

FSS Pension Scheme

Additional Voluntary Contribution (AVC) Savings Guide

November 2023



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Section 1

Introduction

Summary

Additional Voluntary Contributions (AVCs) are investments you have chosen to make with Legal and General (L&G) (the Trustee's chosen AVC investment provider) in addition to your main Defined Benefit (DB) pension.

It is important to keep your AVC investments under review, and to carefully consider how you would like to draw on those investments when you retire, as that may affect your choice of investments.

Please refer to your last annual statement for further details of the exact investments you have with L&G (assuming you haven't subsequently changed them).

This communication provides information on the different investment options and will help you review what is most suitable for your needs.

You may conclude that this is an appropriate time to make changes to your investments.

The Trustee regularly reviews the continued suitability of the AVC arrangements. This guide has been prepared following the changes the Trustee will be making to the investment options in January 2023.

Trustee of the FSS Pension Scheme

November 2023

Section 2

What are AVCs?

AVCs are extra pension contributions that were deducted from members' earnings. Although further contributions can't be made, you can still make changes to where your AVC Account is invested. Indeed, you should regularly review the type of investments your AVC Account is invested in, as (for example) the most suitable investment choice does typically change with age.

The amount of money in your AVC Account will depend on the contributions paid in, the charges paid and the change in market value of the investments that you have chosen to be invested in.

Investment options: Members' AVCs are invested within the investment fund(s) available with L&G as outlined in the following section. You can choose to invest in one or more of the fund options available and can amend your investment decision at any time. Any AVC investments you have with L&G can also be transferred to another approved pension arrangement upon request.

Providing extra benefits: Your AVC investments are used to provide you with extra benefits during retirement (or for your beneficiaries in the event of your death), though they can be drawn earlier.

On full retirement from the Scheme: When you start to draw a Defined Benefit ("DB") pension from the Scheme, you can use your AVCs to fund all, or part, of your cash pension commencement lump sum payment. This payment is free of tax, usually up to an amount totalling 25% of the value of your total pension benefits from the Scheme. It may be higher depending on your circumstances. If you want to purchase an annuity or access your AVCs flexibly, for example using income drawdown to make periodic withdrawals while leaving the balance invested, you will need to transfer your AVCs to a different arrangement. This option is also worth considering if you decide to access your AVCs before your Normal Retirement Date ("NRD"). We would strongly advise taking regulated financial advice before making a decision to transfer AVCs out of the Scheme.

Before retirement from the Scheme: All members have the option to transfer their AVC benefits out of the Scheme at any point prior to retirement.

Section 3

Choosing your investments

The benefits from the AVCs you have built up within the Scheme will depend on when and how you choose to take your benefits at retirement. The value of your AVC investments will depend on the contributions paid in, the charges deducted and the change in the market value of your investments.

Even if retirement is not on the horizon, you should think about the standard of living you would like once you stop working. You will have other benefits from our Scheme, possibly from previous and/or future employer's pension schemes, and probably the State Pension, and you may also have other savings. You may also have a partner, so your joint savings and pension entitlements need consideration. You need to consider whether these combined savings and benefits will be enough for you (both) to live on.

You should also consider how secure all these savings are, and how certain your prospective benefits are, as that may affect how much investment risk you want to take with your AVC investments.

Reviewing your investments

You should review the latest copy of your annual AVC statement(s), to check which fund(s) you are invested in. You should then consider whether they are the most suitable for your personal circumstances and your intentions in terms of when you plan to retire and how you intend to draw your AVC benefits.

We cannot give advice on which fund(s) a member should use, and you may wish to seek regulated financial advice to determine which fund(s) are appropriate for your circumstances.

It is your responsibility to decide where to invest your AVCs, from the choices made available. In general, you should select funds most appropriate to the time period over which the money will be invested, and the level of investment risk you are prepared to take, i.e. whether you would be comfortable with more volatile investments i.e. those that could experience significant rises and falls in value for the potential for higher long term growth, or whether you would prefer less volatile investments where the future performance is more predictable, but the opportunity for potential growth is lower.

Further information on investments and asset classes can be found on the Money Helper website, at <https://www.moneyhelper.org.uk/en/savings/investing>.

Your Options

There are three main investment options to consider:

- **The L&G Lifestyle Target Cash Investment Strategy:** Introduced from January 2024. This is the default arrangement. It aims to optimise investment growth whilst investors are some years from retirement, before automatically reducing the level of investment risk that you are exposed to as retirement approaches. It may also reflect how you would like to use your AVC investments when you retire. This is described in the next section of this Guide.

- **Range of self-select fund options with L&G:** You can choose to invest in one or more of these funds to suit your personal circumstances (see the 'Self Select Fund Range' section later in this Guide).
- **The Legacy L&G Lifestyle Target Annuity Investment Strategy:** This was the default lifestyle strategy prior to 1 January 2024. Members who were less than 4 years from selected retirement age as at 1 January 2024 remained invested in this strategy unless they elected otherwise. Whilst it also aims to optimise investment growth while investors are some years from retirement, it is more suited to members who intend to purchase an annuity with their AVCs.

Please note that you can only choose to invest in one of the above three options, for example, if you choose to invest in the L&G Lifestyle Target Cash Investment Strategy (or the Legacy L&G Lifestyle Target Annuity Investment Strategy), you cannot be separately invested in any of the funds within the Self Select Fund Range.

Note

It is important to identify the level of risk appropriate for your circumstances – too much risk could result in your investments reducing in value, but too little risk could result in your savings not growing enough compared to the rise in living costs (inflation).

Section 4

L&G Lifestyle Investment Strategies

If you do not wish to be actively involved in making investment decisions, you should consider the Lifestyle Investment Strategies described below. The L&G Lifestyle Target Cash Investment Strategy is primarily designed for members who intend taking their AVC Account on retirement as cash. The Legacy L&G Lifestyle Target Annuity Investment Strategy is more suited for members who intend to take up to 25% as cash and purchase an annuity with the remainder of the fund.

The Lifestyle Investment Strategies are linked to your pre-selected retirement date. Hence, it is very important that you let the Scheme Administrator know if your intended retirement age changes (their details can be found in the “Contacts for assistance” section later in this communication). In the absence of any alternative instruction from you, your pre-selected retirement date will be set to the Scheme’s normal retirement age of 65.

How a Lifestyle Investment Strategy Works – Two main stages

Once you are invested in the Lifestyle Investment Strategy, you do not need to do anything. The Lifestyle Investment Strategy will automatically do everything right up until your pre-selected retirement age.

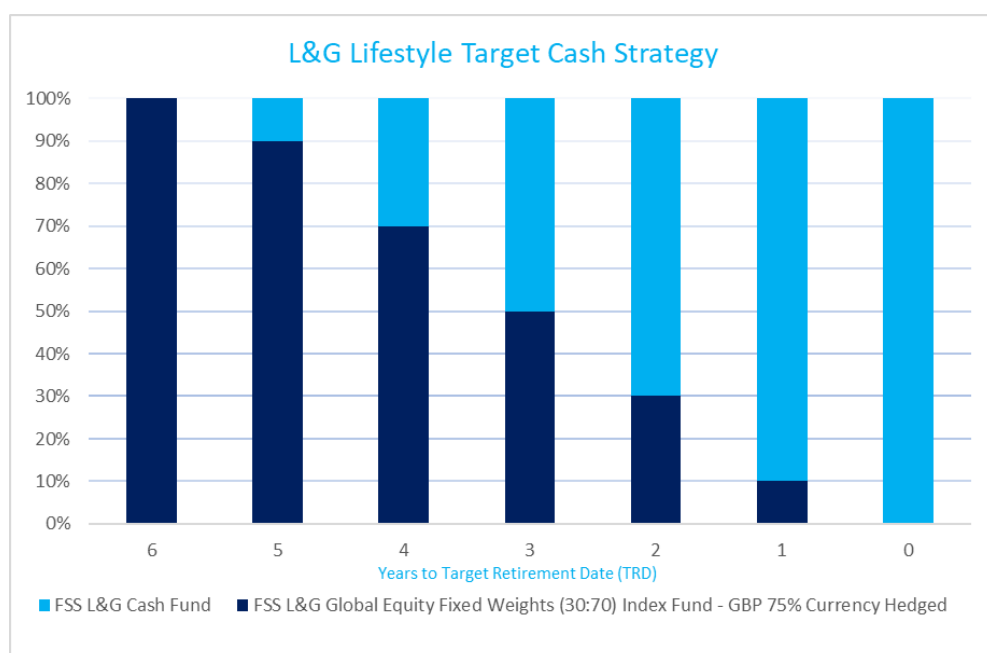
1. *Growth phase*

This is when you are 5 or more years from retirement. You will be invested 100% in global equities. The specific fund will depend on which strategy you are invested in (see below). During this period your investments are seeking to optimise growth.

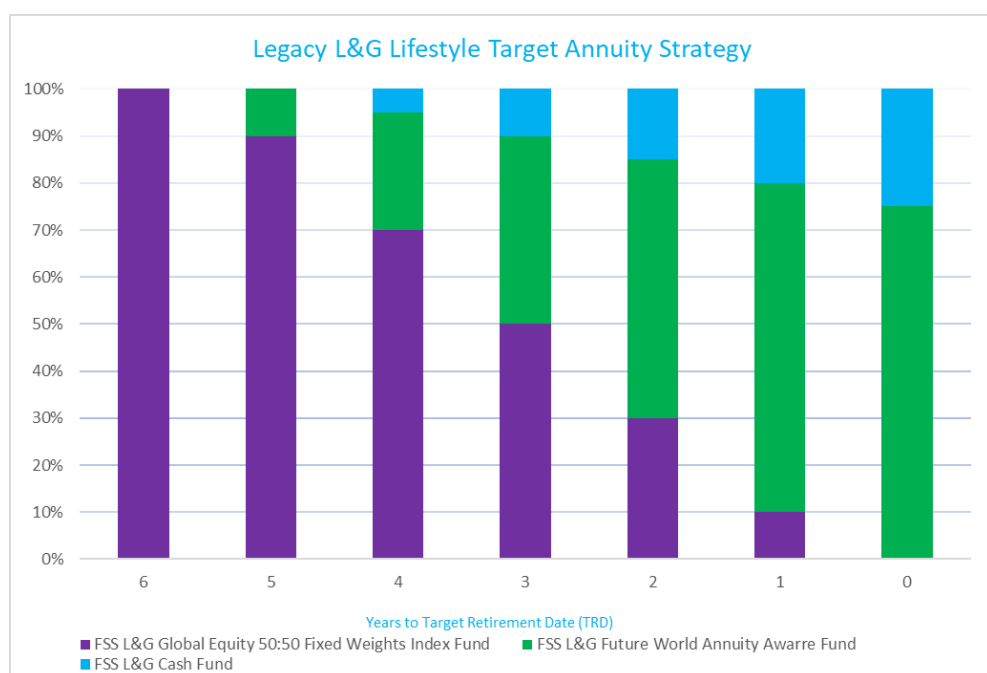
2. *Pre-retirement Phase - Approaching retirement*

When you reach 5 years from retirement, investments will be gradually moved into funds designed to reduce some of the investment risk.

The **L&G Lifestyle Target Cash Strategy** gradually switches to cash, so that by the time you reach selected retirement age you'll be invested 100% in the L&G Cash Fund. It is aimed at members who intend to draw on their AVCs as cash and are looking for capital protection at that stage.



The **Legacy L&G Lifestyle Target Annuity Investment Strategy** is more suited to members who intend to take 25% of their AVC fund as cash and then are looking to purchase an annuity with the remainder of the fund. At selected retirement age members will be invested 25% in the L&G Cash Fund and 75% in the L&G Future World Annuity Aware Fund.



There are no extra charges for switching between investment funds. However, “transaction costs” may apply. These are more variable dependent, for example, on the level of trading of the assets from time to time.

You can switch between the wider ‘Self Select’ fund range (explained in more detail in the next section) and the Lifestyle Investment Strategies at any time.

Please note that if you choose to invest in the Lifestyle Investment Strategy, you cannot be invested in any other fund within the L&G Self Select Fund Range at the same time.

Section 5

L&G Self Select Fund Range

If you wish to be actively involved in making investment decisions, you can choose from the Self Select Fund Range. These funds are also used within the Lifestyle Investment Strategy explained in the last section of this Guide. This range of investment options has been made available by the Trustee, and is believed to be appropriate for members' needs, without over complicating members' decision-making processes. You should note, however, that the range may not be ideal in every case. If you are in any doubt as to which investment option(s) you should choose, we strongly recommend you seek advice from a regulated financial adviser (see the "Contacts for assistance" section later in this Guide).

Further information on all these funds is available online at <https://www.fsspensions.co.uk/>.

L&G's Self Select funds

The funds that you can choose from within the L&G policy are as follows.

Fund Name	Asset Class	TER*
L&G Global Equity Fixed Weights (30:70) Index Fund (GBP 75% Currency Hedged)	Global Equities	0.23%
L&G Global Equity Fixed Weights (50:50) Index Fund	Global Equities	0.22%
L&G Future World Annuity Aware Fund	Fixed Income	0.15%
L&G Cash Fund	Money Market	0.13%

* The TER is the Total Expense Ratio and is composed of an Annual Management Charge (AMC) and additional ongoing charges which are the costs related to the day-to-day management of the fund and are correct as at 13 September 2023

Global Equity Fixed Weights (30:70) Index Fund (GBP 75% Currency Hedged)

Invests around 30% in UK equities and the remainder in overseas equities (around 70%) and aims to track the return of its benchmark. It then hedges around 75% of the currency exchange risk associated with investing in overseas equities.

Global Equity Fixed Weights (50:50) Index Fund

Invests mainly in UK equities (around 50%) and overseas equities (around 50%) and aims to track the return of its benchmark.

Future World Annuity Aware Fund

Invests mainly in UK Gilts, UK Bonds and other fixed income securities and aims to produce a return in excess of a benchmark designed to reflect long-term changes in immediate annuity prices.

Cash Fund

Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.

Section 6

Contacts for assistance

If you have any queries about your AVCs, or would like to change where your AVCs are invested, please contact the Scheme Administrator.

Email: ForensicScienceServices@hymans.co.uk

Telephone: 0121 212 8145

Please bear in mind that neither the Trustee, nor the Scheme Administrator can make recommendations or provide advice regarding your investment options – they can only provide information and guidance of a generic or factual nature.

Pensions Wise

Pension Wise is a service from MoneyHelper, backed by government. They offer free, impartial guidance to over 50s covering the options to take money from your pension pots.

To find out more about the Pension Wise service and sign up for your free guidance session, please visit the Pension Wise website at <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise> or call 0800 011 3797.

Regulated Financial Advisers

Choosing your AVC investments is important and the Trustee recommend that you consider speaking to a regulated Financial Adviser before making any decisions regarding your pension. You can find the details of how to obtain advice at www.fca.org.uk/consumers/finding-adviser. You should confirm an adviser's charges and specialism before appointing them.

Beware Pension Scams

If you are considering transferring your AVCs to another arrangement you should be aware of the danger posed by pension scams. Remember the following key points:

- Under normal circumstances you can't retire until you're 55 (unless you are too ill to work);
- Keep an eye out for cold callers and unsolicited emails and text messages; they are likely to be 'scammers' and put you at risk of losing some (or even all) of your pension savings;
- Never be pressured into making any pensions transfers or decisions about your pension without first taking the appropriate independent financial advice;
- If you have concerns or you're not sure about your options speak to the Scheme Administrator at the address shown above or visit the Pensions Regulator's website for more information at:

www.thepensionsregulator.gov.uk/pension-scams

This guide has been prepared for information purposes only. Nothing contained within this guide should be considered advice. If you are in any doubt you should seek to consult with a professional independent advisor.

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