



Pensions News 2022

Keeping you in touch
with your pension

umss

Chair's welcome

Welcome to your 2022 edition of Pensions News.



It has been a busy period for the Scheme since I last wrote to you in Pensions News. Particularly in recent months, there has been considerable market turmoil which has even led to front-page headlines concerning pensions. I want to take this opportunity to reassure you that whilst this has kept the Trustee and its advisers busy, your pension remains safe and there is no danger of a pension insolvency for UMSS.

The next three-yearly actuarial valuation is due as at 31 July 2022. As part of this, we carry out the normal in-depth review of finances. Between the three-yearly valuations, we receive annual updates and, more generally, our advisers keep track of the Scheme finances on an approximate basis. Within this Pensions News update, there is the latest summary funding statement as at 31 July 2021. This showed that the Scheme's funding position had improved since the full three-yearly valuation in 2019. Whilst there has been increased volatility since then, at the time of writing this statement, we remain broadly on track. We expect that this volatility will begin to settle down and at that point we

will reassess the position, as part of the full valuation as at 31 July 2022. The results of the full valuation are expected to be finalised in summer 2023.

As mentioned, it has been a busy period since the last Pensions News. Firstly, our longstanding Scheme Secretary and Head of Pensions at the University, Heather Mawson, retired in September 2021. On behalf of the Trustee Board and members, we wish her a long and healthy retirement. Heather has been replaced by Ash Field, who I have worked closely with since his appointment. Ash brings a wealth of experience, ideas and a fresh perspective and I look forward to working with him going forward.

In April 2022 we welcomed 110 deferred and pensioner members into the Scheme who used to work for the University of Manchester Students' Union. There was a lot of work focused on communicating the change to the members coming into UMSS and reassuring the existing members of UMSS that the financial position of the Scheme was maintained.



This year, the Pensions Office has been investing time into improving our pensions system. This work is ongoing and means that for active members, we are not able to include a projection of what your benefits could be when you reach Normal Retirement Age (NRA) in this year's statement. The benefit modeller is also in the process of being updated so we have temporarily removed this from the Scheme website.

I would also like to draw your attention to the separate leaflet which asks for two new members to join the Trustee Board. Please read this and consider putting yourself forward if you think you could contribute to the running of the Scheme – for the first time we're extending this opportunity to deferred 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 7 to find out more about how you can protect yourself and your money.

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)

Rule changes

The Trustee has agreed to a number of rule amendments since the last edition of Pensions News. Firstly, for active members there is no longer a limit on the number of Additional Voluntary Contributions (AVCs) you can pay as a proportion of your salary (previously a cap of 15% was applied). Please note that there may still be some considerations that apply but more information is available from the Pensions Team if you're interested in this.

In addition, the Trustee has agreed that all deferred members can now take early retirement prior to Normal Retirement Age (NRA). Historically, deferred members were required to have five years' membership in order to be able to access their benefits early. Please note that an actuarial reduction may be applied to benefits that are taken before NRA. Again, please contact the Pensions Team if you have any questions about this.

Volunteers required

In 2023, the Pensions Office plans to review some of its communications. This includes letters issued at retirement or when members leave, along with any wider considerations on how the Trustee communicates and engages with its members. If you're interested in participating in the review, please let the Pensions Team know using the details on the back page.

Pensions dashboard

You may have read in the news about the introduction of pensions dashboards and wonder what these are. They are online dashboards that will enable individuals, like you, to access all your pension information online, securely in one place (including any private and state pensions). Ultimately, the aim is to help you to make informed decisions about your savings. Dashboards can only be viewed by active and deferred members (i.e. it won't show if your pension is in payment).

Eventually, there may be multiple dashboards, but the first dashboard will be operated by the Money & Pensions Service. Dashboards are currently in development, and the largest schemes will connect up to the system first, during 2023. Smaller schemes will connect in stages, with UMSS due to connect in June 2024, and smaller schemes following in subsequent years. The Trustee is already planning for this and will keep you updated in future editions of Pensions News.





Cost of living

Headlines in recent months have focused on the rising cost of living. The Trustee is conscious that this is having an impact on all of our members and we want to remind you of the importance of protecting your long-term savings.

For active members, it's important to consider the benefits of saving for your retirement:

- You receive tax relief on your pension contributions, and if you contribute through salary sacrifice, you save on National Insurance too!
- This Scheme is one of the few schemes of its type still open to benefit accrual – providing you with a guaranteed income in retirement, which is broadly index linked (meaning that it's tied to inflation).
- Contributing as a member now gives your savings time to grow over the long term, which helps them to withstand market turmoil and helps prevent financial hardship in retirement.

For all members, but particularly those that are deferred, it's important to be aware of pension scams which may tempt you with offers of higher tax-free cash and/or accessing your pension before age 55. Cold calling to sell pensions products is illegal, so if anyone does phone you, just end the call. Criminals are still contacting people by email, text or social media instead – so stay vigilant.

Check the Financial Conduct Authority (FCA) website at www.fca.org.uk/firms/financial-services-registry to see if a firm or individual is registered with them. If you think you've been approached by scammers, report it to Action Fraud by calling **0300 123 2040** or by using the FCA form at www.fca.org.uk/consumers/report-scam-us

If you do find yourself struggling, with general financial issues or debt, you can contact MoneyHelper using the details on the back page. MoneyHelper can also assist with queries on pensions. Active members of the Scheme can also check out StaffNet for further support.

Delegating control

How would you or your family manage your financial affairs if you couldn't carry out everyday tasks for yourself?

Power of attorney

A power of attorney is a legal document that allows someone to make decisions for you, or to act on your behalf, if you're no longer able or no longer wish to manage your own affairs.

There are different types of power of attorney and you can set up more than one. However, you can only do this while you still have capacity, so you'll need to plan ahead.

- An ordinary power of attorney is suitable if you need temporary cover (hospital stay or holiday). It covers decisions about your financial affairs and is valid while you have mental capacity.
- A lasting power of attorney (LPA) covers decisions about your financial affairs or your health and care. It comes into effect if you lose mental capacity or if you no longer want to make decisions for yourself. You should set up an LPA now if you want to make sure you're covered in the future.
- Enduring power of attorney (EPA) was replaced by LPA in October 2007. However, if you signed one before then, it should still be valid.

Setting up a lasting power of attorney

When you set up an LPA, you can specify whether you want someone's help immediately or if you only want it to come into effect if you lose capacity, for example if you're diagnosed with dementia. In this case, you'd continue to manage your affairs as usual and the LPA would only start once you'd received a diagnosis.

You can find out how to make, register, or end an LPA at www.gov.uk/power-of-attorney or you can get advice from a solicitor.

For more information about powers of attorney, visit www.ageuk.org.uk/information-advice/money-legal/legal-issues/power-of-attorney



Pension Credit

Pension Credit is a benefit available to people who have reached pensionable age and are living on a low income.

It's a way to top up your regular income and you may be eligible even if you have other income, savings or assets. There are two parts to Pension Credit: **Guarantee Credit** and **Savings Credit**. Both are separate from your State Pension.

What is it worth?

Guarantee Credit tops up your weekly income to a minimum level.

- If you're single and your income is below £182.60 per week, Pension Credit will top it up to this amount.
- If you're in a couple and your joint income is below £278.70 per week, Pension Credit will top it up to this amount.

Savings Credit is a bit more complicated as it's worked out based on your total income, including savings. It's possible that you qualify for both parts of Pension Credit so you should get in contact using the details in the purple box below to see if this is available to you.

Who is eligible?

In order to qualify for Pension Credit you must:

- Be at State Pension age – if you're in a couple, you and your partner must have both reached State Pension age.
- Live in England, Scotland or Wales.
- Be on a low income.

You may also be eligible if:

- You have a severe disability.
- You're a carer.
- You have to pay housing costs, such as a mortgage.

Pension Credit can be complex, but it can also be worth thousands. It can also qualify you for other support, such as a free TV licence. It only takes a few minutes to check if you're eligible, using the details below.

Where can I find out more?

You can find out more about Pension Credit and how to apply by visiting **www.gov.uk/pension-credit**. You can also get more information through services such as MoneyHelper – see the back page for details.

To apply for Pension Credit:

Visit **www.gov.uk/pension-credit/how-to-claim**

Call **0800 99 1234**

Available Monday to Friday
8:00am to 8:00pm

Staying safe online

We've grown increasingly used to living our lives online, but are we doing all we can to protect ourselves from fraud?

UK Finance reports that impersonation fraud scams – where criminals pretend to be a legitimate company asking for personal information from you – on Instagram increased by 155% in the year to March 2022.

Examples of impersonation fraud include text messages pretending to be from Royal Mail or the NHS, which ask you to click on a link to pay for extra postage or to buy Covid testing kits. Don't be tempted to click and fill in your bank details.

Some links can install malware onto your device that can steal your passwords, giving criminals access to all areas of your life, including online banking.

Online safety tips

- 1** Don't click on links in text messages or emails – check the URLs online to see if they're genuine.
- 2** Contact companies directly using a known email or phone number.
- 3** Forward suspicious emails to **report@phishing.gov.uk**
- 4** Forward suspicious texts to your mobile network provider.
- 5** Never give remote access to your computer following an unsolicited call or text.

If you think you have been a victim of fraud, call your bank immediately and file a report with Action Fraud at **www.actionfraud.police.uk**



The financials

Membership of UMSS

31 July 2021

8,669 members

31 July 2020

8,826 members

2,513	Active
3,597	Deferred
2,559	Pensioner

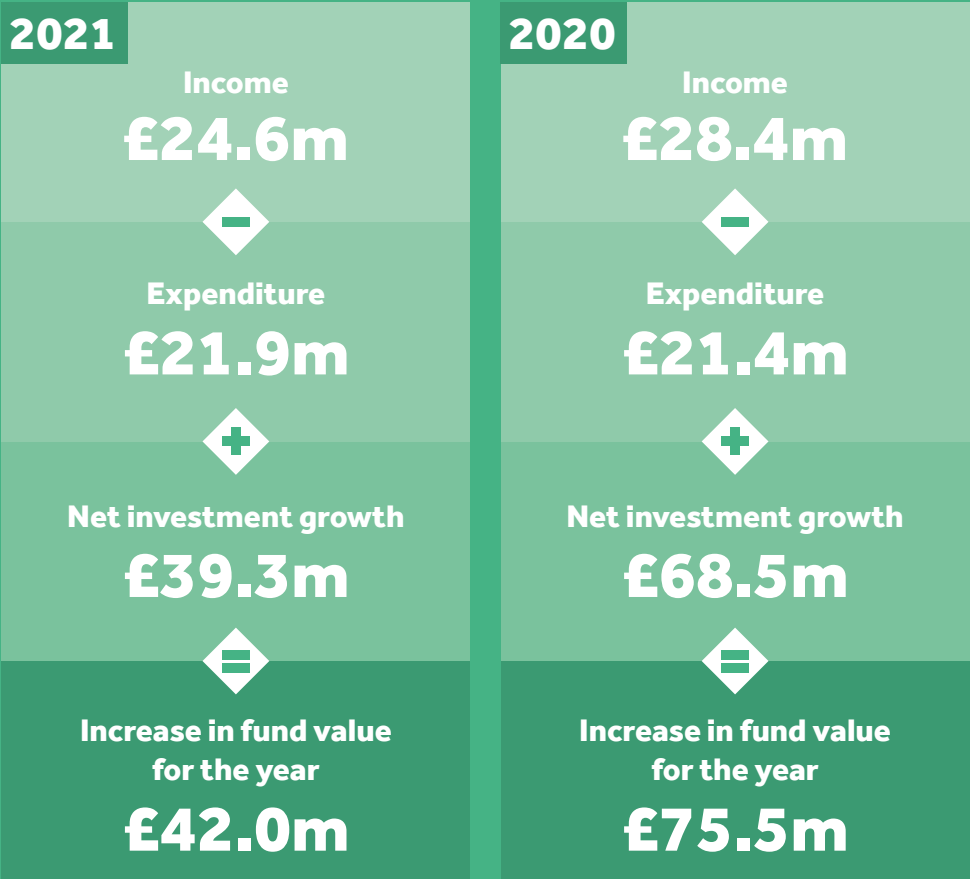
3,008	Active
3,416	Deferred
2,402	Pensioner

Value of the Fund

2021	£807.1m
2020	£765.1m
2019	£689.6m
2018	£609.0m
2017	£553.5m
2016	£500.7m

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

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

Investment update

The aim of the Trustee’s investment strategy is to ensure UMSS is well funded so there is enough money to pay your benefits. The Trustee appoints investment managers to look after 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 2021.

	Returns (% a year)		
	1 year	3 years	5 years
Total assets	1.7	8.2	9.6

Jargon buster

Assets

Money within the Scheme, built by contributions and 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 funding level.





Sustainable investing – greener pensions

In the last issue of Pensions News we provided an update on sustainable investment and why it matters. Since then, the Trustee has been considering this further and has developed a Responsible Investment policy. An important part of this is our response to climate change. The Trustee is now taking steps to calculate its carbon footprint so that progress towards achieving net zero can be seen.

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 will report further on this in future editions of Pensions News.

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 2019 and the results are shown below. The next full actuarial valuation was as at 31 July 2022 and the results from this will be made available in summer 2023.

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 2021 are shown below, alongside the last full actuarial valuation as at 31 July 2019 and the assessment as at 31 July 2020 for comparison.



Funding update – ongoing basis

The table below shows the results of the last full actuarial valuation and the most recent financial assessment. UMSS's funding level has improved since the last full actuarial valuation as at 31 July 2019.

	31 July 2021	31 July 2020	31 July 2019
Assets	£810.0m	£765.0m	£689.6m
Liabilities	£919.0m	£922.7m	£823.0m
Shortfall	£109.0m	£157.7m	£133.4m
Funding level	88%	83%	84%

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 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 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, 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 the previous page).

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 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-based 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 members earn benefits.
- Change the way that a pension scheme values members' 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 UMSS 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.

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.

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 (if you've got married or divorced, or had children), you should also consider if your Nomination Form needs updating for your new circumstances. 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**

Financial guidance at your fingertips

If you're struggling to get on top of debt and want to feel like you're back in control of your finances, or if you just want some help cutting through the jargon, get in touch with MoneyHelper.

MoneyHelper offers free and impartial government-backed guidance about money and pensions. You can talk to trained staff who can help you work out what's best for you or point you in the direction of someone who can.

How MoneyHelper can help

Find out more about your options and get advice about:

- Clearing your debt.
- Reducing your spending.
- Making the most of your income.
- Checking your entitlement to benefits.
- Getting help for family care.
- Building up savings, including your pension.

Get in touch with MoneyHelper:

Visit www.moneyhelper.org.uk

Call **0800 011 3797**

Available Monday to Friday
8:00am to 8:00pm

Contact the Pensions Team



umss@manchester.ac.uk



Visit us in person –
our drop-in hours are
10:00am to 3:30pm
on Tuesdays and Wednesdays



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