



Superannuation & Life Assurance Scheme Trustees' Short Report 2023-2024

CHAIRWOMAN'S STATEMENT

Dear Member

I have pleasure in presenting the Trustees' Annual Short Report which informs members of the key issues relating to the University of Aberdeen Superannuation and Life Assurance Scheme for the year ending 31 July 2024.

Specifically, the Report is a shortened version of the full Trustees' Report and includes details of membership, the financial position of the Scheme and investment performance. A copy of the full Trustees' Report is available on request from the University's Pensions Office.

During the year the Trustees met on four occasions. The Scheme's assets are managed by Legal & General Investment Management and over the year the total value of the Scheme's assets increased from £114.8 million to £116.9 million. The Trustees regularly review the performance of the fund managers and will continue to do so.

The University continues to give assurance that it remains committed to the continuance of the Scheme.

Your pension benefits do not change as a result of investment performance but are based on your service and pensionable salary. Any cost of those benefits in excess of your contributions is met by the University.

Included in this report are details of some external sources of useful information relating to pensions. Scheme specific information can be obtained from the University's Pensions Office.

Ms Jacquelynn Crow
Chair of Trustees

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Benefits

- ❑ The Scheme provides defined pension and lump sum benefits for members on retirement, or for their dependants on death before or after retirement.
- ❑ The University operates Pensions Plus which provides members with a more tax effective way of contributing towards the Scheme.

Pension Increases

All pensions in payment were increased with effect from 1 April 2024. In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI. In respect of benefits attributable to service from 1 August 2011 to 31 December 2018, the increase was the lower of CPI or 5%. In respect of benefits attributable to service after 1 January 2019, the increase was the lower of CPI or 3%. All the figures are guaranteed by Scheme rules.

Membership

Any full or part time employee aged between 16 and 75 is eligible to join the Scheme. The membership of the Scheme is summarised in the following table:

The membership statistics are: -

	31 July 2024	31 July 2023
Active members	576	679
Pensioners	933	910
Deferred Members	789	741

Contributions

During the Scheme year, contributions were paid in accordance with Scheme Rules. The employee contribution rate was 8.0%. The University's contribution rate was 13.4% of pensionable salaries to 30 September 2023 and 14.1% of pensionable salaries from 1 October 2023, plus an annual payment of £725,000 for deficit contributions.

Additional Voluntary Contributions

The Scheme's Additional Voluntary Contributions (AVC) arrangement is no longer open to new members.

If you are not already paying AVCs to the UASLAS AVC arrangement then you may choose to pay AVCs to a Free Standing AVC arrangement, usually provided by an insurance company of your choice. You can also pay into a 'stakeholder' or personal pension plan while a member of UASLAS.

If you wish to contribute to one of these, you must make your own arrangements with an authorised provider. Please consider taking independent financial advice if you wish to supplement your UASLAS benefits.

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Income and Expenditure

This is a short extract from the Annual Accounts: The full Trustees Report and Accounts are available on the University's pension website:

<https://www.abdn.ac.uk/staffnet/working-here/pensions>

	<u>2023/2024</u>	<u>2022/2023</u>
Net assets of Scheme at 1 August	113,584,009	147,394,556
 <u>Income</u>	 <u>2023/2024</u>	 <u>2022/2023</u>
Members' Ordinary Contributions	194,425	145,865
University Contributions	3,816,879	3,794,424
Transfer Values	-	81,626
Other Income	64,342	26,398
Total Income (A)	4,075,646	4,048,313
 <u>Expenditure</u>	 <u>2023/2024</u>	 <u>2022/2023</u>
Pensions	6,067,878	5,587,373
Lump Sums	1,798,455	1,027,845
Transfer Values	18,595	229,655
Other benefits for leavers	63,605	19,229
Insurance premiums	112,672	86,109
Administration charges	660,337	705,951
Total Expenditure (B)	7,949,306	7,656,162
 <u>Returns on Investments</u>	 <u>2023/2024</u>	 <u>2022/2023</u>
Change in market value of investments	6,621,061	(30,964,526)
Investment income	1,050,268	1,011,231
Investment management expenses	(259,527)	(249,403)
Net returns on investments (C)	7,411,802	(30,202,698)
 Net increase/(decrease) in fund over year (A minus B plus C)	 2,765,906	 (33,810,547)
Net assets of Scheme at 31 July	116,349,915	113,584,010

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Scheme Assets

The Trustees are obliged by law to manage the assets of the Scheme in such a way as to ensure they will be sufficient to meet the increasing liabilities now and in the future. The assets accrue in three principal ways: contributions from the members and the University, investment income and capital appreciation. The day-to-day management of the assets has been delegated to Legal & General Investment Management.

The Trustees have established a "Statement of Investment Principles" in accordance with the guidelines set by the Myners Code of UK institutional investment. This Code is a voluntary statement of best practice and is a set of investment principles for pension funds. It covers such key areas as decision-making procedures, the fund's objectives, asset allocation, adequate expert advice, fund managers' mandates, appropriate benchmarks and performance measurement and transparency of reporting.

The Trustees have procedures in place to review and update the Statement if appropriate, at least once a year. A copy of the full Statement of Investment Principles is available from the Pensions Office on request or on the University's pension website.

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

Legal & General's investment objective is to maintain the Scheme's portfolio distribution and performance in line with the agreed Statement of Investment Principles, a copy of which is available on the Scheme's webpages: <https://www.abdn.ac.uk/staffnet/working-here/pensions>

Investment Strategy

One of the key duties of the Trustees is to set the ongoing investment strategy of the Scheme and ensure that it remains appropriate. It is important that a balance is set between retaining investment stability and long-term growth potential against taking unnecessary risk for short-term gain. To help the Trustees achieve this balance, they work closely with their professional investment managers who implement all day-to-day investment decisions and monitor their performance on an ongoing basis.

The table below summarises the overall spread of investments.

	31 July 2024	31 July 2023
	%	%
Sterling Liquidity Fund	0.1	-
Dynamic Diversified Fund	18.0	20.7
Equities	13.2	13.3
Bonds	17.6	17.4
Index Linked Bonds	2.0	2.1
Diversified Fund	18.8	21.5
Matching Core Funds	30.3	25.0

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Auditors

The Income and Expenditure statement in this Short Report is an abbreviated version of the full Accounts of the Scheme. These form part of the formal Trustees' Report and the accounts were audited as required by the Regulations by KPMG, the appointed auditors.

Trustees & Advisers

The Trustees responsible for the Scheme at the end of the year were:-

Ms Jacquelynn Craw	Independent Chairperson
Professor Alex Kemp	University Court Nominated
Professor Peter Edwards	University Court Nominated
Mr Mark Whittington	University Court Nominated
Mrs Diane Massie	Elected Member Representative
Mr Owen Cox	Elected Member Representative

Appointment of Trustees

The arrangements for appointing membership representatives comply with the Member Nominated Trustee requirements of the Pensions Act 2004.

The specialist advisers appointed by the Trustees are:

Actuary	Mr Gerry Devenney
Consultants	XPS Pensions Group
Administrators	Equiniti Pension Solutions
Auditors	KPMG LLP
Investment Managers	Legal & General Investment Management
Legal Advisers	Pinsent Masons LLP
Bankers	Bank of Scotland plc

Nomination Forms

If you die in service, there is a lump sum benefit of 3 times your pensionable earnings 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. You are recommended to make your wishes known to the Trustees by completing a Nomination Form which will give guidance to the Trustees on how this lump sum should be paid on death in service. The Forms are held in confidence and may be lodged in a sealed envelope. The Form can be revised from time to time if your circumstances change.

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As the Trustees have now expanded the definition of “dependant” to cover partners (of either sex) a second Nomination Form, called the Potential Dependant Nomination Form is available. Details can be found in the members’ Scheme Guide.

Both forms are available on the University’s pension website <https://www.abdn.ac.uk/staffnet/working-here/pensions>, or from the Pensions Office. It is important that these forms are kept up to date.

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 in the Finance Section. The arbiter appointed to deal with the first stage of any dispute is Ms Ellie Dickens. There were no disputes during the Scheme year.

Auto-Enrolment

Starting in October 2012, new regulations require every employer in the UK to automatically enrol the majority of their employees into a suitable pension arrangement. There are a number of requirements which must be met, including scheme design and regulation.

This Scheme meets or exceeds the requirements and is therefore a “qualifying” scheme.

Members’ Guide

A Guide for Members and a set of Factsheets are available on the University’s pension website.

GMP Equalisation – Lloyds Bank Court Case

A Court judgment in the Lloyds Bank case was announced on 26 October 2018, which may have a small impact on members’ benefits from the Scheme. This relates to the equalisation of Guaranteed Minimum Pensions (GMPs) for men and women and applies to any GMPs earned from 17 May 1990 (the date of an earlier court case on equal treatment). In summary, the High Court confirmed that there is a legal obligation on pension schemes to equalise the calculation of GMPs for men and women. Members who are affected might be due a top-up on their pension, although for most members any top-up is likely to be small.

This Court judgment may have an effect on a large number of members across the Scheme and carrying out the calculations will be a complex process, which could take many months and even years to complete. The Trustees will therefore update members again once progress has been made in this regard.