

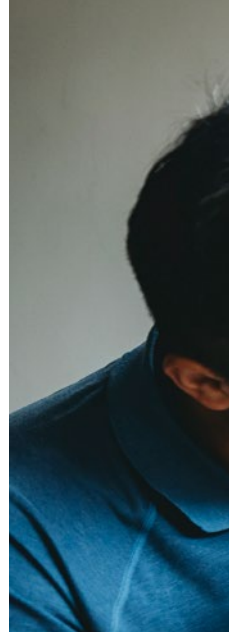


Pensions News 2023

Keeping you in touch
with your pension

umss

Chair's welcome



Welcome to your 2023 edition of Pensions News.

As ever, it has been a busy period for the Scheme since I last wrote to you in Pensions News. The Trustee has continued to review the Scheme's investment strategy following the 'mini-budget' of September 2022 and the adverse impact that it had on investment markets. You may remember that this led to front page headlines regarding pension schemes. As you'll see later on in the newsletter, both our assets and our liabilities fell over the year to 31 July 2022, and then again after the mini-budget event. However, much of this was expected and in line with what the investment strategy has been designed to do – for our asset values to better track our liabilities and therefore increase predictability of our finances. Read our jargon buster on **page 9**.

I am delighted to confirm that in recent months we have agreed and finalised the latest in-depth actuarial valuation of the Scheme. Further information on this is on **page 13**.

As you'd expect, the cyber incident (**see page 4**) was concerning to the Trustee, particularly when it started to become clear in August that Trustee data had been compromised. We took the decision to write to all members but would like to stress again that the majority were unaffected, and we believe those that have been are at low risk. That said, I would like to draw your attention to **page 6** which outlines ways you can stay safe.

The Trustee has been reviewing its systems and controls and so we have appointed a tracing provider – The Tracing Group – as part of our commitment to improving the data quality we hold and ensuring the Scheme is administered correctly. Should The Tracing Group contact you, please be reassured that this is genuine – they are simply checking that the data we hold for you remains accurate. Your assistance will be appreciated.



Lastly, on a personal note, I can confirm that this will be my last newsletter as Chair of the Trustee Board. I have confirmed to the Trustee and the University that I will retire from this role at the end of my term in mid-2024. Preparations have already begun to select my successor and I wish them all the best. I know that I leave the Scheme in the capable hands of my fellow Trustees and advisers.

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)

Cyber security incident

We contacted all members in September regarding a cyber security incident which took place in June 2023, where an unauthorised third party gained access to the University's systems.

Although the breach was discovered in June, the process then began to find out what information had been accessed. We learned that the breach included UMSS data in August. It affected certain data managed by the Pensions Office, which is responsible for the Scheme's administration. While the majority of members were unaffected, we deeply regret that any of our membership was impacted. Investigations since we wrote to you in September have not identified that any further information has been accessed or taken.

Since August we have continued to engage closely with the University as well as carrying out our own review of the incident which covers how we (the Trustee) responded to the incident, including what lessons could be learnt. We have also continued to proactively engage with The Pensions Regulator as appropriate. There have been significant enhancements to the University's monitoring, and detection capabilities, and measures have been put in place to mitigate the risk of a similar incident in the future. The Pensions Office remains vigilant in checking for potential fraudulent activity.

We would stress that the majority of members were unaffected and we believe those that have been are at low risk. That said, you should take heed of the important points on **page 6**. We greatly appreciate your support and understanding as we navigate this incident. Above all, on behalf of the Trustee and University, we extend our sincere apologies for the situation and any distress it has caused.



Member tracing exercise

In July 2023, the Trustee of UMSS appointed The Tracing Group to help it trace and verify the existence of deferred and pensioner members as part of its audit processes.

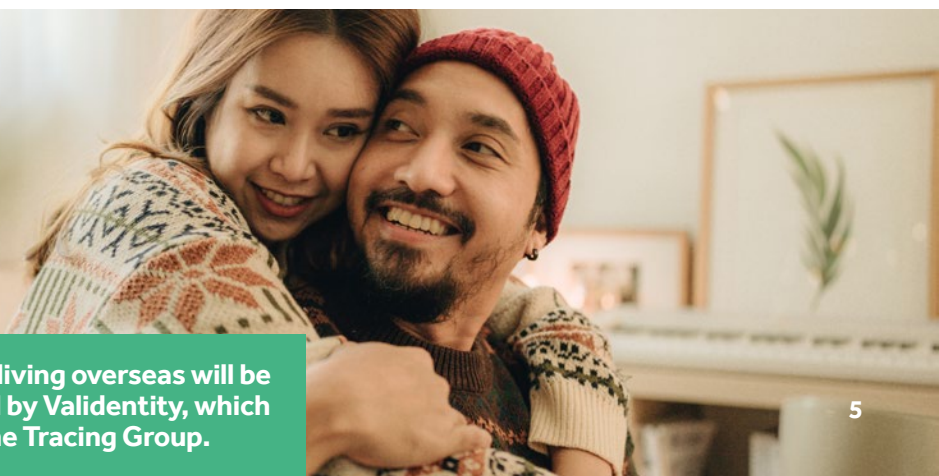
Why are we doing this?

Maintaining accurate membership records is essential to ensuring that you receive all the benefits and information you're entitled to as a member of the Scheme. Whether it's updates on rule changes, important announcements, or being able to pay your pension benefits, **having your correct details on file is crucial.**

This initiative is part of our commitment to maintaining correct administration of the Scheme, and ensuring that you have access to the benefits and information you require.

We want to make sure that the details we hold for you are up to date, which will involve a review of our membership database to identify any discrepancies or missing information.

In light of the cyber incident earlier this year, we understand that you may be concerned if you're contacted by The Tracing Group. **If you're approached by The Tracing Group or Validentity, please be assured that the enquiry is genuine and that it's safe to respond.**



Pensioners living overseas will be approached by Validentity, which is part of The Tracing Group.

Staying safe online

In light of the recent cyber security incident, we want to ensure you have the knowledge to protect yourself from online scams. Here are some tips that could help keep you safe:

Dealing with the Scheme

If you ever have any concerns in relation to something you receive from the Scheme, please do get in touch with us using the contact details on the back page. If you're a pensioner member, you may have recently received a notification of pension increase and arrears. Please be assured that this was genuine.

Be wary of unsolicited contact

Beware of someone contacting you unexpectedly, especially those promising financial gains or asking for personal information. Remember, legitimate organisations will never request sensitive data by email.

Verify the source

Before engaging with any financial services or products, verify the company. You can check with the Financial Conduct Authority (FCA) at www.fca.org.uk/firms/financial-services-register

Protect your personal information

Strengthen your online security by using strong, unique passwords for each account. Consider using a trusted password manager to help keep track of your login credentials.

Recognise the warning signs

If an offer seems too good to be true, it probably is. Be cautious of deals that promise unusually high returns or ways to get rich quick. Scammers often employ high-pressure tactics, urging you to act quickly or confidentially. Take your time to evaluate any financial decision.

Report suspicious activity

If you suspect you've encountered a scam, report it to Action Fraud at www.actionfraud.police.uk or call **0300 123 2040**.

Where to get help

If you ever find yourself in financial distress or need guidance on financial matters, MoneyHelper can provide assistance. Visit their website at www.moneyhelper.org.uk for free and impartial financial guidance.



The financials

Membership of UMSS

31 July 2022

8,685 members

31 July 2021

8,669 members

2,256 Active

3,778 Deferred

2,651 Pensioner

2,513 Active

3,597 Deferred

2,559 Pensioner

Value of the Fund

2022 **£646.6m**

2021 **£807.1m**

2020 **£763.9m**

2019 **£689.6m**

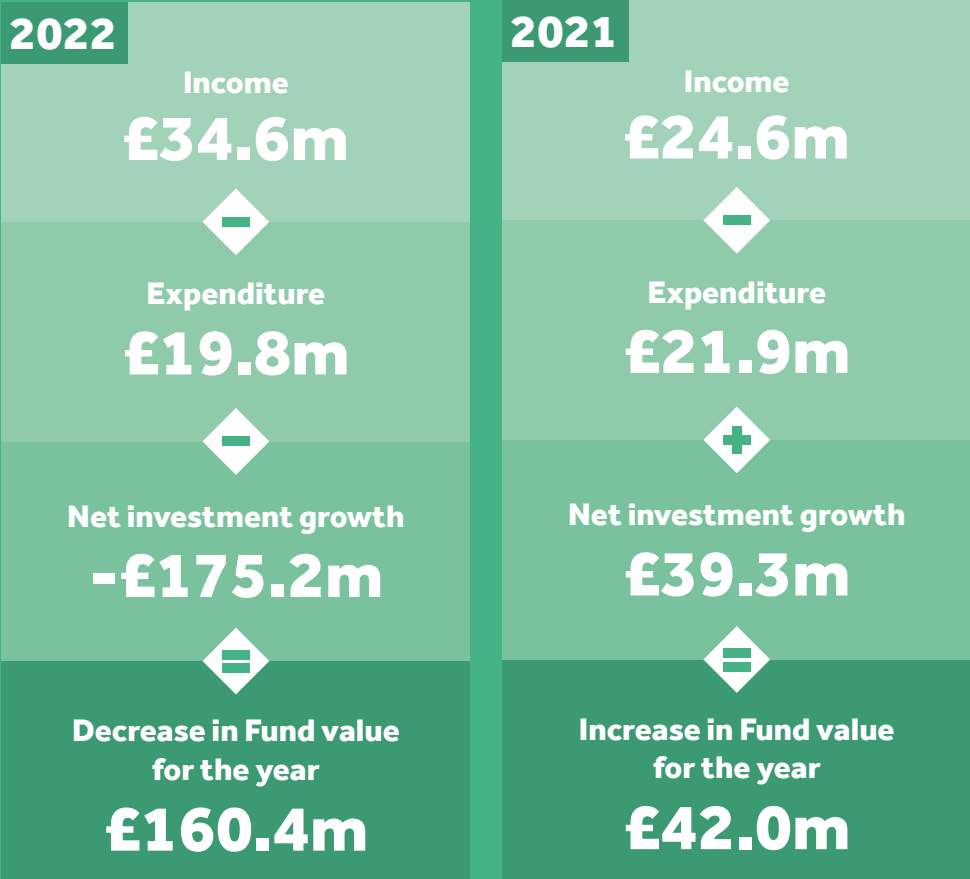
2018 **£609.0m**

2017 **£553.5m**

Further explanation of the value of the Fund is on **page 9**.

Income and expenditure summary

Here is a summary of the Scheme's income (money paid in) and expenditure (money paid out):



NOTE: Figures have been rounded.

See the next page for more information on the change in Fund value.

If you'd like a copy of the full report and accounts, please visit www.umss.co.uk/about-the-scheme/documents-and-forms

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

Investment update

The aim of the Trustee's investment strategy is to ensure UMSS is well funded, so that there is enough money to pay your benefits. While the value of the fund (assets) fell during the year, so did the cost of providing benefits (liabilities).

The Trustee appoints investment managers to look after UMSS' investments on a day-to-day basis. The Trustee reviews the Scheme's investments at least quarterly, including its investment portfolio and returns.

The main portfolio includes equities, bonds, cash and liability-driven investments (LDIs). The total assets also include alternative asset classes, such as property and private debt, in addition to the main portfolio.

LDI is a risk management tool used by the Trustee (as well as trustees of many other pension schemes) to reduce volatility in the Scheme's funding level. If interest rates fall, then the cost of providing your benefits rises, but then so does the value of the LDI assets. Equally if interest rates rise, the cost of providing your benefits falls, but then so does the value of the LDI assets. The objective is simply to provide more financial stability.

Over the year to 31 July 2022, interest rates increased which caused both the Scheme's assets and its liabilities to fall. This was then exacerbated by the 'mini-budget' held in September 2022. To read more on this, please turn to **page 13**.

Jargon buster

Assets

Money within the Scheme, built by contributions and any investment growth on those contributions.

Liabilities

The value of benefits owed to members.

Equities

Shares in companies.

Bonds

Loans to companies.

Liability-driven investments (LDIs)

An investment approach that reduces the risk of a fall in the funding level due to changes in interest rates and expected inflation. If liabilities rise, the LDI assets move in line with this change. The same is also true if liabilities fall – assets fall too. This means that there is greater stability in the funding level.

Planning your retirement

Retirement is a significant milestone in life, and whether you're paying into the Scheme or no longer participating, proper planning is key to ensuring a secure and enjoyable retirement. We understand that the journey to retirement can be complex, which is why we're here to support you every step of the way.

Here are some simple actions to help you plan for your retirement.

If you're an active member...

Every year

Review your most recent Benefit Statement and use the Modeller to see if you're on track to achieve your desired retirement income.

5 years before retiring

Check your previous Benefit Statement(s) or contact the Pensions Office to get a retirement quote. Consider other income, such as pensions from previous employers and your State Pension (you can find out more on this at www.gov.uk/check-state-pension).

2 years before retiring

Start thinking about your retirement preferences, such as early retirement, flexible retirement, or retirement at State Pension age. Join the pre-retirement course to gain insights into managing your retirement. Contact the Pensions Office or book your place through Staff Learning & Development.

6 months before retiring

Contact the Pensions Office with your agreed retirement date. We'll issue your retirement paperwork and help you with any questions.

Check your progress

Active members can use the Modeller to help plan for retirement. This tool allows you to check what your pension could be worth at retirement and explores different options for how you can boost what you'll receive. All of this is to help you make an informed decision about your future.

Details of how to use the Modeller are in your most recent Benefit Statement, which you received in August 2023.

Visit the UMSS website to access the Modeller at www.umss.co.uk/paying-in/check-you-re-on-track





If you're a deferred member...

Deferred benefits are increased in line with inflation (within some limits) on 1 April each year. Deferred members can contact the Pensions Office to request an up-to-date Benefit Statement.

Unless you contact us sooner, we'll write to you as you approach your Normal Retirement Age (NRA) to advise you of your retirement options. NRA is the age at which your benefits are due for payment from UMSS and this is determined by the Scheme Rules.

Ill-health retirement

You may be able to access your pension early if you're too unwell to work. The benefits payable will vary depending on your membership status and service, so you should contact the Pensions Office for further information if you think this may apply to you.

Early retirement

You can ask to take early retirement before your Normal Retirement Age (NRA).

The government sets the Normal Minimum Pension Age (NMPA), which is the earliest age that you can access pension benefits. The NMPA is currently age 55, but this is due to increase to age 57 from April 2028. If you are considering early retirement, please plan accordingly.

If you retire early, your benefits may be reduced to reflect the expectation that they'll be paid for a longer time.

Depending on your membership in UMSS, you may be able to retire from age 60 with unreduced benefits (which is earlier than your NRA). This will generally be available for members with more than five years' contributory membership in the Scheme before 1 April 2012. However, as each member's benefits and membership will vary, we ask that you please contact the Pensions Office to discuss your options if you're considering early retirement. To find out more on how to plan for your retirement, visit www.umss.co.uk/retiring/planning-your-retirement

As you continue on your retirement planning journey, remember that UMSS is here to support you every step of the way. We encourage you to explore the resources available to you and get in touch if you need assistance. Your retirement should be a rewarding and secure chapter in your life, and we're committed to helping you achieve your retirement goals.



Sustainable investment

Greener pensions

In previous issues of Pensions News we provided an update on sustainable investment and why it matters, and confirmation that the Trustee had developed a Responsible Investment policy. We also confirmed that the Trustee was taking steps to calculate its carbon footprint, so that progress towards achieving net zero can be seen.

Since then the Trustee has considered its first Carbon Footprinting report, which showed that good progress had been made in recent years in reducing the Scheme's footprint, particularly in its equity portfolio. However, it did highlight that further action was required in respect of the Scheme's holdings in its bond and credit portfolios which the Trustee is now taking advice on.

On wider sustainability issues, the Trustee continues to work with its investment managers and consultants to improve consistency of reporting. This will ensure that the progress that is being made can be clearly seen and measured.

We'll continue to report further on this in future editions of Pensions News.

Jargon buster

Credit

An agreement where a borrower receives a sum of money or something else of value and commits to repaying the lender at a later date, typically with interest.

Bonds

Loans to companies.

Summary funding statement

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

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 2023 are also shown below, alongside the last full actuarial valuations as at 31 July 2019 and 31 July 2022 for comparison.

UMSS’s funding level had improved at 31 July 2022, the date of the last full valuation, but has since fallen back. This was partly because of the mini-budget in September 2022 which led to a period of misalignment between assets and liabilities. The deficit itself is smaller than it was in 2019. Looking at the position since July 2023, a positive impact is that the cost of providing future benefits has reduced. As part of the valuation negotiations, the University has agreed to continue paying the same level of contributions. The Trustee is therefore comfortable that the Scheme remains on target to reach full funding under the new recovery plan agreed with the University. We expect that the Scheme will be fully funded sooner than was anticipated at the 2019 valuation.



	31 July 2023	31 July 2022	31 July 2019
Assets	£439.7m	£646.6m	£689.6m
Liabilities	£531.8m	£722.9m	£823.0m
Shortfall	£92.1m	£76.3m	£133.4m
Funding level	83%	89%	84%

Funding update – wind-up basis

By law, at each actuarial valuation, the actuary must assess UMSS' funding position if the Scheme were to wind up. As part of this financial update, we must tell you about the Scheme's wind-up position. This does not mean that the University intends to wind up the Scheme.

The full actuarial valuation as at 31 July 2022 showed that, if UMSS had wound up on that date, its funding level would have been 64% (57% in 2019). This means that the additional amount needed to secure members' benefits would have been £370.4 million (£528.9 million in 2019).

The assessment assumes that, in the event of a wind up, your 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 shown in the ongoing funding level (shown on **page 13**).

The government set up the Pension Protection Fund (PPF) to help pension scheme members a scheme winds up because its sponsoring employer becomes insolvent. If the University were to become insolvent and there were not enough assets in UMSS to provide benefits to all of you, 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**

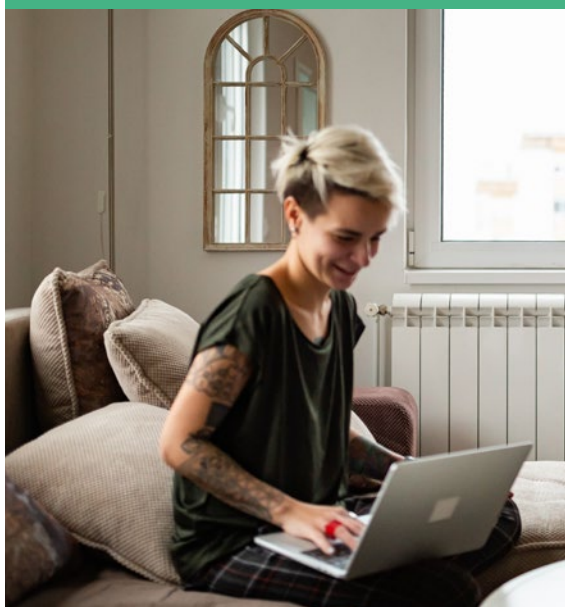
The Pensions Regulator's directions

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

- Change the rate at which you earn benefits.
- Change the way that the Scheme values your benefits.
- Set the future level of contributions.
- 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.



Contacting us

The best way to keep informed about your UMSS pension is by visiting www.umss.co.uk

If you can't find the information or documents you need, please get in touch with the Pensions Team using the contact details on the back page.

How we can help

You might want to let us know that you've moved house, that you're thinking of leaving UMSS and would like a transfer quote, that you'd like to retire, or that a member of the Scheme has died.

Whatever you need from us, we're here to help. You can email, call or send us a letter using the details on the back page.

However you contact us, please make sure you let us know your staff number or your pension number.

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, and costs us money to rectify where we find this is not the case.

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 on the back page 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 you die in service. If you haven't previously completed one, or your circumstances have changed (for instance if your marital status has changed, or you have had a child), please complete a Nomination Form to notify the Trustee of your wishes. If you are not married or in a civil partnership and would like to nominate your partner to receive a dependant's pension in the event of your death, you may wish to complete a Registration of Financial Dependant Form.

You can find the relevant forms at www.umss.co.uk/about-the-scheme/documents-and-forms



Contact the Pensions Team

If you have any general queries about your UMSS benefits, get in touch with the Pensions Team – we'd love to help!



umss@manchester.ac.uk



0161 275 2043
(Phones are generally staffed
10:00am to 3:30pm on Tuesdays
and Wednesdays)



Visit us in person – our drop-in
hours are as opposite



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