



University of Aberdeen Superannuation & Life Assurance Scheme Trustees' Short Report 2024-2025

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 2025.

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 online at <https://www.abdn.ac.uk/staffnet/working-here/pensions> or on request from the University's Pensions Office.

During the year the Trustees met on five occasions. The Scheme's assets are managed by Legal & General Investment Management and over the year the total value of the Scheme's assets decreased from £116.9 million to £110.2 million. During the period, rising government bond yields and falling inflation led to a decrease in the total asset value. The Scheme adopts a liability-matching investment strategy by investing in UK government bonds that align with the scheme's liabilities, ensuring that the change in liability value is accompanied by a corresponding change in the assets. We expect that the present value of the liabilities has fallen by more than the asset value over the period thanks to strong returns in the Scheme's growth assets over this period. 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 2025. In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI as at the previous September. 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 2025	31 July 2024
Active members	583	576
Pensioners	938	933
Deferred Members	792	789

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 14.1% of pensionable salaries, 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>2024/25</u>	<u>2023/24</u>
Net assets of Scheme at 1 August	116,349,915	113,584,009
<u>Income</u>	<u>2024/25</u>	<u>2023/24</u>
Members' Ordinary Contributions	158,169	194,425
University Contributions	3,675,526	3,816,879
Transfer Values	59,364	-
Other Income	62,595	64,342
Total Income (A)	3,955,654	4,075,646
<u>Expenditure</u>	<u>2024/25</u>	<u>2023/24</u>
Pensions	6,437,410	6,067,878
Lump Sums	1,051,184	1,798,455
Transfer Values	33,751	18,595
Other benefits for leavers	16,372	63,605
Insurance premiums	80,541	112,672
Administration charges	708,992	660,337
Total Expenditure (B)	8,328,250	7,949,306
<u>Returns on Investments</u>	<u>2024/25</u>	<u>2023/24</u>
Change in market value of investments	(2,501,636)	6,621,061
Investment income	976,278	1,050,268
Investment management expenses	(268,088)	(259,527)
Net returns on investments (C)	(1,793,446)	7,411,802
Net increase/(decrease) in fund over year (A minus B plus C)	(6,166,042)	2,765,906
Net assets of Scheme at 31 July	110,183,873	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: <https://www.abdn.ac.uk/staffnet/working-here/pensions>.

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.

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 2025	31 July 2024
	%	%
Equities	14.2	13.2
Bonds	27.8	17.6
Index Linked Bonds	15.3	2.0
Diversified Fund	22.9	18.8
Dynamic Diversified Fund	19.7	18.0
Matching Core Funds	-	30.3
Sterling Liquidity Fund	0.1	0.1

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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 financial statements, which 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 Crow	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.

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.

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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

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group’s defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and the Trustees consider the Scheme’s ‘GMP Equalisation Project’ at each Scheme Board meeting to monitor progress of the project by Equiniti Pension Solutions.

Furthermore, in November 2020, the High Court handed down a second judgement involving the Lloyds Banking Group’s defined pension benefit pension schemes. This latest judgement confirms the Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees will consider next steps as the Scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. Any adjustments necessary will be recognised in the financial statements for the year in which they are calculated. It is not possible to estimate the value of any such adjustments at this time.

There is still uncertainty surrounding the calculations but based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in the financial statements. They will be accounted for in the year in which they are determined. The Trustees have made provision for the additional liabilities that will flow from GMP equalisation within their long-term funding policy.