UNIVERSITY OF LEICESTER PENSION AND ASSURANCE SCHEME
("the Scheme")

RECOVERY PLAN

Introduction
This Recovery Plan has been prepared by the Trustees of the University of Leicester Pension and Assurance Scheme ("the Trustees") to satisfy the requirements of Section 226 of the Pensions Act 2004, after obtaining the advice of J M Harvey, the Scheme Actuary and after consultation with the University of Leicester ("the University").

It follows the actuarial valuation of the Scheme as at 31 July 2013, which revealed a funding shortfall (Technical Provisions minus value of assets) of £29.6M.

To eliminate the funding shortfall, the Trustees and the University have agreed that additional contributions (i.e. contributions over and above those needed to cover expenses and benefits being earned in the future) of £1,800,000 per annum will be payable in August each year from 1 August 2014 to 31 July 2027 (or until an actuarial valuation of the Scheme reveals that the shortfall relative to the technical provisions has been eliminated).

Period in which the statutory funding objective should be met
Under this Recovery Plan, if the assumptions made are borne out in practice the funding shortfall will be eliminated by 31 July 2027, which is a period of 14 years from the effective date of the valuation.

The assumptions are:
- Technical Provisions will continue to be calculated according to the method and assumptions set out in the Statement of Funding Principles dated 11 July 2014 with financial conditions unchanged from those at 31 July 2013;
- future scheme experience will be in line with the assumptions underlying the Technical Provisions, except that on both existing assets and future contributions held in respect of final salary liabilities, the future investment return during the period will be equal to 2.5% per annum and 0.8% per annum in excess of the discount rate for growth assets and protection assets respectively. For this purpose the proportion of growth assets is assumed to decrease linearly from 70% at the valuation date to 30% by 31 July 2030.

Progress towards meeting the Statutory Funding Objective
On the assumptions made, 50% of the above additional contributions will be paid by 31 August 2020, which is a period of 7 years from the effective date of the valuation.

This Recovery Plan was agreed by the Trustees.

Signed on behalf of the Trustees of the Scheme
Name: John Smith
Position: Trustee
Date: 11 July 2014

Signed on behalf of the University of Leicester
Name: Michael Johnson
Position: Director of Finance
Date: 11 July 2014