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# Aura Life Funeral Plan Trust

Solvency Assessment Report  
as at 31 December 2025

Scott Binnie FFA C.Act

11 March 2026





# Purpose and scope



- We have been instructed to provide Aura Life Limited (the “Company”) with a Solvency Assessment Report as required by the Financial Conduct Authority (“FCA”) under section 3.2.2 of the Funeral Plan: Conduct of Business sourcebook.
- To prepare this Solvency Assessment Report we have completed a valuation of the Aura Life Funeral Plan Trust (the “Trust”) assets and liabilities as at 31 December 2025 (the “Review Date”).
- This report complies with the Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) and Technical Actuarial Standard 400: Funeral plan trusts.
- Our interpretation of the FCA’s requirements in terms of funeral plans backed by a trust are to ensure that:
  - adequate arrangements are in place so that funerals are carried out in accordance with the funeral plan purchased by the planholder from the plan provider;
  - should a planholder cancel their plan they will receive a refund in line with the cancellation terms;
  - should the plan provider fail and it does not prove possible to find another provider to take on the plans, then it is important that the arrangements put in place by the plan provider do not adversely affect the interests of customers and covered individuals.
- This report is addressed to Aura Life Limited. This report may be shared with other interested parties including the Guardian Professional FPT Limited (“the Trustee”) of the Trust, but it does not constitute advice to them.
- We have carried out the valuation on an ongoing basis – the Trust continues to receive monies from new plan sales and pay out monies on the maturity of plans.



**Scott Binnie FFA C.Act**  
**Barnett Waddingham LLP**



# Purpose and scope

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- The FCA have set out their requirements for the preparation of a Solvency Assessment Report in chapter 3 of the Funeral Plan: Conduct of Business sourcebook.
- The key aspects are:
  - An actuarial valuation of the Trust is required to determine, calculate and verify the assets and liabilities of the Trust on a best estimate basis;
  - The liabilities are to be assessed against the amounts the provider puts into trust to be sufficient for the purpose of providing the agreed funeral;
  - The data and liabilities should be categorised into:
    - single payments;
    - instalment payments fully paid; and
    - instalment payments not fully paid.
  - Details of any liability subcontracted to funeral services providers that may include inflation.
- The definition of actuarial best estimate is that the assumptions should be neither optimistic nor pessimistic – i.e. no margins for prudence with the actual outcome being equally likely to be higher or lower than the assumption made. The results of the valuation have been completed on a best estimate basis.

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# Background



# Background

## Previous valuation

The previous Solvency Assessment Report, dated 11 March 2025, was prepared based on an assessment as at 31 December 2024. The results of that assessment indicated that the assets of the Trust exceeded its liabilities.

## Subcontracted liabilities to funeral service providers

The funeral plan contract with the planholder is constituted by the Terms and Conditions (Terms) on which the Company undertakes to appoint the selected funeral/cremation provider as its sub-contractor to provide the planholder's funeral/cremation services.

## Deductions from the Trust

Deductions of £1.67m were made from amounts paid to the Trust in the 12 month period to the Review Date, representing the non-funeral/cremation costs of the plan which will be provided by the Company, as well as administration costs.

## Current and future plan values

Each live plan in the Trust has a plan value which is the amount that will be paid to the appointed provider to carry out the funeral/cremation when the plan matures. At the point of sale, an amount (net of payments to the Aura Life) is paid into the Trust. This amount represents the cost of providing the funeral/cremation services with an additional solvency margin. The assumption is that plan values will increase between the date the plan was sold and the date of maturity by the increase in the CPIH measure of inflation over that period. This increase is expected to match the increase in the cost of providing the funeral/cremation services as these are agreed by contractual terms between the Company and the service provider.

## Planholder cancellation

Not all plans will reach maturity. Plans can be cancelled and planholders will receive a refund of the amounts on cancellation in line with the Terms.

## Assets

The value of the net assets of the Trust we have used in the assessment as at 31 December 2025 is the fair value of the assets based on accounting information provided by Nigel Hill on 25 February 2026. This showed a total value of £3,455,000 at 31 December 2025.

This is comprised of:

- £3,580,000 invested in the L&G Future World ESG Screened and Selected Multi-Index 4 Fund (the "L&G Fund");
- £51,000 held in the Trust's bank account;
- A deduction in respect of £176,000 of current liabilities which includes maturity payments due that were yet to be settled at the year end (£61,000) and allowances for future tax payments.



# Assumptions and methodology



# Assumptions as at 31 December 2025

A summary of the assumptions used in the solvency assessment are set out below. Further details on the methodology and assumptions used in the assessment are set out in my advice report dated March 2026.

## Discount rate

The discount rate is derived by determining the expected return from each asset class held by the Trust on a best estimate basis and adjusting for tax and expenses.

The Trust invests in a 'multi-index' fund with Legal & General Investment Management. This fund provides exposure to a series of diverse investments and so the discount rate derivation involves setting an implied market discount rate for each of the main asset classes that make up the fund.

Whilst the asset allocation varies from time to time, I believe a reasonable long-term average asset allocation is as follows :

- Equities – 35%
- Government bonds – 30%
- Corporate bonds – 25%
- Real return alternatives – 10%

The assumed return on equities is based on dividend yields plus expected long term inflation plus expected real long term dividend growth at the Review Date. The assumed return from government and corporate bonds is based on the relevant market yields as at the Review Date. Alternative assets are assumed to achieve a return of 0.5% less than Equities.



## Tax rates and expenses

We have adjusted the assumed level of future investment returns to reflect the expected investment management expenses and the expected amount of tax.

The management charge underlying the LGIM Fund is 0.36% pa and we have deducted this from the discount rate.

We have included in the liabilities a reserve of £50,000 to meet anticipated professional fees payable in the 12 months following the Review Date.

The Trust is assumed to be taxed at 20% on non-dividend income and 24% on realised capital gains. We determine the tax expected to accrue on investment returns as a percentage of the assets and allow for this as a deduction from the discount rate. As at the valuation date the deduction is 0.98% pa.

To determine the discount rate, a weighted average of the different returns from the different asset classes is adjusted for tax and expenses as follows:

|                        | 31 December 2025 |            |                   |
|------------------------|------------------|------------|-------------------|
|                        | Return (pa)      | Allocation | Contribution (pa) |
| Equity assets          | 6.35%            | 35%        | 2.22%             |
| Government bond assets | 4.55%            | 30%        | 1.37%             |
| Corporate bond assets  | 5.24%            | 25%        | 1.31%             |
| Alternative assets     | 5.85%            | 10%        | 0.59%             |
| Gross return           |                  |            | 5.48%             |
| less tax               |                  |            | (0.98%)           |
| less fund manager fees |                  |            | (0.36%)           |
| Discount rate          |                  |            | 4.15%             |

The assumed discount rate of 4.15% pa is lower than the assumption of 4.2% used last year.

# Assumptions as at 31 December 2025

## Inflation

Long term RPI inflation is derived from the Bank of England gilt curves. An assumption for future CPIH inflation is derived directly from the RPI assumption and is expressed as a single rate assumption. At the Review Date long term CPIH inflation was assumed to be 2.65% pa (the 31 December 2024 assumption for CPIH was 2.7% pa). Future plan value growth is assumed to be in line with increases in CPIH.

## Mortality assumptions

The mortality tables adopted in the valuation were the ELT17 tables with separate age-related scaling factors at each age up to age 100 based on our experience of funeral planholder populations.

The following table shows the underlying life expectancies at 65 and 85 implied by the mortality tables described above.

|         | Life expectancy at age 65 | Life expectancy at age 85 |
|---------|---------------------------|---------------------------|
| Males   | 17.8                      | 6.0                       |
| Females | 20.9                      | 7.0                       |

## Mortality experience

The following table shows the actual and expected number of deaths in the 12 months to the current valuation date.

| 12 months to 31 December 2025 |                 |         | Actual mortality rate | Expected mortality rate | Average age of all planholders |
|-------------------------------|-----------------|---------|-----------------------|-------------------------|--------------------------------|
| Actual Deaths                 | Expected Deaths | Act/Exp | (% p.a.)              | (% p.a.)                |                                |
| 165                           | 118             | 140%    | 3.7%                  | 2.6%                    | 73.0                           |

The number of planholders is still quite small and so we would expect there to be some statistical variation in the actual mortality experience compared to expected. We will continue to monitor mortality experience and review assumptions at future assessments if required.

## Cancellation assumption

Not all plans reach maturity and can be cancelled. Planholders receive a refund of an amount in line with the funeral plan Terms. The level of cancellations continues to be low and no explicit allowance has been made for future cancellations in the assumptions.



# Valuation methodology

The valuation method is to project future payments from the Trust using the underlying assumptions described above.

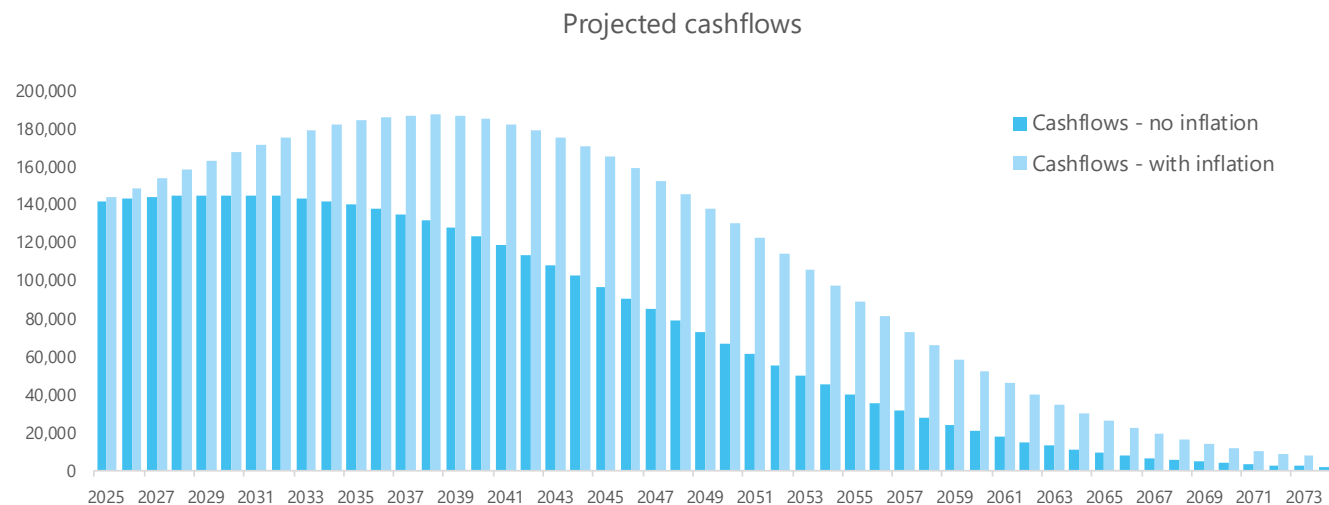
## Fully paid plans

For fully paid plans – single payment or fully paid instalment plans - the projected cashflows are the full plan values expected to be paid based on the plan growth and mortality assumptions.

## Instalment plans

For instalment plans with instalments still to be paid we have assumed the full plan value will be paid in the cashflow projection then deducted the present value of remaining instalments – essentially treating future instalments as future cashflows into the Trust. The present value of the remaining instalments to be paid is £672,000.

The projected cashflows based on full plan values of existing plans from the Trust are set out below.



These projected payments are discounted to the Review Date using the discount rate and the present value of future instalments is deducted to obtain the present value of the liabilities. We then compare the value of the liabilities with the fair value of assets.



Results

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# Results – funding position

## Funding position at 31 December 2025

The funding position as at the Review Date is set out in the table below.

We have shown the results split by plans that were paid by a single payment, instalments that have been fully paid and instalments that are not yet fully paid.

| Best estimate results               | 30 September 2025 |
|-------------------------------------|-------------------|
| Single payment                      | £2,087,000        |
| Instalments – fully paid            | £224,000          |
| Instalments – payments outstanding  | £673,000          |
| <b>Less outstanding instalments</b> | <b>(£672,000)</b> |
| Professional fees reserve           | £50,000           |
| <b>Total liabilities</b>            | <b>£2,362,000</b> |
| Assets                              | £3,455,000        |
| Surplus                             | £1,093,000        |
| Funding level                       | 146%              |

The estimated funding level at 31 December 2025 is 146%, corresponding to a surplus of £1,093,000. This compares to a funding level of 128% and a surplus of £304,700 at the previous Review Date.

The reasons for the improvement in the funding position are set out on the next page.

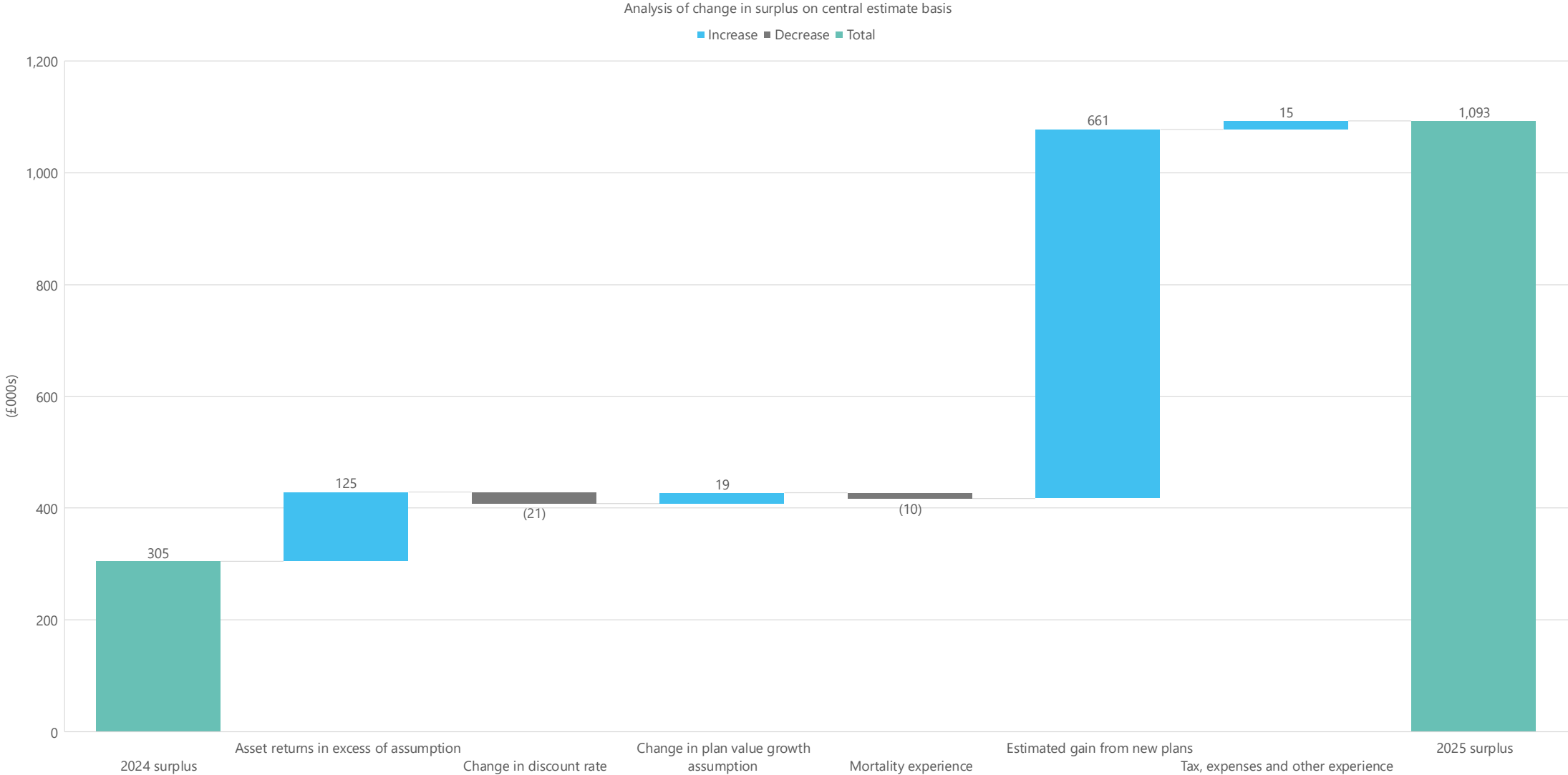
### Cancellation basis

Were all plans to cancel, the Trust's assets at the Review Date were more than sufficient to refund current plan values (allowing for a reduction in plan values where instalments remain outstanding).



# Results – analysis of change in surplus

A broad analysis of the change in the surplus position for the Trust since the previous Review Date is set out below:



# Results – sensitivities and scenarios

## Sensitivity Analysis

The results of the valuation are sensitive to some of the key assumptions adopted, in particular the discount rate and plan growth assumption adopted. Further commentary and analysis on risks and mitigations are set out in my report dated March 2026.

### Discount rate sensitivity

In the table below we show the results assuming a 1% increase/decrease in the discount rate.

| 31 December 2025  | Best estimate | Discount rate + 1% pa | Discount rate - 1% pa |
|-------------------|---------------|-----------------------|-----------------------|
| Total liabilities | (£2,362,000)  | (£2,009,000)          | (£2,793,000)          |
| Assets            | £3,455,000    | £3,455,000            | £3,455,000            |
| Surplus           | £1,093,000    | £1,446,000            | £662,000              |
| Funding level     | 146%          | 172%                  | 124%                  |

### Plan growth rate sensitivity

In the table below we show the results assuming a 0.5% increase/decrease in the plan growth rate.

| 31 December 2025  | Best estimate | Plan growth + 0.5% pa | Plan growth - 0.5% pa |
|-------------------|---------------|-----------------------|-----------------------|
| Total liabilities | (£2,362,000)  | (£2,567,000)          | (£2,173,000)          |
| Assets            | £3,455,000    | £3,455,000            | £3,455,000            |
| Surplus           | £1,093,000    | £888,000              | £1,282,000            |
| Funding level     | 146%          | 135%                  | 159%                  |

### Mortality rate sensitivity

In the table below we show the results assuming that mortality rates were 10% higher at each age. This reduces the funding level as cashflows are paid out sooner than expected, with less time for invested assets to earn returns.

| 31 December 2025  | Best estimate | Mortality 10% higher pa |
|-------------------|---------------|-------------------------|
| Total liabilities | (£2,362,000)  | (£2,388,000)            |
| Assets            | £3,455,000    | £3,455,000              |
| Surplus           | £1,093,000    | £1,067,000              |
| Funding level     | 146%          | 145%                    |

The next solvency assessment should be carried out as at 31 December 2026.



# Appendix

# 1



# Summary of planholder data

## Planholder data

A summary of the valuation data provided to us by Aura Life Limited as at the Review Date is set out below:

| 31 December 2025                   | Number of planholders | Current plan values | Average plan value |
|------------------------------------|-----------------------|---------------------|--------------------|
| Single payment                     | 3,129                 | £2,540,747          | £812               |
| Instalments – fully paid           | 314                   | £279,468            | £890               |
| Instalments – payments outstanding | 1,047                 | £844,430            | £807               |
| <b>Total</b>                       | <b>4,490</b>          | <b>£3,664,645</b>   | <b>£816</b>        |

At the Review Date the amounts still to be received by the Trust in relation to partly paid live instalment plans was £699k, based on the data provided (this is included in the current plan values above, but is not currently reflected in the Trust assets).

Whilst we carry out reasonableness checks on the data we are not able to independently verify the data and we rely on what has been provided by the Company.

Where data items are missing or incomplete, suitable assumptions are made. I do not believe any of the assumptions made are material to the results produced and I believe the data provided is fit for the purpose of calculating the results summarised in this report.



# Summary of invested assets

## Invested assets by investment manager

All invested assets as at 31 December 2025 are held with Legal & General Investment Management. The assets are held in daily dealt funds.

## Reconciliation of assets

A reconciliation of the net assets during the 12 months to the Review Date is set out below:

|  | £                  |
|--|--------------------|
| <b>Assets as at 31 December 2024</b>         | <b>1,391,000</b>   |
| <b>Net plan proceeds</b>                     | <b>3,707,000</b>   |
| <b>Maturity payments</b>                     | <b>(152,000)</b>   |
| <b>Net Investment return</b>                 | <b>176,000</b>     |
| <b>Company costs for additional services</b> | <b>(1,594,000)</b> |
| <b>Trust expenses</b>                        | <b>(73,000)</b>    |
| <b>Assets as at 31 December 2025</b>         | <b>3,455,000</b>   |

