Your summary funding statement 2025

Dear Scheme member,

Welcome to your 2025 Summary Funding Statement and Annual Update from the Trustees of the Legal Services Commission Staff Pension and Assurance Scheme No.4 ('the Scheme').

I am pleased to report another stable and positive year for your pension scheme. Our investment strategy has continued to prove robust against ever-present uncertain economic conditions. We have sustained our keen focus on 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 dedicated time to managing our cyber risks to ensure your data is kept safe, including an 'extreme risk' simulation exercise to prepare the Trustees to deal with such potential scenarios.

I would like to take this opportunity to encourage you to log onto your member website, PRISM (www.lscpensions.co.uk) where you can manage your pension online. Over 1,000 of you are already using PRISM to take control of your pension and make the most of the services available. One of PRISM's key features 'Retirement Quote Online' allows you to view an estimate of your projected benefits in the run up to your retirement. Further details for how to register can be found on page 6.

The Pensions Regulator is also preparing to launch the Pensions Dashboard, a new online system that will allow our non-retired members to view all pensions from all previous employers in one place. By registering on PRISM and keeping your details up to date, our administration team can ensure your records are accurate and ready when the Dashboard goes live.

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, we as the Trustees invest the assets of the Scheme with the aim of producing sufficient returns to pay members' benefits. For some of you these benefits are now being paid, for others these benefits will be received in years to come when you retire.

How is the scheme doing?

A full valuation of the Scheme's financial position is done every three years. The Actuary estimates the amount of each member's future pension payments and how long each pension is likely to be in payment. The Actuary then adds up all these future payments and works out how much the Scheme might receive from investment returns. The positions of the Scheme over the last three years is set out below (noting the 31 March 2025 results are in draft at the moment, pending the finalisation of the Actuary's valuation):

How has things changed?

Scheme actuary estimates	At 31 March 2023	At 31 March 2024	At 31 March 2025*
The Scheme had assets of	£317m	£297m	£265m
The amount the Scheme needed to provide benefits was	£331m	£309m	£275m
This gave a shortfall/surplus of	-£14m	-£12m	-£10m
This is the same as a funding level of	96%	96%	96%

*Provisional estimate.

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 early 2025, the Scheme faced an economic challenge during the 'Liberation Day' (Trump tariffs) market events, which temporarily impacted our growth assets, but these have since fully recovered. This was a result of our robust investment strategy, which aims to protect the funding position during times of market volatility.

Payments to MoJ

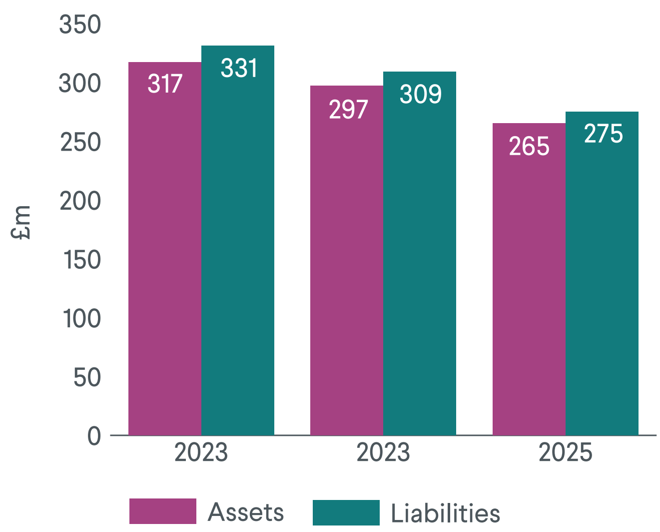
The Trustees can confirm that there have been no payments made to MoJ out of the Scheme's assets in the year to 31 March 2025.

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.

Total Scheme assets and liabilities (£m)

At at 31 March



Scheme information

Who are the Trustees?

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

During the year, the Trustees were:

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

Who are your scheme's professional advisers?

We delegate some of our day-to-day responsibilities to professionals and take advice from experts when making decisions. Our advisers are:

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

What is the membership of your scheme?

At **31 March 2025**, the Scheme had **2,124** members.

Deferred member	Pensioner member
961	**1,163**
A member who has left employment but not yet retired	A member who has retired and is receiving their pension benefits

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.

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.

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

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%.

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

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

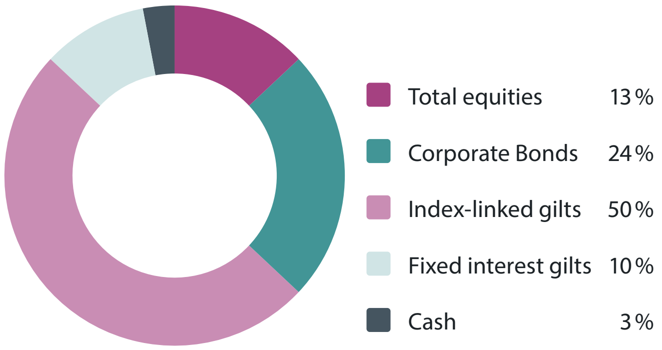
Update on the Scheme's investment strategy

The Scheme's assets are invested by our 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, we 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 2025 is shown in the chart below. Broadly, equity investments are shares in listed companies, index-linked gilts are government bonds with an investment return linked to movements in inflation and corporate bonds are debt securities issued by high quality corporations. In combination, the corporate bonds, fixed interest gilts and index-linked gilts are held to match the Scheme's liabilities whilst the equities are held to generate investment returns to drive continued improvement in the funding.

Investment strategy at 31 March 2025



We continued to review the investment strategy over the year and as the funding position has improved have taken opportunities to reduce risk, in line with the long-term investment strategy, by selling equities. We used proceeds from these sales to further invest in the gilts and index-linked gilts, which match the Scheme's liabilities and this helps 'lock in' the strong funding level.

Following the completion of the 31 March 2025 formal valuation, the investment strategy will be reviewed by the investment advisors.

Responsible investment

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

We 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 other companies.

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

We will continue to meet with the investment manager on a regular basis to monitor progress against these ESG objectives.

Pensions dashboard

The Scheme continues to progress one of the pension industry's most significant initiatives – the rollout of the Pensions Dashboard. This government-backed project allows non-retired individuals to securely access their unclaimed state, private and workplace pension information in one place. This will help individuals to locate lost pensions and view existing ones, which are not yet in payment, with greater ease.

To ensure the best chance of being able to see all your pension information once the Dashboard is available, you should make sure that all your pension schemes hold up to date information for you. You can review and update the personal data held for you by Legal Services Commission via the Scheme website: https://lscpensions.co.uk

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.

We are considering the impact of this case on your pension with our 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

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. 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 can also check online at https://lscpensions.co.uk/resources where key documents can be viewed, such as the Scheme's annual report and accounts and the Statement of Investment Principles.

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.

Pension checklist

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

ASK yourself

Have your personal details changed? For example, do you have a new name, phone number or address?

What to **DO**?

Update your details online using our dedicated pension website www.lscpensions.co.uk, or contact your scheme administrator using the details in this newsletter.

ASK yourself

Do you want to update your expression of wish records, which detail who would benefit should anything happen to you?

What to **DO**?

Update your details online using our dedicated pension website www.lscpensions.co.uk, or contact your scheme administrator using the details in this newsletter.

ASK yourself

Are you getting close to retirement and considering your options?

What to **DO**?

You should seek independent financial advice and contact your scheme administrator if you want information such as a transfer value or a retirement quotation.

You can find independent financial advisers local to you at www.unbiased.co.uk.

You can also request a quotation online using our dedicated pension website www.lscpensions.co.uk.

Did you know?

Neither we 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, we strongly recommend you get advice first. For a list of independent financial advisers local to you, go to www.unbiased.co.uk.

For more information

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

Contact details

Address:	LSC Pension Scheme Hymans Robertson LLP One London Wall London EC2Y 5EA
Tel:	020 7082 6457
Email:	lscpensions@hymans.co.uk

Registering online

Last year over 1,300 self-service processes were completed by members online (some members have completed more than one process themselves).

If you haven't already registered, you can do so at **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 above.

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.