



# Pensions News 2021

Keeping you  
in touch with  
your pension  
scheme

umss

# Chair's welcome

## Welcome to your 2021 edition of Pensions News.

This follows quickly on from the Valuation Special issued in January – we felt it was important to let you know the results of the three-yearly actuarial valuation at an earlier point and not delay things until Pensions News was ready to be issued. As a reminder about the actuarial valuation, the key outcome was that the benefits provided by UMSS and your contributions to the Scheme remain unchanged. More detail is set out in the Valuation Special. If you want to look again at this, you can find it at [www.umss.co.uk/about-the-scheme/documents-and-forms](http://www.umss.co.uk/about-the-scheme/documents-and-forms)

One of the important steps we are taking following on from the actuarial valuation is a review of our investment arrangements. We continue to adjust our investment strategy so that it is more sustainable, whilst aiming to provide for an improving and less variable funding position for the Scheme. Sustainability is a word that gets attached to a great many things – growth, agriculture, industry and now investing – but what does sustainable investment actually look like? We take a look on **page 11** where you can also find a link to a short video about this.

There is also news regarding member nominated directors. You may remember that we asked, in January, for nominations to

fill a vacancy for an active member trustee. Since asking for nominations, we now have another vacancy to fill. More detail is on **page 6** for active and pensioner members.

Finally I'd like to remind you to be vigilant about protecting your personal and financial information, including details about your pension. Please see **page 5** to find out more, and how you can protect yourself and your money.

The COVID-19 pandemic continues to disrupt our lives. We have been working from home since March 2020 in line with government guidance. We have managed the Scheme remotely and delivered our service this way. I hope there has been no reduction in quality of that service, but if you believe that to be the case, please do let us know by contacting the Pensions Office.

As always, I hope you enjoy reading Pensions News and find it helpful. If you have any queries, staff in the Pensions Office are always happy to help, so please get in touch using the contact details on the **back page**.

### Jon Ferns

Chair of the Trustee Board  
University of Manchester Superannuation Scheme ('UMSS' or 'the Scheme')

We know how important sustainable investing is to you and the University, so we've spoken to our investment consultant, Andy Wallis, about the Scheme's investment strategy and why it matters to you. You can hear from Andy at [www.umss.co.uk/about-the-scheme/investments](http://www.umss.co.uk/about-the-scheme/investments)





# Normal Retirement Age in UMSS has increased

Normal Retirement Age (NRA) is the age you will normally take your pension from UMSS. From 1 November 2020, it increased from age 65 to age 66 for benefits earned from that date.

## Why has it increased?

Like many other schemes, NRA in UMSS is linked to the State Pension Age (SPA) and, from October 2020, the government increased SPA to age 66. SPA will increase again to age 67 by 2028, so NRA in UMSS will also increase to age 67 by 2028 for any benefits you build up after that date.

## Model your retirement

Visit the UMSS pension modeller at [www.umss.co.uk/modeller](http://www.umss.co.uk/modeller) to calculate your estimated benefits from UMSS and see the effects of the different options available to you, such as taking different amounts of cash at retirement or changing your retirement age.

The benefit statement we sent to you in August 2020 contains all the information you need to use the modeller. If you didn't receive yours, please contact the Pensions Team using the details on the **back page**.

You'll also need to know your current basic salary, which you can find on your payslip. You can check your salary on MyView at [www.staffnet.manchester.ac.uk/human-resources/current-staff/pay-conditions/myview](http://www.staffnet.manchester.ac.uk/human-resources/current-staff/pay-conditions/myview) or on your payslip if you receive a paper one.

Before April 2012: NRA in UMSS was age 60	From April 2012 until 1 November 2020: NRA in UMSS was age 65	From 1 November 2020: NRA in UMSS is now age 66	From 2028: NRA in UMSS will increase to age 67
Applies to pension built up before 2012	Applies to pension built up from 2012 to 1 November 2020	Applies to pension built up from 1 November 2020	Applies to pension you may build up after 2028
Reduces for early payment if taken before age 60	Reduces for early payment if taken before age 65	Reduces for early payment if taken before age 66	Reduces for early payment if taken before age 67

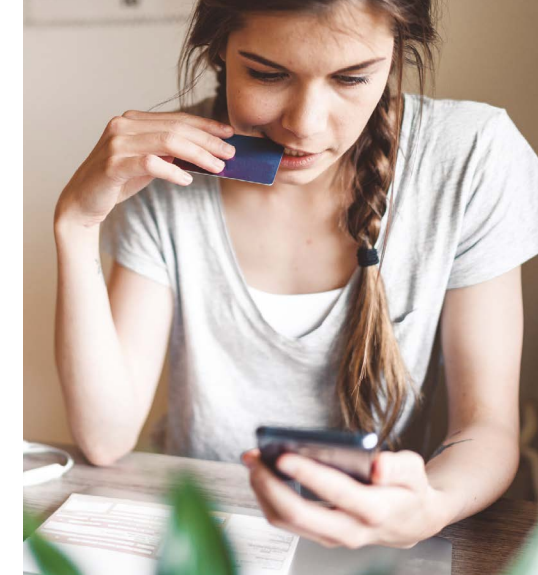
# Pension scams

You may have seen in the news that scammers have been taking advantage of the fact that we're all preoccupied with COVID-19 and many more of you will be doing things online or over the telephone. Because of this, there's been a rise in the number of scams of all types – not just those involving pensions.

As such, we are taking extra measures to help ensure that your pension stays safe and we're signing up to the Pension Scams Industry Group (PSIG) Code of Good Practice.

## What does this mean for you?

- We'll continue reminding you regularly about scams and how to spot the warning signs in this newsletter, in your annual benefit statement and on [www.umss.co.uk](http://www.umss.co.uk);
- We'll carry on directing you to the Financial Authority's ScamSmart website at [www.fca.org.uk/scamsmart/how-avoid-pension-scams](http://www.fca.org.uk/scamsmart/how-avoid-pension-scams) for more information;
- We'll always encourage you to take financial advice if you're thinking of transferring out of UMSS;
- We'll carry out due diligence checks on any transfers out of UMSS you ask us to complete, and
- We'll clearly warn you if you ask us to make a transfer which we believe to be high risk.



## Spotting other financial scams

Scammers are contacting people pretending to be from the NHS or the Government. They might say that you've come into contact with someone with COVID-19 and that you'll have to pay to get a COVID-19 test sent to you. You should never have to pay for a COVID-19 test. If you do need to book one, arrange it for free through [www.gov.uk/get-coronavirus-test](http://www.gov.uk/get-coronavirus-test)

Another couple of scams appear to be either from the Police or HMRC. In both cases, they text you saying that they need your bank details so you can pay a lockdown fee or so they can process a 'goodwill tax refund'. A reputable organisation will never contact you unexpectedly and ask you for financial information. Never give out any personal information until you're absolutely certain who you're dealing with. You should never feel pressured into signing any documents.

# Your Trustee Board

The Trustee Board manages UMSS. The Trustees are responsible for looking after UMSS in the best interests of you, its members. There are currently two Trustee Directors nominated by members of UMSS, and four Trustee Directors nominated by the University.

## Who's who?

### University Nominated Directors

- Jon Ferns (Chair of the Trustee Board)
- Simon Merrywest
- Jane Shelton
- Huw Peters
- Vacancy for a University-nominated Director (Richard Reece stepped down on 28 February 2020)

### Member Nominated Directors

- Kristian McDermott
- Tracy Kaar
- Two vacancies for a Member-nominated Director (one active and one pensioner member)



Jon Ferns



Simon Merrywest



Jane Shelton



Huw Peters



Kristian McDermott



Tracy Kaar



Vacancy

### Could this be you?

## Could you help us manage UMSS?

If you're looking for a new challenge, why not come and join the UMSS Trustee Board? If you're an active member or a pensioner, we'd love to hear from you.

Alongside the Scheme's advisers and administrators, you'll help make sure that contributions are paid into UMSS, that its assets are carefully invested in the best interests of all its members, and that members' and beneficiaries' benefits are paid correctly and on time.

There's more information about the role and how to apply for it at [www.umss.co.uk/about-the-scheme/your-trustee-board](http://www.umss.co.uk/about-the-scheme/your-trustee-board)

### Talk to us first

If you'd like to ask us any questions about this role before you apply, please call us as soon as possible.

**If you'd like to apply, we must receive your form by 28 April 2021.**

## Most recent valuation

The latest formal valuation of UMSS was carried out as at 31 July 2019, and showed that the Scheme's funding level had increased to 84% from 71% in 2016. This means that UMSS can continue unchanged, with no amendments to the Scheme's design needed.

Our stronger financial position means that:

- Active members' contributions rates won't increase;
- There will be no changes to your benefits, and
- The University will continue to pay extra contributions to meet the shortfall.

The valuation was finalised in October 2020, and took into account the economic uncertainty that we experienced up to October 2020.

We'll reassess the Scheme's financial position at the next full valuation as at 31 July 2022. We'll also carry out interim valuations in 2021 and 2022, to check in on the funding level.

# The financials

## Membership of UMSS

31 July 2020

**8,826** members

31 July 2019

**9,025** members

**3,008** Active

**3,416** Deferred

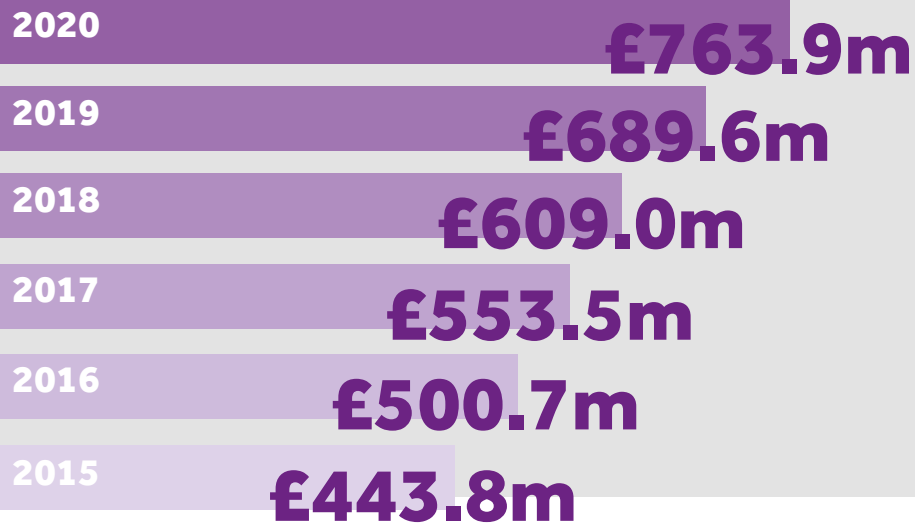
**2,402** Pensioner

**3,432** Active

**3,257** Deferred

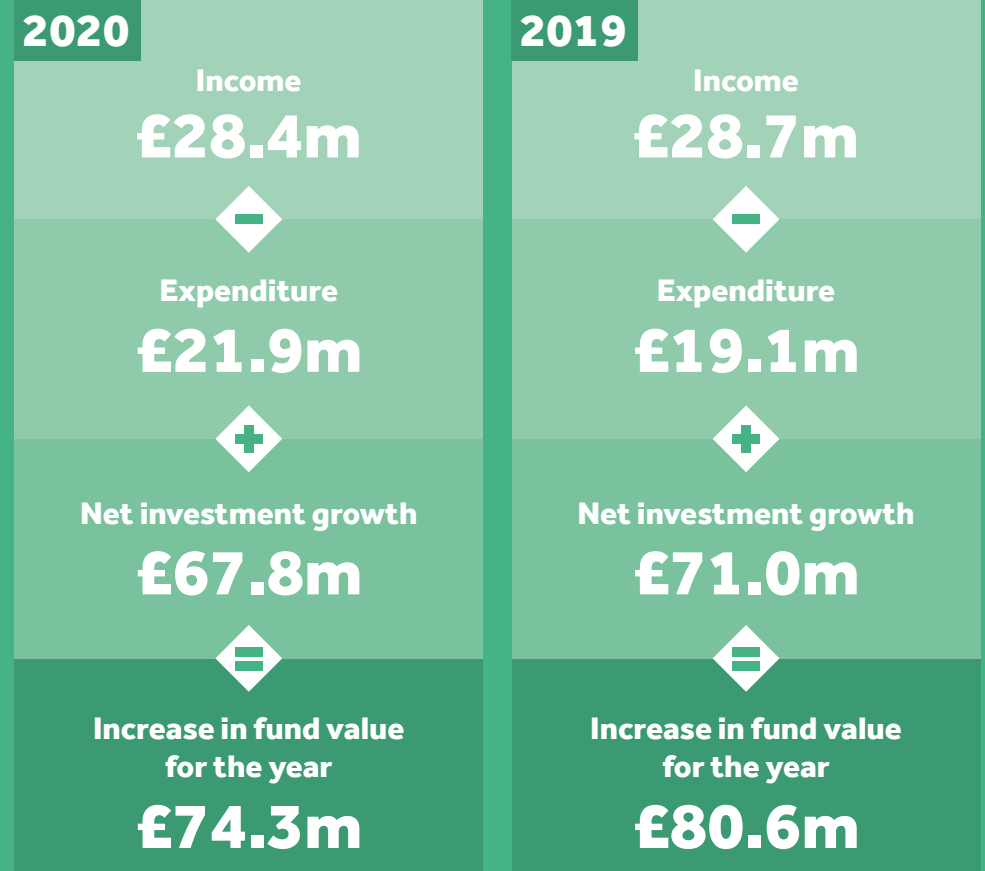
**2,336** Pensioner

## Value of the Fund



## Income and expenditure summary

A summary of the Scheme's income (money paid in) and expenditure (money paid out) is shown below.



If you would like a copy of the full report and accounts, please visit [www.umss.co.uk/about-the-scheme/documents-and-forms](http://www.umss.co.uk/about-the-scheme/documents-and-forms)

You can also request a copy from the Pensions Team. Our contact details are on the **back page**.

# Investment update

The Trustee's investment strategy aims to ensure UMSS is well funded so there is enough money to pay members' benefits. The Trustee appoints the Scheme's investment managers to manage UMSS's investments on a day-to-day basis.

The Trustee reviews the investments at least quarterly, including the Scheme's investment portfolio and returns.

The main portfolio includes equities, bonds, cash and liability-driven investments (LDIs). The total assets also include alternative asset classes, in addition to the main portfolio. The table below shows the returns to 30 June 2020.

	Fund (% a year)		
	1 year	3 years	5 years
Total assets	13.1	10.0	10.4

## Jargon buster

### Equities

Shares in companies

### Bonds

Loans to companies

### LDIs

An investment approach that reduces the risk of a fall in the funding level due to changes in interest rates and expected inflation

# Sustainable investing

Over the last decade, more and more people want the funds their pensions are invested in to align with their values.

Trustees recognise this (and, in many cases, lead on it), but they must do so in balance with their most important responsibility – to manage their scheme in the best interests of all members. This means holding a variety of investment types that will provide enough returns to cover the cost of pensions for all members, both now and in the future.

## What does it look like?

Many people think that sustainable investing means investing only in companies that look obviously 'green' – who might make wind turbines, say. But there are other ways, too, to gauge companies' commitment to sustainability.

This could mean they have a target to reach zero net carbon emissions by a certain date, or that they have adopted new manufacturing methods that use 50% less water than before. Or it could also mean they are committed to sharing profits more equitably with their workers.

These examples will all have obvious positive social and environmental outcomes: pollution is reduced, scarce resources are used more frugally and so preserved for longer, and workers get paid more, leading to better living standards for them and improved opportunities for their families.

## Many happy returns?

This is all positive, of course, but will the returns on sustainable investments be enough to fund your pension? There's good news here too – a recent analysis by investment-management firm BlackRock found that companies with good sustainability ratings significantly outperformed those with poorer ratings. Other research carried out by management consultancy McKinsey & Co. found that companies who take sustainability seriously are more likely to have consistent cash flows, which is important for a pension scheme which has pension payments to make over many years.



Our investment consultant, Andy Wallis, has talked to us about sustainable investment in an interview which you can watch at [www.umss.co.uk/about-the-scheme/investments](http://www.umss.co.uk/about-the-scheme/investments)



# Summary funding statement

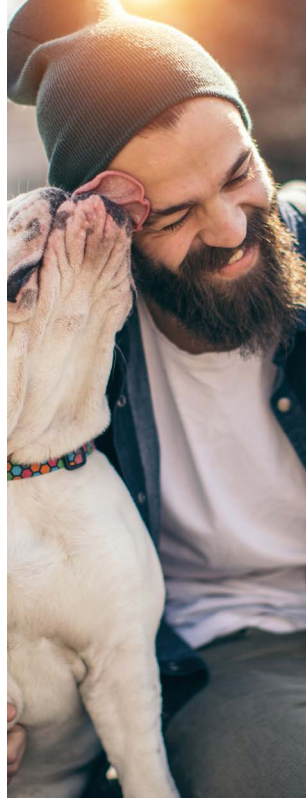
Every three years an actuary carries out a full 'financial health check' of UMSS. This is known as a full actuarial valuation. The most recent full actuarial valuation was as at 31 July 2019 and the results are shown below. The next full actuarial valuation will take place as at 31 July 2022.

In the two years between each three-yearly full actuarial valuation, we carry out an approximate financial assessment of the Scheme's funding to provide a summary funding statement. The results of the assessment as at 31 July 2020 are shown below, alongside the last full actuarial valuation as at 31 July 2019 for comparison.

## Funding update – ongoing basis

The table shows the results of the last full actuarial valuation and the most recent financial assessment. UMSS's funding level has improved since the full actuarial valuation as at 31 July 2016. This was mainly owing to investment returns being better than expected, and the payment of deficit contributions. Whilst the funding level has fallen slightly between 2019 and 2020, this was in the period when the COVID-19 pandemic first hit. The Trustee is satisfied that the Scheme remains sustainable in the long term.

	31 July 2020	31 July 2019	31 July 2016
Assets	£765.0m	£689.6m	£500.7m
Liabilities	£922.7m	£823.0m	£708.1m
Shortfall	£157.7m	£133.4m	£207.4m
Funding level	83%	84%	71%



## Funding update – wind-up basis

At each actuarial valuation, the actuary assesses UMSS's funding position if the Scheme were to wind up. As part of this financial update, we must provide information on the Scheme's wind-up position – this does not mean that the University intends to wind up the Scheme.

The full valuation as at 31 July 2019 showed that, if UMSS had wound up on that date, its funding level would have been 57%. This means that the additional amount needed to secure members' benefits would have been £528.9 million.

The assessment assumes that, in the event of a wind-up, members' benefits would be paid in full through an insurance policy. As insurers must take a cautious view of the future, the estimated money required to secure benefits through an insurance company is much more than is shown in the ongoing funding level.

The government set up the Pension Protection Fund (PPF) to help pension scheme members if a scheme winds up because it becomes insolvent. If the University became insolvent and there were insufficient assets in UMSS to provide all benefits, the PPF might be able to take over UMSS and pay compensation to members.

Further information and guidance is available on the PPF website at [www.ppf.co.uk](http://www.ppf.co.uk)

## The Pensions Regulator's directions

The Pensions Regulator (TPR) is a body that protects UK work-based pensions, ensuring all schemes are properly run. As part of this summary funding statement, we are required to tell you whether TPR has used its legal powers to make directions to:

- Change the rate at which members earn benefits;
- Change the way that a pension scheme values members' benefits;
- Set the future level of contributions, or
- Set a date when a shortfall has to be met.

We can confirm that TPR has not used any of its powers in relation to UMSS.

**Regulations also require us to confirm whether the University has taken any money out of UMSS. We can confirm that this has not occurred.**

# Visit us at **umss.co.uk**

The UMSS website is one of the best ways to keep informed about important changes to the Scheme, how it works and who looks after it.

Most active members fund their UMSS pension through PensionChoice as it means they can make National Insurance savings. If you're not already doing this, you can find out more at **[www.umss.co.uk/paying-in/scheme-benefits](http://www.umss.co.uk/paying-in/scheme-benefits)**

If you're a deferred or active member of UMSS and you're thinking of retiring, you can find a handy timetable of what you'll need to do to activate your pension and who you'll need to talk to at **[www.umss.co.uk/retiring/i-m-thinking-of-retiring](http://www.umss.co.uk/retiring/i-m-thinking-of-retiring)**

And if you're a pensioner member, you can find useful information about how you'll receive your pension and how we calculate your annual pension increase at **[www.umss.co.uk/retired/i-ve-retired](http://www.umss.co.uk/retired/i-ve-retired)**



# Keeping us updated

If you can't find the information you need at **umss.co.uk** – or if you'd like to contact us about your pension – the Pensions Team is here to help you!

We are:

- Heather Mawson – Head of Pensions
- Andy Taylor – Senior Pensions Assistant
- Alice Smart – Pensions Administrator
- Karen Wright – IT Coordinator
- Jack McCafferty – Pensions Assistant
- Anna Burns – Clerical Assistant

We're responsible for the day-to-day management of UMSS and are your first port of call for queries about your UMSS benefits.

While we work remotely, the best way to contact us is by email using the contact details overleaf. Simply email us your query, or ask us to give you a call at a time that suits you. And if you can't email, please leave us a message on **0161 275 2043** or send us a letter. Please include your staff number or your pension number in your correspondence, or have it to hand when you call us.

## Help us keep your records up to date

It's really important that your UMSS records are up to date as this helps us to keep in touch with you about your pension.

### Change of contact details

Whether it's a new phone number or email address, or if you've moved house, please get in touch with the Pensions Team using the contact details overleaf and let us know. We might not be able to pay you your pension if the address on our records doesn't match your home address.

### Update your beneficiaries

Your nomination form lets the Trustee know who you'd like to receive your UMSS death benefits. If your circumstances have changed (if you've got married or divorced, or had children), you should also consider if your nomination form needs updating for your new circumstances. Find the nomination form at **[www.umss.co.uk/about-the-scheme/documents-and-forms/](http://www.umss.co.uk/about-the-scheme/documents-and-forms/)**



## Contact details



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### Remember...

While the Pensions Team is working remotely, the best way to contact us is by **email**.