

University of Reading Employees' Pension Fund

Your Pension

October 2012

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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
0118 378 7121
pensions@reading.ac.uk

Welcome to your 2012 newsletter for members of the University of Reading Employees' Pension Fund ('the UREPF'), bringing you up-to-date with what's going on in the UREPF and the wider world of pensions.

We currently have a vacancy for a Member Nominated Trustee (MNT) now that Martin Heaps has stepped down from the role. There was a request for nominations earlier in the year but no UREPF members put themselves forward as a candidate. We will be conducting a second nomination and election process next summer. Being an MNT of a pension scheme can be an extremely rewarding and satisfying role. Don't miss out on your chance to get involved in the running of the UREPF – see page 6 to find out more about the responsibilities of the role.

On your 'UREPF noticeboard' for this issue, we give an update of the ongoing review of how members pay Money Purchase Additional Voluntary Contributions (AVCs). You can also find out more about auto-enrolment, retiring earlier or later than your Normal Pension Age, and the recent changes to the State pension age.

Inside you can find an article on **Pensions⁺**, the new, default way to make contributions to UREPF, so turn to page 2 to learn more.

Your annual benefit statement and your annual Summary Funding Statement are both enclosed with this newsletter. An explanation of what your benefit statement contains can be found on page 3. The Summary Funding Statement outlines the results of the most recent actuarial valuation as at 31 July 2011. The statement shows that the funding shortfall had decreased at 31 July 2011, partly due to the introduction of Career Average Revalued Earnings (CARE) pensions. However, economic conditions since then have pushed the shortfall up again.

Finally, we have included your regular update on how well the UREPF's investments have performed over the year, and a summary of the income and expenses of the UREPF over the year to 31 July 2011.

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Timothy Ford
Independent Chairman of the Trustees

Pensions+

A new way to save

UREPF is pleased to introduce Pensions+ as an efficient way of saving for the pension you receive in retirement. In August 2012 Pensions+ became the default way to pay your pension contributions. By paying through Pensions+, both you and the University can save money by paying reduced National Insurance Contributions (NICs). Below we explain how it works:

Before Pensions+

Your contributions are deducted via payroll. You receive tax relief on your contributions but you still pay NICs.

Paying through Pensions+

Your salary is lower but your take-home pay is higher.

- Your salary is reduced by the same amount of gross pay that you were paying towards your pension previously.
- This amount is paid into your pension as an employer contribution rather than an employee contribution.
- The University also pays in their usual employer contribution.
- You only pay NICs on the new reduced level of salary.
- Your take-home pay will increase by the amount that you save in NICs.

Even though your salary is reduced, paying your contributions through Pensions+ does not affect the pension that you will receive in retirement or any salary-related payments such as your life assurance benefits or any salary increases awarded. These are calculated using your pay before the Pensions+ deduction.

It is possible to opt out of paying contributions through Pensions+ and to continue paying them in the usual way. If we find that you are not eligible to pay contributions through Pensions+ (for example, if the reduction in salary takes your pay below a minimum amount) we will notify you and you will continue to pay contributions via payroll. Additional Voluntary Contributions (AVCs) cannot be paid via Pensions+, if you pay AVCs, these will continue to be deducted directly from your pay.

If you have any general questions about Pensions+ or how it works, please contact the Pensions Office.

We recommend that you seek independent financial advice before making any important decisions about your pension.

Visit www.unbiased.co.uk to find an adviser in your area.

Your benefit statement

If you are an active member of the UREPF you will receive a benefit statement each year, setting out valuable information that will help your retirement planning including an estimate of:

- The pension you will receive (based on current Pensionable Salary) if you remain a member of the UREPF until you reach Normal Pension Age;
- The amount of Spouse's/Civil Partner's/Dependant's pension payable in the event of your death;
- The lump sum that would be payable on your death in service;
- How much you will receive if you opt to take 25% of your pension account as a tax-free lump sum in exchange for a reduced pension.

If you have a 'money purchase' AVC account in the UREPF, you will also receive a benefit statement each year showing the value of your AVC account

and the level of benefit it may provide at Normal Pension Age in today's money. The benefit statements for 'money purchase' AVC accounts are sent separately. They have already been sent to members for the year ending 31 July 2012.

The projected pension is calculated based on some assumptions, such as the age you will retire and how long you will remain a member of the UREPF. Please remember: your benefit statement is only an estimate and may be subject to change.

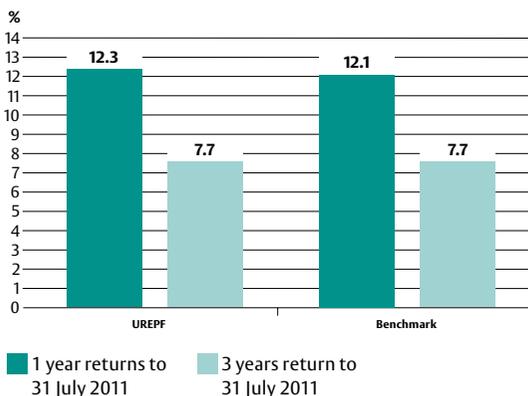
Your benefit statement – enclosed with this newsletter - is also a chance for you to check that we hold your personal details correctly on our files. If you did not receive your statement, you have any questions or if you need to change any of your details, please contact the Pensions Office.



All about investments

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

The Trustees monitor how well the UREPF performs in comparison to a benchmark or target. The benchmark is set in agreement with the investment managers.



Investment performance

The graph above shows how well the UREPF's investments performed over one year and three years to 31 July 2011. The Trustees have set a benchmark for the investment managers based on a notional portfolio of assets.

The Trustees monitor the performance of the investment managers at least every quarter and review the investment strategy from time to time to ensure the UREPF's assets are invested appropriately. Looking at the returns of UREPF's investments, the Trustees are pleased to report that it is performing well against its benchmark.

Following the 2011 actuarial valuation, the investment strategy remains unchanged for now but a review will be undertaken in the next few months. Given the long-term nature of the UREPF's liabilities, the investment objectives of the UREPF are to maximise the overall return from income and capital appreciation.

Amounts & accounts

for the period ended 31 July 2011

Below is a summary of the UREPF's income and expenditure over the year ended 31 July 2011. The full details of the UREPF's finances over the year are included in the Annual Report

and Accounts. You can request a copy of the accounts from the Pensions Office by using the contact details on the front page.

**Total fund as at
1 August 2010** **93,434**

Income

Investment income	3,224
Employer contributions	5,302
Employee contributions	1,100
Other income	338
Total Income	9,964

Expenditure

Pension payments	(2,630)
Commutation of trivial pension	(14)
Retirement cash	(944)
Death benefits	(6)
Transfers out	(132)
Other payments	(72)
Investment management fees	(524)
UREPF administration expenses	(664)
Total Expenditure	(4,986)

Investment returns

Change in the value of investments	7,937
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**Total fund as at
31 July 2011** **106,349**

**Total membership as at
1 August 2010** **2,388**

Employed members

Employed members at 1 August 2010	752
Employed members at 31 July 2011	797

Pensioners

Pensioners at 1 August 2010	820
Pensioners at 31 July 2011	871

Deferred members

Deferred members at 1 August 2010	816
Deferred members at 31 July 2011	855

**Total membership as at
31 July 2011** **2,523**

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

Totals are rounded to the nearest thousand.

UREPF noticeboard

Member Nominated Trustee Election

Trustees are vital to the successful running of the UREPF. We currently have a vacancy for a new Member Nominated Trustee (MNT) and we will be holding a second nomination period for candidates in summer 2013. Below we outline some of the main responsibilities of an MNT:

- Attend three Trustee meetings a year.
- Gain a thorough knowledge of the documentation and rules of the UREPF.
- Attend training to learn about pension schemes and pensions legislation.
- Seek specialist advice from advisers in a number of different contexts, including actuarial and investment advice.
- Act in the interests of all members of the UREPF.

Although it is a very responsible role, you will have support from a team of professional advisers (see page 8) and your fellow Trustees. One of the current member-nominated Trustees, Sue Mott, said of the role:

‘Although the prospect of becoming a MNT seemed a little daunting at first, the training given helps to give one the skills required to act as a trustee. I hope to always give of my best to help towards maintaining the scheme for members. There is a sense of pride in doing a job well.’

Please contact the Pensions Office using the details on the front page if you are interested in finding out more. If anyone would like to attend a Trustee meeting as an observer to see what is involved then contact the Pensions Officer.

Money Purchase Additional Voluntary Contributions

The Trustees and the University are currently reviewing the facility for paying Additional Voluntary Contributions (AVCs) on a Money Purchase basis, as part of the ongoing good governance of the UREPF. Once the review has been completed,

we will write out to all affected members to explain any changes to the current process.

By way of a reminder, if you are an employee and are still contributing to UREPF, then you are able to pay in extra contributions to a money purchase account and you get full tax relief on these contributions. Any extra contributions you pay in are held separately from your normal UREPF contributions and are invested to build up your AVC fund. At retirement, most people take their AVC fund as tax-free cash since you are currently allowed to take up to 25% of the total value of your benefits from UREPF in this way. Alternatively you can use your AVC account to buy an annuity (a regular pension income) from an insurance company.

Auto-enrolment

Starting in October this year, employers – in order of size over the coming years – will be required to automatically enrol their employees into a pension arrangement and a minimum level of contributions will have to be paid. This is known as auto-enrolment.

This new initiative from the Government is designed to ensure more individual retirement saving and less reliance on the State. For the University, auto-enrolment will be effective from 1 July 2013. Existing members of the UREPF will not be affected but the University will provide further details on what this will mean to eligible employees, who are not members of the UREPF, in due course.

Default retirement age

From October 2011, employees are no longer required to retire from their work by their employer when they reach age 65. If you wish to continue working past age 65, you will need to advise the University and the Trustees when you wish to retire, preferably at least six months in advance of the date. You can do this by contacting the Pensions Office, with regard to your pension, and your manager to give official notice of your intention to retire.

Looking after your interests

The UREPF is run by a Board of Trustees, three of whom are nominated by the members of the UREPF. The Trustees are ultimately responsible for looking after the UREPF and making sure it complies with pensions law and is run in accordance with the rules of the UREPF.

The Trustees of the UREPF are:

Dr T G Ford	Independent Chairman
Mr J Brady	Director of Human Resources
Mr D C L Savage	Chief Operating Officer
Mr M E Heaps	Employed member nominated (to 30 September 2012)
Mrs S E Mott	Employed member nominated
Mrs V J Davis	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. Mr Hodgson is supported by Mrs C Hobson, Assistant Pensions Officer.

We currently have a vacancy for a Member Nominated Trustee (see page 6) now that Martin Heaps has stepped down from the role. We would like to take this opportunity to thank Martin for all his hard work as an MNT and wish him the best for the future.

If you choose to take late retirement, you will have the choice of whether or not to continue contributing and building up further pension. If you choose to stop contributing your pension will be revalued each year in line with UREPF rules.

You can also choose to retire early with the consent of the University and the Trustees. The minimum retirement age is 55. Please bear in mind, however, that your pension will be lower as it will be reduced for early payment.

You should also be aware that if you choose to retire early there is likely to be a gap between when you retire and the date you can claim your State pension (see below).

Flexible retirement

From August 2012, the University has introduced additional flexibility in the UREPF whereby you can take part of your pension and leave the other part to commence at a later date. Typically this would tie in with a move to part-time working and a phased retirement. The facility is only available to members who are in service with the University at retirement and is subject to University consent. Details of this arrangement are available from the Pensions Office.

State pension age

The State pension age for men is currently 65. On 6 April 2010, the State pension age for women started to increase from 60 to 65 in stages depending on the individual's date of birth. After this, the State pension age will increase for both men and women. It is expected that the increases will be as follows:

Date	State pension age
November 2018	65
October 2020	66
2026	67
2046	68

Who to turn to

The Pensions Office

The team that work in the Pensions Office are there to help you with any general questions you might have about the UREPF. They also work with the Trustees and their advisers to run the UREPF. If you want to contact them you can find their contact details on the front page.

To help the Trustees fulfil their duties, they appoint a number of professional advisers. Running the UREPF is a complex business, so the Trustees have the help of many different people, including UREPF administrators, the UREPF Actuary and the investment advisers. Below we have listed the team that works with the Trustees and the Pensions Office in the interests of you, the members.

The Pensions Office team are:

Stephanie May	Pensions Officer
Caroline Hobson	Assistant Pensions Officer (part time)
Pauline Hornsby	Assistant Pensions Officer (part time)
Jocelyn Adlington	Pensions Assistant
Jayne Ward	Clerical Pensions Assistant (part time)

Details of the Trustees' current advisers are shown below:

Actuary	C Maggs, FIA – Mercer Ltd
Administration	Capita Hartshead Ltd
Auditors	KPMG LLP
AVC Providers	Clerical Medical Investment Group Limited The Equitable Life Insurance Society
Bankers	Barclays Bank Plc
Custodians	BNY Mellon
Investment Advisors	Stanhope Jewson Associates Limited
Investment Managers	Blackrock Investment Management (UK) Limited Sarasin & Partners LLP
Solicitors	Linklaters LLP

i 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

Tel 0844 39 12 414

Fax 0844 3911 999

uor@pensionoffice.com