2024 SUMMARY FUNDING STATEMENT

AG SOLUTIONS PENSION PLAN
("the Plan")

What is this statement about?

As Trustee Directors of the AG Solutions Pension Plan we are obliged under the terms of the Pensions Act 2004 to provide you with a Summary Funding Statement for your Pension Plan. From time to time we will send you a statement showing the latest information about the financial state of the Plan, as calculated by the Plan Actuary. The purpose of this statement is to give you information about the security of your benefits. The statement has been written in such a way as to help to explain the issues in a straightforward manner. We do however appreciate that some of the information is complicated and detailed. If you do have any concerns or difficulty understanding the statement, please contact the Secretary to the Trustee who will be pleased to help you.

Your retirement benefit entitlement under the Plan is dependent upon the value of your Personal Retirement Account at your retirement date and will be equal to the pension that this money can buy at that time. However, the benefits provided by the Plan are targeted not to be less than those that would have been provided by the Government if you had been contracted-in to the original State Earnings Retirement Pension Plan. This is the target minimum benefit.

What is the financial strength of the Plan?

The Plan is formally valued every 3 years. At the last valuation the position was:

	What if?	
	The Plan continues	The Plan is terminated
Calculation date of assessment	5 April 2022	5 April 2022
Value of Plan benefits	£30,785,000	£34,925,000
Value of Plan assets	£30,957,000	£30,957,000
Surplus / (Shortfall)	£172,000	(£3,968,000)
% of Plan benefits covered by the assets	100.6%	89%

The value placed on the "target minimum benefit" is an estimate that depends on a number of assumptions. As a result there is no single right answer as to the value of that benefit and the overall Plan benefits. The purposes of the financial assessment are to:

- indicate whether or not our financial plans are on track; and
- determine what level of contribution is appropriate for keeping the financial plan on track or getting it back on track.

The benefits have been valued twice, once assuming that the Plan continues and once assuming the Plan terminates. By terminate, we mean that no further benefits are earned in, nor contributions paid to the Plan, and the Trustee Directors go to the insurance market to buy as much of your benefit as possible. Please note that inclusion of these figures does not imply that there is any consideration being given to terminating the Plan.

Change in funding position April 2022 to April 2024

Between 2022 and 2024 the Plan Actuary confirmed, in his 2024 annual Actuarial Report, that the funding position is likely to have improved since the previous triennial valuation.

Although overall investment returns have been lower than expected and therefore members' Retirement Accounts are likely to be lower, Members' Pension Underpin values will be significantly lower than the expected projected valuation level. The latter is due to the very large rise in bond yields over the period. A higher discount rate acts to place a lower value on future underpin pensions.

The next triennial valuation is due as at 5 April 2025 and we will let you know the result of that report in a future Summary Funding Statement.

What does this mean?

A shortfall indicates that the Plan has insufficient assets compared to the value placed on the benefits built up in the Plan. A surplus indicates that the Plan has sufficient assets compared to the value placed on the benefits built up in the Plan. In the event of the Plan terminating, the Trustee would be required to secure benefits in a strict order of priority defined by legislation and would not simply apply a uniform percentage reduction to all benefits.

Opting Out

It is important that if you are thinking of opting out of membership of the Plan and/or of transferring your benefits out of the Plan for any reason, you should consult a professional Independent Financial Adviser, before taking any action. This will be your decision as the Trustee Directors are not able to provide any financial advice. If you transfer your benefits, you may not be afforded any protection from the Pension Protection Fund.

Payment to the Employer

There has not been any payment to the Employer out of Plan funds over the previous 12 months.

Expression of Wish Form and changes of address

We also wish to take this opportunity to remind you of the need to ensure that your "Expression of Wish Form", indicating who you would like lump sum benefits to be paid to in the event of your death, is kept up to date. If you want to update this form, please contact Cartwright at the address below.

You should also advise the Trustee of any change of address by contacting Cartwright at the same address below.

You should keep the Trustee updated with your retirement plans as if your fund is invested in the default strategy it will de-risk in the years approaching retirement and for the strategy to work properly the Trustee needs to be aware of your projected retirement age.

How can I get more information?

The appendix to this letter gives you more information about the Plan and describes some of the Plan's specific documents that are available on request.

Please ensure that any correspondence to Cartwright is sent to the address below and that you quote your full name and National Insurance number.

AGSolutionsPensions@cartwright.co.uk

Trustee of the AG Solutions Pension Plan
Cartwright Group Ltd
250 Fowler Avenue
Farnborough Business Park
Hampshire
GU14 7JP

New Minimum Pension Age from 6 April 2028

What's changing reminder

The Plan has a Normal Pension Date of 65 and this is the age you are expected to start taking your pension benefits. However, you may be able to start taking your pension from the Minimum Pension Age, which is set by the Government. For example, if you wanted to start receiving your pension early, this is only possible from the Minimum Pension Age without incurring a significant tax charge.

The Minimum Pension Age is currently 55, but the Government have confirmed that this will increase to 57 from 6 April 2028. It may increase again in future.

What should you do now?

Consider if you will be affected by the increase to the Minimum Pension Age. You should factor this into your retirement planning and you may wish to discuss the impact with a Financial Adviser.

GMP Equalisation

Because the Plan was contracted-out of the State Earnings-Related Pension Scheme (SERPS) from commencement to April 1997, the benefits for individuals who were members of the Scheme between these dates include a ‘Guaranteed Minimum Pension’ (GMP). In broad terms, this replicates the pension that the member would otherwise have earned under SERPS. Reflecting the structure of the State Pension Scheme at the time, GMPs accrued at different rates for men and women and are payable at different ages (65 for men, 60 for women).

A High Court Ruling on 26 October 2018 in the “Lloyds Bank” case confirmed that schemes must take action to address GMP equalisation. If a member’s benefit would be higher by calculating their benefits accrued since 1990 using the GMP applicable to an individual of the opposite sex, then they must be increased accordingly, including paying arrears to members who have already retired.

During 2024, we will be carrying out an equalisation exercise to rectify all affected Members’ benefits. If you are affected you will be notified directly and any uplift to your benefits will be confirmed. For members that are unaffected, we will let you know in a future Summary Funding Statement when the exercise has been completed.

Please note that many members will not be affected, and for those that are, the adjustment in benefits will generally be modest. We confirm that no one will be worse off as a result of this exercise.

Retirement quotations will start to make allowance for GMP equalisation later this year whilst transfer values already incorporate allowance for this.

APPENDIX: ADDITIONAL QUESTIONS AND ANSWERS

What is a Plan Actuary?

The Plan Actuary is an expert appointed by the Trustee to provide them with financial advice. The Plan Actuary's responsibilities include assessing the financial strength of the Plan. The Plan Actuary measures the financial state of the Plan by placing a value on the benefits that have built up in the Plan and comparing this with the value of the assets that the Plan holds.

How do you determine whether the Plan's funding plan is on track?

The Plan Actuary carries out a comprehensive financial review (known as an ***Actuarial Valuation***) every three years. The Pensions Act 2004 introduced significant changes in the Plan's valuation requirements. In particular, the Trustee now takes responsibility for setting the prudent assumptions and determining how the Plan should be funded after taking advice from the Plan Actuary. The details of this are set out in the ***Statement of Funding Principles.***

A ***Schedule of Contributions*** was put in place following the latest 2022 valuation and this was actuarially certified as expected to be at least sufficient to maintain the current ongoing funding position throughout the period covered by the Schedule.

We will continue to issue a Summary Funding Statement following each valuation carried out under statutory requirements. The Plan Actuary will then carry out a less detailed update, known as an ***Actuarial Report,*** for the years in between the full three yearly actuarial valuations. A Summary Funding Statement will be issued following the production of each such Actuarial Report.

What happens if the Plan terminates?

If the Plan terminates, you might not get the full amount of the benefits you have built up even if the Plan is fully funded on the continuing valuation basis. However, whilst the Plan remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

If the Plan were to terminate, the law requires the Employer to pay sufficient money to the Trustee so it can purchase the full benefits built up in the Plan with an insurance company. However, it is possible that the Employer may not have sufficient money for the Trustee to provide the benefits in full, for example if it were to become insolvent. If this were to happen, the Pension Protection Fund (PPF) may (this is not guaranteed) be able to take over the Plan and pay compensation to members (although not the full level of Plan benefits). For further information about the PPF, please refer to their website at www.pensionprotectionfund.org.uk or write to them at:

Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon
Surrey
CR0 2NA

Why are the two values of the Plan benefits different?

The value of the benefits given in the left hand column headed "The Plan continues" is calculated assuming that the Plan continues to be run as an ongoing concern.

The value of the benefits given in the right hand column headed "The Plan is terminated" is calculated assuming that the Plan was terminated on the day of the calculations. The termination figure has been calculated by estimating how much an insurance company would charge to take on and guarantee the payment of the benefits earned to the date of calculation.

Insurance companies charge a high amount for taking on and guaranteeing the Plan benefits over what can be very long periods of time because of the reserves they are required to hold to comply with certain insurance company regulations. In addition, insurers will need to make a profit and cover the future expenses involved in administration of members' benefits. These extra costs are reflected in the numbers shown in the right hand column "The Plan terminated".

Is my pension guaranteed?

You might not receive your full benefits if the Plan terminates, although clearly all parties are aiming to pay all pensions to all members when they fall due. The approximate extent to which the Plan could pay for the full benefits as at the valuation date is shown in the right hand column of the table shown in this Summary Funding Statement. We are required by law to illustrate these figures and this does not mean that Fujitsu or the Trustee are thinking of terminating the Plan.

How are the Plan benefits paid for?

Contributions are being paid into the Plan by both Fujitsu Services and the members in accordance with the rules.

The ***Schedule of Contributions*** sets out how much money is being paid into the Plan and when.

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

- The Employer is contributing towards your future benefits.
- The Employer is paying the expenses of running the Plan on an annual basis.
- The funding level can fluctuate and, when there is a funding shortfall, the Employer will need to put in more money.
- The target funding level may turn out not to be enough so that the Employer will need to put in more money.

Where can I get more information?

Please contact us if you have any other questions, or if you would like any more information please contact Cartwright (address as above). We have a number of documents relating to the management of the Plan which are available on request.

- ***The Schedule of Contributions*** sets out how much money is being paid into the Plan and when. A certificate is signed by the Plan Actuary to certify that the contributions are expected to be sufficient to meet the Plan's ongoing funding requirements for the period of the Schedule.
- ***The Annual Report and Accounts*** sets out the Plan's income and expenditure.
- ***Pension Plan Information Booklet*** sets out the benefits of the Plan (you should have been given a copy when you joined the Plan).
- ***The Plan's Trust Deed and Rules*** are the detailed rules of the Plan.
- ***The Statement of Funding Principles*** sets out how the Trustee intends to fund the Plan in future.
- ***The Scheme Funding Report*** is the Actuary's triennial report on the funding position of the Plan.
- ***The Actuarial Report*** is the Actuary's annual report on the funding position of the Plan.