2025 Report to Members

from the Salvation Army
Employees' Pension Fund, SAEPF

Love God
Love Others

Message from the chairperson

As the Chair of The Salvation Army Employees' Pension Fund, I take great pleasure in presenting our annual newsletter. The newsletter is designed to update you on the financial position of the Fund and the Fund's investments and also highlight key pension topics for your information.

We hope that you will find this newsletter interesting and informative. We would value your feedback, so please do get in touch with any comments or suggestions to Pensions@salvationarmy.org.uk.

Mr Daniel Wills, Chair

Getting in touch

The Fund's Administrator is available to help you with any questions you may have about your benefits.

You should also contact the Administrator if your personal details change (such as your name or address). In addition, you should ensure that details of your spouse/dependant are kept up to date.

We'd like to hear from you! If you have any questions that you would like to put to the Trustees, please let us know. We will be happy to print your questions, and the answers, in subsequent newsletters.

The Administrators can currently be contacted on: salvationarmy@isio.com

Information about the personal data we hold, how we process it and how we keep it safe is explained later in this report.

Change of Administrator

The Trustees of the Fund (the "Trustees") have appointed Isio Group Limited ("Isio") as the Fund's new administrator, replacing Capita Pensions Solutions Limited from 1 July 2025. This is an administrative change only and does not affect your benefits in any way.

One of the reasons the Trustees selected Isio is due to their focus on delivering outstanding standards of customer service. You should have received a communication from Isio introducing themselves along with their contact details which are noted below for your ease of reference:

Telephone - 0800 488 0795 (or from outside the UK +44 203 372 2105)
Email - salvationarmy@isio.com
Post - Isio Group, PO Box 108, Blyth, NE24 9DY

Reminder about the change to the minimum pension age

If you're thinking about early retirement, please be aware that the government is raising the minimum pension age from 55 to 57 with effect from April 2028, and it may affect your plans.

- If you were born after 5 April 1973, you'll have to wait until age 57 to access your pension.
- If you were born after 5 April 1971 but before 6 April 1973, you'll have a window to retire from your 55th birthday until 5 April 2028. If you don't take your pension in this window, you'll then need to wait until your 57th birthday.
- If you were born on or before 6 April 1971, you won't be affected by this change because you'll already have reached age 57 by 6 April 2028.

Picture Your Future - Retirement Living Standards

The Retirement Living Standards, based on independent research by Loughborough University, have been developed to help individuals picture what kind of lifestyle they could have in retirement and the costs involved.

The figures show how much someone may spend at retirement across three different living standards; they are an estimated expenditure, not an income. They assume you own your own home with no mortgage, so you may need to add or reduce other costs depending on your circumstances such as mortgage, rent or social care costs and any income tax on your pension. Also remember, your income may be taxed, so plan for that too.

The Standards aim to offer a clear and realistic view of people's retirement spending in the UK, helping you use your current lifestyle and cost of living as a guide for what you might need in the future. The figures can be shown using two different options, **'two-person'** household for those living with another person and having a joint expenditure or a **'one-person'** household for those living alone on one income. Within the spending categories, the specific breakdown of costs and how they are shared will vary from household to household.

The Standards show what the cost of life in retirement might look like at the three different levels and what a range of common expenses for each might be. Some people may combine elements across different standards, tailoring spending to suit personal preferences or circumstances.

Most people (around 70%) retire as part of a two-person household, allowing them to share the living costs and reduce expenses.

For many people their private and State Pension (full State Pension for 2025/26 is £230.25 a week, £11,973 per year) and other savings could go a long way towards paying these outgoings. **This means, two people in receipt of the full State Pension will already have enough to cover Minimum level costs.**

To learn more please select the following link: [Home - Pensions UK - Retirement Living Standards]

From the Accounts

Each year the Trustees produce a formal Report and audited Accounts which provide information on the financial position of the Fund over the year.

The table below shows the key figures from the accounts for the Fund for the year ending on 31 March 2025. The full accounts have been audited by RSM UK Audit LLP. The complete set of accounts is available for view via the Fund's governance website. Please go to the following website: https://www.isio.com/scheme-documents/the-salvation-army-employees-pension-fund/

Your Fund at a Glance

The year to 31 March 2025 is summarised below:

As at 31 March 2024
the fund value was
£199,547,000

Additions during the year	Deductions during the year
Employer and Member contributions £0	Pensions & lump sum retirement benefits (£6,122,000)
Compensation from Administrator £20,000	Transfers out (£634,000)
Investment income £1,755,000	Expenses (£711,000)

Funds for investment
(£5,692,000)

Change in market value of assets
(£15,940,000)

Investment administration, management and custody fees
(£160,000)

As at 31 March 2025
the fund value was
£177,755,000

Fund Membership

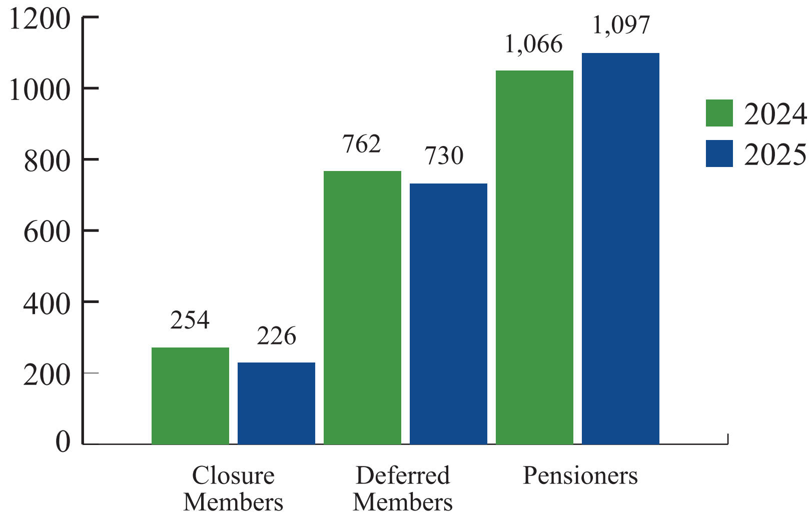
Key terms

Closure Member is an employee who was an active member on 30 April 2023 when the Fund closed to new accrual and who remains in employment.

Deferred member is a former employee who has left the Fund but is entitled to benefits at retirement.

Pensioner is a former employee (or spouse/dependant of a former employee) currently receiving a pension from the Fund.

The chart below shows the number of members in different categories as at 31 March 2025 compared with the number as at 31 March 2024.



Investment review

The Trustees are responsible for setting the investment strategy for the Fund and regularly monitoring the performance of the investments held. The investment advisor to the Trustees is the Investment Advisory Committee of the Salvation Army. The strategy is set out in the Statement of Investment Principles.

The investment managers implement the chosen investment strategy on behalf of the Trustees and manage the assets on a day-to-day basis. The Fund's investment managers are Sarasin & Partners LLP and Legal & General Investment Management Limited. Royal London Unit Trust Managers Limited manage the Additional Voluntary Contributions monies. The Fund's assets were invested entirely in gilts as at 31 March 2025.

The Trustees' investment objective is to achieve a return on the assets to match its benchmark. The benchmark is currently as follows:

Asset class	Proportion of assets	Benchmark Index
Gilts	34.0%	FTSE A UK Conventional Gilts Over 15 Years Index
Gilts	18.0%	FTSE A UK Conventional Gilts Under 15 Years Index
Gilts	32.0%	FTSE A UK Index-Linked Gilts Over 15 Years Index
Gilts	16.0%	FTSE A UK Index-Linked Gilts Under 15 Years Index

Over the three year period to 31 March 2025 the Fund returned -5.3% pa, which was slightly below the benchmark return of -5.2% pa. Although these returns were negative, the market movements will also have led to a reduction in the value placed on the liabilities of the Fund.

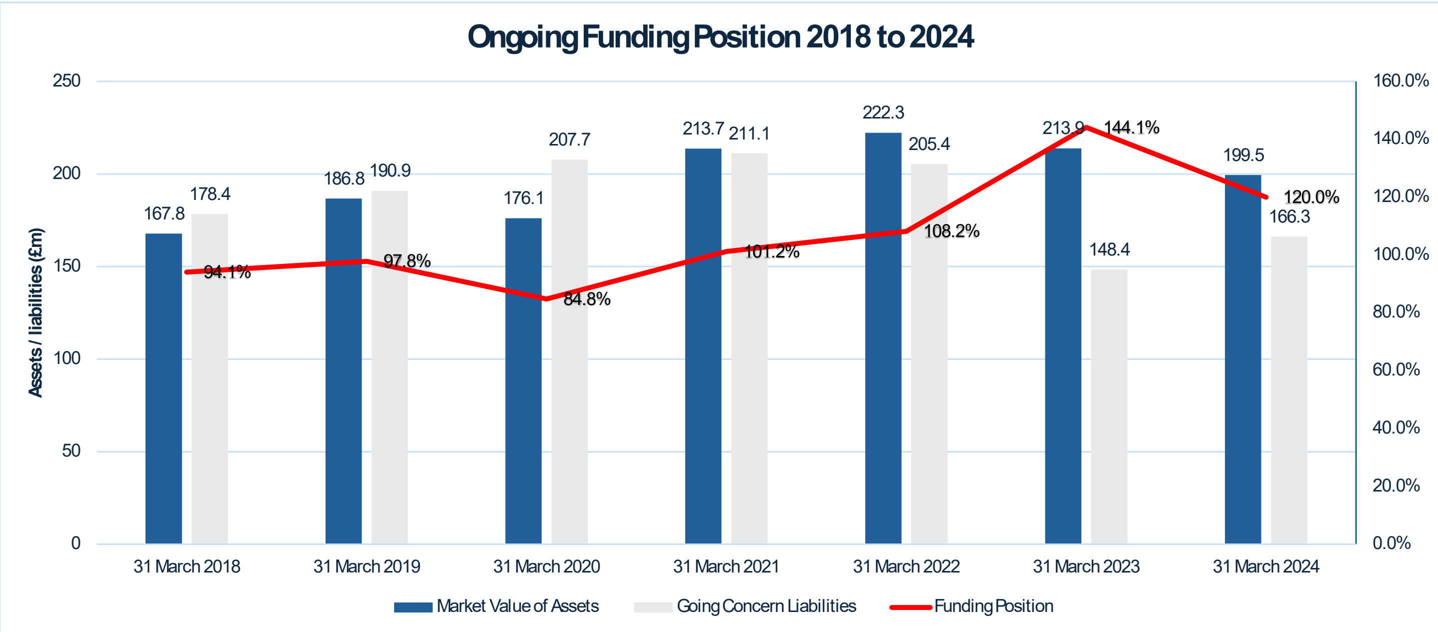
Actuarial valuation

An actuarial valuation is usually carried out by the Fund's actuary every three years. This is to determine whether the assets held by the Fund are sufficient to meet the benefits built up by members at the valuation date and to establish the level of contributions that the Employers should be making to the Fund.

The percentage of assets making up the liabilities gives the Fund's funding level. If the assets are over 100% of the liabilities, the Fund has more than the estimated amount needed to pay benefits and costs, and is in "surplus". If the assets are less than 100% of the liabilities then there would be a funding "shortfall" to make up.

It is important to remember that the Fund will continue to pay members' benefits, even if it has a funding shortfall.

The reason for carrying out valuations and finding out whether there is a shortfall is to allow the Trustees good time to change their funding or investment approach and to ensure that more contributions are paid into the Fund to restore its funding level. The actuary recommends the level of contributions needed to do this following each valuation.



The chart above shows the financial position of the Fund since 31 March 2018.

The latest formal actuarial valuation of the Fund as at 31 March 2024 was finalised in March 2025 and showed the Fund to be 120% funded, with a surplus of £33.3m. The improvement in the funding position since the 2021 formal actuarial valuation was primarily due to the change in market conditions. The significant increase in gilt yields decreased the value placed on the liabilities of the Fund so that the asset value has fallen by less than the liabilities, mainly as a result of strong equity markets in the year ending 31 March 2022 when the Fund still had substantial holdings in return seeking assets.

The Fund closed to future accrual from 30 April 2023. As the Fund is currently in surplus, no contributions are required in relation to the past service position.

The next formal actuarial valuation at 31 March 2027 is due to be carried out in 2027 when the contribution requirements will be reviewed.

Electronic Communications

The Trustees already have authority to correspond with some members electronically, so that communications such as this newsletter and the Summary Funding Statement are sent electronically rather than in the post.

If you would like to receive communications electronically and are not currently doing so, please email Russell Porter (russell.porter@salvationarmy.org.uk) with your request.

Pension increases

The Rules of the Fund provide for increases to pensions in payment to take account of inflation, subject to a cap of:

- 5% pa for pensions accrued before 6 April 2006
- 2.5% pa for pensions accrued on or after 6 April 2006

Pension increases are effective from 1 April each year and are based upon the January RPI inflation figures. Inflation as measured by the increase in the RPI over the 12 months to January 2025 was 3.6% and so the increases awarded on 1 April 2025 were:

Pensions in relation to service	
Prior to 6 April 2006	3.6%
From 6 April 2006	2.5%

The 2026 pension increases will be based upon the increase in RPI over the 12 months to January 2026, which will be released in February 2026. The 2026 pension increases will be effective from 1 April 2026.

Please do not let a scammer spoil your retirement

Pension savers can be vulnerable to the approaches of scammers because pensions are complex. Scammers tactics have, and will continue to, evolve.

Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing.

Scammers design attractive offers to persuade you to transfer your pension pot to them or release funds from your pension pot. It is then invested in unusual and high-risk investments or simply stolen outright.

The Pensions Regulator conducted research with the Financial Conduct Authority as part of their ongoing ScamSmart campaign. This found that half of pension savers don't believe they are at risk of being targeted by a pension scammer. However, pension scams can happen to anyone and no pension pot is too small for a scammer. Please remain alert to any approaches in relation to your pension benefits.

Scams tactics include

- contact out of the blue
- promises of high/guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly

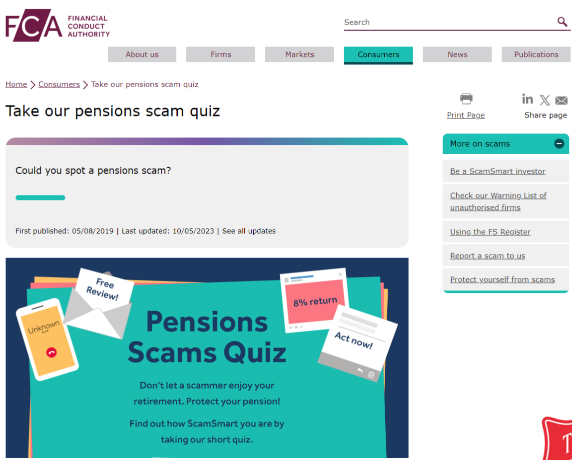
Please look out for these signs. If you suspect a scam report it to:

- Financial Conduct Authority (FCA) - on 0800 111 6768 or use the reporting form at www.fca.org.uk
- Action Fraud - on 0300 123 2040 or at www.actionfraud.police.uk

If you are in the middle of a transfer and suspect a scam, contact our administrators immediately and then get in touch with MoneyHelper at moneyhelper.org.uk.

How can you protect yourself from pension scams?

- reject unexpected offers - if you are contacted out of the blue about your pension, it's likely to be high risk or a scam. Be wary of free pension review offers.
- check who you are dealing with - check the Financial Services Register (https://register.fca.org.uk) to ensure that anyone offering you advice or other financial services is FCA-authorised. If the firm is on the FCA Register, you should call the Consumer Helpline (0800 111 6768) to check the firm is permitted to give pension advice. Beware of fraudsters pretending to be from a firm authorised by the FCA. Use the contact details provided on the FCA register, not the details they give you.
- don't be rushed or pressured into making a decision. Take your time to make all the checks you need, even if this means turning down an "amazing" deal.
- get impartial information and advice - MoneyHelper (www.moneyhelper.org.uk) provides free independent and impartial information and guidance.
- complete the FCA's pensions scam quiz: https://www.fca.org.uk/consumers/take-our-pensions-scam-quiz



Lightning can strike twice! Secondary Scams

The Salvation Army's pension unit are saddened to report that there is a new financial scam and pension scam 'in town' and victims are increasingly being targeted again - this time by fraudsters posing as support services offering help to recover lost funds.

This type of fraud is known as recovery fraud. The 'common' tactic is that scammers exploit previous victims' vulnerability by offering false hope and asking for personal details or fees under the guise of legitimate follow-up.

It is widely recognised that cloning and impersonation fraud can be hard to spot. The current trend is that scammers are impersonating the Fraud Compensation Fund (FCF), sending fake letters to claiming to help to obtain compensation. The FCF do not make contact individually about these payments and have released the following article for checking fraudulent communications. The FCF would never request money or sensitive personal information from members of the public. The authorities have been notified of what is happening.

The Pension Scams Action Group have prepared a checklist to take Steps to Stay Scam Safe which outlines what to look out for and how to respond.

Please remain vigilant. If you need support, please contact the Pensions Team.

Running the Fund

It is the responsibility of the Trustees to manage the Fund in the best interest of its members, while complying with the Fund's Rules and relevant Income Tax law.

We need an understanding of pension and investment issues to carry out our duties, but we have professional advisors to help in areas where specialist knowledge is needed. We meet regularly, normally quarterly, with our advisors.

The current members of the Trustees and advisors of the Fund are shown below:

Trustee Members:

Mr D Wills (Chair) (employers' appointee)
Mrs P Murdoch (members' appointee)
Ms R Rudran (members' appointee)
Mr L Watkins (employers' appointee)
Mr A Gray (employers' appointee)
Ms G Bedford (employers' appointee)
Mr J McCaughren (members' appointee)
Mr K Basson (employers' appointee)
Ms S Griffin (members' appointee)

Professional advisors to the Fund

Actuary -

BWCI Consulting Limited
Albert House
South Esplanade
St Peter Port
Guernsey, GY1 3BY

Administrator -

Isio Group,
PO Box 108,
Blyth,
NE24 9DY

Bankers and Custodian -

Reliance Bank Limited
Faith House
23 - 24 Lovat Lane
London
United Kingdom
EC3R 8EB

Independent Auditor -

RSM UK Audit LLP
25 Farringdon St
London
EC4A 4AB

Investment Advisors -

Investment Advisory Committee of
The Salvation Army

Legal Advisors -

Burges Salmon Company Limited
6 New Street Square
London
United Kingdom
EC4A 3BF

Documents available upon request

Statement of Investment Principles (SIP) - A Statement of Investment Principles is a document that outlines the investment strategy for a pension scheme or similar investment fund. It details the principles that govern how the Fund's assets are invested.

Statement of Funding Principles (SFP) - A Statement of Funding Principles is a document that outlines how the Fund will meet its obligations to members. It's a key requirement which details their policy for ensuring the Fund has sufficient assets to cover promised benefits.

Schedule of Contributions - A Schedule of Contributions is a document that outlines the rates and due dates of contributions.

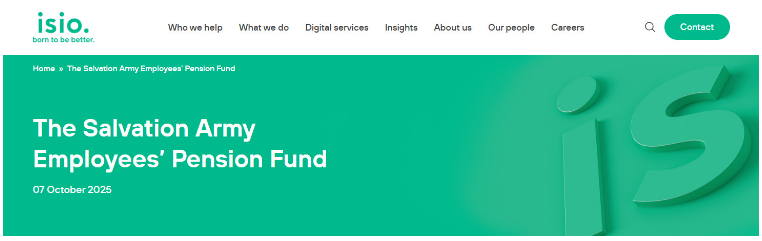
Report and Financial Statements as at 31st March 2025 - this shows the Fund's income and expenditure in 2024/2025.

Actuarial Valuation Report as at 31st March 2024 - this contains the details of the Fund's financial position as at 31st March 2024.

Have you visited the website yet?

https://www.isio.com/scheme-documents/the-salvation-army-employees-pension-fund/

You can download the Statement of Investment Principles and the Implementation Statement from links on the Home page.



Privacy Notice

Your privacy is important to us. We will process your personal data in accordance with applicable data protection law.

The data controllers in respect of the personal data you submit to us either directly or via your employer, the Salvation Army, are the Trustees of the Salvation Army Employees Pension Fund (the "Fund") who you can contact via the Chair of Trustees. We use your personal data that is provided to us to administer and manage your pension and pay you or any person in respect of you the benefits provided by the Fund.

We process the personal data that you provide to us for the purpose of administering and managing your pension and paying you and/or your spouse and dependants' benefits. We therefore process your personal data on the legal basis that the processing is necessary for the performance of the contract of employment between you and the Salvation Army regarding your participation in the Fund, to comply with our legal obligations and further to our legitimate interests as trustees of the Fund. If you do not provide us with the personal data that we specify is required for administration of the Fund then we may not be able to administer the benefits provided by it.

We will transfer your data to the Salvation Army, other participating employers in its group and their advisers, the Fund's advisers, service providers and partner organisations to the extent that it is necessary for the management and administration of the benefits provided by the Fund. We may also disclose your information to third parties in order to operate, administer and audit the Fund responsibly, in the event that the Salvation Army sells its business or assets (in which case we may disclose your personal data to the prospective buyer), in the event that we decide to de-risk or insure any of the benefits provided by the Fund (in which case we may disclose your personal data to the prospective insurer) or where we are under a duty to disclose your personal data in order to comply with any legal obligation or to protect the rights, property, or safety of the Trustees, the members of the Fund, or others. We do not use your data for marketing or transfer personal data to other organisations for the purpose of marketing their goods or services.

Your personal data may be processed outside of the European Economic Area ("**EEA**") and the UK where required in order for us or the Salvation Army to provide benefits to or in respect of you. In each instance, we have ensured that the processing of your personal data outside the EEA and UK is governed by the Standard Contractual Clauses approved by the European Commission.

We will keep your personal data stored on our systems for as long as it takes us to provide the pension and other benefits provided under the rules of the Fund. We will retain and use your information as necessary to comply with our legal obligations, resolve disputes and enforce our rights. We review our data retention policies regularly and will retain your personal data only as long as necessary for the purpose for which we process that data.

Data Protection legislation gives you the right to access information held about you. Any access request may be subject to a fee of £10 to meet our costs in providing you with details of the information we hold about you. Where we or third parties are processing your personal data on the basis that you have consented to that processing then you are entitled to withdraw your consent. If you do withdraw your consent, we may still be able to process some of the data that you have provided to us on other grounds. However, some data, for example data in relation to your health or personal life, is regarded as 'special categories of data'. We have to process that special category data to perform our obligations under employment law and the law relating to social protection. Therefore, we do not require your specific consent to process that information.

You will be entitled to receive the personal data that you have provided to us in a structured, commonly used and machine-readable format, and to transmit that data to another data controller. You can exercise your data protection rights, including your rights to access, restrict, object to the processing of, rectify and erase your personal data by contacting the Chair of Trustees. If you are unhappy with the way in which your personal data is being processed you have a right to lodge a complaint with the Information Commissioner's Office. You can report your concerns by telephoning their helpline on 0303 123 1113 or through their website at https://ico.org.uk/concerns.