



University of Dundee Superannuation and Life Assurance Scheme

University Pensions Office

University of Dundee

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2021 Newsletter from your Trustee Chairman

Dear Member,

Welcome to the third 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.

At the time of writing this newsletter last year we had just entered the first lockdown following the COVID-19 outbreak and uncertainty was at an all-time high. The humanitarian cost of the global pandemic has been awful and there was also a substantial negative impact on the global and national economy following the economic shutdowns sanctioned by governments around the world in order to suppress the virus. Hopefully, one year on, we are now at a point where the end is in sight, although it remains to be seen whether or when everything will return to the way it was before.

Despite the volatility in investment markets caused by the global pandemic, investors will have been pleased to see a recovery in equity values throughout the course of the year, despite large falls in value at the start of the pandemic. In fact, most asset classes posted a positive return over the last 12 months.

If you have any queries please feel free to contact the Trustees via the pensions office. Contact details are given at the end of this newsletter (see page 6).

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 2020.

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 2021



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

As we begin to navigate life post-lockdown, we hope to give you some peace of mind regarding your pension benefits and reassure you that we are working hard to ensure the Scheme continues to run as usual.

We are in regular contact with our advisers and the University to discuss the principal risks that the Coronavirus will have on the Scheme and how well we are placed to minimise their impact on you.

Furthermore, we wish to re-emphasise the following points from our previous newsletter:

- **You'll keep on getting your pension as normal**
- **Be extra vigilant on pension scams**
- **The suspension of Transfer values has been lifted**

On the basis of the advice received from the Scheme Actuary at the time, the Trustees had placed a temporary hold on transfer value quotations. This was a temporary measure that has now been lifted.

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

The Pensions Regulator issued an updated press release on 16 September 2020 setting out the key messages for pension scheme members. It is important that you do not rush into making any decisions regarding your 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.

Consultation on changes to Scheme benefits

The Trustees are aware of the proposal to close the Scheme to future accrual and that a consultation is currently taking place.

We encourage all eligible members of staff to engage with the consultation and to direct any queries to the official mailbox (pensionchanges@dundee.ac.uk).

It is important to note that the proposed changes (if implemented) would affect future service in the Scheme only. There would be no changes to the pension benefits you have built up in the past (up to any closure date) and as long as you remain employed by the University, your pension benefits would retain a link to your final pensionable salary.

For the benefit of our deferred, pensioner and dependant members, I can confirm that the proposed changes will have no impact on the pension benefits you receive from the Scheme.

2020 actuarial valuation

The University are engaging with the Trustees in respect of the 2020 actuarial valuation of the Scheme to reach agreement on how benefits should be funded going forward. This is likely to lead to higher contributions from the University and, whilst good progress has been made, agreement has not yet been reached.

The deadline for completing the 2020 actuarial valuation is 31 October 2021 but I hope and expect the valuation to be signed-off in advance of this date. I will write to you again later this year with an update.

¹ <https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2020-press-releases/tpr-updates-covid-19-guidance>

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 2020. 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)	5,502
University contributions (deficit recovery, regular)	1,957
University contributions (special, one-off deficit recovery)	-
Employee contributions	162
Other income	4
Total	7,625
Outgoings	
Retirement and death benefits	(4,518)
Payments to and on account of leavers	(238)
Investment managers' fees and administration expenses	(1,573)
Total	(6,329)
<u>Income less Outgoings</u>	<u>1,296</u>
Snapshot	
Value of the Scheme's assets at 31 July 2019	119,234
Incomes less Outgoings	1,296
Increase in market value of the Scheme's investments	9,035
Value of the Scheme's assets at 31 July 2020	129,565

At 31 July 2020, there were 2,286 members of the Scheme of whom 1,034 were active, 702 were deferred members, and 550 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 2020 by Baillie Gifford & Co, Aberdeen Standard Investment Limited, Partners Group (Guernsey) Ltd, Legal & General Investment Management (LGIM) and Utmost Life Pensions.

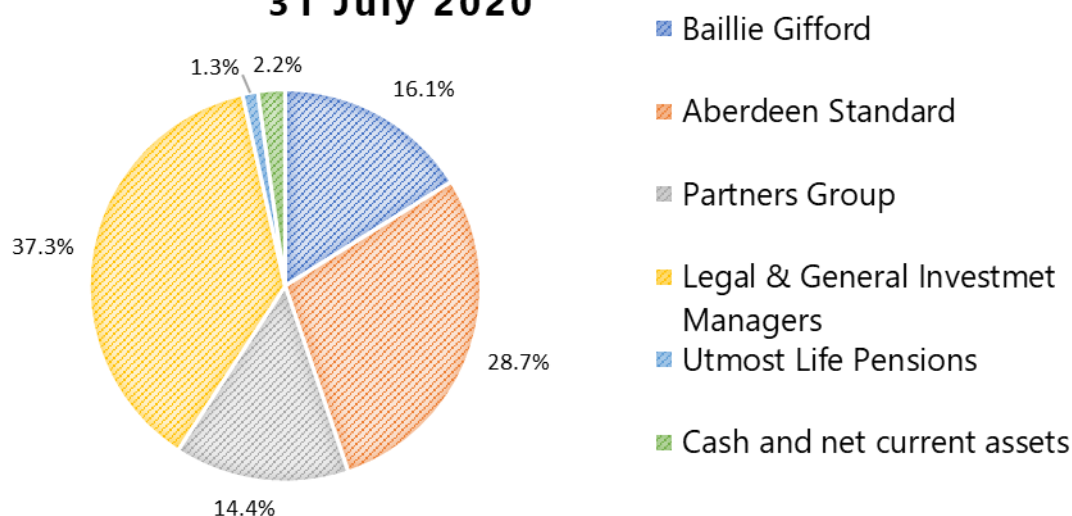
Day-to-day management of the portfolio including full discretion for stock selection is the responsibility of the investment managers.

The value of the assets of the Scheme as at 31 July 2020 was £129.6m which represents an increase of c. 8.7% over the year (31 July 2019: £119.2m).

The chart overleaf shows the split of the Scheme's assets as at 31 July 2020.



Allocation of Scheme assets as at 31 July 2020



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 2020 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;
- 2.4%, in respect of pensionable service accrued from 1 August 2009 to 31 July 2011 and;
- 1.7%, 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 1.5% was applied in August 2020.

GMP accrued after 6 April 1988, and currently in payment, was increased by 1.7% on 1 April 2020.

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.

The Trustees may decide not to pay a transfer value if they believe you are at risk of losing your pension savings to a scam. The onus is on you to remain vigilant and to ensure that, if you wish to transfer your DB pension to an



alternative arrangement, you appoint an independent financial adviser which is authorised to provide DB transfer advice.

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.

Spring budget 2021

The government announced that there would be no changes to the annual allowance limit for 2021-22. It was also announced that the lifetime allowance will remain unchanged for 2021-22 and will remain fixed at this level until 2025-26. Further information on the limits in force may be found on the HMRC website³ here:

Government consultation on normal minimum pension age

A new consultation has been launched on increasing the minimum pension age, reconfirming the government's intention to increase the normal minimum pension age to 57 on 6 April 2028. The consultation will run until 22 April 2021⁴.

New Scheme Actuary

Following the resignation of the previous Scheme Actuary, Jonathan Seed, on 19th April, the Trustee appointed Steven Scott as Scheme Actuary with immediate effect. Prior to his appointment, Steven had been supporting Jonathan and the Trustees were very happy to confirm Steven's appointment.

The information below provides details on Steven's, and XPS Group's, responsibilities to you under the Data Protection Act 2018.

Steven Scott FFA, XPS Pensions Consulting Limited and XPS Investment Limited are known as Data Controllers. The Trustee shares your personal information with XPS Pensions Group in order for them to provide these services. The XPS Pensions Privacy Policy is available at: <https://www.xpsgroup.com/privacy-policy/>. The relevant notices for you are labelled:

- Combined Scheme Actuary and actuarial consultancy services to pension schemes.
- Investment advice services.

XPS Pensions may make changes from time to time so you should check the latest version of this Privacy Policy occasionally.

³ www.gov.uk/tax-on-your-private-pension <https://www.gov.uk/tax-on-your-private-pension>

⁴ www.gov.uk/government/consultations/increasing-the-normal-minimum-pension-age-consultation-on-implementation



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/finance/our-services/pensions/superannuation-schemes/uodss/

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.



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, which can be obtained from the Pensions Office, University of Dundee (or via the link provided below) are held in confidence. **It is important to revise these forms should your circumstances change, for example on marriage or divorce.**

A separate nomination form is available 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.