Can I leave the UREPF before I am due to retire?

If you leave the UREPF before you reach retirement you will be entitled to a pension from the UREPF at Normal Pension Age. This will be based on your CARE pension built up from 1 August 2011 and any pre-CARE pension built up before 31 July 2011, revalued to your actual retirement date. After leaving, you will not build up any more benefits under the UREPF. If you are considering leaving the UREPF for any reason you should consult a professional adviser, such as an independent financial adviser, before taking any action. You should also note that as UREPF is closed to new entrants, you will not be able to re-join. The law prevents us from providing you with financial advice.

Sources of further information

If you have any questions, or would like any more information, please contact the Pensions Office, University of Reading, Whiteknights, PO Box 217, Reading, RG6 6AH or send an e-mail to pensions@reading.ac.uk or telephone 0118 378 7121.

At the end of this statement is a list of formal documents which provide further information about the UREPF. Copies are available from the Pensions Office.

As part of our commitment to keep you informed about your pension the Trustees will be sending you a Summary Funding Statement, like this one, each year. It is important to keep us informed of address changes to ensure our communications reach you so if you change address you should let us know so that we can update our records. If you are a contributing member employed by the University please log on to Employee Self Service by following the link from the HR homepage (see the website address at the bottom of this page). Alternatively, please contact the HR Department. Pensioners and members who are no longer employed by the University should send their new address details to the UREPF administrator (quoting your National Insurance number):

Barnett Waddingham
The University of Reading Employees’ Pension Fund
St James’ House, St James’ Square
Cheltenham, GL50 3PH

December 2015
The position last year

The Summary Funding Statement was issued in December 2014, following an estimated shortfall of £116 million at 31 July 2014. The 2014 actuarial valuation

In February 2015, we also told you that the Fund was currently carrying out an Actuarial Valuation at 31 July 2014. This updated the assumptions used to work out the financial position of the UREPF and how much money the Fund will need to meet members’ benefits over the course of its life.

Over the three years since the previous valuation, the assets of the Fund increased from £105.6m to £159.7m at 31 July 2014. Unfortunately, the liabilities of the Fund also increased from £107.5m to £164.3m. As you can see, although the Funds still in deficit, the amount of the shortfall had decreased from £1.1m to £64.4m. This means that the Fund was 94% funded at 31 July 2014, while in 2011 it was 93% funded. As a result of the updated assumptions and more conservative calculations, it is estimated that at 31 July 2014 you were underfunded compared to previously.

We told you last year that the deficits and increases in the funding positions were mainly due to changes in gilt (Government bond) yields. In the current economic environment, these gilt yields can fluctuate dramatically. These fluctuations can lead to lower estimated future returns and therefore cause an increase in the value of the liabilities. They can also lead to an underfunding position and decrease the value of the Fund. Fortunately, you can save for pensions

The Trustees’ recovery plan

Following the 2014 valuation, the Trustees agreed a plan with the University to improve the recovery of the Fund’s financial position over a 5 year period. From 1 August 2015, effectively this means the University would be paying revised annual shortfall contributions. Based on the funding position as at 31 January 2015, the shortfall that will need to be eliminated is £10.6m. As you can see, although the Fund’s assets had grown from £106.2m to £136.7m at 31 July 2014. Unfortunately, the Trustee’s and the University have agreed that it is prudent to target a revision to the plan for an elimination shortfall of £14 million at the end of the 2014 actuarial valuation shortfall of £4.6m.

The current position

A more recent funding estimate updated the shortfall to £12.2m as at 31 July 2015. The current funding position is £157.7m. The shortfalls over the last 5 years at 31 July 2015 was as follows. 

- 2015: £141.1m
- 2016: £137.7m
- 2017: £136.7m
- 2018: £136.7m
- 2019: £136.7m

Unfortunately, gilt yields value have decreased since 2015. This means that the University needs to make more money now to invest, so that it can pay more money to members who have retired. If the assumptions do not all turn out to be exactly right, it may be necessary to adjust the level of contributions to remove the shortfall. For example, the rate at which the UREPF’s assets are expected to grow. If the assumptions are wrong, the University could pay less money, for example, the rate at which the UREPF’s assets are expected to grow.

The Trustees and the University have also been tracking the effect that the changes in market conditions, particularly gilt yields, have had on the Fund. From the 31 July 2014 Valuation to 31 January 2015, the changes in market conditions increased the shortfall to £15.3m. The Trustees and the University have agreed that it is prudent to target a reduction in the shortfall of £15.0m at the end of the 2015/16 valuation.

The Pensions Regulator has legal power to make any decisions following a valuation as to the level of contributions available from the Fund going forward.

The method or assumptions used to calculate the liabilities and the length and structure of the recovery plan. The contributors should be paid under the schedule of contributions.

However, the Regulator has no hard data on accounting principles of these powers.

Paying for your pension

From 1 August 2015 the University’s regular contributions to the UREPF each year are as follows:

- 2015: £105.0m
- 2016: £110.0m
- 2017: £115.0m
- 2018: £120.0m
- 2019: £125.0m

The University also contributes shortfall from the University. This is because under Pensions+, the University deducts the value of your contributions to the UREPF each year are as follows:

- 2.8% of members’ ‘total Pensionable Salaries’ for members who do not participate in Pensions+
- 10.0% of members’ ‘total Pensionable Salaries’ for members who participate in Pensions+
- £50.00 per month towards the expenses of administering the UREPF

The University also contributes the shortfall contributions identified in the recovery plan. UREPF. We will write to you in the future when this project has been completed.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA or contact by telephone on 0845 600 2541.

Further financial support for the UREPF

Following each actuarial valuation, the UREPF’s Actuary estimates the contributions the University needs to pay to cover the costs of benefits now and in the future. We then agree with the contributions for the UREPF with the University and record this in a document called the Schedule of Contributions. The Trustees review and update the Schedule of Contributions if there are significant changes, for example, if the administration of the UREPF changes or if you agree a funding plan with the University, called a Statement of Funding Principles. This sets out how we will manage the Fund’s finances in the future and how to deal with a deficit. Making good any shortfall in the UREPF’s financial position is dependent on future investment performance and continuing contributions from the University.

If the UREPF had to wind up

Winding up a pension scheme means closing it down altogether and transferring all the assets elsewhere. If the UREPF started winding up, the University would be required to pay money into it to enable members’ benefits to be provided instead by an insurance company. Neither the Trustees nor the University has any plans to wind up the scheme. If we were required by law to let you know the UREPF’s financial position of this were to happen.

The amount needed, in addition to the existing assets of the UREPF, to make sure that the benefits could have been paid in full the UREPF had started winding up on 31 July 2014 was estimated to be £48.9 million.

The Government has set up the Pension Protection Fund (PPF) to pay benefits to members if a pension scheme were wound-up, where the scheme and its sponsor do not have enough money to cover the cost of buying at last the PPF level of benefits with an insurance company. A pension from the PPF may be less than the benefit built up in a defined benefit scheme and be subject to chargeable contributions.

The cost of winding up involves closing down the scheme and paying all the benefits to the beneficiaries. The cost include the administration costs of paying these benefits, the cost of any directions following a valuation as to:

- The level of benefits available from the Fund
- The distribution as at 30 June 2015 was roughly as follows:

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