



Welcome...

...to your 2010 newsletter for members of the University of Reading Employees' Pension Fund ('the Fund'), bringing you up-to-date with what's going on in the Fund and the wider world of pensions.

The Trustees of the Fund have a responsibility to all members to ensure the Fund is well managed and that all members' interests are looked after. Over the past couple of years the Trustees have been working hard to improve the management of the Fund, including appointing a new, Independent Chairman of the Trustees and reviewing the policies and procedures in place. On page 2 we give more details on the steps the Trustees have taken.

When it comes to retiring we know that the process can be daunting, so on pages 4-5 we explain what you can expect to happen on the road to retirement.

As usual we give a summary of our full Annual Report and Accounts and information on how the Fund's investments have been doing. There are also some important notices on page 6, including a reminder about the increase to the minimum age at which you can retire from 6 April – make sure you take a look as this may affect your retirement plans.

If you have any questions about the topics covered in this issue or would like copies of any of the Fund's governing documents, you should contact:

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

Email: pensions@reading.ac.uk

Phone: (external) **0118 378 7121** (internal) **7121**

Timothy Ford

Independent Chairman of the Trustees

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Managing the Fund

The Trustees of the Fund are responsible by law for making sure that your interests are protected. As your pension benefits are subject to a strict set of rules, it is their job to make sure these rules are followed at all times. Amongst other things this means ensuring that all contributions are paid into the Fund, your benefits are paid on time and all transactions are recorded accurately.

Trustees' knowledge

Nowadays trustees must have good, general pension and trust law knowledge along with specific knowledge of their own scheme. Making sure they meet the spirit as well as the letter of the law is a major challenge for trustees.

One of the main aims of recent pensions law has been to improve the management (or 'governance') of pension funds. In doing so it recognises that the efficient running of a pension fund depends largely on the knowledge and understanding of the trustees.

For the first time there is a formal requirement for trustees to be able to demonstrate that they have a required level of knowledge and understanding. This includes an understanding of:

- the law relating to pensions and trusts;
- the funding of pension schemes; and
- the investment of pension scheme assets.

Where necessary, trustees have to undertake special training to make sure their knowledge is up to the required level.

What the Trustees are doing

The Trustees take the running of the Fund very seriously and have been working hard, with the help of their professional advisers, to improve the policies and procedures in place for managing the Fund. An important responsibility for the Trustees is to keep members up to date with developments in improving the governance of the Fund.

Here we outline some of the steps the Trustees have taken.

2008

2009

2010

Early 2008: The Trustees began to develop a clear annual Business Plan, detailing milestones for the year ahead, such as the actuarial valuation and member communications.

Early 2008: Plans for a central, easy-access website began to be developed so that all important Fund documentation is available to the Trustees, the University and their advisers.

August 2008: Keith Hodgson appointed as Secretary to the Trustees – Keith is University Secretary and Head of the University's Governance Directorate, and brings a wealth of experience in governance matters to the role. Following Keith Hodgson's appointment, the Trustees have been reviewing the Fund's governance arrangements.

Early 2009: An investment sub-committee was set up to look more closely at the important issues around the investment of the Fund's assets.

1 August 2009: Timothy Ford was appointed as an Independent Chairman of the Trustees (see page 3 for more information on Tim). This role had previously been performed by the University Treasurer.

February 2010: A review is underway of the internal controls log that the Trustees maintain to monitor risks within the Fund.

March 2010: Further Trustee training on governance issues has been undertaken.

As well as the above, any potential conflicts of interest amongst the Trustees are openly disclosed and, on occasions, Trustees who are conflicted leave the meeting for discussion of the relevant issue (e.g. negotiation over University contributions following the 2008 actuarial valuation).



Timothy Ford

As mentioned on page 2, Tim was appointed as Independent Chairman of the Trustees last year. Tim is a solicitor and is a consultant to Lester Aldridge in the City of London (having been managing partner for a number of years). He was recently awarded an honorary doctorate of the University of Reading, is a Fellow of the Royal Society of Arts, a Fellow of the Institute of Continuing Professional Development, a Fellow of the Institute of Directors, a member of the Chartered Institute of Arbitrators and is a trustee of a number of charities. Until recently Tim was President of the University Council.

Here Tim gives us his view of this important role and the work the Trustees are doing to improve the management of the Fund.

"I was very pleased to be appointed as Chairman of the Trustees of the Fund and I am looking forward to making a positive contribution to the good-running of your scheme.

My colleagues and I are conscious of our responsibility to ensure that the Fund is properly managed and that your interests are protected. We work closely with a range of professional advisers with the overall intention of maximising returns on our investments. It is pleasing to note therefore that the total return on the Fund's investments for the three year period ending 30 September 2009 was 3.8% compared to the benchmark performance of 3.4%.

The challenges facing all pension schemes are well-known, and it is important that we continue to use our best endeavours to strengthen the UREPF. The on-going development of a business plan, improved access to Fund documentation for Trustees via a dedicated website, and the establishment of an investment sub-committee are all examples of our commitment to the Fund.

Your comments on the contents of this report or the work of the Trustees in administering the Fund are always welcomed and can be addressed to the Pensions Office or the Secretary to the Trustees".



A guide to retiring

We often get asked questions about what happens as you approach retirement and here we outline the main steps involved.

Six months before your retirement the Fund Administrators will write to you with a personal statement giving you full details of your benefits and options. Also included will be various forms and statements for you to complete, including:

- Decision forms, asking you to choose from the different options available to you at retirement, such as exchanging part of your pension for a tax-free cash sum*. Your completed retirement options form should be returned to the Pensions Office who will forward it on to the Fund's Administrators.
- A form on which you fill in details about how your benefits compare with the Government's Lifetime Allowance (the ceiling on the value of tax-favoured benefits you can take – currently £1.75 million).
- You will also be asked to provide your birth, marriage and Spouse's birth certificate, where required, if not already seen by the Pensions Office (certified copies will be accepted).

Boosting your benefits

If you have additional voluntary contributions (AVCs) with Clerical Medical or Equitable Life, the Administrators will obtain details of the value of your individual AVC account and include this information in your personal statement (see above). You will need to decide what to do with this fund – use it to buy an extra pension (annuity) or take it as a tax-free cash sum. If you would like to buy extra pension you will have the option to request a retirement quotation through the

Administrators. Alternatively you can obtain a quotation from an insurance company of your choice (the Open Market Option) or through an independent financial adviser.

Setting up payment of your benefits

Then begins the Fund Administrator's task of setting up the payment of your pension and any tax-free cash lump sum you have elected to take in exchange for pension. The Fund Administrators then organise the information you have provided and assess the options you have chosen, talk to any insurance companies involved in paying your benefits and gather any further details they need. The Fund Administrators then arrange for your monthly pension payments to be set up and paid to you through your bank or building society account.

When does my pension start?

Your pension will normally start from the day after you retire and your pension will be paid in arrears at the end of every month. In practice, it may take a while to set this up and payment might not start for a month or two after you retire, so you need to make sure your finances are in place to tide you over this short period. You can help to quicken the process by returning all forms to the Pensions Office as soon as possible. Once it does start, payments will be backdated to your retirement date so you receive the full amount you are entitled to.

If you take the option of a tax-free cash sum, either in exchange for some of your pension or using your AVCs, the cash sum will be paid to you when you receive details of the pension being set up for you. Payment will usually be made directly into your nominated account.

What happens for early retirement?

If you are age 55 or over you can ask for an early retirement pension. You may be able to retire earlier on grounds of incapacity. Early retirement is subject to University and the Trustees' consent, depending on whether you are an active or deferred member. If you are still employed by the University you will need the consent of the University and the Trustees. If you have left you will need the Trustees' consent.

The first step is to contact the Fund Administrators to ask for an early retirement quotation. You can then decide if your expected pension, along with other retirement income you might have, is enough for you to live on in retirement. Remember, your pension will be reduced for early payment.

If you want to proceed with your early retirement request an application form can be obtained from the Pensions Office. Once the Trustees and the University have given their consent the process is the same as for normal retirement.

What happens for late retirement?

You will need the consent of your employer if you want to continue to work beyond your Normal Pension Age. If you are an active member of the Fund and consent is granted you will receive an election form from the Pensions Office and will have two options:

- You can continue to contribute to the Fund and earn Pensionable Service (this is the default option if no completed election form is received); or
- You can stop contributing to the Fund and your pension will be calculated at Normal Pension Age then increased for late retirement.

The process for putting benefits into payment when you do eventually retire is the same as for normal retirement.

Although there is a lot of detail involved, efficient and thorough processes are in place to make your transition from member to pensioner as smooth as possible. The University offers retirement planning courses, run by CSTD, which may be of interest to members – contact CSTD for more information.

And don't forget, if you are a deferred member it is important that you let us know if you move house so that we can contact you about your pension benefits when the time comes.

If you would like any more information about what happens when you approach retirement, please contact Stephanie May in the Pensions Office - contact details are provided on page 1.

* You can normally take up to 25% of the value of your pension benefits as a tax-free cash sum, up to a maximum of 25% of the Lifetime Allowance.



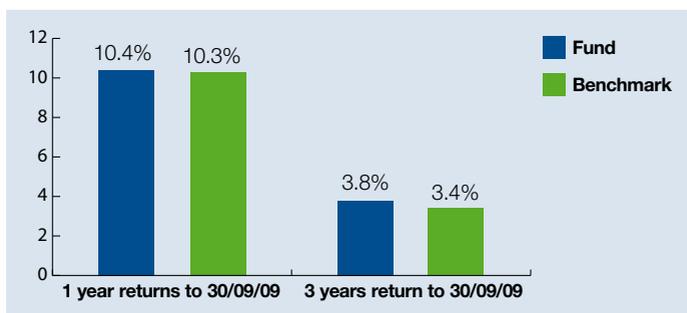
All about investments

Although the Trustees have overall responsibility for the investment of the Fund's assets, they delegate the day to day management of the Fund's investments to specialist investment managers.

The Trustees then measure the performance of the Fund by comparing the returns achieved by these managers to a performance target or 'benchmark'.

Investment performance

The performance for the Fund is shown in the graph below, and is compared with the performance of its benchmark.



The investment performance figures to 30 September 2009 show that the Fund's investments have risen by 10.4% over the year to 30 September 2009 compared to the benchmark which has risen by 10.3%. Over the three year period ended 30 September 2009, the total return on the Fund's investments on an annualised basis was 3.8% compared to the benchmark performance of 3.4%.

Fund noticeboard

New minimum retirement age

New legislation was introduced from 6 April which has raised the minimum age at which you can claim your pension benefits from 50 to 55 (excluding ill-health retirement). If you are considering early retirement it's important to factor this change into your retirement planning.

Keep us informed

Don't forget that it is important you keep us informed about any changes to your personal circumstances, such as a new marriage or divorce or a change of address.

The Trustees decide who receives any lump sum death benefit paid from the Fund although generally they will follow your wishes, as long as they have been notified of them beforehand. The benefit is arranged like this so that normally no inheritance tax is paid. This means that you need to nominate the people you would like to receive the benefit, which you can do by filling in an Expression of Wish form. If you haven't done so already or you would like another form please see the back page for whom to contact.

Amounts & accounts - for the period ended 31 July 2009

In this section of your newsletter we give you a brief summary of the full Annual Report and Accounts, which if you'd like a copy, is available on request – see the front page for whom to contact.

	£
TOTAL FUND AS AT 1 August 2008	80,559,468
INCOME	
Investment income	3,485,087
Employer contributions	4,133,494
Employee contributions	1,065,407
Other income	401,071
Total Income	9,085,059
EXPENDITURE	
Pension payments	(2,171,001)
Payments to leavers	(6,179)
Commutation of trivial pension	(319)
Retirement cash	(813,855)
Death benefits	(55,691)
Transfers out	(126,503)
Other payments	(71,935)
Investment management fees	(334,970)
Fund administration expenses	(584,637)
Total Expenditure	(4,165,090)
INVESTMENT RETURNS	
Change in the value of investments	(4,338,758)
TOTAL FUND AS AT 31 July 2009	81,140,679

Please note that in the table above brackets denote a negative figure.

Membership profile

TOTAL MEMBERSHIP AS AT 1 AUGUST 2008	2,252
EMPLOYED MEMBERS	
Employed members at 1 August 2008	761
Employed members at 31 July 2009	795
PENSIONERS	
Pensioners at 1 August 2008	718
Pensioners at 31 July 2009	766
DEFERRED MEMBERS	
Deferred members at 1 August 2008	773
Deferred members at 31 July 2009	781
TOTAL MEMBERSHIP AS AT 31 JULY 2009	2,342

Looking after your interests

The Trustees of the Fund are:

Dr T G Ford	Independent Chairman (appointed 1 August 2009)
Professor T A Downes	Deputy Vice-Chancellor
Mr D C L Savage	Director of Finance and Corporate Services
Mr M E Heaps	Employed member nominated
Mrs S E Mott	Employed member nominated
Mrs E Wilkins	Pensioner member nominated
Mr R Dwyer	Member of the Council of the University

Mr K N Hodgson, University Secretary and Head of the University's Governance Directorate, is Secretary to the Trustees.

Although the Trustees make decisions which affect the day to day running of the Fund, they do so with the help and support of a team of professional advisers.

Investment managers, actuaries, lawyers, auditors and administrators are some of the professionals that work alongside the Trustees. Their information, advice, recommendations, calculations and financial risk assessments are all part and parcel of the regular materials the Trustees consider at their Trustee meetings.

Details of the Trustees' current advisers are shown below.

Actuary	C Maggs - Mercer Limited
Administration	NorthgateArinso UK Limited
Auditors	KPMG LLP
AVC Providers	Clerical Medical Investment Group Limited The Equitable Life Assurance Society
Bankers	Barclays Bank Plc (appointed 1 May 2008)
Custodians	Bank of New York Europe Limited
Investment Advisers	Jewson Associates Limited
Investment Managers	Blackrock Investment Management (UK) Limited Sarasin & Partners LLP
Solicitors	Linklaters LLP

Who to turn to...

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

University of Reading Employees' Pension Fund
PO Box 2822
Bristol
BS1 9EB
Fax: 0844 39 11 999
Tel: 0844 39 12 414
Email: uor@pensionoffice.com