

University of Reading Employees'
Pension Fund (UREPF)



YOUR PENSION

University of Reading Employees' Pension Fund

March 2017



WELCOME

To this year's newsletter for members of the UREPF. In this edition we provide the usual overview of the Fund's accounts at 31 July 2015 and 31 July 2016, bring you up to date with changes to the Trustee Board and give some information on pension changes going on generally. We have our usual section on 'People', giving details of your Trustee Board and others who work hard behind the scenes to make sure your Pension Fund is properly managed.

Last time, we took a look at the role of the Trustee: this time we are putting the spotlight on the role of the Secretary to the Trustees.

Keeping with the recent theme of Trusteeship and the role of the Secretary, we are taking a look at what goes on at a Board of Trustees' meeting. Trustee meetings are key to the management of the Fund so an insight into what the Agenda covers, who attends the meetings and how often the Trustees meet are all covered in our article on page 4–5.

A change has been made to the 'Rules for appointing Member Nominated Trustees' so please take a look at the 'Noticeboard' section to find out what has happened and why.

The Trustees are really keen for members not to be caught out by people wanting to scam them out of their rightful pension benefits so a reminder of the key things to remember are set out on page 10.

If you have any topics you would like to see covered in future editions of your newsletter, please get in touch with Stephanie May via pensions@reading.ac.uk or by calling 0118 378 6191.



Keith Hodgson
Independent Chairman of the Trustees

PEOPLE

Your pension fund is looked after by a range of individuals and advisors and here we have a look at some of the changes which have taken place recently.

Trustees

Your Trustees have been:

Dr Tim Ford (Chair)

Employer nominated
(to 30 September 2015)

Mr Keith Hodgson

Vice-Chair (Chair from 1 October 2015)

Mr Bob Dwyer

Vice-President of the Council
of the University (to 31 December 2015)

Mr David Savage

Chief Operating Officer

Mr John Brady

Director of Human Resources

Mr Steve Sherman

Member of Council (from 1 January 2016)

Mrs Sue Mott

Member nominated (employed)

Mrs Val Davis

Member nominated (pensioner)

Mr Mark Taylor

Member nominated (employed)

The Trustees are supported by a Secretary to the Trustees, and from 1 October 2014 this position has been filled by Miss Stephanie May, ably assisted by Miss Katherine Williams as Assistant Secretary to the Trustees.

Changes to the Board

UREPF is set up under a Trust which is looked after by a Board of Trustees. During the Fund year ended 31 July 2016, there has been some movement in the make up of the Board. Dr Tim Ford who had served as Chair since 1 August 2009, retired from the Board on 30 September 2015. Mr Keith Hodgson succeeded Dr Ford as Chair from 1 October 2015. The term of office of Mr Bob Dwyer, who served on the Board as a University appointment, came to an end on 31 December 2015 and he has been succeeded by Mr Steve Sherman, who is a member of the University Council.

Role of the Secretary to the Trustees

The Trustees are supported by a Secretary to the Trustees whose role is to 'help facilitate the proper functioning of the Board of Trustees'. The Secretary organizes many of the practical, day to day arrangements of the Fund on behalf of the Trustees. This role has been filled by Stephanie May, the University's Pensions Manager, since October 2014. She is supported by two Assistant Secretaries, one of whom works primarily with the Trustees of the UREPF and one of whom works mainly with the Trustees of the University's other pension scheme for support staff (URPS).

The Secretary and her team are responsible for the smooth running of the Trustees' year plan from arranging Board meetings, monitoring and executing actions from the Operating Plan, and liaising with the Trustees' professional advisers and service providers. Essentially, the bulk of the day to day governance of the Fund is handled by the Secretariat on behalf of the Trustees.

The Secretariat prepares draft meeting agendas and these are agreed in advance with the Chair of Trustees. Papers are requested and collected from the professional advisers, such as the Fund Actuary, and service providers, such as the Fund Administrator. They are then collated with copies of the minutes and action lists ready to be issued to the Trustees with the Agenda in advance of each meeting. The Secretary is responsible for ensuring that minutes are taken at the Board meetings and any Sub-Committee meetings and that individuals are aware of their ensuing actions. She also reports back to the next meeting on the progress of those actions, advising if they have been completed, are currently in progress or if there has been a delay in completion. The article following gives an overview of what takes place during a routine Board of Trustees' meeting.

Pension scheme Trustees are required to attain and maintain a certain level of knowledge and understanding of pension schemes, their operation, legal requirements and so on in order that they are running their scheme from a position of knowledge. Part of the Secretary's remit is to organize and facilitate this training for the Trustees and while some of this training is provided internally by the Secretariat team, certain aspects are carried out by the Fund's external advisers. For example, in the run up to an Actuarial Valuation, the Fund's Actuary provides training so that the Trustees are able to make informed decisions during the valuation process. The Secretary ensures that a training log is maintained for each of the Trustees.

Other aspects of the Secretary's role include:

- carrying out the Member Nominated Trustee nomination and selection process;
- co-ordinating the production of the Trustees' Annual Report & Accounts in order for the final document to be signed before the statutory deadline;
- facilitating the periodic review of service providers such as the Fund Administrator or Actuary;
- reviewing and authorizing invoices;
- ensuring that investment performance monitoring is carried out and reported to the Trustees.

What happens at a typical Trustee Board meeting?

The full Board of Trustees of the University of Reading Employees' Pension Fund meets four times a year. The Secretary to the Trustees sends the meeting papers to the Trustees, the Actuary and the University's employer representative, one week prior to the meeting.

The table on the left gives an overview of who is usually present at a Board meeting and what items are regularly on the Agenda.

At every meeting, the Trustees and all meeting attendees are given the opportunity to advise if they believe there is or is likely to be, a conflict which could potentially cause them to act in a different manner. Once recent example, is that one individual declared a potential conflict when the Trustees sought to appoint an Actuary to the Fund as they had a relative who worked for one of the companies which might bid for the business. This declaration meant that all parties could make sure that this person wasn't unduly promoting their relative's company or favouring them in any way during the selection process.

Governance matters are always discussed and the Trustees keep a close eye on the actions detailed on the Operating Plan to ensure that they are completed at the relevant time. Obviously, things can change during the course of a year, so there is the opportunity to decide if previously agreed actions are no longer required. This may be down to a change in legislation for example.

While the full Board of Trustees receives investment monitoring reports, the more detailed aspects of work relating to the Fund's investments are delegated to the Investment Sub-Committee (ISC). Day to day investment management is carried out by the appointed Investment Managers but it is the ISC which meets with the Investment Managers on a periodic basis and reviews the Fund's asset allocation. The minutes of the ISC are always reported to the full Board at its next meeting along with any recommended actions for the Board to discuss and amend or agree.

Every Trustee Board meeting ends with each attendee being given the opportunity to raise any other issues or business to be discussed. There is usually nothing to add at this stage of the meeting, as the Chair ensures that all Trustees are given the opportunity to raise points and ask questions throughout the meeting. He actively encourages full participation in the meeting by all Trustees, thus ensuring that all Trustees are treated equally irrespective of whether they are employer or member nominated Trustees.

Table: What happens at a typical Trustee Board meeting?

| | |
|---------------------------------------|---|
| Who attends on a regular basis | Trustees (see page 3) |
| | Secretary to the Trustees (Stephanie May) |
| | Assistant Secretary to the Trustees (Katherine Williams) |
| | UoR Employer Representative (Cherry Bennett) |
| | Actuary (John Hemsley) |
| Occasional attendees | Representative(s) from the administrator, Barnett Waddingham, (Sue Foley, Frances Rogers) |
| | Investment Consultant (Alice Ryder) |
| | Auditor (Gemma Broom, Paul Thompson) |
| Typical Agenda | Welcome & introductions |
| | Apologies for Absence |
| | Review of the previous meeting's minutes and any matters arising |
| | Trustee training |
| | Conflicts of interest |
| | Actuarial matters (fund value, updates on assets and liabilities) |
| | Investment matters (e.g. fund performance) |
| | Administration matters (updates from the UoR Pensions Office and the Fund Administrator) |
| | Governance (operating plan, reviewing the risk register) |
| | Updates (legislative changes, what's going on in the world of pensions) |

Advisors and Providers

The Trustees of the UREPF have overall responsibility for running your scheme but they cannot do this without the help of professional advisers and service providers to whom most of the day to day work is delegated. The table below sets out the advisers and service providers currently appointed by the Trustees:

Actuary

Mr John Hemsley, FIA, Mercer Limited

Pension Consultants

Mercer Limited

Investment Managers

BlackRock Investment Management (UK) Limited
Sarasin & Partners LLP

Investment Advisors

Stanhope Consulting

Administration, Pensioner Payroll and Accounting service provider

Barnett Waddingham LLP

AVC Providers

Clerical Medical Investment Group Limited
The Equitable Life Insurance Society

Legal Advisors

Linklaters LLP

Auditors

KPMG

Bankers

Lloyds Bank PLC

Custodian of assets

BNY Mellon

ACCOUNTS

The Trustees prepare an Annual Report and Accounts, which gives full details of all the financial transactions that have taken place within the UREPF over the year.

A copy of the full Annual Report and Accounts is available on request – contact the Pensions Office using the contact details on page 11.

Summary of Income and Expenditure

Set out below is a summary of the information in the Accounts for the years 1 August 2014 to 31 July 2015 and 1 August 2015 to 31 July 2016.

| | 2015/16 | 2014/15 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Net Assets at financial year start | 152,535 | 136,843 |
| Income | | |
| Investment Income and returns | 15,954 | 16,343 |
| Employer Contributions* | 5,102 | 5,405 |
| Employee Contributions | 110 | 123 |
| Other Income | - | - |
| Total | 21,166 | 21,871 |
| Expenditure | | |
| Pension Payments | 3,873 | 3,751 |
| Commutation of Trivial Pensions and Retirement Benefits | 1,117 | 809 |
| Death Benefits | 11 | 77 |
| Transfers Out | 147 | 237 |
| Death In Service Insurance Premiums | - | 62 |
| Investment Manager Fees | 403 | 724 |
| Administrative expenses | 338 | 519 |
| Tax | 59 | 32 |
| Total | 5,948 | 6,149 |
| Total Net Assets Fund at financial year end | 167,753 | 152,535 |

*As most members' contributions are paid by the employer via the Salary Exchange arrangement (Pensions+), these are included in the employers' contributions figure. The arrangement provides a National Insurance saving to the member and the University.

Membership Movements

1 August 2015

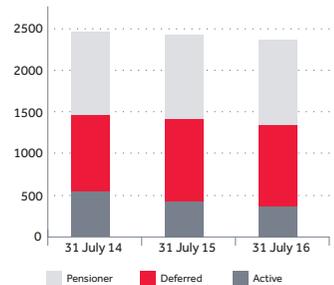
Members

| | |
|--------------|--------------|
| Active | 437 |
| Deferred | 965 |
| Pensioner | 1,020 |
| Total | 2,422 |

31 July 2016

Members

| | |
|--------------|--------------|
| Active | 378 |
| Deferred | 941 |
| 77 | 1,068 |
| Total | 2,387 |



NEWS/NOTICEBOARD

Member Nominated Trustees

There are a couple of updates regarding the Fund's Member Nominated Trustees (MNTs) and their appointment.

Firstly, the University's restructuring programme during 2016 has had an impact on the number of active members of the Fund. This, combined with the usual turnover of leavers and members taking retirement, has meant that there has been a reduction in the number of active Fund members, which in turn means there is a reduced population of active members from which to find an MNT. With this in mind, the Trustee Board decided, after taking appropriate legal advice, that the sensible approach was to extend the 'In-Service' constituency to include all members who hold an entitlement to a deferred benefit in the Fund. This now gives a wider pool of potential applicants and won't be affected by any further reduction in active member numbers. A copy of the MNT Rules can be seen on the UREPF pensions page of the HR website at <http://www.reading.ac.uk/internal/humanresources/WorkingatReading/Pensions/humres-UREPF.aspx>.

Mrs Val Davis, who was appointed as an MNT through the pensioner member constituency, reached the end of her term of office on 30 September 2016, so a communication was sent to all pensioner members to ask if anyone was interested in taking on the role. Mrs Davis was keen to continue as a Trustee and, although some pensioners expressed an interest in the role, the only application received by the closing date was from Mrs Davis and thus she has been re-appointed as an MNT, with her term of office due to end on 30 September 2021.

Guaranteed Minimum Pension increases

As you'll know from the last Newsletter, the Government removed the facility for occupational pension schemes to contract out of the second tier of the State Pension Scheme with effect from 6 April 2016. Those members who still contribute to the Fund and who pay National Insurance Contributions will have seen their NI amounts increase from their April 2016 salary payment onwards.

If you were a member of the UREPF before April 1997 you may have a Guaranteed Minimum Pension (or GMP) as part of your UREPF benefits. Retired members over State Pension Age currently receive increases on the whole of their GMP in line with inflation, from a combination of their UREPF pension and an uplift to their State pension.

The UREPF generally does not pay any increases on the GMP earned before 6 April 1988 and only pays pension increases on the GMP earned from 6 April 1988 to 5 April 1997 up to a maximum of 3% each year. Any increase relating to GMP earned before 6 April 1988 or pension increases in excess of 3% for GMP earned between 6 April 1988 to 6 April 1997 (i.e. the balance or 'top up' above the amount provided by the UREPF) is met by the Government as part of the member's State Pension entitlement. There is no change to this approach if you have already reached SPA.

Alongside the removal of the contracting out option, the Government has removed the top-up to the annual GMP increase for members who have GMPs and who reach State Pension Age (SPA) after 5 April 2016. The level of pension increase provided by the UREPF is unchanged regardless of when you reach or reached SPA – this change only affects the level of future increases to your State pension.

Outcome of Pension Services Tender

During 2015, your Trustee Board went out to tender for the provision of Actuarial and Consultancy services to the Trustees. Despite stiff competition, the Trustees chose to re-appoint Mercer as the Fund's pension consultants and John Hemsley from Mercer as the Fund's Actuary, as, overall, Mercer demonstrated the knowledge, skills and pricing model most suited to the Trustees' requirements. It is a legal requirement that the Actuary to the Fund is a named individual and not a company.

Audit check on pension calculations

In last year's Newsletter, we advised that the Trustees had engaged an independent auditor to carry out some calculation checks to make sure that members' benefits will be paid correctly. This has now been completed and the audit showed that the transition of administrative services to Barnett Waddingham had been correctly carried out.

Member website access

Following the completion of the calculation audit mentioned above, access to the Barnett Waddingham member website BWebstream was rolled out to active members during 2016.

The next stage is to extend access to pensioner members and deferred pensioner member and this will take place in the first quarter of 2017.

Pensions News from the political scene

The big political issue for everyone at the moment is, of course, the withdrawal of Britain from the European Union, known in the press as Brexit. Whilst the full effects of this withdrawal are, as yet, unknown, please be assured that your Trustees are keeping this topic under review, particularly as it has caused a good deal of volatility in the financial markets. However, this is in the context of volatility being experienced by all global Stock Markets. The University itself has issued

comments and these can be viewed at <http://www.reading.ac.uk/internal/staffportal/news/articles/spsn-681349.aspx>.

We mentioned last year that a government consultation had taken place regarding the way in which pension schemes operate with regard to tax and that this review could mean a change in practice. To date, nothing further has come out of this consultation but it is still very much a 'live' topic.

When the Newsletter was published last time, Baroness Ros Altmann had been appointed Minister of State for Pensions and we explained a little about her role. Well, a year in politics is a long time as we know, and not only has Baroness Altmann moved on, but the position has also changed. Those areas previously looked after by the Minister of State for Pensions are now covered by the Parliamentary Under Secretary of State for Pensions, Richard Harrington. Further information can be found on the [Gov.UK](http://www.gov.uk) website.

A review of salary sacrifice arrangements has been carried out and the Government has announced that the tax treatment of certain of these schemes will be changed with the result that individuals will not achieve the same level of tax relief hitherto enjoyed. These changes do not affect contributions made to a pension scheme or to certain other schemes such as Cycle to Work but will affect other arrangements such as Gym membership schemes or Car leasing schemes (apart from some very tight exceptions).

The then Chancellor, George Osborne, introduced 'LISA' in his 2016 Budget. This is a Lifetime ISA, which is available from April 2017 for people under age 40 as an alternative form of saving to a pension. Individuals can contribute up to £4,000 each year and receive a 25% bonus from the Government. The funds that are built up can be used to buy a first house at any time, otherwise they can only be accessed (without penalty) after age 60. If funds are withdrawn earlier the Government bonus would be deducted and a 5% tax charge applied.

Pension Scams

I know we've mentioned this in the last few Newsletters, but the issue of pension scams is a really pressing one. There seems to be more and more people being caught out by these so you really must be aware that there are fraudsters out there after your money.

The key things to remember are these:

- 1 Watch out for cold callers or unsolicited emails or texts – Pensions Wise or other government backed bodies will never phone or text to offer a pension review;
- 2 Check the Financial Conduct Authority's list of known scams – you might be offered a scam that's already well known;
- 3 Check your adviser is on the Financial Conduct Authority's approved register – fraudsters may pose as financial advisers;
- 4 Keep away from overseas investment deals as these scams include unregulated investments or may involve a lot more risk from having all your money in one investment;
- 5 Don't be rushed into a decision – if someone is insisting on an immediate answer, this should ring alarm bells; and
- 6 Be wary of supposedly guaranteed investment returns or offers that sound too good to be true – these should also ring alarm bells!

Your Trustees want you to benefit from your University pension – not some dodgy scammer – so please check out anything you're really not sure about. Further information can be found on the Pension Regulator's website <http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>.

The Government is very concerned about pension scams and has recently carried out a consultation looking at ways of cracking down on pension scammers including instituting a ban on cold callers.

ADDRESSES

Please make sure you keep your address details up to date by contacting Barnett Waddingham using the details on the back cover so we can make sure you don't miss out on any information we need to send you. If you are a current member of staff of the University, you can update your home address using Employee Self-Service.

It is really important that you keep your contact details up to date as it can take a lot of time, effort and money to track down members who have moved from their last known address but not let the administrator know their new contact details. It means that mailings (such as this newsletter) are printed and sent out only to be returned, which all adds to the cost of running the Fund. And with the next triennial valuation of the Fund due on 31 July 2017, inaccurate data can have an impact on the assumptions made when calculating the Fund's liabilities and thus the eventual outcome of the valuation. So please keep either Barnett Waddingham or the University's Pension Team's details in your contact list and let us know when you move house! If you know of any members who have moved but not let us know, please encourage them to get in touch with their up to date contact details.

Who to contact

The team that works in the Pensions Office is there to help you with any general questions you have about the UREPF. If you have any questions about the topics covered in this issue or would like copies of any of the UREPF's governing documents, you should contact:

Pensions Office, University of Reading,
Whiteknights, PO Box 217, Reading, RG6 6AH

Email:
pensions@reading.ac.uk

Telephone:
(external) **0118 378 7121**
(internal) **7121** or **6183**

The Pensions Office team

Stephanie May
Pensions Manager

Katherine Williams
Assistant Pensions Officer

Heike Burnell
Assistant Pensions Officer

Jocelyn Adlington
Pensions Assistant

Amy Baatz
Pensions Assistant



PENSIONS ADMINISTRATOR

i If you have any queries which relate specifically to your own benefits, or your personal circumstances change, please contact the administrator:

The University of Reading Employees' Pension Fund

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St James's House

St James's Square

Cheltenham, GL50 3PR

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