

Summary Funding Statement 2025

For members of the LV=
Employee Pension Scheme



A message from the Trustee

I'm pleased to provide an update on the financial position of the Defined Benefit (DB) section of the LV= Employee Pension Scheme (the Scheme) as at 31 March 2025. The Scheme continues to be well funded, and I'm happy to reassure you that your benefits remain secure.

First, I'd like to introduce myself. My name is Lisa Mundy and I'm a professional pension trustee with BESTrustees. From 1 January 2026, I took over the role of Chair of Trustee from Huw Evans. I'm very much looking forward to working with the LV= Pension Trustee Board to ensure the Scheme continues to be run well and operates in the best interests of its members and beneficiaries. If you'd like to find out a bit more about me, you can visit the Pensions Village website at www.lv-pensionsvillage.co.uk/resources/news

Since the last in-depth valuation as at 31 March 2023, which showed the Scheme to be 99% funded, the funding level has improved over the two years to March 2025. This improvement reflects a combination of changes in financial conditions, changes in the Scheme's investment returns, and the contribution of £10m paid by LV= over this period.

Over the year to 31 March 2025, the headline figures show a further increase in the funding level, rising from 101% funded as at 31 March 2024 to 102% funded as at 31 March 2025.

The next triennial valuation is due as at 31 March 2026. The Trustee will receive preliminary results of the valuation in the months following this date and expects to finalise the valuation and agree a revised recovery

plan (if required) within the statutory timescale by 30 June 2027.

It's important to remember that actuarial valuations are a snapshot of the finances of the Scheme at a single date and that the position can change from one valuation date to the next. The Trustee continues to monitor the funding position regularly.

With the rising cost of living, many people are experiencing increased financial pressures. Unfortunately, scammers are taking advantage of this. Please remain vigilant – you can find out more information on how to spot the warning signs of a pension scam on the LV= Pensions Village website at www.lv-pensionsvillage.co.uk/general_pension_information/pension_scams

I'm pleased to let you know that a news page has been added to the Pensions Village at www.lv-pensionsvillage.co.uk/resources/news. This will allow the Trustees to communicate with you more regularly and share updates on the ever-changing world of pensions. We'll still continue to communicate with you in the ways we do now – the news page is intended to complement and enhance the existing communications.

The High Court decision on Virgin Media Ltd v NTL Pension Trustees (16 June 2023) considered the implications of Section 37 of the

Pension Schemes Act 1993, which governs how contracted-out schemes benefits can be amended. The High Court's decision upheld on appeal on 25 July 2024. In response, the Government are implementing legislation which allows scheme actuaries to retrospectively validate certain rule amendments. The legislative 'fix' is expected to be included in the Pensions Bill, which is currently being considered by the House of Lords committee. While no specific timings have been confirmed, the legislation is expected to come into force around springtime. The Trustee continues to monitor developments and liaise with its advisers on this matter.

The Normal Minimum Pension Age (NMPA) is the earliest age you can usually access your pension benefits under law, although there are exceptions, like retiring due to ill health.

The current NMPA is 55, increasing to 57 from 6 April 2028. This means that for most Scheme members considering early retirement after that date, the earliest you'll be able to access your LV= benefits will be age 57. If you're thinking of retiring early, it's important to consider this when planning.

Finally, I'd like to welcome Marc Perry, who joined the Trustee Board in June 2025 as a Member Nominated Director, and to thank my fellow Trustees and advisers for their continued commitment, service and support to the Scheme over the year.

If you have any questions, please contact us at mypension@lv.com

Lisa Mundy

Trustee Chair, for and on behalf of
The LV= Pension Trustee Limited

What is a funding valuation?

Put simply, we compare how much money the Scheme has (its assets) to what it ought to have to be confident of paying all the benefits in the future (its liabilities). If there is a shortfall, we look at the best way to make up the difference.

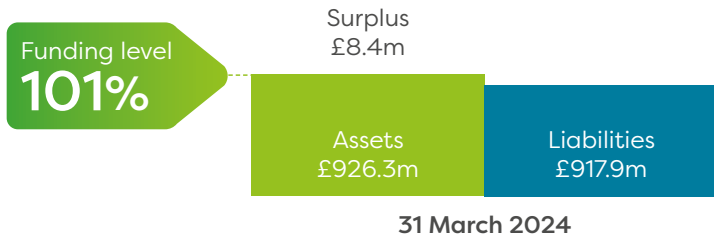
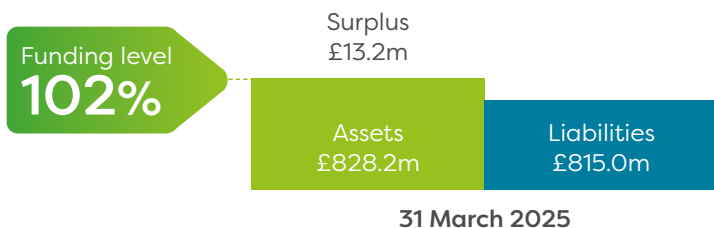
We have a Scheme Actuary who does the calculation for us. He does this using assumptions about the future that the Trustee agrees with LV= after taking actuarial advice. These include assumptions about possible future financial changes and the demographics of the Scheme. Both parties take separate professional advice before agreeing the assumptions.

Scheme funding legislation requires that an in-depth valuation be carried out at least every three years and an annual actuarial update is provided between in-depth valuations. We continue to check the funding position regularly in between as well, but without going into the same level of detail. The next in-depth valuation is due 31 March 2026.

How well funded is the Scheme?

During the year to 31 March 2025, the funding level increased to 102%. This was driven by changes in financial conditions, changes in the Scheme's expected investment returns and the contributions paid by LV=.

Below are the results of the last in-depth funding valuation, along with the annual funding updates as at 31 March 2024 and 31 March 2023 in more detail:



Please note that figures have been rounded so may not total exactly.

What financial commitment has LV= made to the Scheme?

Following the in-depth funding valuation as at 31 March 2023, the Trustee and LV= agreed that LV= will pay regular monthly contributions into the Scheme, totalling £5m each year, until March 2028. It also agreed to continue to make payments to cover running costs, the cost of the Pension Protection Fund levy and other Scheme levies, plus any other exceptional expenses that may come up.

As required by law, the Trustee confirms that no payments have been made to LV= out of the Scheme's fund since the date that the last Summary Funding Statement was sent to you. Also, The Pensions Regulator hasn't exercised its statutory powers to modify the Scheme's benefits or to influence the outcome of the valuation or the contributions to be paid to the Scheme.

What other funding documents are available?

The following documents are available on request:

- ✓ The Statement of Investment Principles*
- ✓ Implementation Statement*
- ✓ The Statement of Funding Principles
- ✓ The Recovery Plan
- ✓ The Schedule of Contributions
- ✓ The Scheme Actuary's report on the funding valuation
- ✓ The Annual Report and Accounts*
- ✓ Task Force on Climate-Related Financial Disclosures (TCFD) Report*

*These documents are also available on the LV= Pensions Village website at www.lv.pensionsvillage.co.uk/resources/documents

If you'd like copies of any of the documents mentioned, or you would like any more information, please contact WTW. Contact details are on the back page.

More about the Scheme

How is the Scheme funded?

The main funding for the Scheme comes from its assets, which includes the bulk annuity insurance policy. These are held in trust and used to pay benefits to members. The trust is a legally separate entity from LV= and is managed by the Trustee. Regular funding assessments reveal whether the assets are expected to be enough to cover members' benefits. If they reveal a shortfall, LV= may be asked to pay additional contributions.

What is the significance of LV='s support?

If the funding position of the Scheme gets worse, the Trustee relies on LV= to provide additional support, normally of a financial nature. Therefore, the Trustee relies on the continuing good health of LV=. The Trustee regularly monitors, and is currently happy with, the ability and willingness of LV= to support the Scheme.

What if the Scheme were to wind up?

Winding up means closing the Scheme and ending the trust, with your benefits being moved to an insurance company. This occurs when a company is unable or unwilling to continue to financially support a pension scheme.

It's important you understand that there's no intention to wind up our Scheme, but the law requires us to let you know some information about this scenario.

Had a wind-up occurred on 31 March 2023, the Scheme Actuary estimated that the assets of the Scheme would have secured around 85% of benefits earned to that date and it would have been necessary to ask LV= to fund the shortfall.

If the Scheme were wound up, LV= would have to pay enough money to the Scheme to secure all the benefits built up by members with an insurance company. If LV= couldn't afford this, the Scheme would apply for entry to the Pension Protection Fund (PPF). While the Scheme would have to undergo an assessment for entry to the PPF, it's unlikely to enter it as the Scheme is very well funded using PPF assumptions about the future.

The PPF was set up to pay compensation to members of eligible defined benefit pension schemes, where a scheme doesn't have enough assets to cover the cost of paying the minimum level of benefits to members. If the Scheme were admitted to the PPF, compensation would be provided by the PPF. This compensation would be a substantial proportion of your benefits built up (although full compensation wouldn't be provided).

Further information and guidance is available on the PPF's website at www.ppf.co.uk

Explaining pension terms

Assets

The actual amount of money held by the Scheme.

Deficit

The extent to which the assessed value of the liabilities is greater than the value of the assets.

Funding assessment

An in-depth look at the Scheme's finances, carried out at least every three years.

Funding level

The ratio of the value of the assets to the assessed value of the liabilities.

Funding update

An approximate update of the Scheme's finances, carried out in years when an in-depth funding valuation is not completed.

Liabilities

The amount of money estimated, based on certain financial and demographic assumptions, to be needed to provide the benefits earned by members, together with the pension benefits already in payment.

LV=

Liverpool Victoria Financial Services Limited.

Recovery Plan

The approach for eliminating the deficit, usually involving additional contributions.

Scheme Actuary

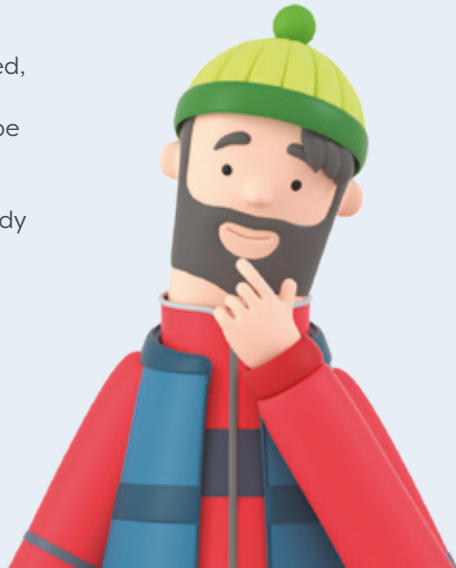
The qualified, independent professional appointed by the Trustee to examine the Scheme's finances and assess its financial health.

Surplus

The extent to which the assessed value of the liabilities is less than the value of the assets.

Trustee

The LV= Pension Trustee Limited is a company whose directors consist of up to four persons nominated by LV= and three nominated from the Scheme membership.



Contact us



Visit the LV= Pensions Village website for information, documents and tools to help you make the most of your Scheme benefits:

www.lv-pensionsvillage.co.uk

Money Helper

MoneyHelper is a free government-backed service that offers scam specific guidance, support and help if you have any concerns about your finances.



www.moneyhelper.org.uk/en



UK: 0800 011 3797
Non UK: +44 (0)20 7932 5780
Monday to Friday from 9am to 5pm, excluding bank holidays



If you have a query about your DB section benefits, please use the following contact details:

The LV= Employee Pension Scheme
WTW
Sunderland
SR43 4JU



01737 788102
Monday to Friday
from 9am to 5pm



LV@wtwco.com

Also contact WTW to:

- ✓ Update your address
- ✓ Report a change of bank details
- ✓ Request a new Expression of Wish form (also available on the LV= Pensions Village website)

This statement has been prepared by the Trustee of the LV= Employee Pension Scheme to provide general information about the Scheme's funding position and shouldn't be relied upon in any action you may take, nor should it be seen as attempting to provide you with any advice.