Engineering Employers' Federation
Staff Pension Fund

Independent Governance Group

Money Matters

Your Fund's financial roundup

Hi there,

Welcome to your yearly Summary Funding Statement, where you can get a breakdown on how the Fund's doing financially – a copy of the full valuation is available on request.

As your Trustee, it's our job to make sure there's enough money to cover the pensions of both the current and future retirees. To do this, we regularly check how much money has been built up in the Fund and how much might be needed in the future, which you can read about in this Summary Funding Statement.

Just to note – this document doesn't hold any personal information or include any information regarding benefits you may receive from this pension Fund, either now or in the future.

Your pension news roundup

Upcoming changes to Inheritance Tax

The Government has announced significant changes to how inheritance tax (IHT) will apply to pensions from April 2027.

At the moment, most unused pension funds and death benefits sit outside your estate for IHT purposes. This means they can usually be passed on to your beneficiaries free from inheritance tax. From 2027, however, the rules are set to change so that any unused pension funds will be included in the value of your estate. As a result, they could become subject to IHT at the standard rate (currently 40%) if the total value of your estate exceeds the IHT thresholds.

There will be some key exceptions. Pension death benefits paid to a spouse, civil partner, or charity will remain exempt from IHT, and registered death-in-service benefits are expected to stay outside these new rules.

These changes could mean that more estates fall within the scope of IHT, and beneficiaries may face additional steps before pension funds can be paid out.

Now is a good time to review your financial plans. Check that your expression of wish form is up to date, take stock of the overall value of your estate, and consider speaking with an independent financial adviser if you think you might be affected.

While the reforms are still being finalised, getting to grips with them early can help you plan ahead and make confident, informed decisions about your legacy.

Stay safe from pension scams

In 2023 alone, reports show that over £17 million was lost to pension scams, with £47,000 being the average amount stolen – which is often a big chunk of someone's life savings.

Fraudsters are using more sophisticated tactics – including fake pension dashboards, AI-generated voices, and social media messaging – to steal life savings. To protect yourself, follow three simple steps: Stop. Start. Secure.

Stop and think before responding to unexpected contact about your pension. Scammers create urgency to rush you into bad decisions. If someone promises guaranteed returns or early access to your money, it's almost certainly a scam.

Start taking control of your pension. Know who your provider is, what your pension is worth, and where it's held. The new government-backed Pensions Dashboard will help you keep track when it launches over the next few years.

Secure your future by staying cautious. Only deal with FCA-authorised firms, and never share personal or financial details unless you're sure who you're speaking to.

Sources for more detailed guidance include **www.moneyhelper.org.uk** and **www.actionfraud.police.uk**. You can ring Action Fraud on **0300 123 2040** for help.

Stop the scam. Start asking questions. Secure your retirement.

Get familiar with the finances

How's the Fund doing?

To help us keep things on track, the Fund undergoes a full valuation every three years, with annual checks that take place in between.

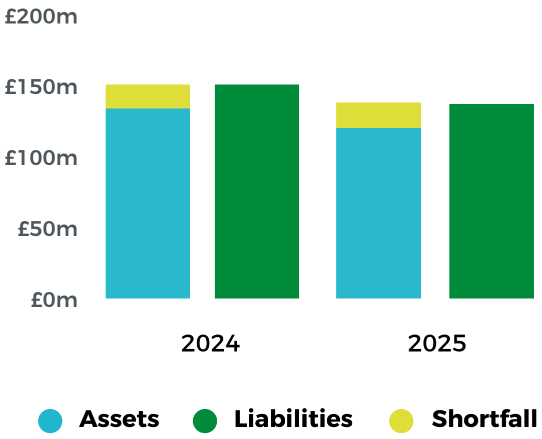
These valuations and yearly checks are done by our Fund Actuary, who gives us a detailed financial health-check of how the Fund's doing.

Here's the breakdown of the Fund's financial health at the latest funding update, and how this compares with its recent annual checks.

	31 March 2024	31 March 2025
Assets The value of the Fund's investments	£134m	£120m
Liabilities The estimated costs of providing members' benefits	£151m	£137m
Shortfall The difference between the assets and liabilities	£(17m)	£(18m)
Funding level The assets as a percentage of the liabilities	89%	88%

To check how the Fund is doing, we compare the value of our liabilities to our assets. If we have more assets than liabilities, then we're in surplus and the funding level will show 100% or more. If we have less assets than liabilities, we're in shortfall and the funding level will show below 100%.

The Fund's financial position



It's worth remembering that these valuations are only a snapshot in time. As the market changes, it's perfectly normal for the funding level to change from time to time.

Our last full valuation was carried out on 31 March 2023. The next full valuation is due on 31 March 2026, and we'll share the results with you as soon as they're ready.

The Fund's in shortfall...

As at 31 March 2023, the Fund had a funding level of 88%, so at the last valuation we put a recovery plan in place with the Company which includes a commitment to pay additional contributions to help remove the shortfall. As long as the Company continues to support the Fund, members' benefits will be paid in full when they become due.

Protecting your benefits

As your Trustee, we always aim to have enough money in the Fund to pay pensions and other benefits to members and beneficiaries, with the support of the Company.

If the Company goes out of business or decides to stop paying into the Fund, it's expected to pay the Fund enough money to secure or buy all the benefits built up by members with an insurance company. This is known as the Fund being 'bought-out' and 'wound-up'.

As part of the full valuation, the Fund's Actuary works out how much money the Fund would need if the Company could no longer support it, and the Fund was wound up.

So for example, if the Fund had wound up on 31 March 2023 it would have needed £180m to buy the necessary insurance policies, resulting in a shortfall of £37m compared with the value of the Fund's investments on the same date. In this case, the Company would have had to make up the shortfall.

If the Fund winds up and doesn't have enough money to secure all benefits with an insurer, and the Company can't make up the shortfall, you may not receive the full benefits you were expecting.

To protect members in this situation, the Government set up the Pension Protection Fund (PPF) where it provides compensation to members of eligible UK pension schemes, like ours. If the Fund enters the PPF, the pension you receive may be less than the full amount you earned under the Fund. The amount of compensation you receive depends on your age and when your Fund benefits were built up. You can find out more about the PPF on their website **www.ppf.co.uk**

Including this information doesn't mean that we, or the Company, are thinking of winding-up the Fund – it's simply required as part of our report.

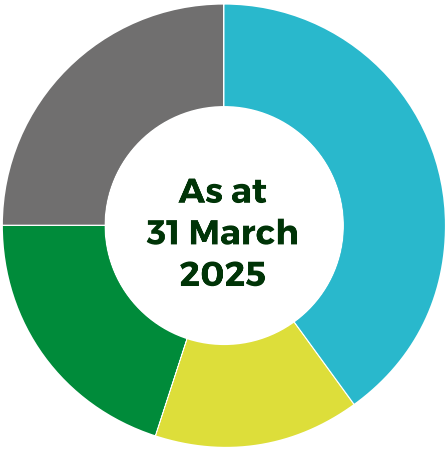
The legal bit

Legally, we must let you know that the Company has not taken any surplus payments out of the Fund in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Fund, or to impose a direction, or a schedule of contributions.

Our approach to investing

To help get the most out of our investments, we've appointed specialist advisers to help us establish and follow a clear investment strategy. When developing an investment strategy, we work with our advisers to take into account environmental, social and governance issues, along with climate related risks and opportunities.

More information about our investment strategy is published in our Statement of Investment Principles but in the meantime, we've summarised below how the Fund's investments are split between different investment types. You can get a copy of all the Fund's documents by getting in touch with the Fund Administrator, or on our website **https://eefstaffpensionfund.lcp.uk.com**



- **40%** Liability - Matching
- **15%** Conventional Credit
- **20%** Asset Backed Securities
- **25%** Private Credit

Your Fund Administrator

For any questions regarding the Fund, or for copies of Fund documents, contact the administrators.

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EEFAdmin@lcp.uk.com

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Stay in touch

Please update your key contact information, including email address, through the Fund Administrator to ensure you do not miss important correspondence. Note that your email will be used for connecting to the Pensions Dashboard when it's launched in due course.

Your data

If you want to find out more about how we use your personal data please click through to: **https://eefstaffpensionfund.lcp.uk.com**