

University of Dundee Superannuation and

Life Assurance Scheme

University Pensions Office

University of Dundee

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2020 Newsletter from your Trustee Chairman

Dear Member,

Welcome to the second edition of our Trustee newsletter which will keep you up to date with the Scheme's financial position and pension issues that may affect you. The Trustees continue to be responsible for the benefits you have built up in the Scheme, so you can focus on planning for, and living, a fun-filled and well-earned retirement.

There has been a significant amount of uncertainty regarding the outbreak of the COVID-19 coronavirus in the last few weeks. This has led to volatile investment markets, with particularly large drops in equity values as investors react to these unprecedented events. We are writing to reassure you that, despite these recent events, the Scheme remains in a reasonable position, and that the Trustees are liaising actively with our advisors on a regular basis. The Scheme is well protected against the current volatility, and we are ensuring that investment and funding risk continues to be managed carefully and effectively.

The Trustees maintain a collaborative relationship with the University, which is also being proactive in managing the wider risks and in keeping the Trustees informed. If you have any queries please feel free to contact the Trustees. You can reach the Trustees via the pensions office – contact details are given at the end of this newsletter (see page 6).

Some of the specific actions we have taken to protect your pension during this time are set out on the next page.

Also included in this newsletter are bite-sized sections on the main issues affecting the Scheme and its members in the last year, as well as the usual facts and figures on the Scheme finances, membership and investments as at 31 July 2019.

We welcome any questions or feedback you have, either on this newsletter or any aspect of the Scheme.

Yours faithfully

Keith Swinley

Chairman of the Trustees of the University of Dundee Superannuation and Life Assurance Scheme

May 2020



Coronavirus (COVID-19) and your pension – what you need to know

This is a difficult time for everyone. While the Coronavirus outbreak goes on, you'll have a lot on your mind looking after yourself and your loved ones. We are also aware that you may feel concerned about the potential impact on your pensions and we hope to give you some peace of mind regarding your pension benefits. Above all, we are working hard to make sure the Scheme continues to run as usual.

The Trustees have the capability to work effectively from home and we have full access to Scheme documents and other key information which we may need to carry out our commitments to members.

We have convened specific telephone conference calls with our advisers and the University to discuss the principal risks that Covid-19 will have on the Scheme and how well we are placed to minimise their impact on you.

Furthermore, we wish to emphasize the following points:

- **You'll keep on getting your pension as normal**

Our first priority is to keep on paying pensions, in full and on time. We've been in touch with Prudential who operate the pension payroll on behalf of the Trustees to discuss the plans that they have for dealing with an emergency. We've checked that extra measures are in place to make sure that their payroll system keeps running.

- **Be extra vigilant on pension scams**

Please be aware that there has been a significant increase in the number of scams since the coronavirus outbreak started. These scams often include fraudulent links and/or may ask you to call a phone number. Some scam emails are designed to look very realistic. Make sure you don't click links in any suspicious looking emails, and never respond to any unsolicited messages that ask for any of your personal information or financial details.

- **Transfer values are currently on hold**

On the basis of the advice received from the Scheme Actuary, the Trustees have placed a temporary hold on transfer values quotations. This is a prudent, but temporary, measure and it helps protect members who are at risk of pension scams in the current environment. It also gives the Trustees time to decide if the calculation of transfer values should change to reflect the new situation we are in.

Please note that you retain a statutory right to transfer from the Scheme. If you request a transfer value quotation, this will be provided to you within the statutory timescales, however, due to the temporary hold in place, this may be provided slightly later than usual.

- **Please bear with us**

Prudential, the Scheme's Administrator, are currently experiencing a high volume of member queries and so you may notice a delay in responses to non-urgent enquiries. Please note that any non-urgent queries during this time can be directed to the Trustees by using the contact details provided on page 5.

- **Where can I get more information?**

The Pensions Regulator issued a press release on 1 April 2020, setting out the key messages for pension scheme members. It is important that pension scheme members do not rush into making any decisions regarding their pension benefits as a result of COVID-19 – help is available¹.

The Pensions Advisory Service have also issued pension-specific COVID-19 guidance and we strongly recommend that you consult their material for further information².

The Trustees will look to issue further updates to you as appropriate.

Finally, please remain focused on keeping yourself and your loved ones safe. We're doing everything that we can to ensure that you don't have to worry about your pension too.

¹ <https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2020-press-releases/covid-19-savers-stay-calm-and-dont-rush-financial-decisions>

² <https://www.pensionsadvisoryservice.org.uk/about-pensions/when-things-change/coronavirus-how-will-this-affect-my-pension-or-investments>



Summary from the latest Scheme accounts

Below is a summary of the latest audited Scheme report and accounts for the year to 31 July 2019. The full annual report has been audited by BDO LLP and a copy is available on request. Totals may not sum due to rounding.

All figures are in £000	
Income	
University contributions (accrual, including employee salary sacrifice)	5,268
University contributions (deficit recovery, regular)	1,899
University contributions (special, one-off deficit recovery)	5,000
Employee contributions	154
Other income	279
Total	12,600
Outgoings	
Retirement and death benefits	(5,128)
Payments to and on account of leavers	(1,161)
Administration expenses	(1,534)
Total	(7,823)
Income less Outgoings	<u>4,777</u>
Snapshot	
Value of the Scheme's assets at 31 July 2018	102,455
Incomes less Outgoings	4,777
Increase in market value of the Scheme's investments	12,002
Value of the Scheme's assets at 31 July 2019	119,234

At 31 July 2019, there were 2,264 members of the Scheme of whom 1,033 were active, 675 were deferred members, and 522 were pensioners.

Investment update

The Trustees are responsible for managing the Scheme's investments and our overall aim is to achieve returns that can help grow the assets but at an acceptable level of risk. We review the Scheme's investment strategy regularly with our advisers to ensure that it remains appropriate for market conditions and the level of the Scheme's current liabilities.

The assets of the Scheme were managed during the year to 31 July 2019 by Baillie Gifford & Co, Aberdeen Standard Investment Limited, Ruffer LLP, Partners Group (Guernsey) Ltd. and Equitable Life Assurance Society.

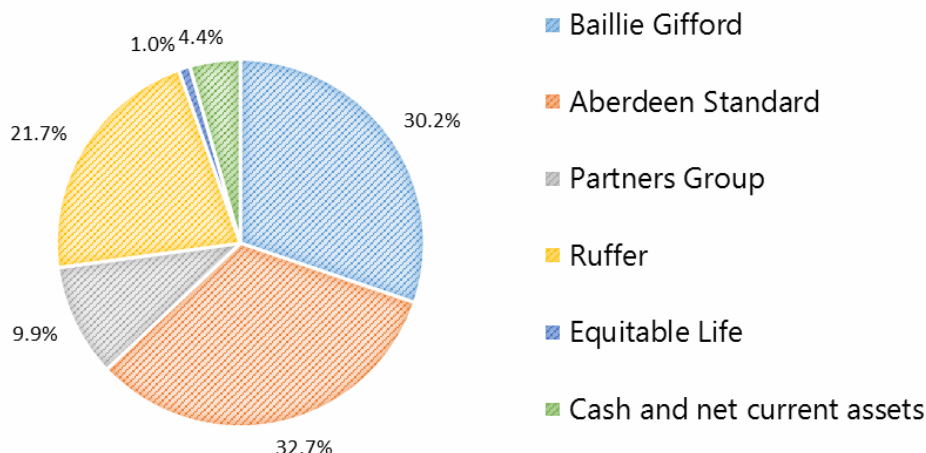
Day-to-day management of the portfolio including full discretion for stock selection is the responsibility of the investment managers.

The value of the assets of the Scheme as at 31 July 2019 was £119.2m which represents an increase of c. 16.4% over the year (31 July 2018: £102.5m).

The chart overleaf shows the split of the Scheme's assets as at 31 July 2019.



Allocation of Scheme assets as at 31 July 2019



Pension increases

The pension you receive from the Scheme is increased each year in line with the rates of increase set out in the Scheme Rules. The Trustees agreed to increase pensions in payment in excess of Guaranteed Minimum Pension (GMP) in April 2019 by:

- 3.0%, in respect of pensionable service accrued before 6 April 1997 (for those who have not opted to exchange pension increases for a one off increase in their pension);
- 3.3%, in respect of pensionable service accrued from 6 April 1997 to 31 July 2009;
- 3.3%, in respect of pensionable service accrued from 1 August 2009 to 31 July 2011 and;
- 2.4%, in respect of pensionable service accrued from 1 August 2011.

Different increases apply in respect of those members who were previously members of the **University of Dundee (Former CNM Staff) Pension Scheme**. Former CNM members receive an increase every August based on the April RPI of that year or a maximum of 5%. This increase is based on their service accrued up to 31 July 2011 and is only paid on benefits in excess of GMP. An increase of 3.0% was applied in August 2019.

GMP accrued after 6 April 1988, and currently in payment, was increased by 2.4% on 1 April 2019.

Changes to the Scheme investment strategy

Since 31 July 2019, the Trustees have made changes to the investment strategy, to ensure this continues to reflect their investment objectives. The recent changes are noted in the table below:

	Old allocation	New allocation	Investment Manager (new allocation)
Diversified growth linked LDI ³	33.0%	Nil	
Equity Linked LDI	Nil	17.5%	Aberdeen Standard
Secure income	Nil	10.0%	Aberdeen Standard
LDI	Nil	20.0%	Legal & General
Diversified Growth Funds	57.0%	37.5%	Baillie Gifford / Legal & General
Private markets	10.0%	15.0%	Partners Group

Alongside the change in strategy, there has been a change in the investment managers responsible for investing the Scheme's assets. Ruffer LLP and Equitable Life Assurance Society no longer manage assets on behalf of the Trustees and Legal & General Investment Management were recently appointed.

³ LDI refers to Liability Driven Investment which is an asset designed to change in value in line with changes in the value of the pension liabilities, caused by movements in long-term interest rates.



Beware: Pension Scams!

Pension scams are on the increase. Whilst tax rules mean that the earliest age from which you can draw your pension is currently 55, there have been cases where people have been approached out of the blue over the phone, via text message or in person about transferring their benefits to one of these scam arrangements. The scammers have a variety of tricks to catch you out and can end up leaving individuals with only a small part, or even none of, their pension benefits.



Pension scams.
Don't get stung.

The Trustees have put a process in place to help protect members against the scammers. If you decide to take a transfer value from the Scheme, you are now required to take part in a telephone interview with our professional advisors at XPS. During this call, you will be asked questions about the transfer to help us identify if you are at risk of being scammed of your pension savings in the Scheme.

If you would like to find out more about how to avoid pension fraud, you can contact The Pensions Advisory Service (TPAS), an independent organisation with local advisors who are experts in pensions. TPAS can be contacted at 0300 123 1047. Alternatively, you can visit their website at www.pensionsadvisoryservice.org.uk.

The freedom to choose

There have been many changes in pension legislation over the last couple of years, such as the introduction of Pensions Freedoms which brought greater flexibility to how individuals can take their defined contribution benefits. Even though the Scheme is a defined benefit pension scheme, members can still take advantage of these changes by opting to transfer their Scheme benefits to an alternative defined contribution arrangement.

Advice about whether to do this must be sought if the transfer value of your benefits is over £30,000 or more. It is against the law for anyone involved in the Scheme (the University, the Trustees, or their advisers) to give you financial advice about your personal finances. If you are at all uncertain about anything to do with these changes, please consider taking independent financial advice first.

You can use a service like www.unbiased.co.uk to find an adviser in your area. You may also find the Government website useful www.pensionwise.gov.uk.



The National Pension Trust (a Defined Contribution Mastertrust provided by XPS) has been set up by the University. This provides members with easy access to a high quality DC arrangement if they wish to transfer their Scheme benefits to access their pension in a more flexible way.

Additional Voluntary Contributions

Active members are able to increase your benefits by paying Additional Voluntary Contributions (AVCs) via the money purchase AVC policy with Prudential.

Further information can be obtained from the Pensions Office.

GMP Equalisation

Since the April 2019 newsletter, no further progress has been made in respect of rectifying members' pension benefits to allow for GMP Equalisation.

A further Court case is scheduled for the summer of 2020. In the meantime, the Trustees, and our advisors, are considering the various forms of guidance provided on this.

There remains no clear consensus on how Schemes should rectify members' pension benefits and you will be informed of any decisions made to rectify benefits in due course. If you are affected by this, the Trustees will write to you separately with details of the necessary pension adjustment.



Accounting for ESG (Environmental, Social and Governance factors)

The Trustees recently updated their Statement of Investment Principles (SIP) to reflect how we take account of financially material environmental, social and governance (ESG) matters.

Alongside this, in conjunction with our Investment Consultants, we have rated each of our Investment Managers against the key ESG characteristics to ensure that the Scheme's assets are invested appropriately.

Help is at hand

For further information about your pension, questions you may have about this newsletter or to update your personal details, please contact Marion Imrie, Pensions Office, University of Dundee. Marion can be reached by email (pensionsoffice@dundee.ac.uk) or by telephone (01382 384 703).

A list of funding and related documents as well as further information on the Scheme (including the Trustees' Privacy Notice) can be found in the Pensions Pack on the UODSS website which is given below:
www.dundee.ac.uk/payroll-pensions/pensions/uodss



Further information

Nomination Form

If you die in service there is a lump sum benefit payable of 4 times your salary at date of death, plus a return of contributions, plus interest. This payment is normally free of inheritance tax and is payable under the discretionary powers of the Trustees.

Similarly, if you die within the first 5 years of retirement, a lump sum benefit is payable equal to the balance of your pension payable over that 5 year period and for deferred members, a refund of contributions is paid following your death.

It is therefore important to make your wishes known to the Trustees by completing a Nomination of Beneficiaries Form which will give guidance to the Trustees on how this lump sum should be paid on death in service. These forms are held in confidence, and can be downloaded via [this link](#). **It is important to revise these forms should your circumstances change, for example on marriage or divorce.**

A separate nomination form is available on the link above, to allow any member to nominate a potential dependant for the purposes of the dependant's pension. You are not required to complete these forms if you are married or in a civil partnership.

More information in relation to the benefits payable in the event of your death can be found in the 'Death Benefits' factsheet available on the website.

Disputes

There is a procedure for dealing with any dispute involving a member of the Scheme and the necessary forms are available from the Pensions Office, University of Dundee (pensionsoffice@dundee.ac.uk). The arbiter appointed to deal with the first stage of any dispute is Miss Marion Imrie.

Some useful sources of information

There is a great deal of general information on pensions available from the Internet and the following is a brief list of some of the most useful sites:

The Pensions Regulator (tPR)	www.thepensionsregulator.gov.uk/	The Pensions Regulator is the UK regulator of work-based pension schemes.
Department for Work and Pensions (DWP)	www.gov.uk/government/organisations/department-for-work-pensions	For information and free guides about pension provision, details of stakeholder arrangements and state benefits forecasts.
The Pensions Advisory Service (TPAS)	www.pensionsadvisoryservice.org.uk	For free and independent information about any aspect of pension provision.
Money Advice Service	www.moneyadviceservice.org.uk	For more information on where you can obtain independent help with your financial planning.
Independent Financial Advice	www.unbiased.co.uk	If you want to review your pension and savings, getting an independent financial adviser (IFA) can be helpful. The site contains a search facility to find an IFA in your areas, and guides to pensions, savings, investments and tax.