

THE FSS PENSION SCHEME

SUMMARY FUNDING
STATEMENT AND FAQ

May 2025





INTRODUCTION

This statement has been prepared by FSS Pension Trustees Limited, the Trustee of the FSS Pension Scheme (the Scheme”). **This statement relates solely to the Scheme’s “defined benefit” sections, i.e. Premium, Classic and Classic Plus** and is not in relation to the Scheme’s Additional Voluntary Contributions paid on a money-purchase basis. As you are entitled to benefits from the Scheme, we are writing to give you an update on the Scheme’s financial position.

The principal employer for the Scheme is Forensic Archive Ltd (“FAL”), and there is an underlying guarantee in place from the Home Office in relation to the funding of the Scheme. The Home Office also pays deficit contributions into the Scheme on FAL’s behalf. See Question 2 of the Frequently Asked Questions (FAQ) Appendix. Therefore, any decisions on the Scheme’s funding are reached following consultation with both FAL and the Home Office.

It is a requirement for trustees of pension schemes to provide members with financial information and so we send you a statement like this on a regular basis. We previously sent you a statement in October 2023. This statement confirms the funding position as of 30 November 2023, being the date of the formal actuarial valuation agreed by the Trustee and Employer, and the annual update on 30 November 2024.

KEEPING THE SCHEME INFORMED

The Scheme relies on your data when calculating your benefit entitlements. To enable Hymans Robertson, the Scheme’s administrator, to manage your pension as effectively as possible it is very important that they have up to date and correct data. Should you be aware of any changes to your personal data (for example, name, address, marital status) please ensure you let the administration team know so that they can update your data file. Their contact details are provided on page 6.

MARKET VOLATILITY

Recent years have seen turbulence and volatility in the investment markets as a direct result of issues globally, including the pandemic and subsequent recovery, conflicts, and trade tensions. Reduced confidence in the markets has seen a fall in the value of various assets. To add to this, worldwide central banks had raised interest rates to try and combat increased inflationary pressure leading to a fall in the value of corporate and government bonds. Market volatility can have an impact on the assets that the Scheme holds to pay benefits, so the Trustee monitors the funding and investment strategy position regularly, carefully considering the potential impact on the Scheme.

To help protect the Scheme from market volatility, the investment strategy incorporates a matching portfolio which aims to broadly replicate movements on the Scheme’s liabilities (the “liabilities”) due to changes in interest rates and inflation to a certain extent. During 2025, the Trustee will continue to seek opportunities to further reduce risk. However, please remember that defined benefit pension schemes are long term investors, and the pension to which you are entitled to under the Rules of the Scheme is defined by a formula, rather than directly linked to Scheme assets, so you should not be overly concerned.



HOW IS THE SCHEME'S FINANCIAL SECURITY MEASURED?

To measure financial security, we compare the value of the Scheme's assets against the value of the Scheme's "liabilities". The liabilities represent the estimated amount of money needed to provide all the benefits earned to date for everyone in the Scheme. This includes those still in service, those who have left service and are yet to retire and pensioners (as well as these members' spouses and dependants).

The assets are held in a common trust fund, rather than in separate funds for each individual. If the Scheme's assets are less than its liabilities, it is said to have a "shortfall". If the assets are greater than the liabilities, there is said to be a "surplus". It is important to appreciate that the amount of any shortfall or surplus depends on the time at which the Scheme's financial security is measured and the assumptions used to determine the liabilities. As such, a pension scheme's financial position will change over time.

We are required to carry out an in-depth look at the Scheme's finances at least every three years. This is called an actuarial valuation and prepared by a qualified professional, the Scheme Actuary.

The valuation is prepared on two main sets of assumptions:

1. assuming the Scheme is run on an ongoing basis, whereby benefits are taken to be paid as they fall due to the Scheme; and
2. winding up the Scheme, whereby the liabilities are assumed to be immediately bought out with an insurance company, which then pays the benefits instead.

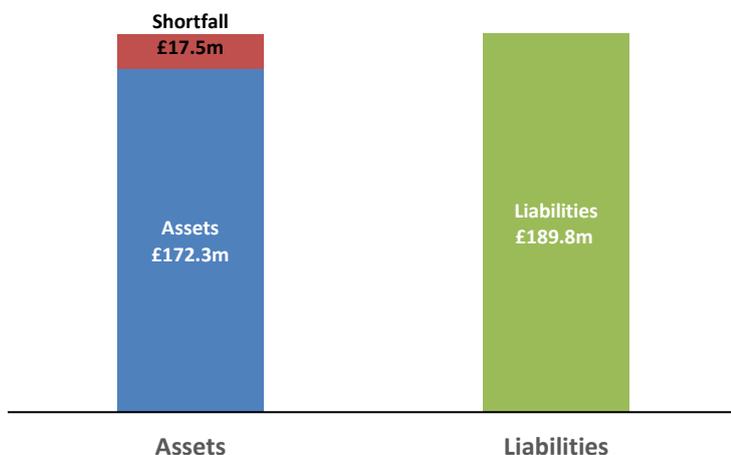
We also check the financial security of the Scheme between valuations, this is the annual update.

WHAT IS THE SCHEME'S ONGOING FINANCIAL POSITION?

The most recent actuarial valuation of the Scheme was carried out as of **30 November 2023**.

On that date:

- The value of the liabilities was £189.8 million
- The Scheme's assets were valued at £172.3 million
- This meant that there was a shortfall of £17.5 million

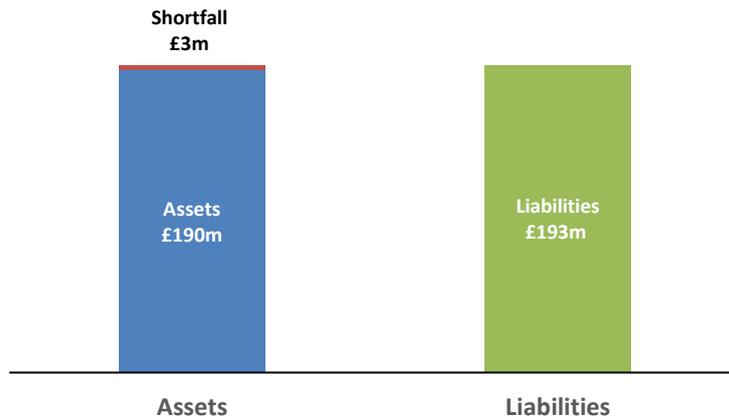


As part of the valuation, we agreed contributions with FAL and the Home Office to make good the shortfall shown above. Deficit contributions are paid into the Scheme by the Home Office.

HOW HAS THE POSITION OF THE SCHEME CHANGED SINCE THE ACTUARIAL VALUATION ON AN ONGOING BASIS?

The Scheme's financial position was most recently assessed as of **30 November 2024**, although this review was not as in-depth as the actuarial valuation. Using assumptions consistent with those adopted for the 30 November 2023 actuarial valuation, the results were as follows:

- The value of the liabilities was c£193 million
- The Scheme's assets were valued at c£190 million
- This meant that there was a shortfall of c£3 million



The Scheme's financial position has improved over the year to 30 November 2024, with the shortfall reducing from c£18m to c£3m. This improvement is primarily due to positive returns on the Scheme's growth assets compared to the change in liabilities over the year. The deficit contributions of £1.75m have also improved the position.

Since 30 November 2024 there has been continuing market uncertainty with particularly driven by ongoing trade tensions in the US, but the funding position is expected to have improved marginally at the time of publication.

WHEN WILL THE SCHEME'S FINANCIAL POSITION NEXT BE ASSESSED?

The Trustee monitors the financial position on a regular basis, with the next annual update being at 30 November 2025, and the next formal assessment of the position (the Actuarial Valuation) will be carried out at 30 November 2026.

HOW DO WE DECIDE WHAT CONTRIBUTIONS SHOULD BE PAID INTO THE SCHEME?

As part of each actuarial valuation, we are provided with advice from the Actuary on the financial position of the Scheme so we can discuss and agree the contribution requirements with FAL and the Home Office, and record this in a document called the Schedule of Contributions.

The Schedule of Contributions is reviewed and updated each time the Scheme has an actuarial valuation.

The actuarial valuation and Schedule of Contributions follow standards we have set out in a Statement of Funding Principles. This document describes how we will manage the Scheme with the aim of being able to continue to pay members' benefits.

The contributions payable to the Scheme are subject to the terms of the Guarantee provided to the Scheme by the Home Office. This places certain annual limits on the amounts payable for correcting the shortfall and therefore in practice the level of the shortfall impacts on the period of time for which the shortfall contributions are expected to be paid.

WHAT ARE THE CURRENT CONTRIBUTION ARRANGEMENTS?

Members in service pay either 1.5% or 3.5% of pensionable salary, depending on whether they are in the Classic or Premium section of the Scheme. The current contributions to the Scheme has two components:

- 12.1% of total pensionable salaries to meet the cost of pensions being built-up in the future; and
- £1.75m per annum to make good the shortfall in respect of pensions already accrued.

This contribution structure has been in place since 25 February 2025 and, the agreement is that the contributions will continue to 30 November 2043. Contribution requirements will change, and are reviewed as part of each actuarial valuation, with the next one due as at 30 November 2026.

We are required to inform you whether payment has been made from the Scheme to FAL, as permitted under the Pensions Act 1995, since we last sent you a summary funding statement. We can confirm that during the year to 30 November 2023 and the year to 30 November 2024 there were no payments made to FAL or the Home Office from the Scheme.

To calculate the amount of the shortfall, assumptions have to be made about what will happen in the future, for example, the rate at which the Scheme's assets will grow. If the assumptions do not all turn out to be exactly in line with what happens in future, it may be necessary to change the level of contributions to the Scheme or the period over which the shortfall is paid off.

HOW DOES THE SCHEME INVEST ITS FUNDS?

The Fund currently invests around 55% in return generating assets (physical and synthetic equities, fund of hedge funds, property and multi-asset credit) with the remaining 45% in defensive assets (investments that move to a certain extent in line with the value of the liabilities).

IS MY PENSION GUARANTEED?

The funding guarantee provided by the Home Office is intended to ensure that members will receive their full pension benefits, either from the Scheme itself or from an insurance company (if the Scheme were to be wound-up) - see Question (2) of the Appendix.

The Home Office guarantees the contributions paid by FAL into the Scheme to fund members' accruing benefits (and as referred to above, in practice the deficit contributions are paid directly into the Scheme by the Home Office). These contributions will continue as and when they fall due, and pensions will continue to be paid in the usual way.

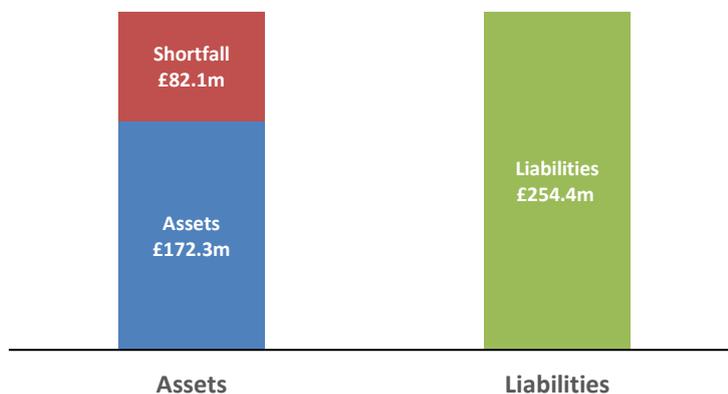
WHAT WOULD BE THE POSITION IF THE SCHEME WAS WOUND-UP NOW?

There is no current intention to wind up the Scheme and the wind-up position is provided for information as reporting this to you is a legal requirement.

If, at some point, the Scheme were to be wound up while the guarantee was in place, your benefits would be fully bought out with an insurance company.

By way of illustration, the actuarial valuation as of 30 November 2023 showed that the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up on that date:

- The estimated value of the liabilities was £254.4 million
- The Scheme's assets were valued at £172.3 million
- This means that there would have been an estimated shortfall of £82.1 million



Therefore, if the Scheme to have been wound up on **30 November 2023**, £82.1m of additional funding would have been required to buy out members' full benefits with an insurance company.

WHERE CAN I GET MORE INFORMATION?

A wide range of Scheme documents and information is available to members on request (see below). If you wish to obtain one of these documents, further information about the Scheme generally or your individual benefit entitlement, you should contact the Scheme's administrator, Hymans Robertson LLP. Their contact details are as follows:

Hymans Robertson LLP
PO Box 27169
Glasgow
G2 9NE

Tel: 0121 210 4321

Email: ForensicScienceServices@hymans.co.uk

Alternatively, further information can be found on our website: <https://fsspensions.co.uk/fss/>

FSS Pension Trustees Limited
May 2025



ADDITIONAL DOCUMENTS AVAILABLE ON REQUEST

THE STATEMENT OF FUNDING PRINCIPLES

This explains how we plan to manage the Scheme, with the aim of being able to continue to provide the benefits that members have built up.

THE STATEMENT OF INVESTMENT PRINCIPLES

This explains how we invest the money paid into the Scheme.

THE SCHEDULE OF CONTRIBUTIONS

This shows how much money is being paid into the Scheme and the contributing members and includes a certificate from the Actuary showing that it is sufficient to meet the requirements set out by law.

THE ANNUAL REPORT AND ACCOUNTS

This shows the Scheme's income and expenditure during the period 1 December to 30 November each year.

THE FORMAL ACTUARIAL VALUATION REPORT AS AT 30 NOVEMBER 2023

This contains details of the Actuary's check of the Scheme's financial situation as of 30 November 2023. In addition, a copy of the Actuary's report as of 30 November 2024 is also available.

THE FSS PENSION SCHEME EXPLANATORY BOOKLET

This is the members' handbook for the Scheme. You should have been given a copy when you joined the Scheme, but we can let you have another copy.





**APPENDIX -
FREQUENTLY ASKED
QUESTIONS**

FREQUENTLY ASKED QUESTIONS

(1) WHERE CAN I FIND INFORMATION ABOUT MY PENSION BENEFITS?

Details concerning your pension benefits are available online on our website: <https://fsspensions.co.uk/fss/> or by contacting Hymans Robertson LLP (contact details provided in the main statement).

We would like to remind you of the importance of nominating who you would like to receive any benefit payable in the event of your death. To do this, you must complete an Expression of Wish form. We then decide – taking into consideration your form – who receives any death benefit paid from the Scheme. The benefit is paid in this way so that it is normally free of inheritance tax. We will always try to follow your wishes, if we have been notified of them beforehand.

To update your Expression of Wish form and any personal details, such as a change of address, or request information relating to your own particular benefits and options, you can go online or contact Hymans Robertson LLP.

(2) IS MY PENSION GUARANTEED?

The Home Office has provided a guarantee in relation to the Scheme. In brief, it guarantees the contributions that FAL pay into the Scheme and the Home Office pays deficit contributions directly into the Scheme. If, at some point, the Scheme were to be wound up while the guarantee was in place, your benefits would be fully bought out with an insurance company i.e. there would be no reduction in your benefit, they would simply be paid by an insurance company rather than from the Scheme. If the Scheme's assets are not sufficient to meet the insurance company's purchase price, the shortfall will be made good by the Home Office. In summary, therefore, your pension is guaranteed while the Home Office guarantee remains in place.

(3) WHAT HAPPENS TO MY PENSION BENEFITS IN THE SCHEME AFTER I LEAVE THE COMPANY?

If you have already left employment, the Scheme's administrators, Hymans Robertson LLP, previously Capita, should have provided you with a statement of your benefit options in the Scheme. These deferred benefits will be held for you in the Scheme until you choose to draw them (see (7) below). In the meantime, they will be increased in line with changes in the Retail Prices Index (not the Consumer Price Index, which generally applies to State and Civil Service pensions), to protect them from inflation.

(4) CAN I TRANSFER MY PENSION?

Provided you are not yet in receipt of your pension, you can transfer its value to another suitable pension arrangement (e.g. a personal pension, or perhaps your new employer's scheme, if they allow this option). If at any time you wish to consider this possibility, you should contact Hymans Robertson LLP for a quotation of the transfer value. Please be aware that there are a number of factors to take into account when considering a transfer and you should take independent financial advice before making a decision.

Please note that we have heard reports of pension scammers trying to take advantage of pension scheme members especially in times of investment market turbulence. Please be extremely wary of any uninvited approaches regarding your pension savings, particularly offering you ways of transferring your benefits from the Scheme. These could be by telephone, email or text and may pretend to be from a legitimate source, such as HMRC.

(5) WHO WILL LOOK AFTER THE FUNDS AND THE GENERAL RUNNING OF THE SCHEME?

The Scheme is managed by a trustee company made up of six Trustee Directors (three member representatives, two selected by FAL and one independent trustee). The independent trustee acts as chair of the Trustee.

(6) WHAT IS THE HOME OFFICE'S INVOLVEMENT?

As explained in question (2) above, the Home Office's main involvement is to guarantee the funding of the Scheme (including paying deficit contributions directly into the Scheme). As part of this, it will have an interest in how the Scheme's assets are invested, and the general running of the Scheme; accordingly, as per question (5) above, it may well wish to be represented on the Trustee board.

(7) WHEN CAN I DRAW MY PENSION?

Pensions are generally due to be paid from age 65, so if you draw your some, or all of your pension earlier it will be subject to a reduction to reflect that it will be paid for a longer period. Please note that for the part of your pension benefit accrued prior to 31 March 2010, normal pension age under the Scheme is 60, so if you draw your benefits at or after this age there will be no reduction on this part of your benefits, while if you draw them earlier the reduction will only reflect the period to age 60.

The current minimum pension age is 55 (in accordance with general pension legislation), however if you joined the scheme on its commencement date (6 December 2005), you may be able to draw your benefits from age 50. The minimum pension age will increase to 57 from 6 April 2028.

You do not need to have "retired" to draw your pension benefits from the Scheme. Provided you have left FSS (FAL), you could decide to draw your benefits while continuing to be in employment (though naturally you would need to consider if this was appropriate, e.g. taking into account the tax position).

If at any time you would like to consider drawing your benefits from the Scheme early, please contact Hymans Robertson LLP for a quotation.

(8) CAN I EXCHANGE MY PENSION FOR ADDITIONAL TAX-FREE LUMP SUM BENEFITS?

On retirement from the Scheme, members of the Classic / Classic Plus sections are entitled to a cash lump sum in addition to their pension entitlement. They can also choose to exchange some of their pension for a further lump sum. Other members are able to exchange part of their pension entitlement for a cash lump sum. The maximum lump sum (which is tax-free under current legislation) that is payable will be subject to the rules of the Scheme and the limits set by HMRC and will also depend on the extent to which you are entitled to benefits from other pension arrangements. Further details can be provided by Hymans Robertson LLP on request.

The rate at which you can exchange pension for additional tax-free lump sum benefits is set out in the Scheme Rules and can only be varied with FAL's agreement (and that of the Home Office). These rates vary by age and are known as the Scheme's "cash commutation factors". The current cash commutation factors are higher (i.e. more generous) than those set out in the Scheme Rules as FAL (and the Home Office) previously agreed to use higher factors at our request. Whilst it has been previously identified that the Scheme's current factors are low compared to other pension schemes and also in terms of the "actuarial value" of the pension, to date no agreement with FAL (and the Home Office) has been reached to increase the factors further.

For example, the current cash commutation factor at age 65 is 13.8 i.e. you can exchange (subject to the limits referred to above) £1 of pension for an additional £13.80 of tax-free lump sum. This is about 20% lower than you could have received (at April 2025) by transferring your benefits out of the Scheme. We continue to engage with FAL (and the Home Office) with the aim of improving this value.

The Trustee is unable to provide advice to individual members. Ultimately, any decisions on retirement are the responsibility of the member, having taken independent financial advice (and subject to the underlying rules of the Scheme and the overarching legislation / HMRC limits), and reflecting their own circumstances. However, the Trustee wanted to highlight the above so that members can consider their options carefully.

Further details of the current factors can be provided by Hymans Robertson LLP.

