

KPSS (UK) Limited Pension Scheme

2025 Member Newsletter



MESSAGE FROM THE CHAIRMAN

The purpose of the newsletter is to provide you with an update of the financial position of the Scheme following completion of the 5 April 2025 funding update. It also provides an overview of the latest scheme accounts as well as keeping you informed of current pension issues.

In the previous newsletter dated November 2024 we provided a funding update as at 5 April 2024 which showed an improvement in the Scheme's funding level, from the 5 April 2023 valuation, from 81% to 90% (being the ratio of the assets compared to the Scheme's "Technical Provisions" liabilities). We have received a funding update as of 5 April 2025 which shows funding level has continued to improve, standing at an estimated 92% now. This is good news for the security of members' benefits as we continue to see the results of the work in managing the Scheme. The next full actuarial valuation is due on 5 April 2026.

We also gratefully acknowledge the continued support from the Company in working constructively to support the scheme.

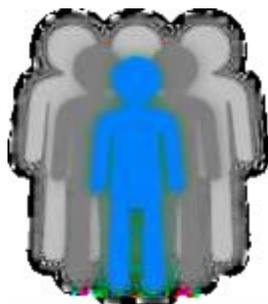
2 things to particularly draw members attention to which we have highlighted previously but are worth repeating ;

- Investment of the Scheme assets is really key and details of the investment strategy can be found on the following website under the Statement of Investment Policy: <https://members.pensionpal.co.uk/KPSSPensions>
- From April 2028, the earliest age a member can take their pension (unless in health) will rise from age **55 to 57**. It means any pension savers may now have to rethink their early retirement plans – especially those who are due to reach their 55th birthday sometime in 2028.

I look forward to continuing in my role as Chair of the Trustee with my primary focus being the protection of your benefits and ensuring you receive an excellent administration service.

Raymonde Nathan – PAN Trustees UK LLP
Sole Independent Trustee

December 2025



Trustee Qualifications

PAN Trustees UK LLP is the Sole Independent Trustee for the Scheme, appointed by the Employer KPSS (UK) Limited. As a professional trustee firm, its representatives are fully accredited as trustees by either the Pensions Management Institute or the Association of Professional Pension Trustees. Andrew Firbank is also a Fellow of the Institute and Faculty of Actuaries. Raymonde Nathan is a Fellow of the Pensions Management Institute.

Details of the Trustees of the Scheme are shown below:

Trustee Name	Role
PAN Trustees UK LLP represented by Raymonde Nathan and Andrew Firbank	Sole Independent Trustee

The Trustee Advisers

The full list of advisers are as follows:

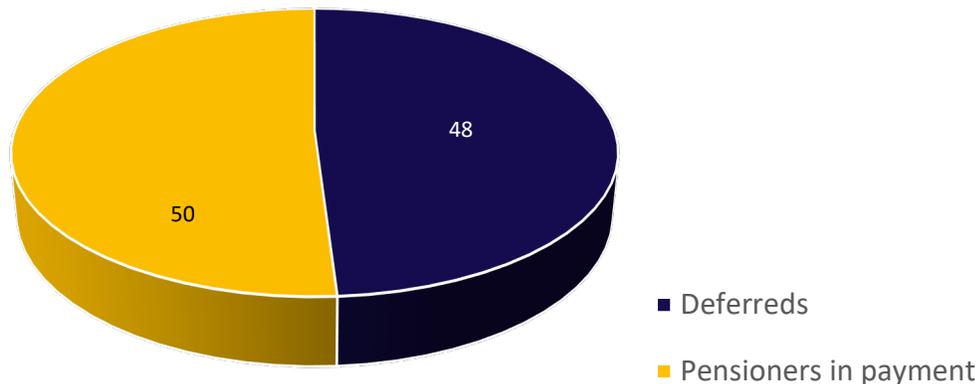
Scheme Secretary	Atkin Pensions
Consultant	Atkin Pensions
Administrator	Atkin Pensions
Auditor	Shaw Gibbs (Audit) Limited
Actuary	Rob Dales FIA, Atkin Pensions
Investment Consultant	Atkin Pensions (appointed 1 May 2025)
Investment Managers	Various, including Insight, M&G, Threadneedle and Ormonde
Legal Adviser	Fieldfisher LLP

Trustee's Annual Report & Accounts Ending 5 April 2025

Income	£	£
Net assets at 6 April 2024		13,921,557
Contributions:	1,140,000	
Other income:	-	
Withdrawals		
Benefits & Expenses paid:	(681,412)	
Net addition from dealings with members		458,588
Net returns on Investments:		(901,922)
Net assets at 5 April 2024		13,478,223

This has been a more stable year thankfully and has assisted in improving the funding position and security of members benefits.

Scheme Membership as at 5 April 2025



How is your pension paid for?

The Scheme's assets are held in a common fund by the Trustee on behalf of the members. They are not held in separate funds for each individual. The Scheme's assets are independent of KPSS UK Limited (the Employer). This fund together with any future contributions that are paid by the Employer is available for the Scheme to pay pensions to Scheme members as and when they retire.

Funding Update



Funding position of the Scheme – Summary Funding Statement

A formal financial health check – the 'Actuarial Valuation' – was carried out as at 5 April 2023. This formal valuation required the Trustee to consult with the Employer in respect of the calculation of required contributions. Actuarial Valuations must be carried out at least every three years by the Scheme Actuary and in the inter-valuation years the Scheme Actuary will provide an update on the funding position called an Annual Update.

The results of the 2024 and 2025 Annual Updates are shown below:

	5 April 2024	5 April 2025
The value of the Scheme's liabilities were:	£15.5 million	£14.6 million
The Scheme's assets were valued at:	£13.9 million	£13.4 million
This means that there was a shortfall of:	£1.6 million	£1.2 million
Funding Level	90%	92%

Progression of the funding level

The funding level has been improving over time because of a number of positive factors including the payment of Employer contributions, Investment policy and an increase in long-term interest rates. Interest rates are crucial to the value placed on the Scheme's liabilities (i.e. the benefits from the Scheme) and, as a rule of thumb, when interest rates increase, liabilities fall (as shown above) and when interest rates fall, liabilities increase. In recent years interest rates have been modestly increasing.

How do the Trustees know what contributions should be paid into the Scheme?

At each Actuarial Valuation the Trustee, with the assistance of the Scheme Actuary, is required to set a new Schedule of Contributions which is agreed with the Employer allowing for the updated shortfall.

The Actuarial Valuation and the Schedule of Contributions follow guidelines and methods set out in the Scheme's Statement of Funding Principles, which is available on request. This document describes how the Trustee will manage the Scheme, with the aim of being able to continue to pay members' benefits.

As part of the 2023 Actuarial Valuation discussions, it was agreed that, in order to pay off the funding shortfall, the Employer will continue paying £95,000 per month up until September 2026. Expenses associated with running the Scheme will also be paid by the Employer, although certain costs can be deducted from the Scheme's assets.

Protection of your Pension Benefits



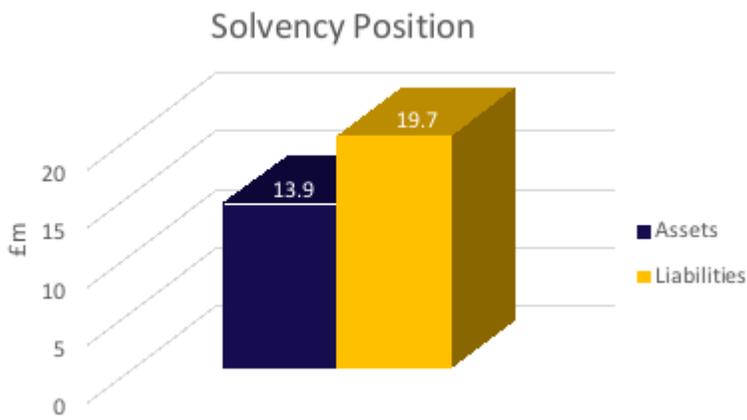
The importance of the Employer's support

The Trustee's objective is to have enough money in the Scheme to pay pensions now and in the future. However, the success of the Scheme relies on the Employer continuing to support the Scheme because:

- the funding level can fluctuate and, if there is a funding shortfall, the Employer will usually need to put in more money.
- the target funding level may turn out not to be enough and the Employer will need to put in more money.

What would happen if the Scheme were wound-up and there was not enough money to pay for all my benefits?

Should the Scheme wind-up it would need to attempt to purchase benefits for all members with an insurance company. The cost of purchasing insurance policies versus the size of the assets available to do so on winding up as at 5 April 2023 was estimated to be as follows:



April 2023 Deficit £5.7m, Funding level 71%

This description of the position of the Scheme were it to wind up is purely for information only and it is not intended to suggest that the Employer is thinking of winding up the Scheme.

The Pension Protection Fund (PPF) exists to pay compensation to members of schemes that wind-up where the scheme and the employers do not have enough money to cover the cost of securing benefits (at the minimum level specified by the PPF) with an insurer. This minimum level of benefits and the compensation paid from the PPF might be less than the full benefit that the member has earned, depending on their age and when their benefits were earned. Further information is available on the PPF website at:

www.pensionprotectionfund.org.uk or you can write to the Pension Protection Fund at:

Renaissance,
12 Dingwall Road Croydon CR0 2NA

As at 5 April 2023 the Scheme funding position would have covered the minimum level of benefits provided by the PPF (the funding level on this basis was 110% at this date).

Protection of your Pension Benefits (cont'd)



Investment Strategy and Scheme Objective

The Trustee has set out three main objectives for the investment strategy:

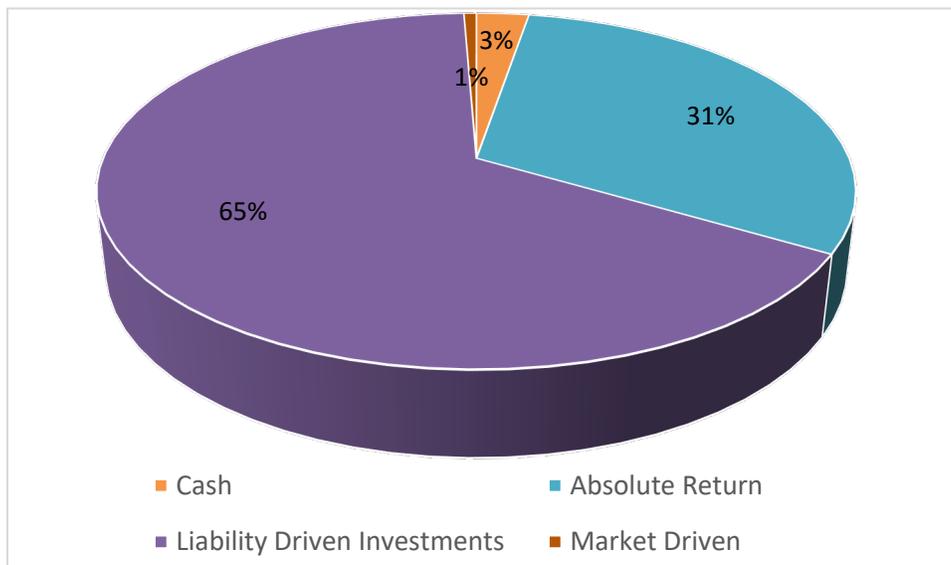
- to ensure there are sufficiently realisable investments to meet capital calls, including member payments, when they fall due.
- for the value of the assets to be in excess of the value of the liabilities on an ongoing basis, within the timeframe of the Recovery Plan
- to substantially reduce funding level volatility by having high levels of interest rate and inflation hedges

Over the longer term, the aim is to gradually increase the asset allocation in bonds in order to provide a good income to help cover the pension payments made by the Scheme.

Asset Allocation

At 5 April 2025, 32% of the Scheme's invested assets were invested in 'growth' assets, comprising specialist funds that seek an absolute level of positive return ("Absolute Return" funds), funds that are linked to equity markets ("Market Driven" funds) and a small amount in property funds ("Real" funds). The remaining 68% is invested in "hedging" assets (referred to as Liability Driven Investments, which includes bonds and cash) which are expected to move in line with liabilities in the Scheme. The Trustee also holds an insurance policy which pays pensions directly to some pensioners in the Scheme.

The chart below shows the Scheme's invested assets (including cash in the Trustee's bank account).





The following repeats information from November's Newsletter; they are very important messages and we would encourage members to consider them carefully in case they affect your plans.

Equalisation of Guaranteed Minimum Pensions

The Guaranteed Minimum Pension (GMP) is the minimum pension which a United Kingdom occupational pension scheme has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. There has been a requirement to equalise pension scheme benefits for men and women since 17 May 1990 and the GMP has now been equalised and all impacted members will have been notified.

Inheritance Tax on unused pension funds from 2027

The UK Government has announced plans to bring most unused pension funds and death benefits into a person's estate for inheritance tax (IHT) purposes starting from 6 April 2027. This change aims to reduce the potential for using pensions as a tool for IHT planning. Under the new rules, both "discretionary" death benefits (where trustees choose the beneficiaries) and "non-discretionary" death benefits (where members designate beneficiaries) will be taxed equally.

Though primarily targeting Defined Contribution schemes (which we are not), the changes also extend to DB schemes (which we are). Nearly all types of pension death benefits, including lump sum death benefits commonly paid out by DB schemes when a member dies in service, will be affected. This shift will require DB and DC administrators alike to consider IHT implications, which may lead to delayed payment of death benefits as administrators collaborate with the deceased's estate to determine any necessary tax withholding.

Rise in State pension age – mind the gap!

The government is gradually increasing the State pension age. It is currently age 66, with a rise to age 67 due to take place between 2026 and 2028.

A further increase to age 68 is planned between 2037 and 2039, seven years earlier than originally intended. It will affect people born between 6 April 1970 and 5 April 1978, currently those aged between 42 and 50. As a result, your State Pension Age may not be the same as your Normal Retirement Age from the Scheme. This could mean there will be a gap in your retirement income between taking your Scheme pension and receiving your State Pension. You can check you State pension age at <http://www.gov.uk/state-pension-age>.

You can also find out how much State pension you might be entitled to by getting a forecast of your State pension at <http://www.gov.uk/check-state-pension>.

Planning ahead – normal minimum pension age to change

Corresponding with the increase to the State pension age, there will also be an increase to the normal minimum pension age (the earliest age at which you can draw your pension from a scheme such as ours, unless you are in ill health or unless you have a protected minimum early retirement age).

From April 2028, this will rise from age **55 to 57**. It means any pension savers may now have to rethink their early retirement plans – especially those who are due to reach their 55th birthday sometime in 2028.

Overseas pension transfers

Transfers from UK registered pension schemes to Qualifying Recognised Overseas Pension Schemes (QROPS) have been subject to a 25% transfer charge since 2017, with an exemption for transfers to QROPS within the European Economic Area (EEA) or Gibraltar. As of 30 October 2024, this EEA/Gibraltar exemption will no longer apply, meaning all transfers to QROPS will be subject to the 25% charge unless other exemptions apply.

From 6 April 2025, the conditions for being recognised as an “overseas pension scheme” or a “recognised overseas pension scheme” in the EEA will be aligned with those that apply to schemes based in the rest of the world. Additionally, HMRC has confirmed that, from 6 April 2026, “scheme administrators” of UK registered pension schemes must be UK residents.

Pensions dashboards are coming!

Pensions dashboards are a government initiative designed to consolidate information from all your pension savings – including workplace pensions, personal pensions, and the State Pension – into a single, secure online platform. It does not however cover all pension schemes at the moment.

- The aim is to help you:
- Track forgotten or lost pensions.
- Help with retirement planning through seeing all pensions in one place, even from multiple employers.
- Stay connected with providers to update details or adjust investments.

Dashboards will use the governments pensions finding services to securely connect to third parties, such as administrators, and find your pensions. The KPSS scheme is not yet on the list to comply with the government’s dashboard regulations as we are a small scheme but we will connect when we are requested by the Dashboard team. Members won’t be able to access the pensions dashboard until the go live date, which is expected to be in late 2026 at the earliest.

Money Helper

Money Helper is the new government service providing clear, free, impartial help for all your money and pension choices. For more information, please visit:

<https://www.moneyhelper.org.uk/en>

This new service replaces the Pensions Advisory Service (TPAS), with The Pensions Ombudsman taking over the adjudication service for Early Resolutions Services.

This has two main features:

- Providing members with information and assistance in relation to potential complaints.
- Hearing matters without the internal dispute resolution process (IDRP) being completed, where the parties agree.

Further details can be found here: <https://www.pensions-ombudsman.org.uk/publication/early-resolution-service>
For more information about pension scams as well as how to avoid them, visit <http://www.fca.org.uk/scamsmart> or <http://www.thepensionsregulator.gov.uk/pension-scams>

If you think you may be a victim of a pension scam, contact Action Fraud at: <http://www.actionfraud.police.uk>.

Keeping in Touch



Research from the Association of British Insurers (ABI) shows that around 1.6 million pension pots worth an estimated £19.4 billion have been lost because people move home but forget to tell their pension providers their new address. This is the equivalent of £13,000 lost per person. In the ABI survey, nine out of 10 people said they automatically think of telling their GP or dentist about their change of address, but only one in 25 thinks about updating their pension scheme.

As well as being able to receive **your pension** efficiently and receive your copy of future Newsletters there are lots of other valid reasons to keep in touch with the Scheme administrators. The Trustee sometimes has important information to give you and, of course, when your pension is due to be paid or increased (if you are already receiving it) we need to let you know. So, if you move house or your personal circumstances change, please do remember to contact the Scheme administrators to let them know.

Questions about your benefits

If you have any questions about your benefits, you can contact the Scheme Administrator, via e-mail on: email@atkin.uk.com or via telephone: 0121 506 8200

We keep certain scheme documents online for members to access at the following address;

<https://members.pensionpal.co.uk/KPSSPensions>

If you have any comments or suggestions to be included in this Newsletter, please contact Dean Starling at Atkin Pensions:

dean.starling@atkin.uk.com

Advice and Guidance on Pensions

If you are thinking of making any changes to your pension arrangements at any time, you should obtain as much information as you can and think about getting professional independent financial advice. You can get more information using this website:

<https://www.moneyhelper.org.uk>

If you think you have a lost pension, the Pension Tracing Service will help you track down lost retirement pots. For more information, go to: <http://www.gov.uk/find-pension-contact-details>.

State Pensions

The Government has a website which provides information about State pensions, for those planning for the future, about to retire, or already retired: www.gov.uk/browse/working/state-pension.