

University of Aberdeen Superannuation and Life Assurance Scheme

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2021 Newsletter from your Trustee Chair

Dear Member,

Welcome to the first edition of our annual Trustee newsletter which will keep you up to date with the Scheme's financial position and pension issues that may affect you. This replaces the 'Short Reports' you previously received each year. 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 fulfilling and well-earned retirement.

At the time of writing this newsletter, the country is cautiously paving a path out of lockdown. The human cost of the global pandemic has been devastating. 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, over a 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 asset values throughout the course of the year, despite large falls in value at the start of the pandemic. In fact, the Scheme's assets grew in value over the last 12 months.

If you have any queries please feel free to contact the Trustees via the University Pensions Office. Contact details are given at the end of this newsletter (see page 5).

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. This is the date of the latest Scheme Accounts and the relevant information as at 31 July 2021 will be provided to you in the 2022 newsletter.

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

Yours faithfully

Ms Jacquelynn Crow

**Chair of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme
June 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 emphasise the following points:

- **You'll keep on getting your pension as normal**
- **Be extra vigilant on pension scams**
- **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.

2019 actuarial valuation

The actuarial valuation as at 31 July 2019 was completed in October 2020, with the results set out in the Summary Funding Statement issued in January 2021. This Summary Funding Statement also included an overview of the results of the annual update as at 31 July 2020. Please get in touch with the Pensions Office if you have not received a copy of this.

Pension increases

All pensions in payment were increased with effect from 1st April 2020. In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI and in respect of benefits attributable to service from 1 August 2011, the increase was the lower of CPI or 5%. All the figures are guaranteed by the Scheme rules.

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 ended on 22 April 2021⁴.

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>

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

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 KMPG LLP and a copy is available on request. (from whom – the Uni Pensions Office?) Totals may not sum due to rounding.

All figures are in £000	
Income	
University contributions (accrual, including employee salary sacrifice)	2,746
University contributions (deficit recovery, regular)	725
University contributions (special, one-off deficit recovery)	-
Employee contributions (including AVCs)	84
Other income	150
Investment income	125
Total	3,831
Outgoings	
Retirement and death benefits	(6,162)
Payments to and on account of leavers	(597)
Life assurance premiums	(75)
Administrative expenses	(633)
Investment management expenses	(441)
Total	(7,909)
Income less Outgoings	(4,078)
Snapshot	
Value of the Scheme's assets at 31 July 2019	164,147
Incomes less Outgoings	(4,078)
Increase in market value of the Scheme's investments	9,744
Value of the Scheme's assets at 31 July 2020	169,813

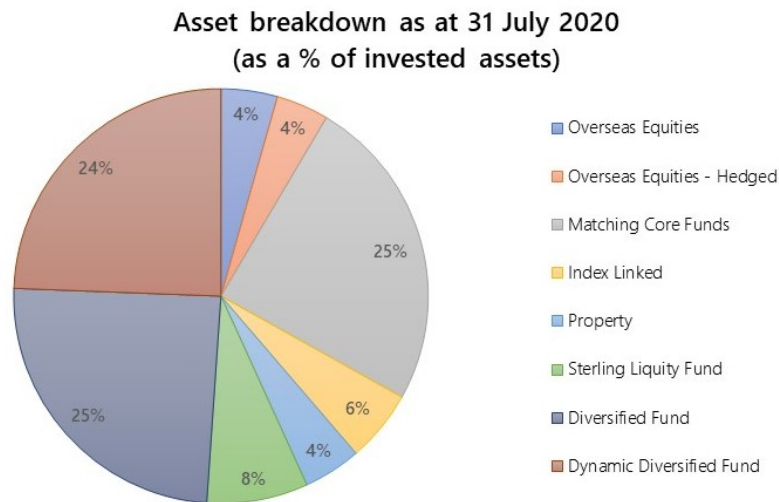
At 31 July 2020, there were 2,242 members of the Scheme of whom 676 were active, 691 were deferred members, and 875 were pensioners (including dependants).

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 Legal & General Investment Management (LGIM). Day-to-day management of the portfolio including full discretion for stock selection is the responsibility of the investment managers.

The value of the Scheme's invested assets as at 31 July 2020 was £168.9m and the chart below shows the split of these invested assets as at 31 July 2020.



In addition to the invested assets, the Scheme holds annuity policies and cash in the bank, the value of which is not included in the breakdown shown in the chart above.

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 you 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.



New Scheme Actuary

Following the resignation of the previous Scheme Actuary, Jonathan Seed, on 19 April 2021, the Trustees 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/legal-regulatory/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.

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 pensions@abdn.ac.uk by email or 01224 272289 by telephone.

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 UASLAS website which is given below:

<https://www.abdn.ac.uk/staffnet/working-here/pensions-208.php#panel8557>

Further information

Trustees & Advisers

The Trustees responsible for the Scheme at the end of the year were as follows.

- **Ms Jacquelynn Crow** – Independent Chairperson
- **Professor Alex Kemp** – University Court Nominated
- **Professor Richard Wells** – University Court Nominated
- **Mr Mark Whittington** – University Court Nominated
- **Mrs Diane Massie** – Elected Member Representative
- **Mr Owen Cox** – Elected Member Representative

The specialist advisers appointed by the Trustees are:

- **Mr Jonathan Seed** – Scheme Actuary (replaced by **Mr Steven Scott** with effect from 19 April 2021)
- **XPS Pensions** – Consultants
- **XPS Investments** – Investment advisors
- **EQ (formerly Equiniti)** – Scheme Administrators
- **Pinsent Masons** – Legal advisers
- **KPMG** – Auditors
- **Legal and General Investment Managers** – Investment Managers

Nomination Form

If you die in service there is a lump sum benefit payable of 3 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.

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.

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.

Both forms are available on the University's pension website <http://www.abdn.ac.uk/staffnet/working-here/uaslas-210.php>, or from the Pensions Office. **It is important that these forms are kept up to date and, specifically, to revise these forms should your circumstances change, for example on marriage or divorce.**

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.

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.moneyadvice.service.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.