

SLAS

2024 Newsletter

University of St Andrews Superannuation
and Life Assurance Scheme



University of
St Andrews

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Welcome

We hope this latest edition of your newsletter finds both you and your loved ones well.

It was good to meet some of you at our Member Townhall meetings we held earlier this year. Following the success of this year's meetings, we are hoping to hold Member Townhalls more often so look out for the next invite likely to be in late 2025.

We apologise for the delay in this latest newsletter which will cover both 2022 and 2023. Our accounts get fully audited and signed off in February each year so we can't share them with you until after that. The key news is that our scheme is in good shape, we have over 2,030 members, up from 1,946 in 2022, and after a couple of volatile years our pension fund grew by almost £5 million (to July 2023).

Keeping your pension safe and secure is our top priority. We're pleased to tell you that the Scheme remains strong despite the volatility of the recent economic climate.

We are alert to the current fragility of the markets and of broader national and international matters that could affect the Scheme's financial position. We will be proactive in adjusting our investment strategies based on the economic landscape.

Finally, I would like to take this opportunity to welcome Jackie MacPherson and Irene McMenamin as your new member-nominated Trustees.

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Scheme funding Level

For more details on the latest scheme funding level please look at the 2023 Summary Funding Statement on www.st-andrews.ac.uk/staff/money/pensions/slas/

What you can do for the Scheme

Much of this newsletter will give you information about how the Scheme performs and what that means to you. As a member of the Scheme there are some simple actions you can take to help the Scheme run more smoothly.

- **Register for the Member website** – on it you can check details for yourself which saves the Scheme administration time. Go to www.mypensionline.com/uosa
- Confirm that all your **details are up-to-date** with the Pension Office.
That is:
 - (a) your home address (have you moved recently?)
 - (b) preferred email
 - (c) beneficiary forms – to ensure that if anything happens to you, the appropriate benefits go to your loved ones.
- **In cases of retirement** – the forms that are sent out need to be completed and sent back – either by post or scanned and emailed. Read the instructions carefully, especially if you have AVCs as incorrect completion of the forms can delay the process.
- **In cases of bereavement** – complete the forms the Scheme will send to you. You will normally need to provide:
 - (a) A Death certificate
 - (b) A Marriage certificate (if there is a spouse)
 - (c) Spouse's or other beneficiary's ID

The Pension Regulator's new general code of practice came into effect at the end of March, increasing the focus on effective governance of pension schemes, and we are fully committed to complying with the new code.

Jonathan Hewitt

Convener of the Trustees
28 November 2024

Headline numbers

If you would like to see a full version of the Report and Accounts, please contact the Pensions Office using the details on the back page.

The accounts

The table below summarises the accounts for the Scheme years ending at 31 July 2022 and 31 July 2023. The figures are taken from the year end accounts audited by our appointed auditors, KPMG LLP.

	2021-22 £000's	2022-23 £000's
Fund value at the start of the year	124,622	113,014
What came in		
University contributions (including Paysave contributions)	4,982	5,360
Employee contributions	219	243
AVCs	-	-
Transfers in	112	-
Other Income	162	2
Total income	5,475	5,605
Net return on investments		
Total net return on investments	-11,389	4,980
What went out		
Benefits	-4,495	-4,556
Administrative expenses	-1,082	-924
Payments to leavers	-41	-87
Other payments	-76	-125
Total expenditure	-5,694	-5,692
Fund value at the end of the year	113,014	117,907

The membership

The table below shows the Scheme's membership at 31 July in 2022 and 2023.

	At 31 July 2022	At 31 July 2023
Active members	829	869
Deferred members	492	530
Pensioner members	625	634
Total membership	1,946	2,033

- **Active** members are employed by the University and make regular contributions into the Scheme.
- **Deferred** members no longer make contributions but have benefits in the Scheme for when they retire.
- **Pensioner** members (including the dependants of members who have died) receive benefits from the Scheme.

Pension increases

Under the Scheme rules, pensions in payment are increased each year. The rate of increase depends on when the pension was built up.

- **Pension earned before 6 April 2006** increases in line with the Retail Prices Index (RPI), a measure of inflation in the UK, up to a limit of 9%.
- **Pension earned after 6 April 2006** increases in line with RPI inflation up to a limit of 2.5%. In years where inflation is higher than 2.5% the Trustees have discretion to award a higher increase, up to 5% (or RPI if less than 5%). This year RPI inflation was 8.90%.
- If part of your pension is a **guaranteed minimum pension** (a special type of pension that was built up before 1997) then this part is subject to different increases.

Historically the Trustees have not awarded a discretionary increase above 2.5% for post-2006 pensions, in order to protect the long-term viability of the Scheme and to enhance the security of benefits that members have already built up. The Trustees decided again this year not to award a discretionary increase. This decision was difficult given the inflationary pressures we know you all continue to face. However, after careful consideration and deliberation we believe that this decision was necessary to protect the Scheme.

Pension increases take effect on 1 April each year and the latest pension increase took effect on 1 April 2024.

The increases applied to pensions in payment (other than guaranteed minimum pensions) on 1 April 2024 were as follows:

- any pension earned before 6 April 2006 increased by 8.9%; and
- any pension earned after 6 April 2006 increased by 2.5%

Pensions that came into payment after 1 April 2023 received a proportionate increase to reflect that they have been in payment for less than a full year.

There is more information on your Scheme benefits in the Scheme booklet on www.st-andrews.ac.uk/staff/money/pensions/slas

Investment update

As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers to monitor how the funds are performing.

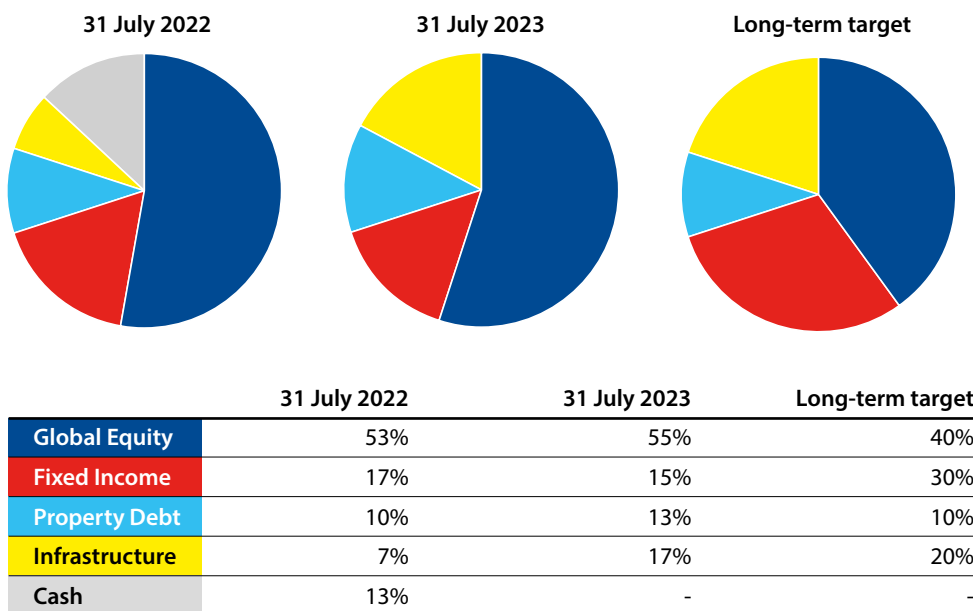
Our key investment aims are:

- **Enabling payment of members' benefits** by holding a suitable balance of 'liquid' investments (that is, assets we can buy or sell easily, allowing us to maintain a 'cashflow'). As indicated, we are adjusting the amount of 'liquid' investments intentionally.
- **Keeping risk to a minimum** to reduce the fluctuations of the Scheme's funding position and to help ensure the Scheme's assets cover benefits over the long term.
- **Sustainable investment** in response to member feedback, we are taking investment decisions which reflect our commitment to sustainability.
- **Control Scheme costs** by achieving as high returns on the assets as possible, within the above aims.

One technique for managing risk when investing, while keeping the potential for a good rate of growth, is 'diversification'. This means to spread the overall funds widely – whether across different investment fund managers, regions, types of assets – or a mix of any or all of these. Then, if one part of the fund goes through a period of poor performance, it does not automatically mean that the rest will be affected.

Asset Allocation

The charts below show how the Scheme's assets were invested as at 31 July 2022 and 31 July 2023 compared to the agreed long-term allocation.



To reduce transaction costs, the Trustees respond to market conditions in making short term asset allocations. There is a working cash balance that is held for immediate payment of benefits, expenses, etc. The Trustees have recently agreed to invest in Insight's Liquidity Fund, which will be used to hold any excess cash and will generate a cash return. This excess cash can arise when there are timing differences between the illiquid fund managers (who handle the Infrastructure and property debt investments shown above) distributing cash to the Scheme and drawing cash payments from the Scheme, which is common for this type of investment vehicle. The Insight Liquidity Fund is comprised of short-term, highly liquid financial instruments which have a low risk, low return profile, allowing the Scheme to easily access cash when needed.

More details

If you would like more detail on the Scheme's investments, our formal Statement of Investment Principles is available on the University website. You can also read our Engagement Policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year. Go to www.st-andrews.ac.uk/staff/money/pensions/slas

Performance

We monitor the individual performance of each fund manager against their target (or 'benchmark' returns). In the table below, we show how each manager has performed for the year under review.

	One year return to 31 July 2022 (%)	Target one year return to 31 July 2022 (%)	One year return to 31 July 2023 (%)	Target one year return to 31 July 2023 (%)
UBS	-6.3	-6.0	11.8	12.1
Ownership Capital	-13.2	10.0	4.1	10.0
Ballie Gifford	-25.3	2.0	10.5	9.5
Mirova	-11.4	-6.3	7.2	11.5
PIMCO	-16.3	-11.2	1.1	2.6
Aegon	-2.8	0.3	7.0	5.0
DRC Savills Investment Management	3.3	5.8	4.9	5.8
Copenhagen Infrastructure Partners	87.3	8.5	12.9	10.8
Kohlberg Kravis Roberts & Co (KKR)	8.5	8.0	1.1	1.9
BentallGreenOak (BGO)	-	-	9.8	8.0
Total for Scheme overall	-6.1	-0.4	6.3	8.0

The Scheme's investments delivered a negative return in the year to 31 July 2022. Market conditions have been challenging as geopolitical risk took centre stage with Russia invading Ukraine and inflation fears leading to significant interest rate rises across the globe. However, the Scheme benefited from the diversification within the portfolio as the illiquid fund managers (DRC, Copenhagen and KKR) delivered positive returns amidst the volatile environment.

In the year to 31 July 2023, despite underperformance relative to target, each fund manager delivered a positive return demonstrating a partial recovery as the global economy appeared more resilient than previously anticipated and inflation began to moderate in the majority of economies.

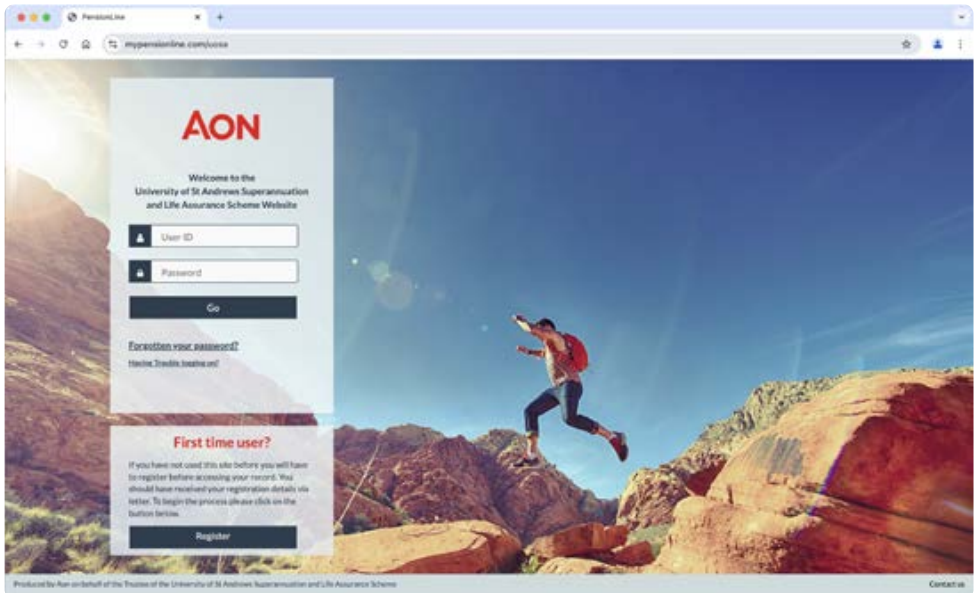
The Scheme is invested for the long term and the Trustees continue to have confidence in the Scheme's investment strategy. We will continue to monitor both the investment portfolio and the funding position closely.

Member website

Planning for your retirement is extremely important and the Trustees wish to ensure that individual pension information is readily accessible to members. The Scheme's member website provides all members with the ability to view their personal details and their benefits in the Scheme, access Scheme documents and contact the administration team.

For active and deferred members, you can also get estimates of how much annual pension and tax-free cash you could receive at a chosen retirement date. To access go to: www.mypensionline.com/uosa

If you are having difficulty registering, or you no longer have our letter, please contact Aon, the Scheme administrator (see the back page) and they will be happy to guide you through the process and answer any queries. We strongly recommend that you register at your earliest convenience to access the benefits of Pensionline.



Pensions news

State Pension Age

The current state pension age is 66. This will go up to 67 between 2026 and 2028.

State Pension age is going to be kept under review, which means that it could change again in the future.

The Government confirmed that it is committed to the principle of providing 10 years' notice of changes to the State Pension Age – so it shouldn't go up to 68 (if it does) until 2034 at the earliest.

Pensions Dashboards

The Department for Work and Pensions (DWP) is introducing an online Pensions Dashboards framework to collect information on all UK pension savings. Individuals can then review all their various pension pots together.

This is a complicated project which all pension schemes need to comply with by providing all their historic and current pension data. Data collection is ongoing until October 2026, so the launch of the site will be sometime after that – the date is yet to be confirmed.

To learn about the project, go to www.pensionsdashboardsprogramme.org.uk

Retirement Living Standards

Do you know roughly how much money you will have in retirement? Does it align with the standard of living you are expecting?

These are some of the takeaways from the latest research by the Pensions and Lifetime Savings Association who created the Retirement Living Standards. These show the kind of lifestyle you could have in retirement and roughly how much money you might need to spend to support that lifestyle.

The standards reflect the current cost of living and an up-to-date mix of goods, services and other retirement expenses. The latest figures were published in January 2024.

When looking at the figures below, review both your projected state pension entitlement and your projected university pension (available at www.mypensionline.com/uosa) along with any other savings or AVCs you have. Consider increasing your private savings or AVCs if you can. You may want to speak to an independent financial adviser for further advice.

Retirement Living Standard	How much you might need to spend	
	Single person	Couples
Minimum: covers all your needs, with some left over for fun.	£14,400	£22,400
Moderate: more financial security and flexibility.	£31,300	£43,100
Comfortable: more financial freedom and some luxuries.	£43,100	£59,000

Note: the figures show what you might need to **spend** in retirement rather than the income you might need. Your retirement income will be subject to tax as earned income, so it is important to factor this in when reviewing your own situation.

More information at www.retirementlivingstandards.org.uk

Protect yourself from pension scams

It is important that you protect yourself from pension scams. Don't respond to any email or letter about your pension which doesn't come from the University or Aon or is an unsolicited contact about your pension. Watch out for undue pressure to commit to an offer, promises of guaranteed investment returns, and offering early access to your pension savings. If you are taking independent financial advice, check out your Adviser (details provided at the end of this newsletter).

If you're ever in doubt about whether something is legitimate or a scam - contact the pensions Admin team on **0345 268 0226**.

To learn more, visit MoneyHelper. Go to www.moneyhelper.org.uk and choose Money troubles > Scams > How to spot a pension scam.

The Financial Conduct Authority (FCA) also provides guidance on how to spot potential scams. Visit the ScamSmart area of their website: www.fca.org.uk/scamsmart.

The National Cyber Security Centre has a Cyber Aware website that contains up-to-date advice on how to stay secure online. For more information, including a free personalised action plan to improve your cyber security, visit their website at www.ncsc.gov.uk/cyberaware.

Running the Scheme

As Trustees, we manage the Scheme according to its own Trust Deed and Rules, in line with current pensions law – while safeguarding members’ best interests. As a whole board, we met formally five times during the year to 31 July 2023, while the investment sub-committee also met five times.

One of our many duties is to appoint a team of advisers who assist us in certain areas of expertise. Here they are, alongside our current board line-up.

Your Trustees	Our appointed advisers
<p>There are currently eight Trustees: four appointed by the University and four nominated by members</p> <p>University-appointed Jonathan Hewitt (Convener of the Trustees) Lorna Dargan Alastair Merrill Derek Watson</p> <p>Member-nominated Alexander Duncan Kitty Macintyre Jackie MacPherson Irene McMenamin</p> <p>Pensions Administrator and Secretary to the Trustees Lisa Harley</p>	<p>Actuary Donald Duval, FIA, Aon Solutions UK Limited</p> <p>Administrator and investment adviser Aon Solutions UK Limited</p> <p>Auditor KPMG LLP</p> <p>AVC providers Prudential Assurance Company Limited Royal London</p> <p>Banker HSBC bank plc</p> <p>Investment managers See pages 5-7.</p> <p>Legal adviser Shepherd & Wedderburn LLP</p>

For more information

Scheme website

The member website has lots of useful information about the Scheme. You can also check and update your personal details and contact the Scheme Administrator without having to pick up the phone.

Go to www.mypensionline.com/uosa for more information

Scheme administrator

If you have a general query about the Scheme, your benefits, or about accessing the member website, contact Aon, the Scheme administrator.

Email: uosa.pensions@aon.com

Call: 0345 268 0226

Pensions Office

For general questions about your benefits, please contact the Pensions Administrator, Lisa Harley, in the Pensions Office:

Email: pensions@standrews.ac.uk

Phone: 01334 462546

Or write to: University Pensions Office, Human Resources, University of St Andrews, Walter Bower House, Guardbridge, St Andrews, KY16 0US.

If you need advice

Our aim is to provide you with clear information about the Scheme and your benefits, but by law we are not allowed to give you financial advice.

If you would like advice on your retirement planning, you will need to talk to an independent financial adviser (IFA).

If you do not already have an IFA, you can find an adviser in your area by searching the MoneyHelper directory (see page 10 for more details about MoneyHelper).

Before you appoint an adviser, check that they are suitably qualified and authorised.

You can do this on the Financial Conduct Authority website at

<https://register.fca.org.uk>, or by calling their helpline on 0800 111 6768.