

# Your Summary Funding Statement

2024

Dear Scheme member,

**Welcome to your 2024 Summary Funding Statement and Annual Update from the Trustees of the Legal Services Commission Staff Pension and Assurance Scheme No.4 (“the Scheme”).**

This is my first year writing to you as the Chair of Trustees as I took over from Jill Youds, your former chair, in Autumn 2023. I am pleased to report another year of stability in the funding of the Scheme, with the investment strategy continuing to prove robust against ever-present uncertain economic conditions. We strive to evolve the investments of the Scheme to ensure they continue to be appropriate and offer the right balance of risk and return.

Over the year we have continued to focus on key risk areas for the Scheme with outcomes for members at the forefront of our decision-making. We have made great progress in our Responsible Investment (“RI”) ambitions, having now set clear RI objectives to guide our investment decisions and to help us to challenge our investment manager on their efforts in this space.

I would like to take this opportunity to encourage you to log onto your member website, PRISM ([www.lscpensions.co.uk](http://www.lscpensions.co.uk)) where you can manage your pension online. Our most recent feature ‘Retirement Quote Online’ allows you to generate quotes online in the run up to your retirement. Further details for how to register can be found on page 6.

We hope this statement helps you understand the financial arrangements that support your retirement benefits. If you have any feedback or ideas for improvement to help you better understand the information, please do get in touch using the contact details on pages 5 and 6.

Best wishes,

**Michelle Darracott, Chair of Trustees**

## How does your Scheme work?

The LSC Scheme is a final salary pension arrangement otherwise known as a defined benefit scheme. Your pension at retirement is linked to your salary when you left the LSC (or when the Scheme closed on 31 March 2013) and the length of time you have been a member.

Your benefits are paid from the assets of the Scheme. The benefits you receive from the Scheme are ultimately government-backed, however, the Trustees invest the assets of the Scheme with the aim of producing a suitable return each year. For some of you these benefits are now being paid, for others these benefits will be received in years to come when you retire.

A full valuation of the Scheme’s financial position is done every three years, with annual updates in intervening years. The most recent actuarial valuation was carried out at 31 March 2022.

## Understanding your summary funding statement

### What does this word mean?

Pensions have a language of their own – words which have a specific meaning, and which are used as ‘shorthand’ when talking about pensions. Here is an explanation of some of the words we use in this statement.



#### Assets

This is all the money building up in the Scheme as investments, bank balances and any money owed to the Scheme



#### Funding level

This is the assets divided by the liabilities. If the value of the assets was equal to the liabilities, the funding level would be 100%.



#### Liabilities

This is everything the Scheme owes now, and the expected value of benefits it will have to pay to members and their dependants in the future.



#### Scheme Actuary

A professional appointed by the Trustees to assess the financial sustainability of the Scheme and provide actuarial advice.



#### Surplus/Deficit

If the Scheme has more/less assets than liabilities, it has a surplus/deficit.



#### Shortfall

If the Scheme has more liabilities than assets, it has a shortfall.

### Your summary funding statement

This statement describes how the Scheme's financial position has changed since the most recent actuarial valuation and subsequent annual updates, included in the previous summary funding statement, which was sent to you in November 2023.

#### The Scheme's financial position at 31 March 2022

At the date of the most recent formal actuarial valuation of the Scheme (31 March 2022), the Scheme actuary found:

The Scheme had assets of	£463m
The amount the Scheme needed to provide benefits was	£478m
This gave a shortfall of	£15m
This is the same as a funding level of	97%

#### How has this changed?

The Scheme's financial position is estimated at least once a year.

#### At 31 March 2023, the Scheme actuary estimates:

The Scheme had assets of	£317m
The amount the Scheme needed to provide benefits was	£331m
This gave a shortfall of	£14m
This is the same as a funding level of	96%

#### At 31 March 2024, the Scheme actuary estimates:

The Scheme had assets of	£297m
The amount the Scheme needs to provide benefits was	£309m
This gave a shortfall of	£12m
This is the same as a funding level of	96%

#### How has the Scheme's funding position changed?

Since we last updated you, the Scheme's funding position has remained stable at 96% and the shortfall between the assets and liabilities has decreased by £2m. This was due to changes in economic conditions over the year, which caused the values of both the assets and liabilities to fall slightly. In late 2022, we faced turbulent market conditions following the announcement of the 'mini budget'. Gilt yields rose at an unprecedented rate in a very short period. This caused a significant drop in the Scheme's asset value, although the liability value also reduced in a similar way, maintaining the overall funding position. This was a result of the Trustees' investment strategy, which aims to protect the funding position during times of market volatility.



#### Is my pension secure?

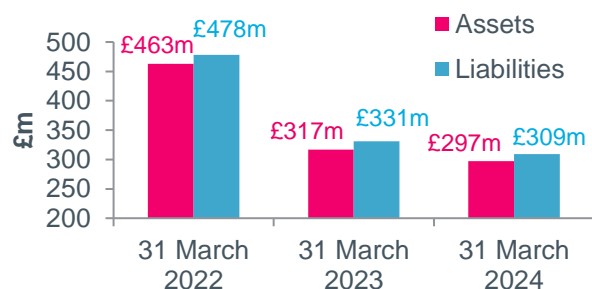
The Scheme has a Crown Guarantee from MoJ. This means the Government has guaranteed that the Scheme will have sufficient assets to meet all payment obligations of the Scheme. If a pattern of insufficient funding emerges, then the MoJ will be required to make payments to the Scheme. This is intended to ensure that there will always be sufficient money to pay members' benefits.



#### Payments to MoJ

The Trustees can confirm that there have been no payments made to MoJ out of the Scheme's assets in the year to 31 March 2024.

#### Total Scheme assets and liabilities (£m)



### Scheme Information

#### Who are the Trustees?

The Trustees are responsible for the efficient and effective running of your scheme.

During the year, the Trustees were:

Michelle Darracott	Chair (Professional independent trustee)
Audrey Fullerton	Employer-nominated trustee
Peter Church	Employer-nominated trustee
David Collins	Employer-nominated trustee
Roger Hamilton	Member-nominated trustee
Giorgio Bugnatelli	Member-nominated trustee
Hugh Barrett	Incoming member-nominated trustee
Rosina Farrell	Outgoing member-nominated trustee

Following the member-nominated trustee election earlier in the year, we wave farewell to Rosina and would like to thank her for her 15 years of dedication and commitment to the Scheme. We are delighted to welcome Hugh to the trustee board.

To find out more about the Trustees of your Scheme, visit: <https://www.lscpensions.co.uk/resources/meet-your-trustees>.

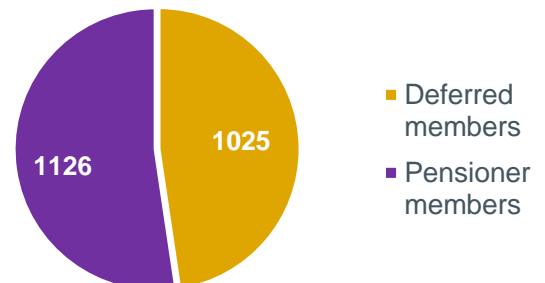
#### Keeping you informed

As previously advised, since early 2019 we have moved to paperless communication and will only communicate with you via the Scheme website, <https://lscpensions.co.uk>, or via email other than in exceptional circumstances.

If we do not hold an up-to-date email address for you, you could be missing out on important information about the Scheme and your pension. You can provide us with an email address any time via the Scheme administrator using the contact details on pages 5 and 6.

#### What is the membership of your scheme?

At 31 March 2024 the Scheme had 2,151 members.



<b>Deferred member</b>	A member who has left employment but not yet retired
<b>Pensioner member</b>	A member who has retired and is receiving their pension benefits

#### Who are your scheme's professional advisers?

The Trustees delegate some of their day-to-day responsibilities to professionals and take advice from experts when making decisions. The Trustees' advisers over the year to 31 March 2024 were:

Scheme actuary	Hymans Robertson LLP
Investment advisers	Hymans Robertson LLP
Administrators	Hymans Robertson LLP
Independent auditor	Crowe UK LLP
Investment managers	Legal & General Investment Management (LGIM)
Annuity providers	Legal & General Assurance Society (LGAS)
Legal advisers	CMS Cameron McKenna Nabarro Olswang LLP



### Update on the Scheme's investment strategy

The Scheme's assets are invested by the Scheme's investment manager with the aim of maintaining a stable funding level and providing income that can be used to pay benefits promised to members when they fall due. With the assistance of our advisors, we carefully monitor the investment manager's performance. Over the last three years, the Trustees have developed the Scheme's investment strategy to reduce the risk of significant shortfalls in funding in future.

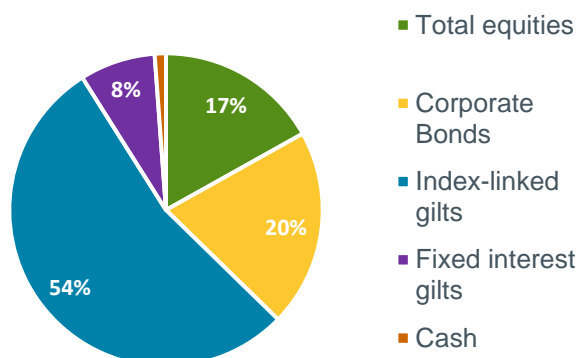
### Investment strategy

The Scheme's funds are invested in a mix of assets, and the distribution as at 31 March 2024 is shown in the chart below. Broadly, equity investments are shares in listed companies and index-linked gilts are government bonds with an investment return linked to movements in inflation.

Last year the Trustees carried out a full review of the investment strategy and took the decision to retain the current proportions of the Scheme's investments, which had shifted to lower proportions of equities following the market turmoil in September 2022. The Trustees were content with this de-risking of the assets which means a greater proportion of assets are invested in funds which behave similarly to the Scheme's liabilities.

This helps 'lock in' the strong funding level.

#### Investment strategy at 31 March 2024



### Responsible investment

Responsible investment is an area of constant innovation and development, and the Trustees continue to discuss this regularly, challenging themselves to ask whether there is anything more they could be doing.

The Trustees invest half of the Scheme's equities in the LGIM Future World Fund, which invests more in companies that exhibit certain characteristics (good value, low volatility, smaller companies and high quality) and that rely less on carbon reserves, incur lower carbon emissions or generate greener revenues compared with the market-cap weighted index.

Over the year the Trustees dedicated significant time to agreeing and documenting their Environmental, Social and Governance (ESG) priorities and met with their investment manager to ensure these priorities are considered in their investments and to explore other ways that they could address these through the Scheme's investments in future.

The Trustees plan to meet with the investment manager on a regular basis to monitor progress against these ESG objectives.

### GMP equalisation

You may be aware of a case in the High Court involving the Lloyds Bank pension schemes, which related to scheme members who were contracted out of the State Earnings-Related Pension Scheme and therefore accruing a guaranteed minimum pension (GMP) in their pension scheme between 1990 and 1997. The state scheme, and the GMPs that were provided in its place, were unequal between men and women because both were linked to what was then state pension age (60 for women and 65 for men). This meant that men and women received different overall benefits from their pension scheme.

The High Court decided that, where pension scheme members accrued GMPs between 1990 and 1997, their overall benefit for this period must be made equal between men and women.

The Trustees are considering the impact of this case on your pension with their professional advisers. Please be assured that this will not lead to a decrease in your benefits.

To find out more about what the Trustees are doing about GMP equalisation, visit:

<https://www.lscpensions.co.uk/resources/gmp-equalisation-update>

# legal services

## COMMISSION



### Data controllers

The Trustees and the Scheme actuary use your personal data to administer the Scheme. Each acts as a data controller. Your personal data will be processed fairly and lawfully, in accordance with the principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 solely in connection with the Scheme. Details of how we use your personal data can be found in the privacy notice, which you can access online at [www.lscpensions.co.uk](http://www.lscpensions.co.uk). If you have any queries about your personal data, please contact your scheme administrator using the contact details below.

### For more information

If you would like more information about anything in this statement, please contact your scheme administrator using the contact details below.

You should also contact them or check online at <https://lscpensions.co.uk/resources> if you would like to see any of the following documents:

- The Statement of Funding Principles, which sets out the Scheme's funding plan
- The Statement of Investment Principles, which explains how the Trustees invest the Scheme's assets and how they consider environmental issues and climate change in these decisions.
- The Scheme's annual report and accounts, which show the Scheme's income and expenditure in the most recent year.
- The full report on the actuarial valuation following the Scheme actuary's investigation of the Scheme's position at 31 March 2022.

### Pension scams: a warning

Some savers have been tricked into handing over their savings to scammers. The scammers succeed by convincing pension scheme members to try to gain early access to their savings (before age 55) or by transferring their pension account to attractive-sounding overseas investment opportunities.

How to spot a scam:

- Beware of cold callers, emails or offers of a 'free pension review' or 'one-off opportunity' to make investment with 'guaranteed returns'.
- A promise of large investment returns if you agree to transfer money overseas is another indicator of scam tactics.
- Any paperwork which requires immediate signature, or advice to place all savings in a large single investment is likely to be unscrupulous (in general, financial advisers suggest diversification of your assets).
- Be cautious when informed of a 'legal loophole' which allows you to get 'cash back' from your pension.

If it seems too good to be true – it probably is!

The consequences of a scam can be disastrous. You could end up losing all of your pension savings, and in some cases you might get a tax bill on your pension pot of up to 55% for accessing funds early.

For more information about avoiding pension scams, visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).



### For more information

If you would like more information about anything in this statement, please contact your scheme administrator using the details to the right.

### Contact details

#### Address:

LSC Pension Scheme  
Hymans Robertson LLP  
One London Wall  
London  
EC2Y 5EA

#### Tel:

020 7082 6457

#### Email:

[lscpensions@hymans.co.uk](mailto:lscpensions@hymans.co.uk)

### Pensions checklist

Every year it's worth asking yourself a few questions which might have an impact on your pension arrangements.

Ask yourself	What to do
Have your personal details changed? For example, do you have a new name, phone number or address?	Update your details online using our dedicated pension website <a href="http://www.lscpensions.co.uk">www.lscpensions.co.uk</a> , or contact your scheme administrator using the details in this newsletter.
Do you want to update your expression of wish records, which detail who would benefit should anything happen to you?	Update your details online using our dedicated pension website <a href="http://www.lscpensions.co.uk">www.lscpensions.co.uk</a> , or contact your scheme administrator using the details in this newsletter.
Are you getting close to retirement and considering your options?	<p>You should seek independent financial advice and contact your scheme administrator if you want information such as a transfer value or a retirement quotation.</p> <p>You can find independent financial advisers local to you at <a href="http://www.unbiased.co.uk">www.unbiased.co.uk</a>.</p> <p>You can also request a quotation online using our dedicated pension website <a href="http://www.lscpensions.co.uk">www.lscpensions.co.uk</a>.</p>

### Did you know?

Neither the Trustees nor our advisers can give financial advice, but a professional adviser can.

**If you are thinking of leaving the Scheme for any reason or making any changes to your pension arrangement, the Trustees strongly recommend you get advice first. For a list of independent financial advisers local to you, go to [www.unbiased.co.uk](http://www.unbiased.co.uk).**

#### Registering online

Last year over 1,300 self-service processes were completed by members online.

**If you haven't already registered, you can do so at [www.lscpensions.co.uk](http://www.lscpensions.co.uk). This can be a very quick and easy way to action "Your Pensions Checklist".**

For more information on how to register, see our 'How to Guides' on the Scheme website.

If you have any questions regarding PRISM or how to register, please do not hesitate to get in touch with the Scheme administrator using the details to the right.

#### Contact details

##### Address:

LSC Pension Scheme  
Hymans Robertson LLP  
One London Wall  
London  
EC2Y 5EA

##### Tel:

020 7082 6457

##### Email:

[lscpensions@hymans.co.uk](mailto:lscpensions@hymans.co.uk)