

**Haven Funeral Trust
Solvency Assessment Report
Results of the Actuarial Valuation
as at 31 March 2023**

Date: 15 September 2023

Prepared by: David Downie BSc FIA

Solvency Assessment Report with the Results of the Actuarial Valuation of the Haven Funeral Trust as at 31 March 2023

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Introduction and Executive Summary

I have been instructed by Haven Personal Funeral Plans Limited to perform an actuarial valuation of the Haven Funeral Trust (“Trust”) and to provide a Solvency Assessment Report (“SAR”) as required by the Financial Conduct Authority (“FCA”) under section 3.2.2 of the Funeral Plan: Conduct of Business sourcebook. The Trust is for the pre-arrangement and pre-funding of funeral services and this is the first SAR for this Trust.

This report, in accordance with the Financial Services and Markets Act (Regulated Activities) Order 2001 act. 60(1)(b)(v), covers the determination, calculation and verification of the assets and liabilities of the Haven Funeral Trust (“the Trust”) as at 31 March 2023 (the “Valuation Date”). The last SAR of the Trust was undertaken as at 31 March 2022 and was dated 20 July 2022. The period under review is therefore twelve months.

The report is addressed to Haven Personal Funeral Plans Limited (“the Plan Provider / HPFPL”) who is the Plan Provider but contains information that is also relevant to the Trustees and Havencare Management Limited and the Appointed Funeral Directors (jointly “the Funeral Directors”). It describes the financial condition of the Trust at the valuation date and considers the funding appropriate to the Trust after the valuation date.

In preparing this report we have complied with the Technical Actuarial Standard (TAS) - TAS 100 covering Principles for Technical Actuarial Work. It is expected that the Financial Reporting Council, who publishes the TAS’s in consultation with the Institute and Faculty of Actuaries, will update TAS 400 (covering Funeral Trusts) to give specific guidance on contents of the SAR. This report complies with the principles of TAS 400, to the extent applicable.

We have also taken account of the following items produced by the Institute and Faculty of Actuaries:

- APS Z1 “Duties and responsibilities of actuaries working for UK Trust-based Pre-Paid Funeral Plans (effective 01.12.2015);
- APS X2 “Review of Actuarial Work” (effective 01.07.2015);
- Guide for Actuaries on UK Trust-Based Pre-Paid Funeral Plans;
- Guide for Trustees on UK Trust-Based Pre-Paid Funeral Plans.

We have considered general data, administrative, procedural, investment and pricing issues and Plan Holders’ contracts. The Funeral Directors have confirmed that the objective of the Funeral Plan is to provide the contracted funeral to the Plan Holder at the time of need.

This valuation does not take account of any future new business that may be written after the effective date of this valuation.

The Best Estimate basis results of the valuation under the Net Average Cost Basis show that the Trust has a funding level of 125.6% with an accrued surplus of £2.0 million.

The actuarial certificate is attached to certify the payment of the greater of a sum not exceeding the Original Pre Paid sum less £250 or the Net Average Cost of the contracted funerals.

Purposes of the Report

The main purpose of this valuation is to advise the Plan Provider of the position of the Trust relative to the liabilities as required by the FCA and also as required under clause 6 of the supplemental deed and this is purely a “valuation exercise”. The purpose of this SAR valuation is also to establish the level of security from within the Trust for a Plan Holder’s contracted funeral service and to identify, as far as possible, the development of the Trust and the risks and issues that might affect the various stakeholders in the Trust in the future. The valuation also satisfies various statutory requirements as required under Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and the requirements of the FPCOBS.

For this actuarial valuation, the liabilities have been calculated based on the funeral plan fees and disbursements due to be paid to the funeral directors that have been contracted to conduct the funerals of plan holders.

The report includes elements required by FCA which are also required to be reported in the SAR, namely:-

- the determination, calculation and verification of both the assets and liabilities of the Trust under a best estimate basis;
- the liabilities are to be measured against the amounts needed to provide the funeral
- the funeral plan Trust data should be shown into the following subcategories of payment method:
 - paid in full or single payments;
 - instalment payments fully paid;
 - instalment payments not fully paid.

where the funeral costs increase with inflation this may be allowed for.

The purposes of the valuation are described above and the report is produced for the use of the Plan Provider and the Trustees. Neither WBR Actuarial, nor I accept any liability to any third party in respect of the contents of this Report for its use for any purpose other than those set out as above.

Trust and Operational Provisions

The Trust was effectively set up by deed and dated 25 January 1999 (“the Trust Deed”) providing pre-paid bespoke funeral services in accordance with the provisions of the Plan.

At the effective date of this SAR valuation the Trust was managed by 5 Trustees, namely: Mr C Tempest, Mrs D S Winfield, Mr Christopher Barker, Mr Mark Fitzpatrick and Miss C Brierley.

Payment of a Pre-Paid Sum is currently made via the Plan Provider to the Trustees by the Plan Holder. After deduction of administration costs, the balance is transferred to the Client Account operated by the Trustees, and subsequently invested with the Custodian Trustee and held in the Trust Fund. This sum is held under trust for the provision of the contracted funeral service from the Funeral Directors at the time of need.

Four main plan types offering different levels of service are available – Simplicity, Selective, Sovereign and Simple Farewell – as well as Bespoke and Eco-friendly options. The basic services within each plan are guaranteed. Additional extras can be paid for. These normally represent a small proportion of the total Pre-Paid Sums. Such extras are not guaranteed, and the money is carried forward and applied at the time of need to provide the contracted extras at the then current price.

On death, a payment is made to the Funeral Directors, or any associated Plan Provider or business arranging the funeral, which then provides the funeral service as contracted at inception.

Within the pricing of the contract there is a profit margin. This profit margin can vary depending on the volume of business transacted via the Trust and the volume of business separately undertaken by the Funeral Directors.

A Contract for Services between the Plan Provider and each Appointed Funeral Director establishes the duties of the Appointed Funeral Director in the provision of the contracted funeral. The standard Contract for Services allows the Appointed Funeral Director (AFD) to claim from the Trustees the current funeral price at the time of need, unless an actuarial certificate is provided, which the Trustees can rely on to restrict any payment. At the 2022 SAR it was certified that the payment to the AFD at time of need should not exceed the greater of the Net Average Cost or the Pre-Paid Sum less £250. All additional extras could have been paid in full as set out in the actuarial certificate dated 20 July 2022.

If a Plan Holder leaves the area it may be possible for a funeral service to be provided by another funeral director on arrangement. It is also possible to cancel the Funeral Plan by giving notice in writing to the Plan Provider. In these cases, all monies paid for the funeral, less a cancellation fee of currently £120 are returned. Whilst the number of cancellations is small, it is recognised that the Trust bears the cost of administration in such cases.

The overwhelming majority of Plan Holders are covered for funeral services on their death. In a very small number of instances the first death of a husband and wife is covered on exactly the same terms.

Once the Pre-Paid Sum has been fully paid a binding contract is issued to the Plan Holder. A Guarantee is provided by the Appointed Funeral Director in favour of the Plan Holder and the Plan Provider for the provision of the agreed funeral with indemnities against all costs other than those due and payable in accordance with the contract.

The Pre-Paid Sum covers the main costs and some disbursements, allowing payment for a future funeral at today’s prices thereby providing a guarantee against the future price inflation in respect of the basic funeral provision and against retail price inflation in respect of some of the disbursements. In some cases a small additional amount is paid to cover any extras and this normally would not be subject to any inflationary guarantee.

Under Clause 3 of the Trust Deed, the Trustees are permitted to deduct and pay expenses to the Plan Provider. These represent payments to the Plan Provider for general administration services and to the fund manager in relation to Trust management fees and investment service charges. An allowance has been made for these latter expenses in the RAO valuation.

We have not made any allowance for the other expenses such as payment of administration fees and professional services which we understand are paid by the Plan Provider from the initial deduction of the operating costs – currently £250 per new Plan Holder.

Plan Holders’ Data

Although I have taken all reasonable steps to ensure that the data is of adequate quality for the purposes of this valuation, I have relied on the accuracy of the information provided by the Plan Provider. The responsibility for the accuracy of the data for the valuation is therefore ultimately that of the Plan Provider. I have no material uncertainty about the accuracy of the data. The total number of Plan Holders is 2,721 and comprises 963 males, 1,706 females and 52 joint cases. Further details are as follows: -

	Males	Females	Joint Cases	Total
Selective	664	1,198	36	1,898
Simplicity	193	342	9	544
Sovereign	34	63	2	99
Simple Farewell	59	82	5	146
Bespoke	7	17	-	24
Low Cost	6	4	-	10
Total Plans	963	1,706	52	2,721
Total Funeral Costs £000’s	2,953	5,224	162	8,339
Average Costs	3,067	3,062	3,114	3,065

There were 2,841 plans at 31 March 2022 so therefore there has been a net decrease of 4.2% in the number of Plans in force since then.

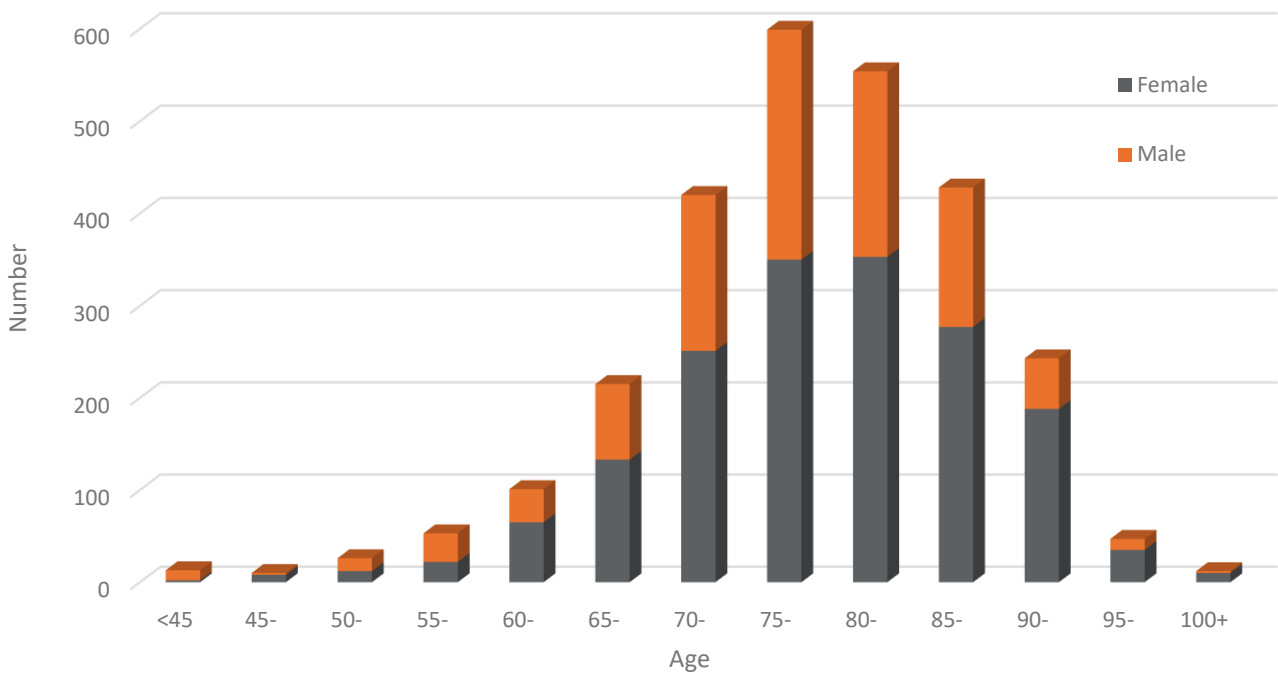
Plan Holders’ dates of birth are not provided for all Plan Holders. Where this data is missing, we have assumed that the average age (at inception) for such Plan Holders is the same as the average for those of the same sex whose ages are known.

We have as far as possible, cross checked this data with the figures in the accounts, particularly in respect of the new business written and the assets under management and are satisfied that the data is in good order and sufficient for the purposes of this valuation and the general operation of the Trust.

There is no evidence concerning a Plan Holder’s state of health and this is unlikely to be available.

The chart below sets out the age distribution of Plan Holders at the valuation date:

Haven Funeral Trust - Age Profile

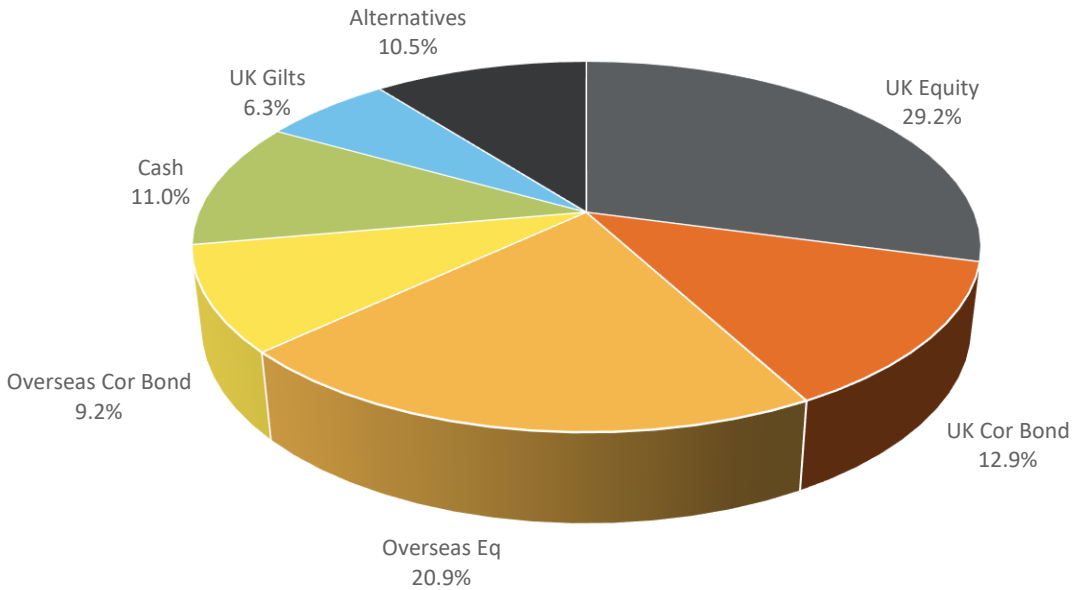


Accounts and Investments

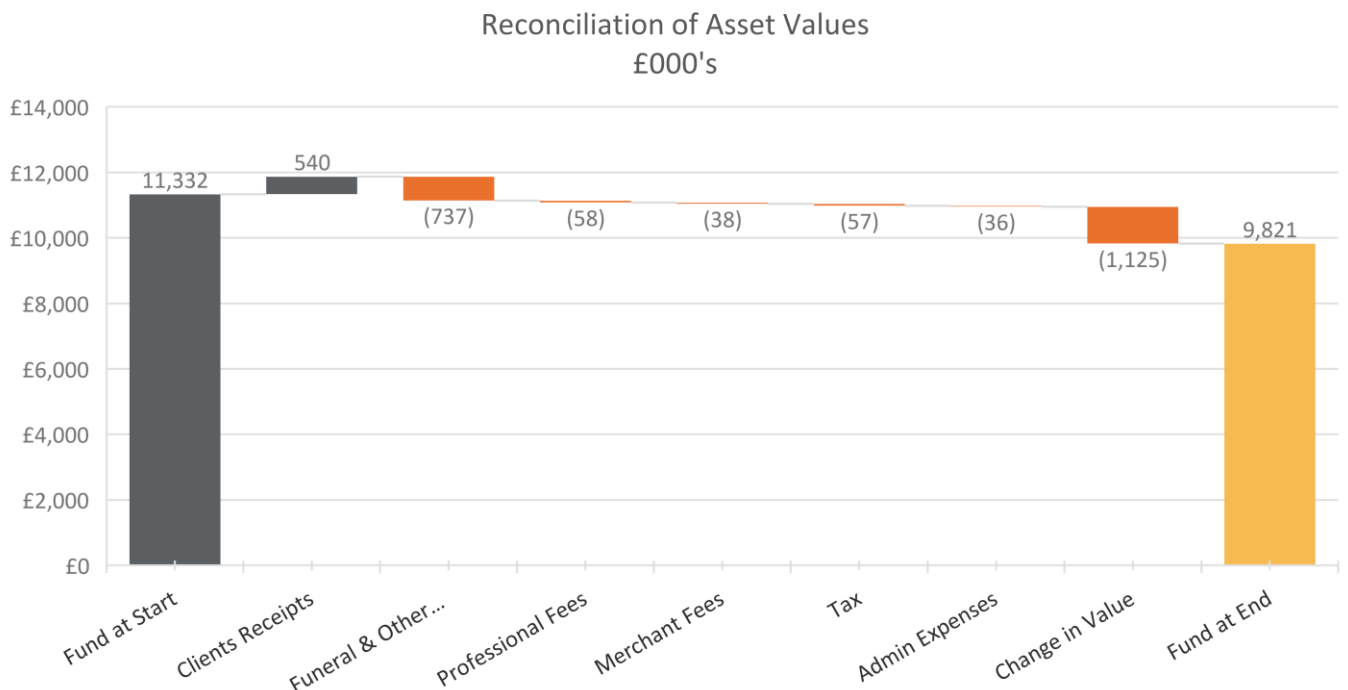
The assets of the Trust at the review date as shown in the draft accounts is £9,821,000 which is made up as follows:-

	£ 000's
AJ Bell Portfolio	10,346
Cash at Bank	189
Current Liabilities	(714)
Total	9,821

The breakdown of the assets within the Trust is as below:-



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



Inter-valuation Experience

The scheme is too small to carry out any meaningful mortality experience, so we have continued to adopt a general mortality table to reflect future expected experience. For the purposes of this review I have continued to use the loading factor to 100% of the mortality table ELT 17.

After allowing for the various cashflows we have estimated the annual investment return to be -10.1% p.a. compared to the net of tax expected return of 3.3%. This had an unfavourable impact of the results of this review.

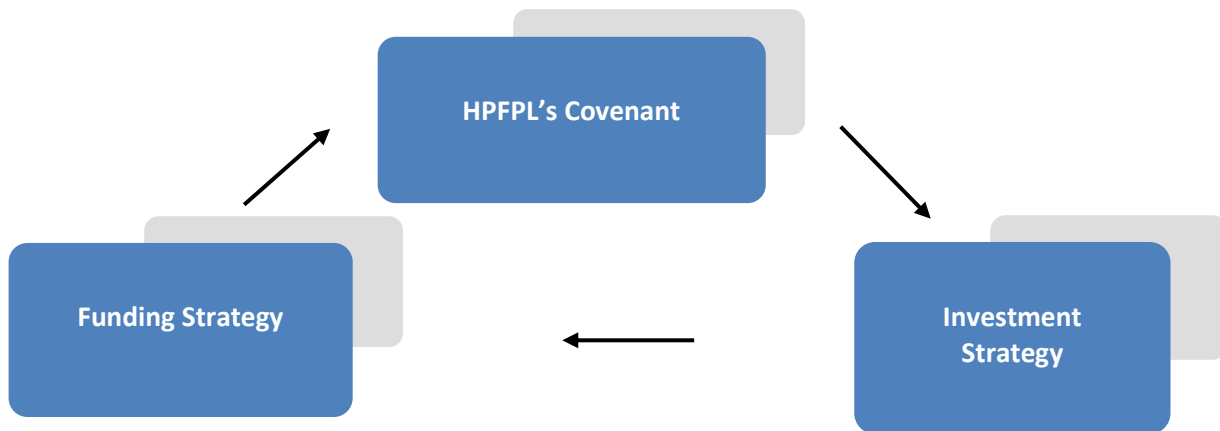
We understand the Trust is not registered for VAT and expenditure is gross of irrecoverable VAT.

The increase in the Net Average Cost of the plans was 1.5% p.a. compared to the assumed rate of 4.0% p.a. this therefore had a very favourable effect on the results of the Trust.

The investment objective and strategy are consistently under review by the appointed investment advisers PM&M Financial Planning Limited and will need to consider the need for inflationary growth in the Trust fund and the changing liability profile. With a continuing positive cash flow from new business the objective must be to invest to contain risk and generate longer term capital growth in the most tax efficient manner.

No allowance has been made for unpaid tax, if any.

Integrated Risk Management



As regards to the administration of the funeral trust I advocate the Plan provider and Trustees adopt an integrated risk management approach. This is where the Trustees integrate the assessment of the financial strength of the Plan Provider - HPFPL (known as a Plan Provider's covenant) within the investment strategy and the funding strategy.

Where the Plan Provider's covenant is deemed to be financially strong, the Trustees will be able to consider an investment strategy that has an element of more risk compared to the situation where the covenant is deemed to be financially weak. The investment strategy which is driven by a stronger covenant will then naturally lead to the expectation of higher investment returns. This will allow the actuary to reflect these expectations within the economic assumptions of the valuation basis.

The above cycle of review is ever interlinked and should be monitored regularly throughout the lifecycle of the Trust. Therefore, the strength of the Plan Provider's covenant should determine the permitted level of risk the Trustees can pursue within its investment strategy which then interlinks with the level of prudence adopted for the funding of the Trust.

Under clause 6 (e) of the trust deed, it highlights the importance of the strength of the covenant of HPFPL in underwriting the cost of the funeral should the plan holder's fund within the Trust not be sufficient to meet the funeral cost.

I have therefore taken into account the financial strength of HPFPL when determining the assumptions and the value of the funeral plan liabilities. This valuation is carried out on the basis that the covenant of HPFPL is not weak.

Valuation Assumptions

The construction of the valuation basis involves consideration not only of current economic factors and fund experience but also as to future trends in mortality, investment yields and the rate of growth in funeral costs. The basis adopted should be viewed regarding relationships between the assumptions rather than to the absolute value of any components. Most importantly, the relationship between the investment return and the assumed level of inflation gives an indication of the real yield (before tax) expected to be earned on the investments held within the Trust.

Allowance must also be made of the tax payable by the Trust as the actual return earned on the money held in the Trust will be net of tax and net of expenses. The actuarial basis may be subject to change over time. I have detailed below a set of assumptions that I have utilised in my calculations.

Details of the valuation method used for the determining the liabilities in the Trust are given in Appendix I.

Inflation Assumption - Funeral Directors Costs and Disbursement Costs

Inflation as measured for the Retail Prices Index will be determined using the Bank of England Inflation yield curve of similar duration to that of the Trust's liabilities duration which is 8 years. At the review date the rate emerging is 3.5% p.a. After allowing for an inflation risk premium of 0.3% p.a. to reflect the supply issue of index linked gilts, the adjusted RPI assumption is 3.2% p.a.

After allowing for an additional margin of 0.5% pa. for the effect of future funeral cost inflation the rate adopted is 3.7% p.a.

Investment Growth

At the date of the review the annualised yield available under the UK Government 15 Year Gilts is 3.7% p.a. The yield on 10 to 15 year corporate bonds was 4.7% p.a. The dividend yield on FTA All share is 3.6%

The best estimate expected return on equities has been derived as RPI inflation plus dividend yield plus 0.5% GDP growth to give 7.3% at the review date. I have therefore calculated that the equity risk premium at the review date, if all investments were held in equities would be 3.6% p.a. After considering the asset allocation above and using the expected return on the different asset classes, the Trust's overall investment return over a 10-year period is expected to be 6.2% p.a. which was taken as 2.5% p.a. above the gilt yield.

Investment Expenses

Investment management expenses have been assumed to run at 0.5% p.a. as advised by the investment adviser.

Other Trustee Expenses

The annual expenses of administering the Funeral Plans, which is carried out by Haven Personal Funeral Plans Limited, are met directly by the Plan Provider from the administration fee deducted of £250 from all new plans sold.

An explicit allowance has been made for the future expected professional and other merchant expenses (actuarial, audit and accountancy fees etc) of looking after the Trust at the rate of £90,000 p.a. which is assumed to increase in line with RPI. The reserve has been calculated as the capital value of the annual expenses over a payment period

equal to the duration of the liabilities and allowing for both future RPI inflationary increases and the valuation discount rate.

Tax

It has been assumed that the future expected rate of tax payable by the Trust will be at an average rate of 24% as advised by the Plan provider.

Discount rate - Net Real Investment Return

The discount rate used in valuing the liabilities of the Trust is the net real return on investments after allowing for the payment of taxes and the annual investment fee allowance above

I have therefore taken the gross investment return of 6.2% and reduced it to 4.75% to reflect an after tax position at 24% tax. The net discount rate for valuing the liabilities is then taken as 4.75% p.a. less 0.5% (investment expenses) to give a net 4.25% p.a. discount rate.

Mortality

I recommend that consideration is given to adopting up-to-date mortality tables as published by the Institute of Actuaries. The Trust is too small to warrant use of its own mortality experience and hence will have to incorporate the use of published tables. For the purposes of this review, the mortality rates have been adopted to reflect the graduated life tables which give statistics on national life expectancy for England and Wales as published by the Office for National Statistics known as English Life Tables No 17. (ELT 17).

Cancellations

Plan holders who have informed Haven Personal Funeral Plans Limited of their wishes to cease instalment payments will receive credit for all payments made after a deduction of an administration fee. The valuation also consists only of paid in full plans so there is no need for an assumption.

Net Average Costs

We have been advised that the net average costs for funerals at the review date are as follows:-

	2023	2022
Simple Farewell	£2,349	£2,319
Simplicity	£2,369	£2,339
Selective	£2,710	£2,666
Sovereign	£2,917	£2,871
Bespoke	£5,000	£5,000
Low Cost	£2,219	£2,219

Comparison of Basis

A summary of the assumptions adopted for the 2023 SAR is shown below with a comparison of the assumptions used in 2022:-

	2023	2022
Gross Discount Rate	6.2%	4.3%
RPI Inflation	3.20%	3.5%
Funeral Inflation	3.70%	4.0%
Mortality	ELT17	ELT 17
Tax Allowance	24%	24%
Trustee Expenses	£90,000 p.a. plus future RPI	£90,000 p.a. plus future RPI
Investment Expenses	0.5%	0.5%

Funding Position – Best Estimate - Net Average Cost Basis

The liability of the Trust fund arises from the one category of plans held namely Paid in Full Plans. Based on the membership data and assumptions set out elsewhere in this report, I calculate that the value of the liabilities for the funeral plans including future projected inflation increases is as summarised below.

	NET AVERAGE COST METHOD	
	2023 £000's	2022 £000's
Value of Assets	9,821	11,332
Value of Plan Liabilities	(7,018)	(8,515)
Value of Expenses	(801)	(1,100)
Total Liabilities	(7,819)	(9,615)
Surplus	2,002	1,717
Funding Level	125.6%	117.9%

The total funeral plan liability for the Haven Funeral Trust is therefore £7,819,000 as at 31 March 2023 with a funding level of 125.6%. The above result using the Net Average Cost and the assumptions set out above is satisfactory and it is an increase on the 2022 figure of 117.9%.

Gilt yields have increased considerably since 2022 which led to a decrease in the expected value of the Trust's liabilities. This has helped to mitigate the investment loss experienced over the year.

The net average cost of a funeral has increased by around 1.5% per annum and the price charged to new Plan Holders has also increased by around the same percentage. Nevertheless, it remains important for the Trustees to ascertain the financial strength of the Plan Provider to ensure that it has the ability to support existing business and take on new business and to monitor the proportion of funeral plan business to "at need" business.

Reconciliation of Net Average Cost Basis

The funding level at the 2022 SAR was 117.9% with surplus of £1,717,000.

The Trust has continued to write new business, and this has contributed to an improvement in the funding level. New plans are priced within the range £3,085- £4,285 with the majority of plans being priced at £3,985 (Selective). After deduction of the £250 administration fee this leaves £3,735 in the Trust from each new plan compared to a Net Average Cost of providing a funeral of £2,586 for an existing plan.

The terms on which existing business were written will also have an impact on the funding level. If the Net Average Cost of providing a funeral of £2,586 is greater than the original price that was charged to the Plan Holder, then the Trust is relying on good investment returns to meet the shortfall and also to meet the initial administration fee.

An approximate analysis of the financially material items of actuarial gain or loss in the funding level since the previous SAR valuation has been undertaken. The main reasons for the change over the year to 31 March 2023 were as follows:

	Favourable / (Unfavourable) £000's
Surplus at previous valuation plus Interest	1,791
Investment Return lower than expected return	(1,604)
Change in valuation assumptions	1,442
Impact of Expenses	122
Impact of Inflation	523
Membership Experience Gains / (Losses)	(272)
Surplus at this valuation	2,002

Funding Position – Best Estimate - Pre Paid Cost Basis

In earlier years the Pre-Paid Sum (without deductions) has been paid from the Trust to the Funeral Directors at the time of need. We have therefore undertaken a separate valuation using the assumptions above but assuming the payment at time of need is the greater of the Net Average Cost and the original Pre-Paid Sum without any deductions.

The valuation result using this approach showed that the assets were sufficient to cover the liabilities with a funding level of 110.6%.

Funding Position – Asset Adequacy Report

The estimated cost of providing funerals for all Plan Holders at the valuation date would be around £11.5 million. The Trust should be able to provide for this amount without recourse to the Plan Provider. The costs of making any outstanding tax payments would be in addition. There is no deficit because there is no impact of high future funeral price inflation or poor future investment returns. The average asset coverage available for each plan is £4,229.

Future Cashflows

The position of the Trust needs to be looked at another way by considering the projected number of deaths and payments from the Trust each year ignoring future new business, again based on the assumptions set out above. It is these total projected cash flows, for the full lifetime of the existing Plan Holders rather than simply over the next 5 years, that are discounted back to the valuation date using the assumed return on investments which give the value of the liabilities.

The table below shows the future projected cashflow payments out of the Trust over the next five years. A full cashflow forecast is shown in Appendix III. These cashflows represent only the expected funeral plan payments for all plans held at the valuation date. No allowance is made for any new business after the valuation date.

	Expected Number of Deaths	Expected Funeral Payments
		£ 000's
Year 1	168	£497
Year 2	165	£490
Year 3	161	£481
Year 4	157	£470
Year 5	152	£457

The figures set out in the table are simply estimates of the order of magnitude of the potential payments from the Trust. The actual experience will be checked against these projections as it will influence future assumptions particularly in respect of the life expectancy assumptions.

Funding Position - Sensitivity Analysis

Net Discount Rate

The NAC ongoing funding position above allows for an overall net discount rate of 0.53% p.a. Allowing for a change in discount rate by 0.5% p.a. will provide the following results:-

	Plus 0.5% p.a. £000's	Minus 0.5% p.a. £000's
Value of Fund Assets	9,821	9,821
Less Funeral Liabilities	(7,748)	(8,193)
Surplus	2,343	1,628
Funding Level	131.3%	119.9%

The above change in discount rate can reflect either a change in the future expected investment return on the Trust assets, a change in tax treatment of the Trust or a change in future expected inflation - each change being considered in isolation.

High Inflation combined with increased longevity

However, if we were to combine an increase in future expected inflation by 0.75% p.a. with an increase in longevity by 3 years on average then the net result will be a fall in the funding level to 116.6% or a reduced surplus of £1,397,000.

Pandemic

The Trustees should be aware of the risk associated with any future pandemic and the effect it could potentially have on the financial position of the Trust. I have therefore considered a scenario whereby 25% of all plans become enacted and the cost of associated funeral plans are paid out immediately. I have assumed that the claims will be spread evenly across all plans. The liability of the Trust will therefore fall by 25% but when added to the value of the potential claim payments the total liability becomes £8.1 million.

This leads to a funding level of 121% at the review date.

Stress Testing – Inflation and Investment

If we assume future funeral inflation over the next 8 runs at 6% p.a. then the solvency of the trust fails at being just under 100%. Even though recent inflation rates have been higher than this, the long term aim of the Government's policy of targeting inflation at 2% p.a. suggests that this risk is currently at a low probability.

Similarly, the net of tax, real investment return assumed for the SAR is at 1.1% p.a. However, if the net expected return assumed on the investments over the 8 year duration of the liabilities is negative at minus 1.2% p.a. then the solvency levels falls to below 100%. This highlights the importance of achieving a sustained positive real return over inflation.

Risks

It is important to appreciate the various risks inherent in the valuation of the liabilities of the Trust. In particular, the main risk is that the valuation assumes a net real return of 4.25% p.a. will be earned on the investments within the trust after allowance for tax and investment fees.

Should any one of these elements increase at a higher rate than assumed thereby reducing the net real investment return earned on the assets then the level of future surplus will be lower and indeed the Trust could potentially emerge with a deficit. The degree of sensitivity of the results was shown above and therefore due care is needed when agreeing any non funeral plan payments out of the Trust.

The Trust has incorporated up-to-date rates of mortality. Should plan members die sooner than assumed then the Trust will pay out sooner than expected and this will lead to a reduction in future levels of surplus and vice versa.

The success of HPFPL to maintain its new business levels has a direct impact on the ability of the Trust fund to continue meeting the expenses of administering the funeral plans. Should there be a fall in new business without a corresponding reduction in the administration expenses, this will lead to lower levels of future surplus.

Final Comments & Recommendation

At the Valuation Date, the Haven Funeral Trust had a funding surplus of £2.0 million over the Net Average Cost of providing the contracted funerals and a funding level of 125.6%.

It is prudent to continue improving the funding level of the Trust and this can be achieved from new business and improved investment returns as well as a cautious approach to the expenses being paid out of the Trust and the payments made from the Trust fund at the time of need. It is certainly possible to make payments at the time of need which are greater than the Net Average Cost but we would suggest that the payment made is the greater of a sum not exceeding the Pre-Paid Sum less £250 or the Net Average Cost. An actuarial certificate to this effect is included in Appendix IV in accordance with Clauses 4 (ii) and 5.1 of the Contract of Services between the Plan Provider and the Appointed Funeral Director.

In general, the results are satisfactory. Given current market conditions and the ongoing increase in the size of the Trust, it remains appropriate to use a prudent set of assumptions to provide adequate security for Plan Holders. We believe the assumptions used, subject to changes in market conditions and inflation and interest rate considerations do not need additional prudence for the foreseeable future. It will continue to be necessary to monitor the experience of the Trust and take remedial action as necessary. With an improving funding position and provided the covenant of the Plan Provider is sound the position for current Plan Holders should, in the normal course of events, give no serious cause for concern.

Identifying the risks inherent in the operation of the Trust and their impact is essential. This includes the investment strategy and the Plan Provider's covenant and guarantees.

Monitoring the investment strategy and performance continues to be crucial to the operation of the Trust, as it needs to produce lower risk investment returns which after tax are sufficient to cover the high rates of funeral price inflation which are common in this type of funeral trust.

The Trustees continue to build up funds in the Trust to stabilise the payments to the Plan Provider at time of need and to ensure as far as possible that the amounts payable to the Plan Provider at time of need are at least adequate to provide the contracted funeral.

Following this SAR valuation there is a need to review and update the Statement of Investment Principles to reflect the results and the nature of the liabilities.

Material Changes

I am not aware of any further changes that will have materially altered the results of this report at the date of signing.

Date of Next Review

The next SAR valuation should be carried out as at 31 March 2024 as required under the FCA regulations.



Signed on behalf of WBR Actuarial
David Downie BSc FIA
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15 September 2023

WBR Actuarial
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Salisbury
SP1 3TS

Appendix I – Valuation Method

Valuation Method - General

The approach adopted for the valuation consists of projecting future cashflows of expected payments from the Trust and then discounting back these cashflows to produce a total net present value liability.

Valuation Method - Liabilities

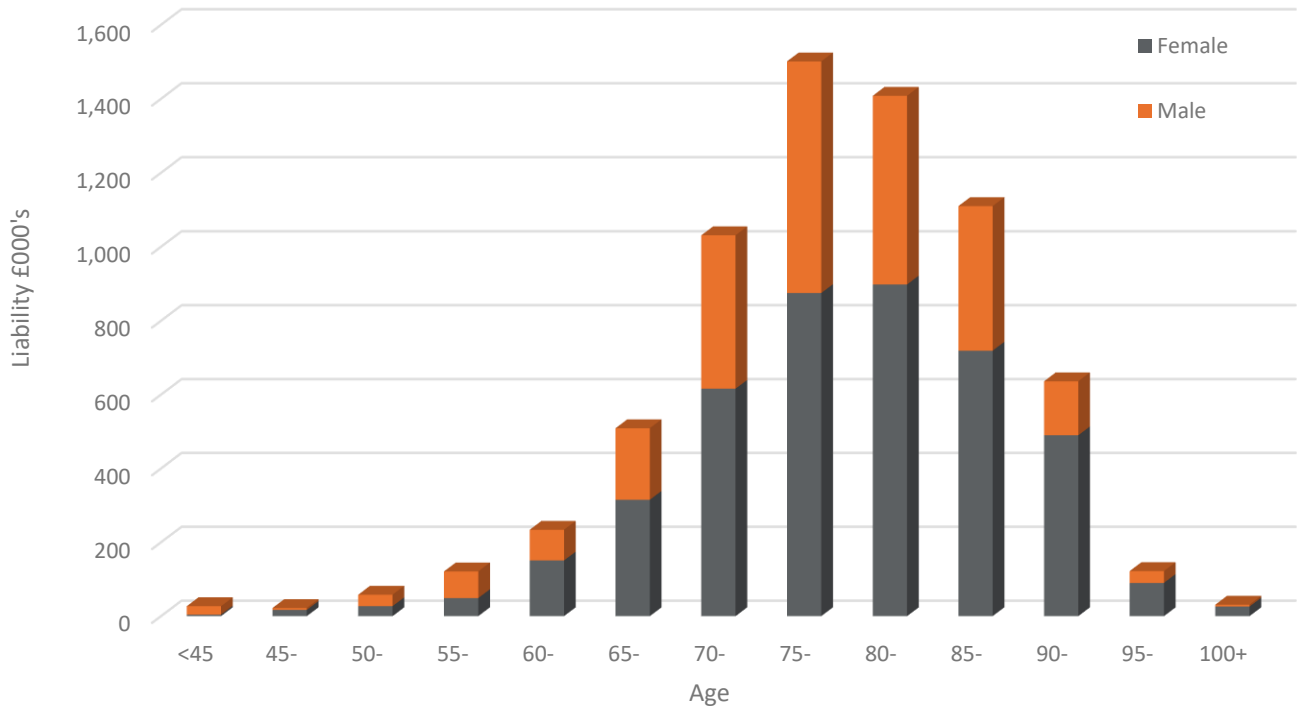
For the purposes of my calculations, I have adopted a cashflow funding method to determine the value of the future expected funeral costs. This method involves projecting the funeral plan payments into the future until the assumed life expectancy of the plan holder. Allowance is also made of the possibility of the cancellation of the plans (where applicable) and the projection will allow for future increases on the funeral payments in line with the assumed rate of inflation. The funeral plan payments consist of both the Funeral Directors Fees and the Disbursement Costs. The individual projected expected funeral payments are then discounted back at the net of tax discount rate to the valuation date and then added together to give the total liability. The liability is then compared with the actuarially valued assets of the Trust to determine the level of any shortfall or surplus arising.

Valuation Method - Assets

For the purposes of this valuation the assets have been taken into account at their market value as shown in the draft Trust accounts.

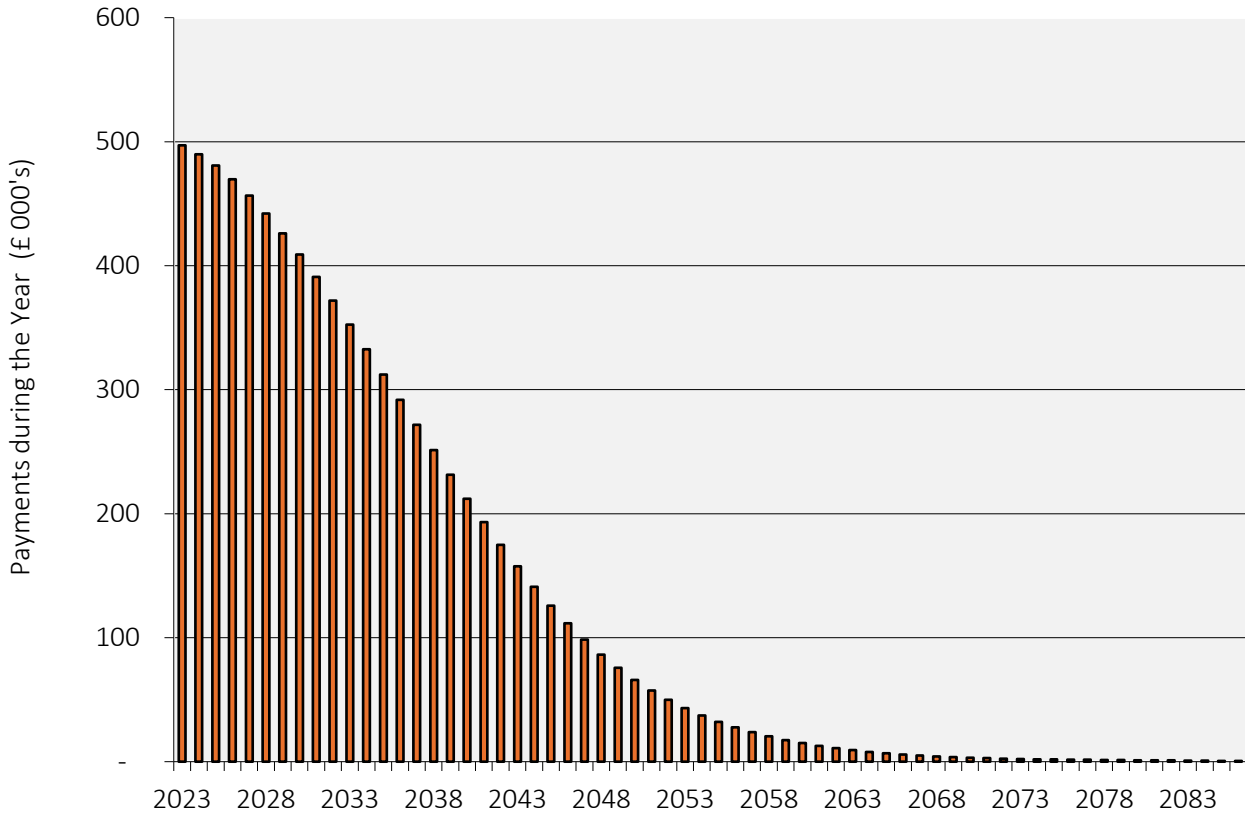
Appendix II - Liability Profile

Haven Funeral Trust Liability Profile
as at 31 March 2023



Appendix III - Cashflow Profile

Haven Funeral Trust Future Cashflows



Appendix IV - Actuarial Certificate of Allowable Payments

In accordance with Clause 4 (ii) and Clause 5.1 of the Contract for Services between Haven Personal Funeral Plans Limited and each Appointed Funeral Director we can confirm that the assets of the Haven Funeral Trust as at 31 March 2023 were sufficient to allow the Trustees to provide, on death of each Plan Holder in the Haven Funeral Trust, the greater of a sum not exceeding the original Pre-Paid Sum less £250 or the Net Average Cost (as set out below) of the contracted funeral. Additional monies that were paid by the Plan Holder for extras can be paid in full.

The Net Average Cost as at 31 March 2023 can be taken as follows:

Simple Farewell	£2,349
Simplicity	£2,369
Selective	£2,710
Sovereign	£2,917
Bespoke	£5,000
Low Cost	£2,219

For all other plans the Net Average Cost should be taken as 70% of the full price that would have to be paid by the Plan Holder as at 31 March 2023.

These Net Average Costs used for this purpose should not be increased until the results of a subsequent actuarial valuation require production of a new certificate.



Signed on behalf of WBR Actuarial
David Downie BSc FIA
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15 September 2023

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