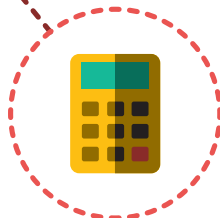


A newsletter for the  
University of Edinburgh  
Staff Benefits Scheme

# KNOW YOUR PENSION 2022



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# IN THE KNOW

## KNOW YOUR TRUSTEES

The assets of the Scheme are held in trust for the benefit of members and are managed by the Trustees of University of Edinburgh Staff Benefits Scheme

### University appointed

Ms Doreen Davidson  
Scottish Pension Trustees Limited (represented by Julia Miller)  
EUSBS Trustees Limited (represented by Mrs Ashley Shannon)

### Member nominated

Mr Khushaal Joshi

### Advisers

#### Scheme Actuary:

Susan McIlvogue of Hymans Robertson LLP

#### Auditor:

RSM UK Audit LLP

#### Legal Adviser:

Shepherd & Wedderburn LLP

#### Administrator:

Hymans Robertson LLP

#### Investment Adviser:

Hymans Robertson LLP

Welcome to the annual members' report for 2022. In this report we cover the results of the 31 March 2021 actuarial valuation and give you an update about how the Scheme's funding position changed in the year to 31 March 2022. The 2021 actuarial valuation showed an improvement over the position in March 2020 as the world began to recover from the impact of COVID-19. That improvement continued in the following year despite global challenges such as the war in Ukraine, high inflation and the cost of living crisis.

If you currently receive a pension from the Scheme your pension increases on 1 April each year in line with inflation up to a cap. The level of the cap varies depending on when you were in active service in the Scheme and can range from 3% to 6%. As high inflation is forecast for the rest of this year it is likely that these limits will apply when your pension is increased on 1 April 2023. You can find out more about how your pension has increased this year in your pension increase letter which was sent from our administrators, Hymans Robertson.

We hope that you find this report interesting and please let us know by contacting either the Scheme Secretary, Ann Fraser, or Hymans Robertson if you have a question about anything in this report or about your benefits in the Scheme. You can find their contact details on the back page of this newsletter.

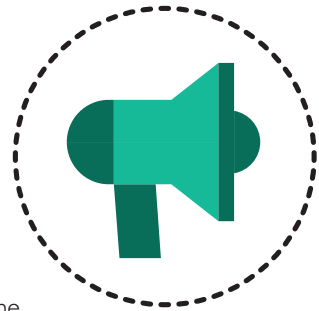
Yours sincerely,

**Julia Miller**  
*Trustees Chair*

# KNOW THE LATEST NEWS

## CHANGE IN THE SCHEME'S STRUCTURE

The Scheme is in the process of moving from having a number of individual trustees to having a single company as its Trustee. The individual Trustees will become directors of the new company, which is called EUSBS Trustees Limited. This change was agreed between the University and the Trustees. It provides practical advantages and helps to streamline the day-to-day running of the Scheme. Many other pension schemes use this structure for similar reasons.



The change does not affect member representation within the Trustee body. It is simply that instead of having Member Nominated Trustees we will now have Member Nominated Directors. The duties and responsibilities of the Trustee-Directors are unchanged, and there is no impact on your Scheme benefits.

## GMP EQUALISATION

The Trustees have begun work on a project called GMP Equalisation. This involves a historic Scheme benefit that built up between 1990 and 1997. The benefit varied depending on gender so the aim of the project is to ensure that, regardless of gender, members receive the greater value. Other similar pension schemes are also tackling this issue following a High Court ruling which clarified how to go about the process.

We expect the project to take a couple of years to complete. Once it is finished some members may be entitled to a one-off lump sum payment, an increased pension or both, but it is unlikely that any amounts due will be significant. We do not expect the value of anyone's benefits to go down as a result. Once we have completed the project we will contact you if your benefits are affected.

# KNOW THE FINANCES

We receive regular payments from the University which we invest and use to pay benefits. Here is a summary of the money we received, and the payments we made, over the last scheme year.

## COMPANY CONTRIBUTIONS

The contributions paid into the Scheme are made up of contributions towards future benefits plus the contributions the Trustees and the University have agreed should be paid to remove any shortfall in funding.

## WHAT CAME INTO THE SCHEME

University contributions *	£12,036,273
Member contributions	£327,025
Investment income	£23,637,632
Change in market value of investment	£11,518,647
Other income	£207,574

## SCHEME MEMBERSHIP

2022



1637                      2215                      2302

- Members currently paying in
- Members who have left but not retired
- Pensioners

\*Most members contribute to the Scheme via salary sacrifice, which is listed as a University contribution.

To see how we manage the Scheme's funds, see "Know the investments" on page 9.

## ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2022

**£508,387,892\***

Value at 31 March 2021



**£48,393,259**

What came into the Scheme



**£19,068,753**

What went out of the Scheme



**£537,046,290\***

Value at 31 March 2022



### WHAT WENT OUT OF THE SCHEME

Transfers out	£342,908
Benefits paid or payable	£16,273,764
Other payments	£170,964
Administration and investment fees	£2,281,117

*\*These values include the value  
of members' AVC pots*

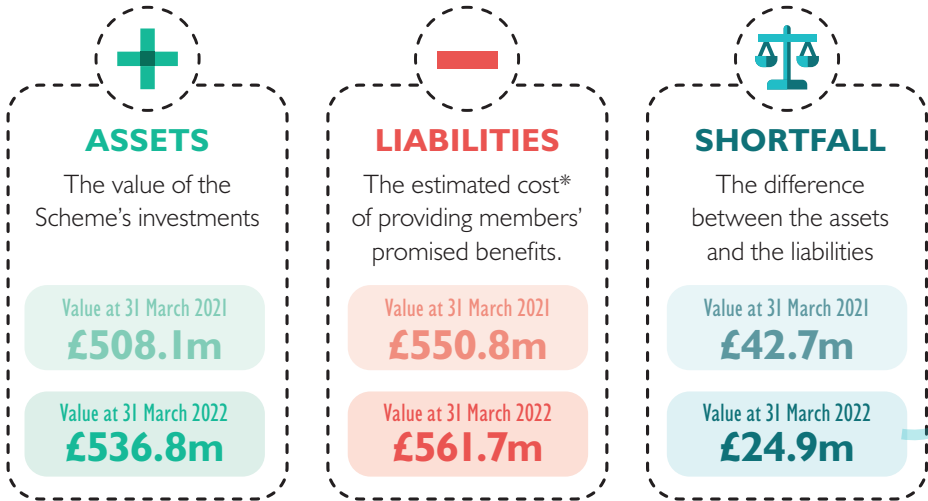
### PENSION PAYMENTS

During the 12 months to 31 March 2022, benefits of £16,273,764 were paid out of the Scheme. These benefits included pension payments and retirement lump sums. If you want to read the full breakdown of the Scheme's finances, you can ask the Scheme Administrator for a copy of the Scheme's Reports and Accounts.

# KNOW THE FINANCES

## HOW IS THE SCHEME DOING?

The Trustees must make sure the Scheme has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the Scheme is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the Trustees. Here is a summary of the funding position at the last valuation at 31 March 2021 and at the annual update at 31 March 2022.

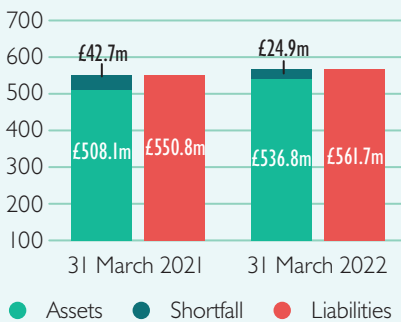


\* Assuming the Scheme continues until all benefits have been paid.

## THE FUNDING LEVEL

The main reason for the improved funding level was positive returns on the Scheme's assets (which more than offset the increase in liabilities due to an increase in inflation expectations).

### The Scheme's financial position



These valuations are only a snapshot in time, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. If the funding level is 100% or more, that means there was enough money to pay the benefits as and when they are due to be paid.

As at 31 March 2021, the Scheme had a funding level of 92% and so the Trustees have agreed a recovery plan with the University which includes a commitment to pay additional contributions to remove the shortfall.

These additional contributions include:

- An additional £4.5m payable in June 2022
- An additional £1.5m payable in April 2023 and April 2024
- £1.1m a year from April 2025 to April 2029 (increasing with inflation from April 2022).
- The total Future Service Rate, which is used to cover active members building up benefits in the Scheme, has increased from 28.9% to 34.9%, effective from 1 July 2022.

As you can see as at 31 March 2022 the Scheme had a shortfall with 96% of the money it needed to pay all benefits due now and in the future. As long as the University continues to support the Scheme, your benefits will be paid in full when they become due.

# KNOW THE FINANCES

## PROTECTING YOUR BENEFITS

As part of the valuation, the Actuary also works out how much money the Scheme would need if the University could no longer support it, the Scheme were to be wound up and the Trustees secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. The estimated cost of securing all members' benefits in full if the Scheme had wound up on 31 March 2021 was £900.9m, resulting in a shortfall of £392.8m compared with the value of the assets on the same date. If there is not enough money in the Scheme to buy out all the benefits with an insurance policy, the University would have to make up the shortfall.

If a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. You can find out more about the PPF on its website: [www.ppf.co.uk](http://www.ppf.co.uk).

Please note that the inclusion of this information does not imply that the University or the Trustees are thinking of winding-up the Scheme. It is simply required to form part of our report.

## THE LEGAL BIT

Legally, we have to confirm that the University has not taken any surplus payments out of the Scheme in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Scheme, or to impose a direction, or a schedule of contributions.

### DID YOU KNOW?

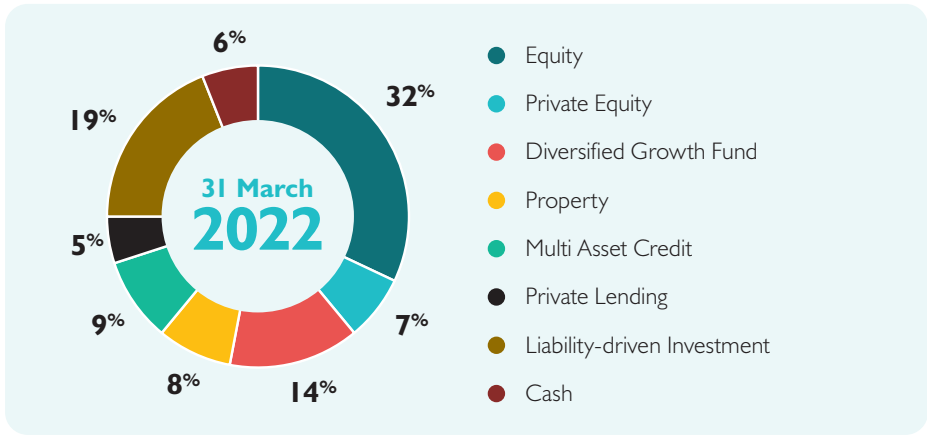
There may be benefits payable on your death. Please let the Trustees know who you would like to be considered for payment of these benefits, by completing a nomination form. Please contact the Scheme Administrators, if you have not completed a nomination form already, or you would like to make a change.



# KNOW THE INVESTMENTS

## OUR INVESTMENT STRATEGY

The Scheme's investment strategy is set by the Trustees after taking appropriate independent advice. The Scheme's assets were allocated to the following investment types.



The Trustees and their investment adviser have considered Environmental, Social and Governance criteria when setting the investment strategy for the 2021/22 year and will continue to do so.

More information about our investment strategy is published in our Statement of Investment Principles and Implementation strategy. Copies of all the Scheme's documents are available upon request from the Scheme Administrator.

# WANT TO KNOW MORE?

These websites are a useful source of information about pensions and general financial matters.

**www.gov.uk** for Government information and public services, including workplace pensions and State benefits.

**Moneyhelper.org.uk** is the new one stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.

You can also ring MoneyHelper free on 0800 011 3797, Monday to Friday 9am to 5pm.

## MOVING HOME?



Please remember to let the Scheme Administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

## YOUR DATA

If you would like to find out more about how we use your personal data please follow the link to the Hymans Robertson Trust Centre:

**[www.hymans.co.uk/information/trust-centre/](http://www.hymans.co.uk/information/trust-centre/)**

## JARGON BUSTER

### **ACTUARIAL VALUATION**

An investigation by an actuary into the ability of a defined benefit pension scheme to meet its liabilities. This determines the funding level and the recommended University contribution rate.

### **ASSETS**

Investments such as equities, gilts, property and cash.

### **AVCS**

This means additional voluntary contributions, where members of certain pension schemes can build up extra pension benefits. This is in addition to the standard benefits provided by their scheme.

### **MULTI-ASSET CREDIT**

Multi-Asset Credit Funds invest in a range of bonds and other credit assets, rather than just one type of investment. This gives an element of diversification that you don't get when investing in a single asset class.

### **LIABILITY DRIVEN INVESTMENTS**

This addresses interest rates and inflation risks by investing in a range of assets that closely match the behaviour of the pension liabilities.

### **EQUITIES**

Shares in a company which are bought and sold on a stock exchange.

### **FUNDING LEVEL**

This is the relationship between the value of a scheme's investments and its liabilities at a specific date.

### **DIVERSIFIED GROWTH FUND**

A mix of investments including equities, property, bonds, and cash that balance growth with security.



## SCHEME INFORMATION

If you would like any more detailed information about the Scheme, you can ask the Scheme Administrator for a copy of various documents including:

- the trust deed and rules
- actuarial valuations
- the schedule of contributions
- the statement of investment principles

The Scheme Administrator is:

✉ Hymans Robertson LLP  
2/1 20 Waterloo Street  
Glasgow  
G2 6DB  
United Kingdom

📞 **0141 566 7807**

@ **uoe@hymans.co.uk**

### You can also contact the Scheme Secretary:

Mrs Ann Fraser  
Pensions Manager  
Charles Stewart House,  
9-16 Chambers Street  
Edinburgh  
EH1 1HT

## TRACKING DOWN LOST PENSIONS

It's worthwhile taking time now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

🌐 **[www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)**

📞 **0800 731 0193**

💡 **0800 731 0176**

**When you call**, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.

