General Questions

**Why are non-Scheme members participating in the consultation?**
Legally, all individuals who are eligible to join UASLAS must be given the opportunity to participate. This does not include deferred and pensioner members of UASLAS or members of other pension schemes such as USS, NHS, STSS or LGPS.

**Why not wait for the next valuation results before implementing changes?**
Despite the next valuation date being 31 July 2019, the results will not be known until around mid-2020. The University is currently contributing an additional £1m p.a. which is not affordable therefore change is required before this point.

**Why did the Trustees get it so wrong on 2013?**
The Trustees have to take advice on expectations as to what would happen to interest rates and how the stock market would perform. These are extremely difficult to predict, and for example interest rates have remained at unusually low levels for longer than was forecast.

**Have poor investment returns resulted in the increased deficit?**
No, it’s the fact that the cost of providing pensions has gone up faster than the value of the assets, mainly because of low interest rates.

**Why does people living longer affect pensions?**
Defined Benefit pensions are paid for life and also for spouses and civil partners’ lives should they outlive the member. As people live longer, pensions are paid for longer at a higher cost to the scheme. Another factor is that people who are working today are expected to live for longer than those who are currently retired meaning that in the future pensions are expected to be paid for a longer period.

**Is there scope for options to be changed?**
This will depend on the outcome of the consultation. If there is a clear preference arising from the consultation then it is very likely that this will be implemented in line with the option outlined. If however, we get a large number of comments expressing a desire for a specific change, this will be taken into consideration. The University has committed to meet with trade unions at the end of the consultation process before reaching a conclusion on the outcome.

**Will it be possible to pay more than the contributions shown?**
Contributions are fixed in a Defined Benefit scheme so no increase is possible for Option 1.

Additional contributions can be made for a Defined Contribution Scheme (Option 2) but the University contribution will be capped at 12%.

For the Hybrid option (Option 3), additional contributions can be made to the DC part only, but once again the University contribution will be capped at 12%.

**What happens to Additional Voluntary Contributions (AVCs)?**
If you are not already paying AVCs to the Scheme you cannot pay AVCs to the current UASLAS AVC arrangement but can choose to pay to a Free Standing AVC plan. Future options for AVCs will depend on the type of scheme chosen:

Option 1 (Defined Benefit) – no change

Option 2 (Defined Contribution) – the current AVC arrangement will no longer be available but higher contributions can be made via the DC scheme. The University contribution depends on the level that you chose to contribute but will be capped at 12%

Option 3 (Hybrid) – There will be scope of higher contributions and this will be determined should the hybrid scheme be chosen.
What happens after the next valuation, will benefits change again?
There is no guarantee as to what will happen in the future, but the University has attempted to future proof the options presented against further changes to benefits in the near future. We simply do not know what will happen, therefore it may be necessary to revisit pension benefits at some point in the future.

Who decides on future retirement age?
Changing the scheme to link to state pension age means that the government sets the retirement age. This only affects benefits built up after any potential change. However, there will be no changes to benefits earned to 31 December 2018, i.e. these can be taken at 65 with no reduction for early payment.

With the potential change in retirement age, can I take my existing pension at 65, continue to work and remain in the UASLAS scheme?
No, the UASLAS scheme rules do not allow you to take your pension benefits earned prior to 31 December 2018 whilst continuing to contribute to the Scheme.

What are the differences between the options should the University become insolvent and the Pension Protection Fund (PPF) becomes involved?
We are aware of the collapse of pension schemes in the past and the University has taken action to prevent this happening to the UASLAS scheme. Given the results of the valuation, the University recognises there is a shortfall to be funded and has agreed a plan with the Trustees to make good this shortfall over a number of years. In addition, the University has provided extra security outside the scheme against this shortfall, so that if the University becomes insolvent, the Trustees will have access to University assets they can sell to provide additional cash for UASLAS.

It is highly unlikely that the University will become insolvent. Even if this happened, the Trustees have the power to require contributions to UASLAS that will enable them to secure your benefits in full with an insurance company. Where there are insufficient University assets to fund this, benefits for members are still protected through the Pension Protection Fund (PPF).

The PPF applies to Defined Benefit (DB) and is only required when the assets in the scheme are insufficient to cover the cost of securing the benefits; for Defined Contribution (DC), members receive their full fund and so assets and liabilities are the same. The PPF provides benefits on a basis that is somewhat different from the current UASLAS structure.
**Option 1 – Defined Benefit (DB) Scheme**

**What is the impact on the deficit if we continue with Option 1, the Defined Benefit (DB) scheme?**
The proposed revisions have tried to future proof the scheme in order to protect benefits and to prevent the deficit increasing. Pensions benefits earned under a DB scheme will be protected, however as there is no certainty over future valuations, contributions and further benefits may have to be considered at some point in the future.

**Could employee contributions for Option 1, the Defined Benefit (DB) be increased to improve pension benefits?**
The University will consider all responses and will consider this should there be sufficient interest. However, the scheme is there to benefit all members and there must be a balance to ensure that it does not become unaffordable for the majority of members.

**Option 2 – Defined Contribution (DC) Scheme**

**Should Option 2, the Defined Contribution (DC) Option be selected and members opt for the higher rate will this increase the deficit?**
No, the £9m deficit results from pension benefits already earned. Should all members opt for the higher rate, this would slightly increase the University’s contribution but not the deficit.

**What are the investment options for the Defined Contribution (DC) scheme?**
The specific details of a DC scheme will only be drawn up should the DC or Hybrid scheme be chosen. As with all DC schemes, there will be a number of options available with different levels of risk as well as a default option where this is managed for you. The default option will move to lower risk investments for those approaching retirement age.

**How often can I change my contribution level?**
There is no limit on how often you can change your contribution level, however you must remember that the University’s contribution will also change. Any changes will have to be given to the Payroll & Pensions team before monthly deadlines that will be made available should this option be chosen.

**Option 3 – Hybrid Scheme**

**Will the salary threshold for the hybrid model move over time?**
Yes, the threshold is tied to pay point 17. As salaries increase over time, the salary threshold will continue to match point 17.

**Does the salary threshold depend on the hours I work?**
No, it depends on your actual earnings. For example, if your full-time salary point was £25,000 and you work 0.5 fte (and earn £12,500), the threshold remains at £22,214.