Trustee's report

2025/26

Smith+Nephew

SMITH & NEPHEW UK PENSION FUND

Welcome

Welcome to the latest newsletter for members of the Smith & Nephew UK Pension Fund (the fund). It brings you the news from the fund and updates from the world of pensions.

We will soon be writing to members with more information about the fund's insurance policy with Rothesay and next steps. Please look out for this letter and future communications as we move to secure members' benefits.

We'd like to remind you that pension scheme members continue to be a target for scammers, and scam techniques are becoming ever more sophisticated. Our article on page 10 has some tips on how to protect yourself and your pension.

We hope you enjoy reading this issue and find it useful. If you have any questions or if there's a topic you'd like to know more about in a future issue, please get in touch using the details on the back page.

Bob Newcomb
Chair of the trustee

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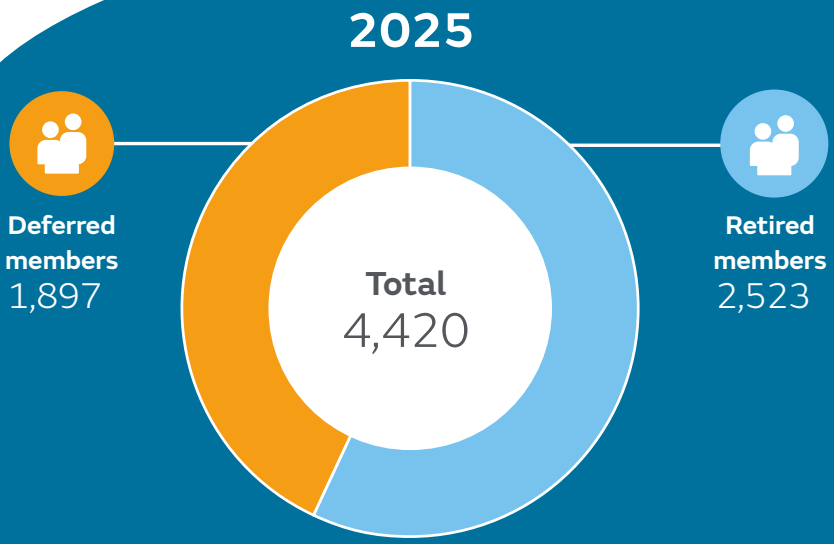
Membership

Over the year to 30 September 2025, the number of members in the fund reduced by 162, to reach 4,420.

	2025	2024
Retired members	2,523	2,552
Deferred members	1,897	2,030
Total	**4,420**	**4,582**



Note: the figure for retired members also includes dependants and those who are receiving a spouse's pension.

The fund account

The information on this page shows how much money has gone into and out of the fund during the year to 30 September 2025.

If you'd like to see a full version of the report and accounts, you can find it under 'Trustee documents' on the fund website library.

Visit **smithandnephewpensions.co.uk/library**

MARKET VALUE OF ASSETS AS AT 30 SEPTEMBER

£392m 2025

£431m 2024

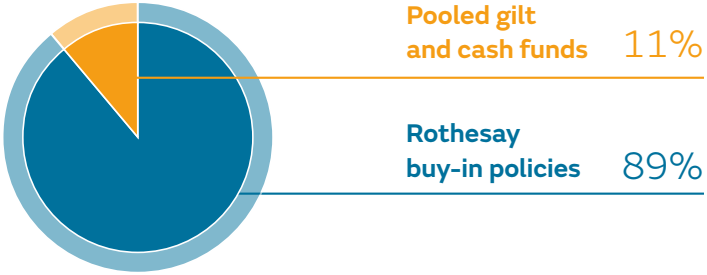
	2025 £'000	2024 £'000
INCOME		
Transfers in	-	-
Other income	48	129
TOTAL	**48**	**129**
EXPENDITURE		
Benefits paid to members	(17,843)	(16,773)
Payments to leavers	(370)	(443)
Advisers' and administration expenses	(2,631)	(2,855)
TOTAL	**(20,844)**	**(20,071)**
INCOME LESS EXPENDITURE	**(20,796)**	**(19,942)**
INVESTMENT RETURNS		
Net investment income	19,741	18,838
Change in market value	(38,287)	4,657
TOTAL	**(18,546)**	**23,495**
Net increase/(decrease) in funding during the year	**(39,342)**	**3,553**

Investment report

The trustee has overall responsibility for investing the fund's assets but delegates the day-to-day management of the process to specialist investment managers and the fund's buy-in provider, Rothesay.

The four buy-in policies with Rothesay are investments which provide an income covering all current and future pension payments from the fund. The remainder of the fund's assets (valued at around £49 million as at 30 September 2025) are managed by Columbia Threadneedle Investments (CTI) in a combination of pooled gilt and cash funds. These assets are held to meet any ongoing expenses not covered by the buy-in policies.

How are the assets invested?



Investment performance

During the 12 months to 30 September 2025, the fund's overall return was 2.9% compared with its benchmark of 2.8%. Investment returns for the one, three and five-year periods are shown below:

	One year (%)	Three years (% p.a.)	Five years (% p.a.)
Performance	2.9	2.0	-5.7
Benchmark	2.8	0.7	-5.6

The figures in the table above reflect invested assets only and do not include the buy-in policies.

Find out more

The trustee has set out the fund's investment strategy in a document called the statement of investment principles (SIP), together with an implementation statement. Both are available online at **smithandnephewpensions.co.uk/library**, under 'Trustee documents'.

Your pension at a glance

If you want to find out more about the fund or your benefits, the fund website is the best place to start.

Simply visit **smithandnephewpensions.co.uk** to access a wide range of information, including:

- the latest updates and news about the fund
- answers to commonly asked questions
- key details about your pension benefits
- helpful tools to support your retirement planning (for deferred members)
- access to your secure OneView account.

By selecting 'Manage my pension', you can log in to OneView and view your personal pension information online.

Pensioner members can use OneView to:

- view and update certain personal details
- access pension payslips and P60s
- amend bank account details.

Deferred members can use OneView to:

- view and update certain personal details
- see benefit statements
- request an estimate of retirement benefits
- obtain a transfer value estimate.

Securing your pension for the future

Previously, the trustee confirmed that benefits for all members of the fund have now been fully insured with Rothesay.

The trustee is reviewing its options for the future, so please look out for more information later in the year. Also, do remember the latest updates on the fund can be found on the member website: **smithandnephewpensions.co.uk**

If you are in contact with any former colleagues who believe they may have benefits in the fund but have not received this newsletter, please encourage them to get in touch with Aptia, whose contact details are on the back page of this newsletter.

Pension news

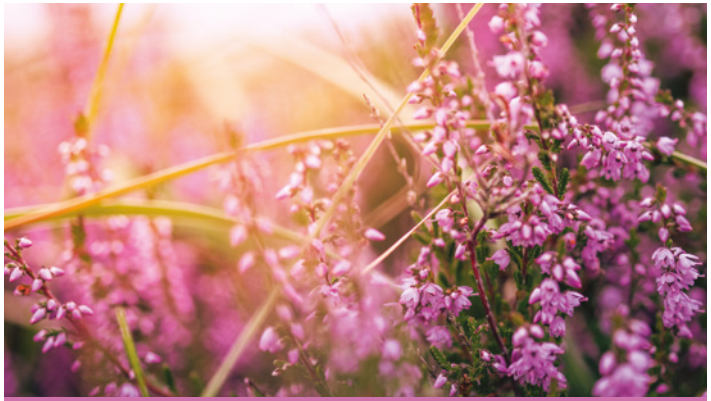
Coming soon – the pensions dashboards

The pensions dashboards project, backed by the UK government, will enable people to view information about their unclaimed State, private and workplace pensions in one place online, with the aim of reuniting people with forgotten pensions and supporting their retirement planning.

The fund has been successfully connected to the dashboards' network, and we remain on track for the planned go-live date, although this is unlikely to happen before 2027.

For the best chance of being able to see all your pension information on the dashboards, you should check that all your pension schemes have your latest contact details.

Keep Aptia informed about any changes to your personal details, particularly if you move home. The quickest and easiest way to update your details is online, using Aptia's secure member portal, OneView, but their contact details are also provided on the back page of this newsletter.



Tax and your pension

Your fund pension is subject to income tax, which is deducted by the fund administrator using the tax code provided by HM Revenue and Customs. With the rise in the State pension, bringing it closer to the standard personal allowance threshold of £12,570 (the amount of income you can have in a year before paying tax), you may find that you're paying more tax on your fund pension than before, or you're paying tax on your fund pension for the first time.

Aptia can't answer queries about your tax code or the amount of tax you pay. If you think your tax code is wrong, please contact the tax office direct on 0300 200 3300, Monday to Friday 8am to 6pm.

Inheritance tax changes

In last year's *Trustee's report*, we explained that the government plans to introduce legislation that will bring certain payments made on the death of a pension scheme member into scope for inheritance tax (IHT).

Currently, most lump-sum payments made from a pension scheme when a member or beneficiary dies do not form part of their estate, so they're not subject to IHT. However, the rules are changing from 6 April 2027, when some lump-sum death benefits will be added to the rest of a person's estate (their property, money, possessions, etc.) when assessing if any IHT is payable.

The most likely benefit to be affected is the fund's five-year guarantee, which pays a lump sum if a member dies within the first five years of their retirement. However, there's an important exception: if this lump sum is paid to a spouse or registered civil partner, an IHT exemption will generally apply. It's also worth noting that spouseand dependant pensions payable on the death of a member will not be affected by the government's proposed change.

For many members, the change will have no effect. The government has confirmed that the nil-rate band for IHT will remain fixed at £325,000 (or £500,000 if you are passing on your residence to a direct descendant) until 2030. This means that you would only pay IHT if your estate was worth more than this amount.

The legislation to formally introduce these changes is expected later this year. This summary is based on our current understanding of the government's proposals, and we'll share further updates when more details become available. Please note that this is only a general summary and may not cover every aspect that may be relevant to your own situation. If you believe that you may be affected, you should consider taking independent financial advice.

State pension increases

- In April 2026, the State pension increased by 4.8%.
- If you reached State pension age before 2016, this means you're now receiving a full basic State pension of £184.90 a week.
- If you reached State pension age after 2016, the full new State pension is now £241.30 a week.
- The exact amount of State pension you receive depends on your individual circumstances. Reductions may reflect periods when you were contracted out and paid lower rates of National Insurance.

Stay one step ahead of scammers

STOP! THINK FRAUD is a government initiative that aims to give people the tools and information they need to stay ahead of scams and help protect themselves against criminals.

Their website has everything from explaining the difference between a passkey and a password, to identifying the common tactics and techniques used by fraudsters. You can even take a quiz to see how you'd cope if you were approached by a fraudster. Check it out at **stopthinkfraud.campaign.gov.uk**

If you end up falling for a scam, there's also a new reporting service called Report Fraud (which has replaced Action Fraud), to strengthen consumer protections against cyber crime and fraud. You can find it at **reportfraud.police.uk**

How to protect yourself

- → **Don't throw out anything with your name, address or financial details on it without shredding it first.**
- → **If you receive an unsolicited email or phone call, delete it or hang up.**
- → **Don't click on links or attachments in suspicious emails.**
- → **Never share your login details or pin codes with anyone.**
- → **Don't leave things like pension statements lying around for others to look at.**
- → **If you're expecting a pension quotation or P60 and it doesn't arrive, tell Aptia.**
- → **If you move house, let Aptia know your new address as soon as possible so they can update their records.**

Running the fund

The Smith & Nephew Pension Fund is set up as a trust under a trust deed and rules. Smith & Nephew UK Pension Fund Trustee Limited is the registered trustee company.

The trust deed and rules sets out how the fund should be run and includes administration and management. All the money held by the fund is kept completely separate from the employers who participate in the fund – Smith & Nephew UK Ltd and TJ Smith & Nephew Ltd.

The trustee company is made up of a board of six directors, who are referred to as trustee directors. They are responsible for making sure the fund is properly managed on behalf of all the members. The trustee directors appoint a number of professional advisers and service providers to help them run the fund, with additional support from the trustee secretarial team at ZEDRA.

Your trustee directors

Company appointed

Bob Newcomb, Chair
Tim Allison
Lucy Fuller

Member nominated

Len Pendle
David Webster

Independent

Nigel Moore, Independent Governance Group (IGG)

Fund advisers

Principal employer
Smith & Nephew UK Limited

Secretary to the trustee
ZEDRA Inside Pensions Limited

Actuary
Clive Wellsteed FIA, Lane Clark & Peacock LLP

Investment adviser
Lane Clark & Peacock LLP

Investment manager
Columbia Threadneedle Investments

Buy-in policy provider
Rothesay Life Limited

Auditor
RSM UK Audit LLP

Solicitor
Travers Smith LLP

Banker
HSBC Bank PLC

Fund administrator
Aptia UK Limited (formerly Mercer Limited)

Contact us

If you have any questions about your benefits in the fund or the payment of your pension, please contact the fund administrator.

Call:
0345 646 0643

Write to:
Smith & Nephew UK Pension Fund
Aptia Limited
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

Submit a query online:
pensionuk.aptia-group.com

Fund website:
smithandnephewpensions.co.uk

Keep in touch

Keeping your information up to date is important as it means you won't miss any important updates from us about your pension. If you have recently moved, please update your details on OneView or contact Aptia. It would also be helpful if you can tell us your personal email address and phone number, so we have alternative methods of contacting you, should we need to.