

Proposed Change to DB Pension Scheme – Staff Consultation – 03/12/25

Dan Wilson
Committee Member

Proposed change

“Close DB pension scheme to new entrants (new staff and existing staff not currently in DB scheme) effective from 1st May 2026”



Retirement Solutions

SHAPS

(Scottish Housing Associations Pension Scheme)

Currently Rosehill offer 2 pension schemes:

- Defined Benefit
- Defined Contribution

Rationale for Proposal

- ❖ Results of 3 yearly actuarial valuation
 - ❖ Completed September 2024
 - ❖ Results published summer 2025:
 - ❖ Funding position has reduced to 90% (98% at 2021 valuation)
 - ❖ Deficit Payments being re-introduced from 01/04/26
- ❖ Departure of other employers
 - ❖ Last Man Standing Arrangement

Current Position

- Current Members of DB Pension remain in it
- Proposed closure is 1st May 2026 –
opportunity to join before then...deadline for
doing so is 27/02/26

Future Arrangements

- ❖ From 1st May 2026 – only 1 pension scheme will be available for new entrants – DC Pension
- ❖ Researching options for staff – potential to offer salary sacrifice

Consultation Process

Began last week and runs to 9th January 2026...

- ❖ Written notifications issued;
- ❖ Consultation sessions being held (2 dates)
- ❖ Follow up session (if required) to cover feedback received including any Q&A
- ❖ Survey will be issued to allow opportunity for any further feedback or questions

Further Advice

Recommendation – **take independent financial advice before making any decisions about your pension**

General Pension Advice – contact via www.tpt.co.uk

For more information and advice...

- ❖ Personal pensions: Get help - GOV.UK
- ❖ Perkbox - Unbiased Financial Advice (Free Consultation)



Closure of DB Pension Scheme to New Entrants

Script

Opening

Thank you for attending today. We want to be transparent about the important decision under consultation: closing our Defined Benefit (DB) pension scheme to new entrants (this being new staff and current staff not in the scheme).

Context & Rationale

- Defined Benefit (DB) Scheme: Provides a guaranteed pension based on salary and years of service. The employer bears investment and longevity risk.
- Defined Contribution (DC) Scheme: Contributions are invested, and the retirement benefit depends on investment performance. The member bears investment risk.

Key Difference: DB offers certainty but is costly for employers; DC offers flexibility but places risk on the individual.

Our DB scheme has served staff well for many years but rising costs and regulatory requirements have made it increasingly challenging to sustain for future members. This proposal is about ensuring long-term financial stability for the organisation and fairness with only one pension option being offered going forward.

To outline the Management Committee's key considerations for the proposal:

- The Scheme has a deficit of £80m (£690m Assets / £769m Liabilities) (Ongoing valuations/Exit are a deficit of £225m, a 75% funding level (£690m Assets / £915m Liabilities)).
- As other employers fail or exit, the "Last-Man Standing" arrangement means Rosehill will be liable for other employers' liabilities as long as the scheme is still active, coupled with poor market conditions or members living longer, this liability can be exacerbated.
- Associated scheme costs are increasing, and deficit recovery plans are being implemented resulting in an additional £78k annually in costs for Rosehill.

Benchmarking: Sector Practices

Most housing associations and similar organisations have transitioned from DB to DC schemes for new entrants, if not completely closed, over the past decade. This shift is driven by cost sustainability and regulatory compliance. Contributions in DC schemes typically range from 4% to 12%, often with Employer matching options (Rosehill 2x match).

Some organisations offer salary sacrifice arrangements to enhance tax efficiency, which has some additional caveats from the Chancellors November 2025 budget; however Rosehill will be exploring its viability.

There are 137 RSLs in Scotland, and only 27 still operate DB schemes. The majority have transitioned to DC arrangements for sustainability.

Current Position

Existing members will remain in the DB scheme with no changes to their accrued benefits. This proposal only affects new entrants.

As stated in the notification issued to you about the proposed change to the DB Scheme, the proposed closure date is 1st May 2026. Therefore, you do still have the option to join the DB scheme. If this is something that you want to consider, you should seek independent financial advice before making any decision. Please remember that if you do wish to join, you must notify the Finance Team by 27th February 2026 at the latest. This is to ensure that sufficient time is allowed for the processes to be completed to add new members to the DB scheme, before the proposed closure on 1st May.

Future Arrangements

New staff would join a Defined Contribution (DC) scheme, which is our standard auto enrollment currently.

We will ensure competitive employer contributions and support for retirement planning. Including reviewing other options that may be more favourable for our staff, i.e. Salary Sacrifice schemes.

Consultation Process

This is a genuine consultation. We want your feedback before any final decision is made. The consultation period runs until 9th January 2026, and you can submit questions or concerns today, or through the survey form which the Director will issue after this session.

Commitment

We remain committed to supporting your financial wellbeing and have provided links to some sources of advice within the notification of proposed changes recently sent to you.

Closing

Thank you for your time and input. We value your views and encourage you to share them during this consultation or in the survey provided.

Additional Information

Risks

Risks of Defined Benefit (DB) Pension Schemes

- Funding Risk: Employers must ensure the scheme is adequately funded to meet future liabilities.
- Longevity Risk: Members living longer than expected increases liabilities significantly.
- Inflation Risk: Inflation-linked benefits escalate costs.
- Regulatory Risk: Increasing governance requirements add complexity and cost.
- Employer Covenant Risk: If the sponsoring employer faces financial distress, the scheme may struggle to meet obligations.
- Interest Rate Risk: Falling interest rates increase the present value of liabilities.

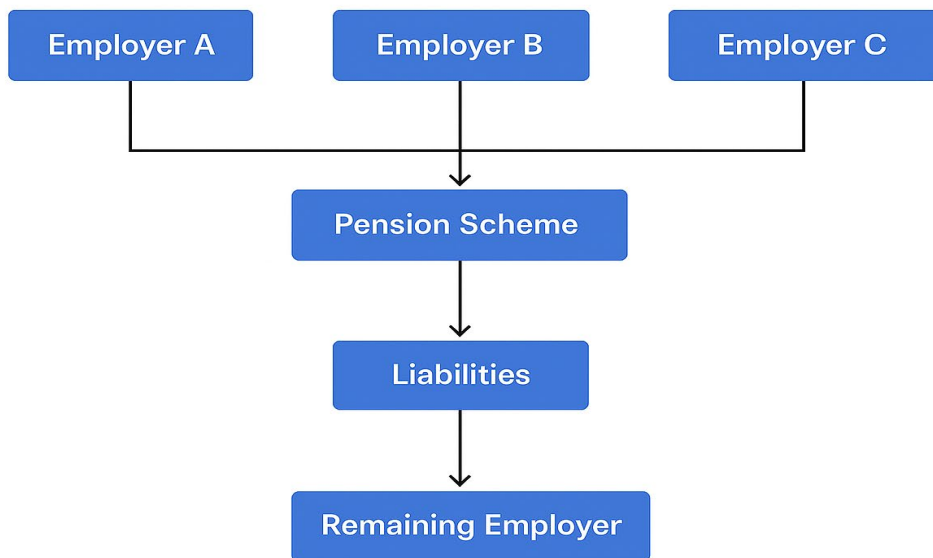
Last Man Standing Arrangement Risks

- Joint Liability: All participating employers share responsibility for the scheme's liabilities.
- Exit Debt: Employers leaving may face large Section 75 debts, the later the debt is crystallised.
- Residual Risk: Remaining employers inherit liabilities if others fail.
- Unpredictable Costs: Contributions can spike if other employers become insolvent.

Potential Questions

Question	Response
Why is the DB scheme being closed?	Rising costs, risks, and regulatory pressures make it unsustainable for new entrants.
Will my existing benefits be affected?	No. Current members keep their DB benefits unchanged, and this proposal will have no impact on the DC scheme.
What will the ongoing pension arrangement look like?	A Defined Contribution scheme with competitive employer contributions, Rosehill will also review other options that may be available; however, this will be on a DC basis.
Will employer contributions change?	<p>There is no proposed change to the DC scheme and contributions will remain competitive and aligned with sector norms.</p> <p>In respect of the DB scheme, the future service contribution rate (combined) is reducing to 21% (32.8% currently) from 1st April 2026. The proposed split of the new rate is 9% for employees and 12% for employer. Staff currently in the DB scheme are being consulted on this separately.</p>
How does this affect my retirement security?	We will provide tools and advice to help you plan effectively.
Is this decision final?	No. This is a consultation, and your feedback matters.
What if I'm about to join the scheme?	If the proposal goes ahead and you join before the closure date, you will enter the DB scheme. After that, new entrants will join the DC scheme.
Will financial advice be provided?	Rosehill is unable to offer independent financial or pension advice to staff. We are able to signpost to cost effective options; however, employees are advised to seek their own independent financial advice where appropriate for them.
How does this compare to other employers?	Most organisations in our sector have already moved to DC schemes for sustainability. Only 27 organisations have a fully operational DB Scheme. There are 137 Registered Social Landlords in Scotland.
Could the DB scheme reopen in the future?	This is highly unlikely due to risk, cost, and regulatory factors.

Last Man Standing Liability Flow



Financial Impact Summary

Metric	Value
Current Deficit (Ongoing Basis)	£80m
Exit Basis Deficit	£225m
Annual Additional Cost (Deficit only)	£78k
DB Contribution Rates	Employee: 9%, Employer: 12% (From Apr 2026)
DC Contribution Rates	Employee: 4%, Employer: 8%

Staff Support and Resources

Before making any decision about changes to your pension, you are advised to take independent financial advice.

If you require further details about your pension scheme, please visit the 'Your Pension' area of our pension scheme website www.tpt.co.uk. Alternatively, you can call 0113 234 5500 or email them at enquiries@tpt.co.uk. Please quote your membership number and scheme name as this will help them deal with your enquiry more efficiently.

For more information and advice...

- [Personal pensions: Get help - GOV.UK](#)
- [Perkbox - Unbiased Financial Advice \(Free Consultation\)](#)

Proposed change to DB Scheme – Staff Consultation Sessions held on 3rd December and 9th December 2025

Q&A

Question	Answer
If you transfer from DC pension to DB pension what is the process?	You will need to notify the Finance Team of your decision by 27 th February 2026. The necessary paperwork will be completed and submitted to The Pension Scheme. This will enable this to be effective from your April salary.
In relation to the DB Pension how often do the contribution rates go up?	Typically any changes to the future contribution rates will follow the outcome of the 3 yearly actuarial valuations. The next actuarial valuation will be 2027, with the findings published the following Summer.
What is the difference between Defined Benefit and Defined Contribution Pensions	<p>The DB pension scheme offered at Rosehill is a Final Salary Pension. This provides a guaranteed income based on salary and length of service. The employer bears the investment risk and is responsible for ensuring there are sufficient funds to pay the promised benefits. So, if there are any shortfalls in funding the employer is responsible for paying these usually through deficit payments.</p> <p>The DC pension scheme – the contributions (employer/employee) are invested. The retirement income depends on how much the employee and employer contribute and how well the investments perform. The employee bears the investment risk, meaning if the investments do poorly, the retirement pot may be smaller than expected.</p>
The description given at the session of the difference between a DC and DB pension was helpful. Can this information be shared with staff?	Yes. The script and other information and Q&A from sessions will be shared with staff.