Your summary funding statement | 2026

Dear Scheme member,

Welcome to your 2026 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 newsletter as Chair of the Trustees, having taken over from Michelle Darracott in March 2026. I would like to thank Michelle for her contribution to the Scheme during her time as Chair.

I am pleased to report another year of stability for the Scheme. Despite continued uncertainty in financial markets, the Scheme's funding position has remained stable. We continue to monitor the Scheme's investments closely to ensure they remain appropriate and provide a suitable balance between protecting the funding position and generating the returns needed to pay members' benefits.

Over the year, we have continued to focus on the key risks facing the Scheme, with members' interests at the heart of our decision-making. We have also strengthened our governance processes and made good progress on several important projects, including connecting to the 'Pensions Dashboard' and implementation of GMP equalisation. You can find more information about these on **pages 4 and 5**.

I strongly encourage you to log in to the Scheme's member website, PRISM (visit the LSC Scheme website, **www.lscpensions.co.uk**), where you can manage your pension online. More than 1,200 members are already using PRISM and making use of the services available. These include requesting a retirement quote online, and use of the online pensions modeller, which allows you to view an estimate of your benefits as you approach retirement. Details of how to register can be found to the right.

We hope this statement helps you understand the financial arrangements supporting your retirement benefits. If you have any feedback or suggestions for improvement, please get in touch using the contact details on **page 6**.

Best wishes,

Andrew Cole, 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 secure the future payment of your 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.

Registering online

Last year over 1,400 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 on page 6.

How is the Scheme doing?

A full valuation of the Scheme's financial position is carried out 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 money needs to be held in the Scheme now, to meet these future payments, also allowing for how much the Scheme might receive from investment returns in future. The most recent actuarial valuation was carried out at 31 March 2025. The development in the Scheme's funding position since the last actuarial valuation is set out below.

How have things changed since the last valuation?

Scheme actuary estimates	At 31 March 2025	At 31 March 2026
The Scheme had assets of	£265m	£265m
The amount the Scheme needed to provide benefits was	£278m	£277m
This gave a (shortfall)/surplus of	(£13m)	(£12m)
This is the same as a funding level of	95%	96%

How has the Scheme's funding position changed?

Since the last formal valuation at 31 March 2025, the Scheme's funding level is estimated to have improved slightly to 96%, with the shortfall between its assets and liabilities reducing by £1m.

During the year, market uncertainty following the US 'Liberation Day' tariff announcements temporarily affected some of the Scheme's equity investments. These assets subsequently recovered, and the Scheme's overall funding position remained stable. This was supported by the Scheme's investment strategy, which aims to protect the funding position during periods of market volatility.

Payments to MoJ

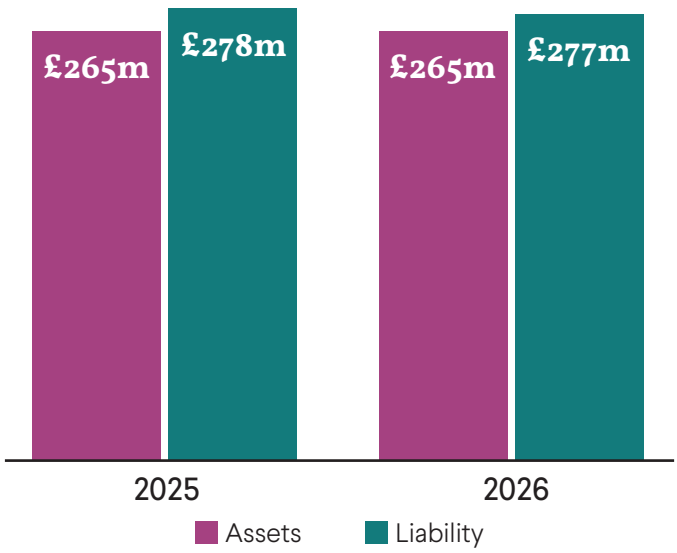
The Trustees can confirm that there have been no payments made to MoJ out of the Scheme's assets in the year to 31 March 2026.

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:

Andrew Cole	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	Member-nominated trustee

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	L&G Asset Management (L&G)
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 2026**, the Scheme had **2,103** members.

Deferred member	Pensioner member
892	**1,211**
A member who has left employment but not yet retired	A member who has retired and is receiving their pension benefits

Update on the Scheme's investment strategy

We invest the Scheme's assets with our investment manager, L&G, with the aim of ensuring there are sufficient assets available to pay members' benefits as they fall due. With support from our investment adviser, we regularly monitor the investment manager's performance and alignment to the Scheme's target asset allocation.

Over recent years, the Scheme's funding position has improved significantly. As a result, we have taken opportunities to gradually reduce investment risk, placing a greater emphasis on protecting the Scheme's funding position, whilst maintaining an appropriate level of expected return. Our aim is to protect the Scheme's strong funding position whilst continuing to meet our long-term objective of paying members' benefits as they fall due.

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

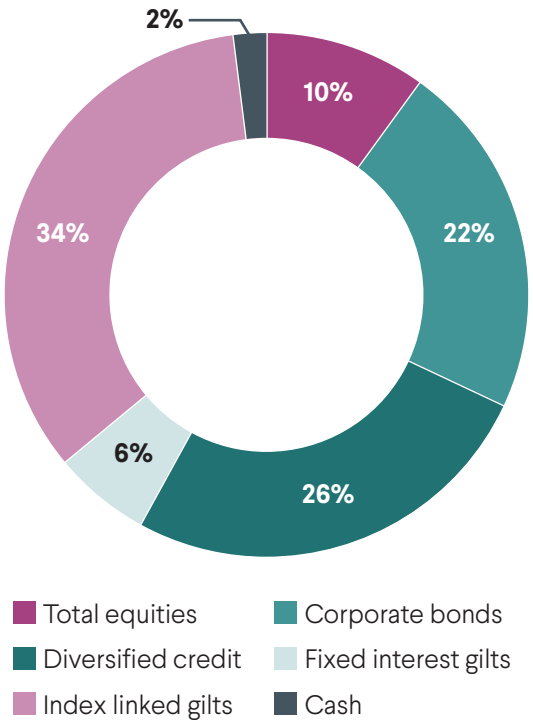


If the Scheme has more liabilities than assets, it has a shortfall.

Investment strategy

The Scheme's assets are invested across a range of different investments. As at 31 March 2026, these included government bonds, corporate bonds, diversified credit and equities (shares in listed companies). Government bonds and credit investments are held to provide greater certainty that future benefit payments can be met, while equities are held to generate higher investment returns over the longer term.

Target asset allocation at 31 March 2026



Following the completion of the 2025 actuarial valuation, we reviewed the Scheme's investment strategy to improve diversification (reduce reliance on any one market, industry or company) and to reduce investment risk while maintaining a similar level of expected return. This allows a greater emphasis on protecting the Scheme's funding position. In particular, we reduced the allocation to equities and introduced an allocation to diversified credit investments. The transition to the new target asset allocation was implemented post 31 March 2026.

We also more recently considered the concentration risk present in global equity markets – specifically the fact that a growing proportion of returns has been driven by a relatively small number of large US companies. Following this review, we agreed changes to the equity portfolio to improve diversification.

These changes are consistent with our long-term approach of reducing investment risk as the funding position improves, helping to protect the security of your benefits while maintaining a resilient investment strategy.

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.

Responsible investment remains an important part of our investment approach. We regularly review how environmental, social and governance ('ESG') factors are considered within the Scheme's investments and engage with our investment manager on these issues.

Following the recent changes, our equity portfolio is invested through two funds:

- The 'L&G Future World Global Equity Index Fund', which provides broad exposure to global stock markets while incorporating climate and wider ESG considerations.
- The 'L&G RAFI Fundamental Global Reduced Carbon Equity Index Fund', which seeks to provide a more diversified approach to investing in global companies while also reducing carbon-related risks.

Over the year, we met with our investment manager to discuss how our ESG priorities are reflected within the Scheme's investments. We will continue to monitor progress and consider opportunities to further align the Scheme's investments with our responsible investment beliefs in the future.

New flexibility: Late Retirement option

Changes have recently been made to the Scheme's Rules to give members greater flexibility over when they take their pension. If you have not yet claimed your LSC pension, you can now choose to take it after your Normal Retirement Date. A late retirement uplift will apply, increasing the pension payable when you retire, reflecting that it will be expected to be in payment for fewer years. If you are approaching or have passed your normal retirement date, you can contact the Scheme administrators for a personalised retirement quote using the contact details on page 6. This change does not affect pensions already in payment.

To find out more, visit: https://www.lscpensions.co.uk/resources/new-late-retirement-options article

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 will allow non-retired individuals to securely access their state, private and workplace pension information in one place. The Scheme has successfully connected to the Pensions Dashboard. The service is not yet available for members to use and we are awaiting further industry information about when it will be launched. Once available, the Pensions Dashboard should make it easier for you to view pensions that are not yet in payment and locate lost pensions.

To ensure the best chance of being able to see all your pension information once the Pensions 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 the Scheme by registering (or logging in) on the Scheme website: www.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 have now adjusted the benefits of most affected members. If your pension increased, or you were due an additional cash payment, you will have received a letter from the Trustees explaining the changes. A small number of members are still being reviewed as part of a final 'sweep-up' exercise and will be contacted separately if any changes are required.

You can find more information by visiting: https://www.lscpensions.co.uk/resources/gmp-equalisation-update-payments-to-members

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 on page 6.

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 stronglyrecommend 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

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 above.