

For Professional Investors only

Resilient RunOn: the confident choice for well-funded DB schemes

A practical guide for trustees and sponsors considering their next move

Why this matters now

Many DB schemes are in their strongest funding position for years. That is good news, but it also raises a big question: what next?

Insurer pricing can change and timing is not always in your control. There is growing interest in using pension assets more effectively while keeping members secure.

Introducing Resilient RunOn

Resilient RunOn is our new service for well-funded schemes that want to stay in control. It combines a fully hedged, risk-managed investment approach with clear governance, so you can create surplus in a disciplined way and keep your options open.

Fulfilling your fiduciary duty

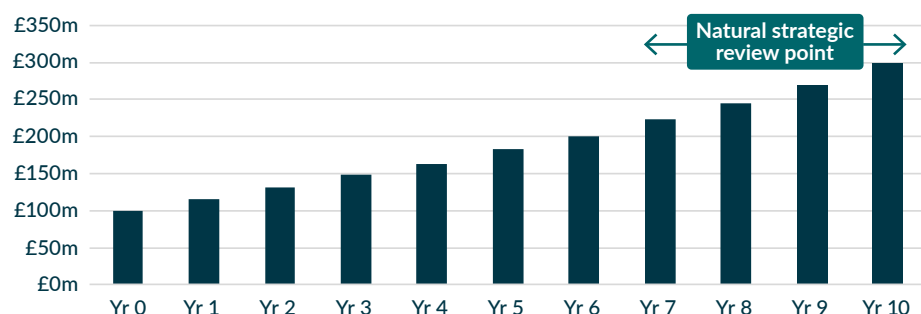
Resilient RunOn supports trustees in meeting their fiduciary responsibilities. It provides a disciplined, transparent framework for managing surplus, protecting member benefits, and maintaining long-term flexibility.

Is this right for your scheme?

- Assets of £350m or more
- At least 90% funded
- Strong sponsor covenant (BBB+ or above)

Figure 1: Surplus projection for a £1bn scheme over ten years (assumed return: gilt yield + 1.65%)

Shows a central case of c. £200m surplus after ten years, with a further c. £100m from actuarial prudence and demographic effects.



The upside of running on

What you gain by running on

Run-on is about control. It allows schemes to turn a strong funding position into practical advantages while managing risk carefully. Our Resilient RunOn service delivers this through a disciplined framework with clear governance and flexibility.

The advantages that matter



Security first

A fully hedged interest rate and inflation position keeps funding on track.



No extra surplus required

Unlike a buy-out, you do not need to raise additional surplus to complete a transaction.



Avoid forced sales

Keep valuable assets rather than selling at a discount to hit an external timetable.



Clear governance

A surplus policy is set up front, with simple rules on when to share and when to pause.



Keep your choice

Move to buy-out later if and when it makes sense, or continue to run on if value keeps building.

Figure 2: Surplus projection for £1bn pension scheme (assumed return of gilt yield plus 1.65%)

Median scenario:

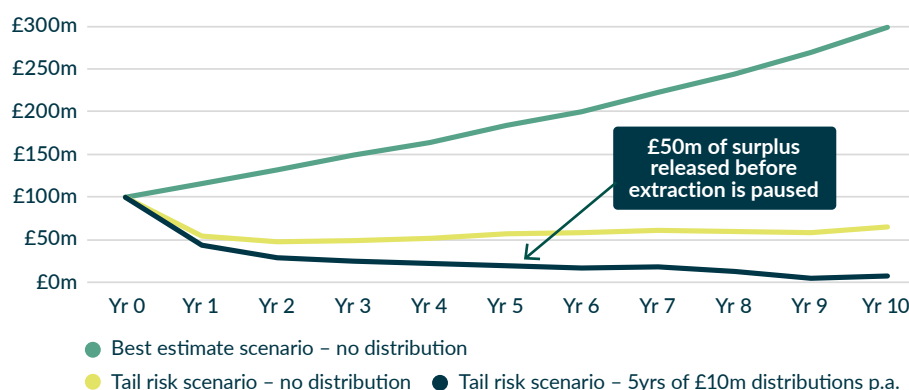
£200m additional surplus after 10 years.

1-in-20 downside scenario:

Scheme remains in surplus after 10 years, but the £100m buffer is reduced by adverse market conditions.

Surplus distribution:

Up to 5 years of £10m p.a. (£50m total) before pausing.



How Resilient RunOn works

A tested approach designed for control and security

Resilient RunOn combines robust risk management with flexibility and clear governance.

The guardrails*

Clear rules for surplus sharing and automatic pause triggers if funding falls. Options such as letters of credit, escrow or surety bonds can add comfort for the corporate.

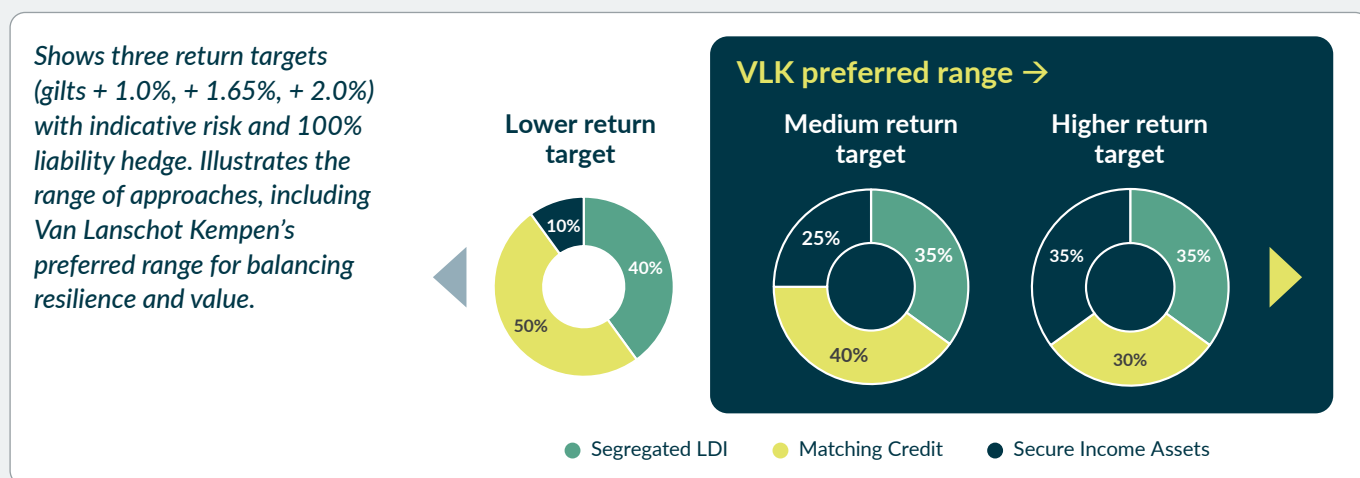
The portfolio

Fully hedged and built for resilience, using high-quality credit and secure income assets to generate steady returns.

The flexibility

Options stay open. Buy-out later, move to a superfund, or continue to run on if value keeps building. Existing illiquid assets can be integrated where appropriate.

Figure 3: Three approaches compared



Capital at risk
Source: Van Lanschot Kempen. Illustrative modelling only.

*Arranged separately to Van Lanschot Kempen



Why choose us and your next move

Why Van Lanschot Kempen

- ✓ **Proven capability** – Fiduciary Manager of the Year at the UK Pensions Awards in 2024 and 2025.
- ✓ **Innovative, with discipline** – An asset-led approach that aims to unlock surplus sooner while keeping risk in view.
- ✓ **Open architecture** – Access to best-in-class managers* with independent oversight and accountability.
- ✓ **ESG integrated** – Responsible investment embedded across portfolios with clear targets and reporting.
- ✓ **Proven in practice** – Already adopted by a DB superfund and aligned with TPR guidance.

* Based on the view of VLK's manager research team

Your next move starts here

- **Get clarity** on your scheme's funding strength
- **See how much** surplus you could create and how to share it safely
- **Keep your options open** with a governance plan that works for you.



See what your scheme could achieve. Scan the QR code or contact our team.

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Capital at Risk. Past performance is not indicative of future results.

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The usefulness of the models in this analysis or others should therefore be considered in the context of the limitations of any model, particularly with respect to key aspects including but not limited to:

- i) the amount of weight that should be given to recent levels of market volatility compared to long term historic averages,
- ii) should future volatility levels be determined by the markets, through observation of derivative prices,
- iii) past performance should not be a guide, and
- iv) should the expectation of default risk and recovery rates for debt instruments be based on past data.

Output from any model will vary based on the approach taken around these key assumptions and others. Any modelling assumptions may prove to be incorrect and actual results will differ from the results of the model. The results between different models will also differ, potentially substantially, from that shown in our analysis. As such, recommendations, decisions and advice based on modelling by their nature contain associated (model) risks. We do not make any claims to accuracy and we acknowledge that there are a wide range of alternative underlying assumptions that may be just as valid as those we use. Any modelling assumptions (and the resulting analyses and forecasts) may require modification as additional information becomes available and as economic and market developments warrant. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future.

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