

Focus 2024

The magazine for members of the DS Smith Group Pension Scheme (the Scheme)

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The latest
retirement news
and guidance for
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Welcome from the Chair

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Welcome to the new-look
2024 edition of Focus,
the magazine for members of
the DS Smith Group Pension
Scheme (the Scheme).



This year you'll notice that we've changed the layout of the magazine to make it easier to find the information that you want. We've also created an online version of this magazine, providing you with longer versions of the articles, with additional valuable information. The online version is available to view at dssmithgroupensionscheme.com

We've created a new committee called 'Membership Experience' to enhance the engagement and communication with members like you. Your involvement is important, and we invite you to contribute your own ideas and stories to help shape the future of Focus. You can find out more information on page 11.

International Paper Merger

You may have seen media coverage about a potential merger between DS Smith Plc and International Paper. We believe that the merger is a positive move, with International Paper committed to maintaining the current contribution arrangements as far as the Scheme is concerned. The Scheme is a key part of the planning and the Trustee is actively engaged in discussions with both companies to ensure that your interests are kept front and centre. We'll keep you updated as further details land.

This year's Focus brings new features and topics, including...

Buck is now Gallagher - same great service, but with a different name

Buck, the Scheme's administrator, was acquired by Arthur J. Gallagher & Co (Gallagher) in April 2023. Starting Monday 1 July 2024, Buck officially rebranded as Gallagher. The same dedicated team will continue to service the Scheme, and their contact details remain unchanged for now. We'll keep you posted on any changes as to how to get in touch.

Continuing the digital journey - your Member Portal

Don't miss out on the key features of your dedicated, secure Member Portal at buckhrsolutions.co.uk/dssmith

Learn more about how to use it on page 15. It's important to ensure that the details we hold for you (such as your home address and Expression of Wish) are accurate so we can pay your benefits correctly when the time comes. Why not log on today and check?

If you want to receive relevant online communications about the Scheme in the future, don't forget to update your email address on the Portal too.

Thank you to the management and administration teams for their hard work in looking after the Scheme during the year.

Wishing you and your families well.

Gary Saunders
Chair of the Board
DS Smith Pension Trustees Limited

Scheme and Company news

In this section of the magazine, we share some important updates and insights regarding our Scheme's finances and recent developments.

The Scheme's finances

Each year, the Trustee produces the Scheme's Report and Accounts. This shows its financial development over the year.

Here is a summary of the Scheme's income and expenditure for the year ending 30 April 2024:

	£m
Scheme value on 30 April 2023	£791.84m
Dealings with members	
– Total income	£20.60m
– Total outgoings	(£46.70m)
Net withdrawals	(£26.10m)
Net returns on investments	(£0.54m)
Net decrease during the year	(£26.64m)
Scheme value on 30 April 2024	£765.20m

You can request a copy of the formal Annual Report & Accounts by getting in touch with Gallagher, the Scheme administrator, using the details on the back page.

Scheme membership

During the Scheme year ending 30 April 2024, the membership of the Scheme decreased from 10,076 to 9,894.



Deferred members

3,513



Pensioner and dependent members

6,381



Total members

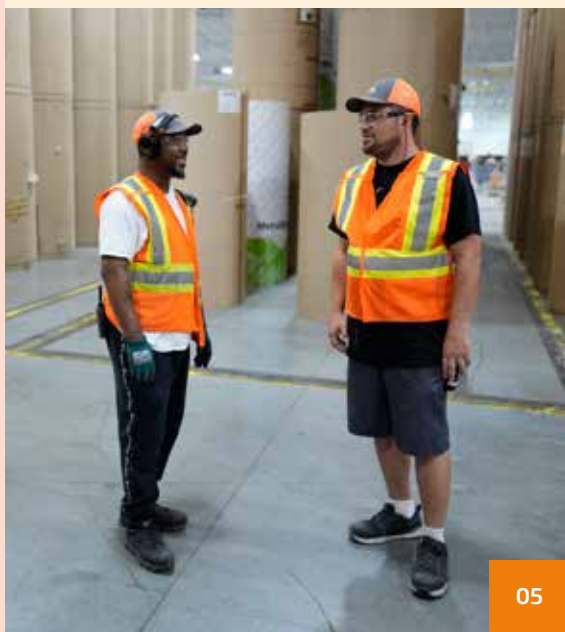
9,894

Our approach to investments

The Trustee agrees on an investment strategy which considers the DS Smith Group's strength, the Scheme's long-term liabilities, and the agreed contributions. The Scheme invests in growth assets to reduce the shortfall and defensive assets to protect against sudden market changes. This then helps to improve the security of your benefits.



For more information about the Scheme's investment strategy, you can head to dssmithgroup.pensionscheme.com and then select 'The Scheme's finances'.



The Scheme's financial health

The Trustee is responsible for ensuring the Scheme has enough funds to pay your benefits. To do this we have a plan with the primary aim of meeting and maintaining the level of assets that are expected to pay benefits out to members now and in the future. The value of the benefits that need to be paid to members is known as our 'liabilities'.

At least once every three years, the Trustee must ask the Scheme Actuary to produce an actuarial valuation report. The Scheme Actuary measures the Scheme's financial health by calculating the liabilities and comparing this to the assets.

The latest actuarial valuation was carried out with an effective date of 30 April 2022 and the next actuarial valuation is due as at 30 April 2025.

If the results of the valuation show that the liabilities are greater than the assets, the Trustee would then agree an appropriate level of contributions from the Group to ensure the Scheme was expected to have sufficient funds.

The 30 April 2022 valuation was completed within the required timescale on 21 July 2023. The Group agreed to continue to pay additional contributions to the Scheme to help improve the overall security of members' benefits.

The 30 April 2022 valuation was carried out in accordance with the standards as set out in The Pensions Regulator's Code of Practice in force from July 2014. Under the scheme funding regulations, the Trustee is required to adopt a prudent set of assumptions in valuing the Scheme's liabilities. The valuation of the Scheme at 30 April 2022 showed the following. We have also illustrated the updated position at 30 April 2023 and 30 April 2024.

	30 April 2022	30 April 2023	30 April 2024
The Scheme's liabilities were valued at	£1,081m	£809m	£749m
The Scheme's assets* were valued at	£1,055m	£789m	£762m
This means that there was an estimated (shortfall)/surplus of	(£26m)	(£20m)	£13m
This gave a funding level (assets divided by liabilities) of	98%	98%	102%

*excluding additional voluntary contribution investments

The reduction in assets is not a concern because liabilities have also decreased, and the funding level has therefore improved. Our investment strategy aims for our assets to move in line with our liabilities, in order to protect the overall funding level, so this outcome is what we expect to happen.

In our previous magazine, we reported that the Scheme was estimated to have a shortfall of £20 million at 30 April 2023. Since this date, the funding level has improved, resulting in a surplus and a funding level of 102% at 30 April 2024. This improvement is as a result of agreed contributions from DS Smith Plc and positive investment returns on the Scheme assets relative to the value placed on the liabilities.

We're required to tell you whether The Pensions Regulator has used its legal powers to make directions as to any of:

- The level of benefits available from the Scheme going forward.
- The method or assumptions used to calculate the liabilities or the length and structure of the recovery plan.
- The contributions that should be paid under the Schedule of Contributions.

The Regulator has not used its powers in relation to the Scheme and therefore the Scheme is not subject to any directions.

As part of the valuation, the Trustee is required to assess and report to you, the Scheme's members, on what would happen if the Group were to go out of business, or decided to stop contributing to the Scheme. In this instance the Scheme may be wound up and the Group could be required to pay additional money to buy all members' benefits with an insurance company.

The comparison of the Scheme's assets to the cost of buying the benefits with an insurance company is known as the buy-out position. A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation, as insurers are obliged to take a very cautious view of the future, and they also need to make a profit.

The actuarial valuation at 30 April 2022 showed that the Scheme's assets would not have been enough to buy all members' benefits from an insurance company, as the buy-out position at that date was:

£1,331m

The estimated cost to buy all members' benefits with an insurance company

£1,055m

The value of the Scheme's assets

£276m

The estimated shortfall

79%

The wind-up funding level

The fact that we have shown the buy-out position does not mean that the Group is thinking of winding up the Scheme. The fact that there was a shortfall at the last valuation has not affected the pensions paid from the Scheme, and all members who are receiving a pension have received the full amount of their pension.

It's worth remembering that a valuation is just a snapshot of the Scheme's funding position, and it can change considerably if, for example, there are changes in investment markets, or if expectations of how long members live change. The Trustee continues to monitor the funding position and will provide annual updates to members. The investment sub-committee regularly reviews all investments and investment managers.

Contributions

The Trustee and Group agreed a new Schedule of Contributions as part of the actuarial valuation carried out at 30 April 2022. This was put in place on 21 July 2023. It set out that the following contributions would be paid to correct the deficit at 30 April 2022:

Scheme year	Amount (£m)
2022/23	£20.2m

In addition, the Group has agreed to continue to pay the following contributions, which were agreed as part of the valuation at 30 April 2019:

Scheme year	Amount (£m)
2023/24	£20.6m
2024/25	£21.0m
2025/26 (in respect of May to September 2025)	£8.9m

These contributions will continue to be paid unless the Scheme's security improves to a level where the funds are enough to cover the benefits based on the Long-Term Funding Target. This is a stronger requirement than what is mandated by regulations. Reaching full funding on this target will demonstrate that there is significant security for members' benefits and therefore the Trustee is comfortable that contributions could stop at this point. It's expected that the contributions the Group have agreed to pay will be sufficient for the Scheme to meet its Long-Term Funding Target within agreed timeframes.

The Group also meets the costs of running the Scheme, including the payment of the annual Pension Protection Fund Levy but excluding any manager-related investment fees.

Sustainable investments

The Trustee considers environmental, social, and governance (ESG) factors when managing the Scheme. This comes from a belief that those factors have a material impact on investment risk and return outcomes; and that good stewardship can create and preserve value for companies and markets as a whole.

You can read more about the Trustee's approach to ESG considerations in the Statement of Investment Principles and Implementation Statement.

In particular, the Scheme has published its first Taskforce on Climate-related Financial Disclosures (TCFD) report which considers the risks and opportunities for the Scheme resulting from climate change. You can find the Scheme's TCFD report at dssmith.com/company/our-leadership/ds-smith-group-pension-trustees

The Trustee also welcomes your views on ESG. You can get in touch with them by emailing DSSmith@buck.com

You can find out more information about how the Trustee takes ESG into account when running the Scheme by going to the online version at dssmithgroup pensionscheme.com and then selecting 'Sustainable investments'.



The Group's financial update

DS Smith Plc (the Group) is the main employer for the Scheme, and contributes over £20 million into the Scheme every year. This is agreed in the Schedule of Contributions.

The Group and the Trustee meet regularly to discuss Scheme governance and work closely together to monitor, review and assess investments through an Investment and Funding Committee.

For more information about the Group, you can:

- Read the online version at dssmithgrouppensionscheme.com and then select 'The Company's financial update' for a snapshot of the Group's latest accounts and some key differentiators
- Find the Group's full report and accounts at dssmith.com/investors/annual-reports
- Read 'Our Stories' on topics such as innovation and sustainability at dssmith.com/media/our-stories

Guaranteed Minimum Pension (GMP) equalisation

GMP equalisation is the name given to the process of reviewing the benefits people built up when they were 'contracted out' between 17 May 1990 and 6 April 1997 and correcting these benefits where necessary so men and women are treated the same.

The process is complex, and we are continuing to work with our advisers to determine the next steps, as are the trustees of many other UK pension schemes.

Further updates will be communicated to you in the future. Please note members' benefits will not be reduced as a result of this process.

You do not need to take any action at this stage.



Retirement bulletin



In this section of our magazine, we bring you the latest news on retirement and offer valuable guidance to help you plan for your future. But first, here's one way you can help contribute to this ever-evolving magazine...

Looking back...

We want to hear from you!

Introducing a brand new section of the magazine dedicated entirely to YOU.

This is your space to share stories, memories, and experiences from your time working with the Group. Do you have a cherished memory or an interesting anecdote from your days here? We'd love to feature it in the next edition of Focus!

If you have something special to share or would like to provide feedback, please contact Gallagher, the Scheme administrator, at DSSmith@buck.com

Your experiences are incredibly valuable to us, and we can't wait to hear from you. Let's make this magazine a true reflection of our amazing community!

Increase to the Normal Minimum Pension Age (NMPA)

From 6 April 2028, the Government plans to increase the NMPA from age 55 to age 57.

The NMPA is the earliest that most people can start accessing their pension savings without incurring significant tax charges. Different rules may apply for certain occupations (e.g. fireman) or if you are retiring due to ill-health.

Autumn Budget and your pension

On 30 October 2024, Chancellor Rachel Reeves delivered the first Budget by the new Labour Government. Here's a breakdown of the key pension points and what they could mean for you.

State Pension and Pension Credit

State Pension will increase

The Budget confirmed the Government's commitment to the State Pension triple lock. State Pensions will therefore increase by 4.1% (in line with earnings growth) in April 2025. This will bring payments to £230.25 a week if you receive the full amount of the new State Pension, and £176.45 a week if you receive the full amount of the old basic State Pension.

Pension Credit will increase

Pension Credit provides an additional top-up for pensioners on low incomes. The Pension Credit Standard Minimum Guarantee will also see a 4.1% increase from April 2025, to £11,850 a year for a single pensioner.

The Government is actively working to boost Pension Credit take-up. This is particularly important if you're eligible to receive the Winter Fuel Payment, which is being means-tested from 2024/25 and could be worth £200 for eligible households, or £300 for eligible households with someone aged over 80. If you're receiving Pension Credit, you're automatically eligible for the Winter Fuel Payment.

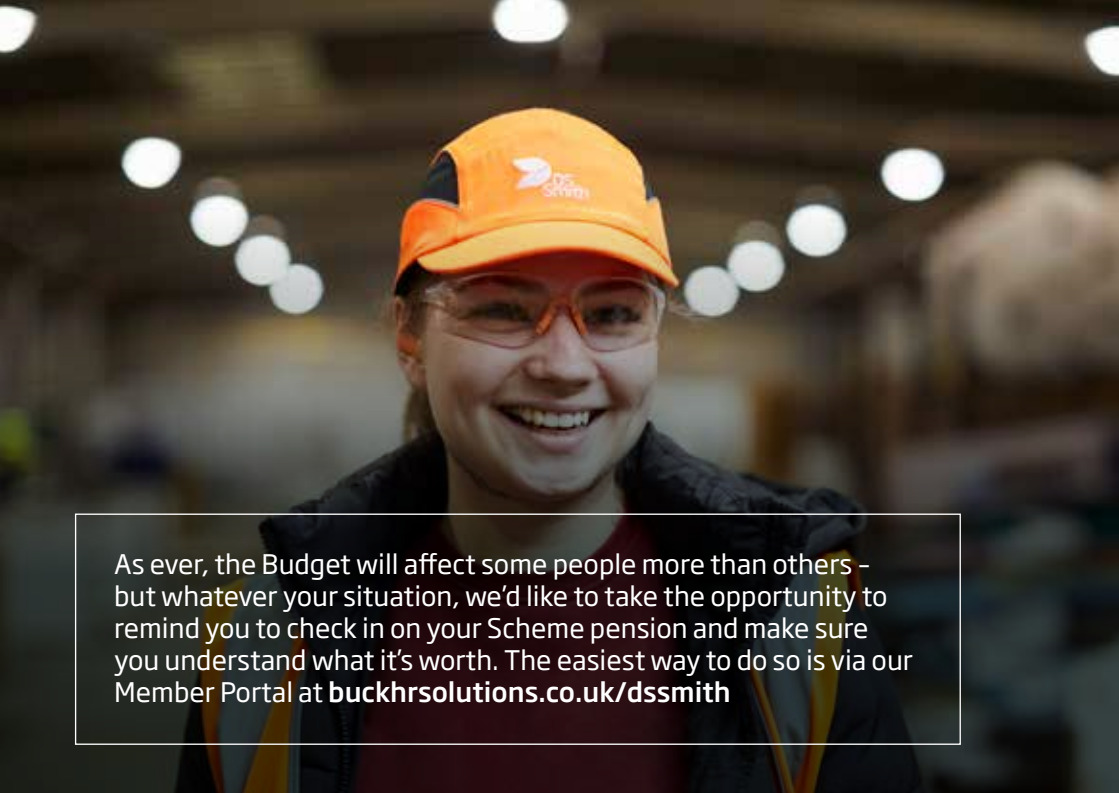
Tax changes

Unused pension savings may become subject to Inheritance Tax (IHT)

IHT is a tax on the estate (the property, money, and possessions) of someone who has died. In the past, pensions have not typically counted towards the value of a person's estate for IHT purposes - so, for example, if you died before retiring and had defined contribution pension savings worth £100,000, that sum could be passed to your dependants without being factored into IHT calculations.

From April 2027, some inherited pensions will be included in IHT. Under the proposals, any pension payable from the Scheme to your spouse or registered civil partner on your death will not be impacted.

More details are still to come regarding how this will work in practice and what it will cover, but it may mean more people's estates exceed the IHT thresholds and, therefore, trigger a tax payment.



As ever, the Budget will affect some people more than others – but whatever your situation, we'd like to take the opportunity to remind you to check in on your Scheme pension and make sure you understand what it's worth. The easiest way to do so is via our Member Portal at buckhrolutions.co.uk/dssmith

Here's a reminder of the IHT thresholds:

- The first £325,000 of any estate can be inherited tax-free, rising to £500,000 if the estate includes a residence passed to the direct descendants, and £1 million when a tax-free allowance is passed to a surviving spouse or registered civil partner. Inheritance that exceeds these thresholds is taxed at 40%.
- From April 2026, the first £1 million of combined business and agricultural assets will attract no IHT, but assets over £1 million will be taxed at an effective rate of 20%.

To find out more about IHT, visit gov.uk/inheritance-tax

Rules around overseas transfers have changed

If you want to transfer your pension to a scheme outside of the UK, you'll need to check how much tax you'll pay. Visit gov.uk/transferring-your-pension for further information.

Get the support you need

Navigating the UK benefit system can be complex and overwhelming. Here's a step-by-step approach to understanding and accessing the benefits you may be entitled to:

1

Understand the basics. Get to know the different types of benefits available in the UK. These include Universal Credit, Jobseeker's Allowance, Employment and Support Allowance, Housing Benefit and Pension Credit. Visit the Government website for more detail at gov.uk/browse/benefits

2

Check if you're eligible. Use the Government's online benefits calculator to determine which benefits you may be entitled to. This tool considers your personal circumstances, income, and other relevant factors. You can access the calculator at gov.uk/benefits-calculators

3

Apply for benefits. Once you know which benefits you may be entitled to, you can begin the application process. It's faster to apply online, if you can, but some benefits may require a paper application.

4

Get extra help. If you need assistance with your benefit application or have questions about the process, you may wish to contact Citizens Advice. They provide free, confidential advice. Visit their website at citizensadvice.org.uk

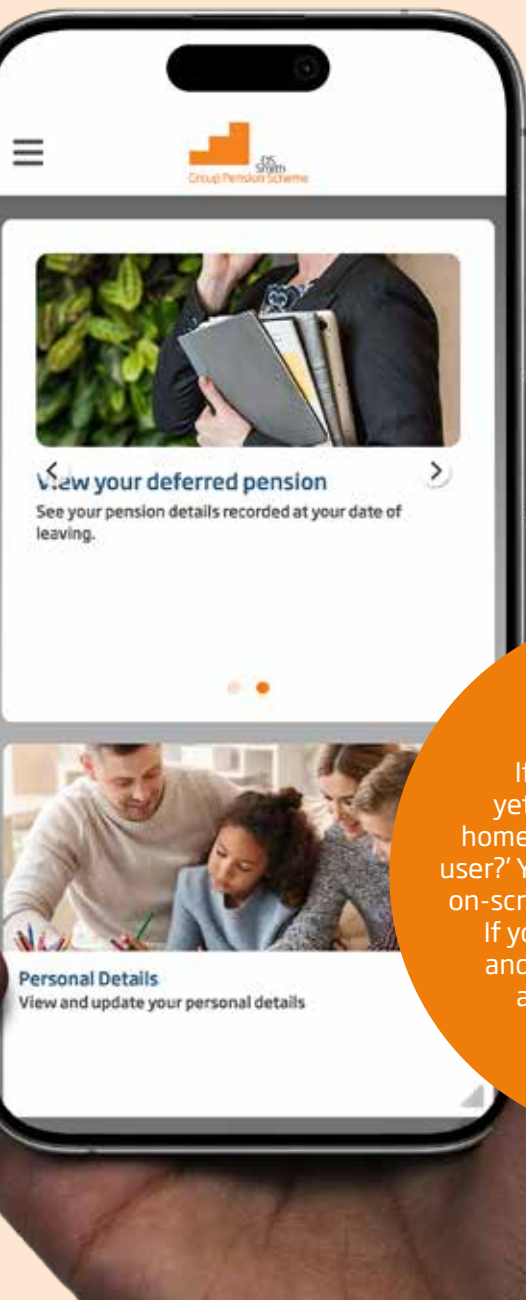
5

Stay informed. The benefit system changes from time to time. Make sure you regularly check your eligibility or entitlement at gov.uk/browse/benefits

Your Member Portal

To continue along your digital journey, log on to the Scheme's Member Portal to see the latest information about your benefits.

It's the easiest and most secure way to manage your pension online.



- View and manage your personal profile
- Check the value of your pension (if you're yet to retire)
- Review and change your Expression of Wish
- Update your contact information
- Access your Scheme-related documents
- If you're a pensioner, you can change your bank details and view your payslips

Access the Portal now at
buckhrolutions.co.uk/dssmith



Not registered?

If you haven't logged in yet, simply go to the Portal homepage and select 'First time user?' You'll then need to follow the on-screen instructions to register. If you've visited the website and registered before, you'll already have a Login ID and password.

Looking after your loved ones

Planning for the future involves not just saving for the golden years but also considering what happens to your home, money and belongings when you die.

Your pension can be a valuable asset to leave behind for your loved ones, providing them with financial security even after you're no longer around. However, what happens to it depends on various factors such as the type of pension you have, your age when you die, and whether you've completed an Expression of Wish form.

What happens to your pension when you die?

If you die before accessing your pension, the remaining benefits typically pass on to your beneficiaries. This can be your spouse or registered civil partner, children, or another family member. However, it's essential to make sure you've updated the Scheme administrator with the relevant beneficiary information to ensure a smooth transfer.

Complete an Expression of Wish form

An Expression of Wish form tells the Trustee who you would like to receive any lump-sum benefits payable from the Scheme when you die. You can include any number of people and nominate different people at any time by completing a new form.

If you've already completed an Expression of Wish form, you should make sure that the details on the last one you submitted are up to date. You should also submit a new one so that the Trustee is aware of your current circumstances and wishes. Please note that an Expression of Wish is not legally binding, and the Trustee uses its discretion when paying death benefits.

You can update your Expression of Wish form on the Member Portal at **buckhrolutions.co.uk/dssmith** or you can get in touch by contacting Gallagher, the Scheme administrator, using the information on the back page.



Staying cyber safe

Cyber fraud in the UK is unfortunately becoming more common, and fraudsters' techniques more sophisticated. This is a serious issue that can have devastating consequences for individuals' finances, including pensions.

To read our extended article online, go to dssmithgrouppensionscheme.com and then select 'Staying cyber safe' where we have provided some actions that you can take to avoid falling foul of scammers online.

Here's a short quiz to get you going...

1. What is the most secure way to create a strong password?

- a. Using a combination of uppercase and lowercase letters
- b. Including numbers and special characters
- c. Using personal information like birthdates or names
- d. Repeating the same password for multiple accounts

2. Which of the following is a recommended practice to protect your online accounts?

- a. Enabling two-factor authentication
- b. Sharing your passwords with trusted friends
- c. Using public Wi-Fi networks for sensitive transactions
- d. Clicking on suspicious links in emails

3. How can you identify a secure website before entering personal information?

- a. Checking for a padlock icon in the browser's address bar
- b. Ignoring the website's security certificate

- c. Providing personal information on any website without hesitation
- d. Sharing your credit card details on any website that asks for it

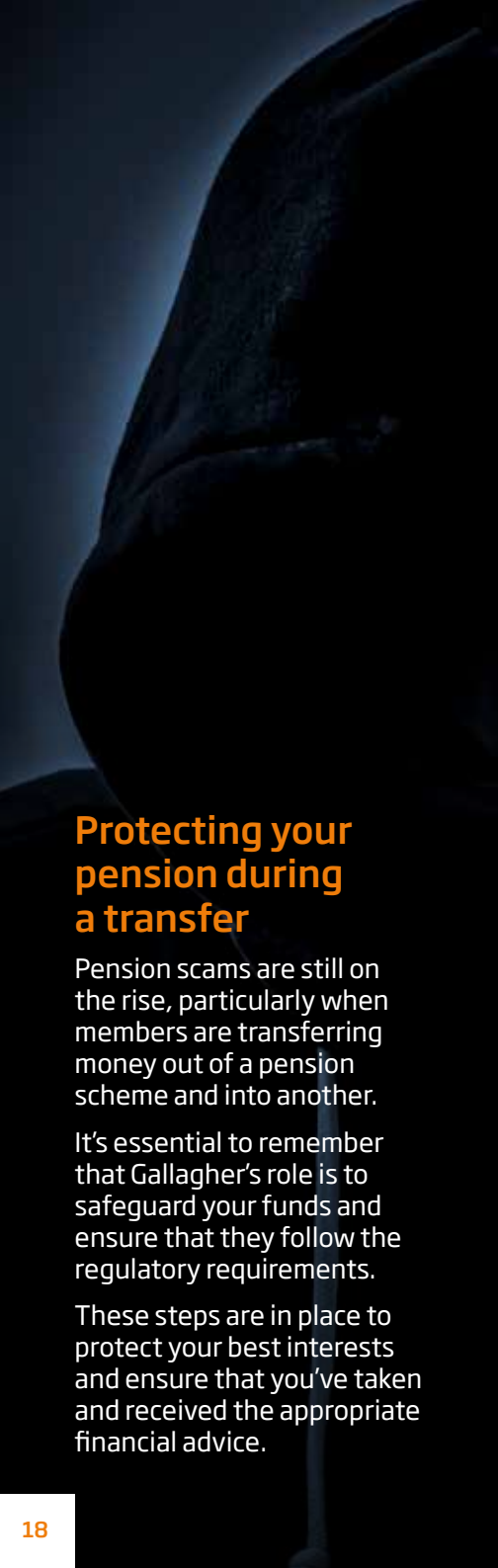
4. What is phishing?

- a. A type of fishing sport
- b. A method to catch online scammers
- c. A fraudulent attempt to obtain sensitive information
- d. A secure way to share personal data

5. How can you protect your computer from malware and viruses?

- a. Regularly updating your operating system and antivirus software
- b. Downloading files from unknown sources without scanning them
- c. Disabling your firewall for better internet speed
- d. Clicking on pop-up ads to claim prizes

Answers: 1. b, 2. a, 3. a, 4. c, 5. a



Protecting your pension during a transfer

Pension scams are still on the rise, particularly when members are transferring money out of a pension scheme and into another.

It's essential to remember that Gallagher's role is to safeguard your funds and ensure that they follow the regulatory requirements.

These steps are in place to protect your best interests and ensure that you've taken and received the appropriate financial advice.

1. Get independent financial advice

You should meet with an independent financial adviser (IFA) who specialises in pension transfers.

2. Ask for a transfer value

Once you've received advice from an IFA, you should request a transfer value and the necessary forms from Gallagher.

3. Consider the implications

You must carefully consider the implications of transferring your funds. This includes understanding any potential loss of benefits, such as guaranteed annuity rates or valuable guarantees, and assessing the risks associated with the new scheme or investment.

4. Complete transfer forms

These forms typically require personal information, details of the receiving scheme, and confirmation that you have received appropriate financial advice.

5. Wait for confirmation and release of funds

Once you've completed the paperwork, Gallagher will review it and verify that your request meets its requirements. This process may take some time, depending on the complexity of the transfer.

If your benefits are worth more than £30,000, you **MUST** get financial advice by law.

Find an independent financial adviser at moneyhelper.org.uk/retirement-adviser-directory

Time for a puzzle

Can you spot the pensions-related terms in our word search?

1. FUND
2. SAVINGS
3. RETIREMENT
4. INVESTMENTS
5. SCAMS
6. BENEFITS
7. TAX
8. SCHEME

R	M	G	K	U	O	Y	A	X	G	A	X
W	H	S	L	G	L	G	C	I	M	R	U
Q	S	J	F	L	V	Y	S	N	U	N	Q
S	W	C	T	W	N	Y	A	V	X	D	T
C	Z	L	A	S	E	F	V	E	B	S	A
H	I	B	D	M	E	T	I	S	Z	T	X
E	H	K	L	J	S	J	N	T	X	I	E
M	P	T	R	Q	R	N	G	M	J	F	F
E	W	K	Q	K	O	S	S	E	D	E	U
R	E	T	I	R	E	M	E	N	T	N	N
N	F	Y	G	I	H	V	S	T	Z	E	D
H	E	L	Y	R	K	J	Y	S	W	B	Q

Where to get further help and guidance

Answers to general pensions questions you have can be found on the following helpful websites:


MoneyHelper

Provides guidance to make it quicker and easier to find the right help and is backed by the Government.

 moneyhelper.org.uk

The Government website

Provides information on topics such as the State Pension, Income Tax, pensions law and planning for retirement.

 gov.uk – select 'Working, jobs and pensions' to find out more.

Regulated financial advice

If you need regulated financial advice from an independent financial adviser, you should visit the Financial Conduct Authority's register of advisers to ensure they're properly authorised.

 register.fca.org.uk

The Pension Tracing Service

If you have 'lost' or forgotten contact details for a previous employer's pension scheme and cannot trace them yourself.

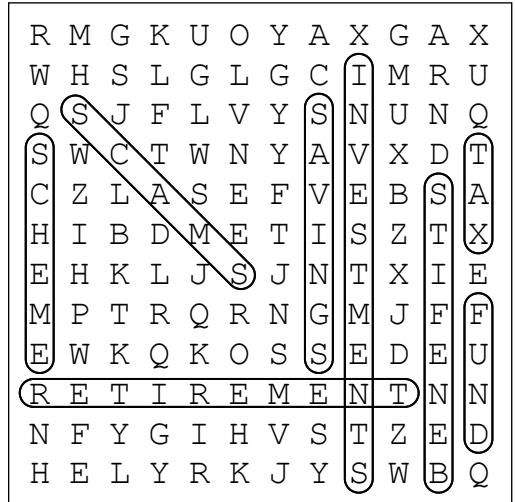
 gov.uk/find-pension-contact-details

Age UK

A charitable organisation that provides help and assistance to older people. It offers guidance on finances and ways to keep active and healthy, as well as tackling loneliness in old age.

 ageuk.org.uk

Word search answers



Get in touch

It's important that you to keep the Trustee up to date with your personal information, such as your home address. You should also tell them if you change your name or get divorced. If you don't, they may find it difficult to pay your benefits when the time comes.

While the Scheme administrator is now operating as Gallagher, the @buck.com email address is still the one to use. We'll let you know if this changes in the future.

✉ DSSmith@buck.com

☎ 0330 123 3658

📍 DS Smith Group Pension Scheme, Gallagher,
PO Box 319, Mitcheldean, GL14 9BF

Member Portal: buckhrsolutions.co.uk/dssmith

You can find out more about your Pension Team, the Scheme's advisers and an update to the Trustee's sub-committee structure in the online version. Go to dssmithgroup.pensionscheme.com and then select 'Get in touch'.