website [www.foresters.com/wp](http://www.foresters.com/wp)

### **Governance**

The Board is responsible for decisions that affect the with-profits business, after considering advice from the With-Profits Actuary and the Forester Life Funds Advisory Panel.

The With-Profits Actuary is required to produce an annual report to planholders and a copy of the report for 2025 is also available on our website.

The Advisory Panel, although not required to do so, can choose to write to planholders if it feels it appropriate. However, as the panel considers that this report provides a full and fair view of the fund’s operation in 2025, they do not intend to produce a separate report.

### **Statement of Compliance**

Forester Life, having considered the advice of the panel and the With-Profits Actuary, believes that in respect of the calendar year 2025 it has complied with the PPFM.

Discretion has been exercised appropriately and the competing or conflicting rights, interests or expectations of different groups of planholders have been taken into account.

## **Overview of 2025**

In managing the fund, key areas of management discretion concern pay-outs and the management of the fund's surplus assets, investment management, expenses and changes to the PPFM. Each of these areas is now considered below.

### **Pay-outs**

Forester Life aims to provide the fund's planholders with a fair return on their investment. This is achieved through the setting of crediting rates and final bonuses and determining the amounts to be paid for plans leaving the fund before their selected retirement date. To do this, we calculate a value known as an asset share for sample plans that are representative of all the plans in the fund.

A sample plan's asset share consists of the payments made into it, less management expenses and other charges, plus any allowances for exceptional miscellaneous profits and losses. These amounts are then built up at the rate of investment return allocated to the plan.

In addition, as the Deferred Pensions Fund is closed to new business, pay-outs will include a distribution of the fund's surplus assets. This surplus is the excess of the assets required to meet the plans' asset shares and additional guaranteed payments and is currently paid as an enhancement to pay-outs.

Forester Life believes that the methodology of setting final bonus rates based on asset shares for sample plans together with an allowance for distribution of any surplus assets means that pay-outs are appropriate and fair.

During 2025 the crediting rates were increased reflecting higher yields on the fund's fixed interest assets in comparison to the previous year. Final bonus rates were reduced from 1 April 2025 to maintain fair payouts.

### **Investment Management**

Investment management of the Deferred Pensions Fund is undertaken by Schroders and we regularly monitor performance.

The aim of the investment strategy is to secure the guaranteed liabilities of the fund with a high degree of confidence and to maximise the investment return on Planholders' assets by taking an acceptable level of risk.

There were no material changes to the fund's investment strategy during 2025, although we made some rebalancing within equities (between UK and overseas) and within fixed interest (between gilts and corporate bonds).

### **Management of Expenses**

Forester Life monitors the level of expenses charged to the Fund and to plans, to ensure they remain fair and in line with the PPFM. Where we identify anything that needs improving, we take steps to put this right.

### **Climate-related Disclosure Report**

You can find the Climate-related Disclosure Report for the Deferred Pensions Fund at **[foresters.com/TCFD](https://foresters.com/TCFD)**.

These reports contain climate metrics for your investments. They're produced in accordance with regulations from the Financial Conduct Authority (FCA) and recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD).

### **Further Information**

If you have any questions regarding this document, please write to the following:

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