



# Pensions News 2024

Keeping you in touch  
with your pension

umss

# Chair's welcome



Welcome to the 2024 edition of Pensions News, brought to you by the University of Manchester Superannuation Scheme (UMSS). This newsletter keeps you informed about your UMSS pension and provides helpful information for planning your retirement.

In this edition, there are some important updates and announcements to share with you. Firstly, I'd like to introduce myself as the new Chair of the Trustee Board following the retirement of Jon Ferns.

Originally I started my pensions career as a lawyer, supporting both Trustees and employers on a wide range of pension schemes. In more recent years I now focus solely on professional trustee services so my full-time job is acting as a Trustee. Aside from this Scheme, I also act as Chair for three other University schemes, and

also have a number of other roles on large schemes which gives me a strong base to keep up to date with developments in the sector. Not only is education a focus of mine; it's my passion, and I look forward to working with the rest of the Trustees, University, advisers and members to shape the Scheme in the years to come. Aside from my appointment, there have been a number of other changes to the Trustee Board this year which are detailed within this newsletter.



I'm also pleased to announce that Barnett Waddingham LLP has become the new pensioner payroll provider for UMSS. This change aims to improve the payroll service for pensioner members, ensuring a smoother and more efficient process. If you're affected by this change, you should have received a letter with further information. This includes new contact details and registration details for Clarity, an online member portal. If you haven't logged on yet, I would strongly encourage you to do so.

There's also a section about what happens to your retirement savings after you die. This highlights the importance of planning and considering the type of pension you have, how old you are when you die, and whether you have nominated beneficiaries.

We also provide updates on the Scheme's funding position, investment strategy, and sustainable investment initiatives.

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**.



**Mandy Kaur-Sadler**

Chair of the Trustee Board – UMSS

# Your new pensioner payroll provider

From 1 August 2024, Barnett Waddingham LLP (BW) became the new pensioner payroll provider for UMSS. The first payroll administered by them was paid on 29 August 2024.

If you are a pensioner, you will have received a letter at your home address about this change in August. You should also have received a letter from BW with registration details for Clarity, the online member portal managed by BW. This will allow you to view your monthly payslips, tax code changes and your P60 in due course. If you have any payroll or tax queries in the future, please contact BW in the first instance. If you've not yet received any correspondence about Clarity, please get in touch with BW using the contact details at [www.umss.co.uk/about-the-scheme/contact-us/](http://www.umss.co.uk/about-the-scheme/contact-us/)

We acknowledge that some pensioner members experienced a change in tax code as part of the change of payroll provider, causing them to pay more tax than expected in September 2024.

We apologise for any inconvenience caused by this but we have to follow the tax codes provided to us by HM Revenue and Customs (HMRC). BW have continued to liaise with HMRC, and we understand that these issues have now been resolved, or will be resolved in the coming months. If you have any questions regarding your tax code, please contact BW or HMRC directly.

## Why we changed payroll providers

The UMSS Trustee wanted to improve the payroll service provided to its pensioner members. While you probably hadn't heard of them before their appointment, BW are a leading independent pensions consultancy firm which has been running pensioner payrolls for over 25 years. They currently process the payroll for almost 300 pension schemes, including other university schemes, and have received several accreditations and awards in recent years.

The University team will continue to assist with general benefit enquiries and manage all other aspects of the Scheme. If you want to let us know about an address or bank detail change, get in touch with the Pensions Team in the first instance using the contact details on the [back page](#).

# Factors used in benefit calculations

A factor is a number that we use in our calculations to work out your benefits in the Scheme. They are provided to us by the Scheme actuary.

Factors play an important role in deciding how your benefits are calculated. They influence various aspects such as the amount of cash you can take at retirement, the value of benefits on transferring out of the Scheme and how much your pension will be reduced by if you retire early. These factors don't stay the same, they can go up or down based on investment markets.

## Why factors matter

The main purpose of factors is to ensure that the value of your benefits to the Scheme overall remains fair, regardless of market conditions. They're designed to reflect the current economic situation, ensuring that the Scheme remains appropriately funded and that members receive appropriate benefits.

## Scheme funding

You should know that the funding of UMSS isn't directly impacted by changes in factors. These adjustments are made to maintain the Scheme's integrity and fairness, without affecting its overall financial health.

We'll continue to update you with any further developments. If you have any questions or need more information, please get in touch with the Pensions Team using the details on the **back page**.



# What happens to retirement savings after you die?

Planning for retirement is more than just saving for the golden years and thinking about how you might fill your newfound time. It also involves considering what happens to your home, money and belongings when you die.

Your pension can be a valuable asset to leave behind for your loved ones, providing them with financial security even when you're no longer around. However, what happens to it depends on various factors such as the type of pension you have, how old you are when you die, and whether you've nominated beneficiaries/completed an Expression of Wish form.

Within UMSS, the benefits your loved ones receive will depend on your circumstances when you die, as well as which section of the Scheme you're in.

Broadly speaking, the following benefits will be paid:

- A spouse's pension will be paid to a spouse or registered civil partner.
- A child's pension will be paid, subject to eligibility requirements.
- A lump sum payment may be made.

Instead of a spouse's pension, a 'dependants' pension may be paid, at the Trustee's discretion. It's important to complete a 'Registration of Potential Dependant form' if you think this applies to you.

To find a form, visit [www.umss.co.uk/about-the-scheme/documents-and-forms](http://www.umss.co.uk/about-the-scheme/documents-and-forms), and then select 'Forms'.



## If you die while you're working for UMSS

The following benefits are available if you die while you are contributing to UMSS:

- 3x salary paid as a lump sum
- A pension for your spouse, registered civil partner or financial dependant, and any eligible children (under age 16 or under age 23 and in full time education).

If there is no pension payable, a refund of your contributions, plus interest, will be made to your estate.

You can download a 'Death in service lump sum nomination form' at [www.umss.co.uk/about-the-scheme/documents-and-forms](http://www.umss.co.uk/about-the-scheme/documents-and-forms)

## Getting support

Navigating the complexities of this can be daunting, which is why it is recommended that you ensure you know what will happen should the worst occur.

You can get support from the Pensions Office or the MoneyHelper website, at [www.moneyhelper.org.uk/en/pensions-and-retirement/pension-problems/pensions-after-death](http://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-problems/pensions-after-death)

You may also wish to seek independent financial advice from a professional. They can help you understand your options in more detail.

To find a registered financial adviser, visit [www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register)



# Get to know your Trustees

UMSS is managed by the Trustee Board, which is currently made up of nine directors: five are nominated by the University and four are nominated by members of UMSS.

In the past 12 months, Jon Ferns has retired as Chair of the Trustee Board and, following a thorough process made up of both University and Trustee representatives, Mandy Kaur-Sadler was appointed. Mandy works for a professional pension trustee firm called Vidett, which has been appointed to the Scheme, but in practice Mandy will act as its lead representative. Vidett is a large firm with 70 Trustee Directors in all and acts as a Trustee on over 450 schemes.

Aside from Mandy's appointment, there have been a number of other changes on the Board in the past 12 months. Seamus Byers was appointed as a new Member Nominated Director and takes over from Tom Raworth, and David Griffiths was appointed and takes on the previously vacant role of Pensioner Nominated Director.

Lastly, Jane Shelton has retired in the past 12 months, having been a Trustee since 2003, and is replaced on the Trustee Board by Gemma Lyons.

Visit [www.umss.co.uk/about-the-scheme/your-trustee-board](http://www.umss.co.uk/about-the-scheme/your-trustee-board), where you can learn more about who helps to run the Scheme.



# Understanding your pension statement

If you're an active member of UMSS, you will receive a benefit statement every year.

Defined benefit pension schemes (like UMSS) promise a certain level of pension from a specified age. Your scheme invests its assets for you, meaning that it bears the risk, and your pension doesn't go up or down if investment returns change.

How much you get when you retire will usually depend on your salary during or at the end of your employment and the number of years you have worked there.

## What you can find on your statement

- How long you have worked at UMSS.
- The rate at which your benefits built up.
- How much you're paying in Additional Voluntary Contributions.
- How much your loved ones would get if you died while still making contributions.



## Use your pension statement for retirement planning

You can use your pension statement to assess whether you're on track to receive the amount of income you need at retirement.

Using the modeller on the website is an interactive way of getting to know your benefits in UMSS. You can see the impact of taking different amounts of cash at retirement, or how your pension might be affected if you decide to retire early.

Visit [www.umss.co.uk/paying-in/check-you-re-on-track](http://www.umss.co.uk/paying-in/check-you-re-on-track) and use the information from page 4 of your pension statement to check you're on track.

# What kind of retirement do you want?

Research by the Pensions and Lifetime Savings Association (PLSA) shows that over three-quarters of savers have no idea how much income they'll need when they retire. That's why they've developed a set of Retirement Living Standards. You can read more about them and what each one includes at [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

Whether your retirement means more holidays, time with your family or relaxing with a good book, it's worth checking how much you might need to fund your desired lifestyle.

## Minimum

Covers all your needs, with some left over for fun.

**Included:** eating out once a month, a holiday in the UK and affordable leisure activities about twice a week.

**Not included:** housing, social care and tax on pension income.

**How much you might need:**

£14,400 a year for one person

£22,400 a year for a couple

You might have also noticed that this minimum amount is more than the New State Pension for the 2024/25 tax year (£11,502.40 a year).

## Moderate

Gives you more financial security and flexibility.

**Included:** a holiday abroad, eating out a couple of times a month, owning a car and DIY maintenance.

**Not included:** housing, social care and tax on pension income.

**How much you might need:**

£31,300 a year for one person

£43,100 a year for a couple

## Comfortable

Gives you more financial freedom and some luxuries.

**Included:** holidays abroad, along with UK mini-breaks, generous spending on birthday gifts for others.

**Not included:** housing, social care and tax on pension income.

**How much you might need:**

£43,100 a year for one person

£59,000 a year for a couple

# Scheme numbers

## Value of the Fund

2023

**£440.1m**

2022

**£646.6m**

2021

**£807.1m**

2020

**£763.9m**

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 – it is not necessarily to grow the size of the fund each year. The Trustee appoints investment managers to look after UMSS' investments on a day-to-day basis and the Trustee reviews the Scheme's investments at least quarterly, including its investment portfolio and returns.

The year to 31 July 2024 was characterised by rising interest rates, which was exacerbated by the 'mini-budget' held in September 2022.

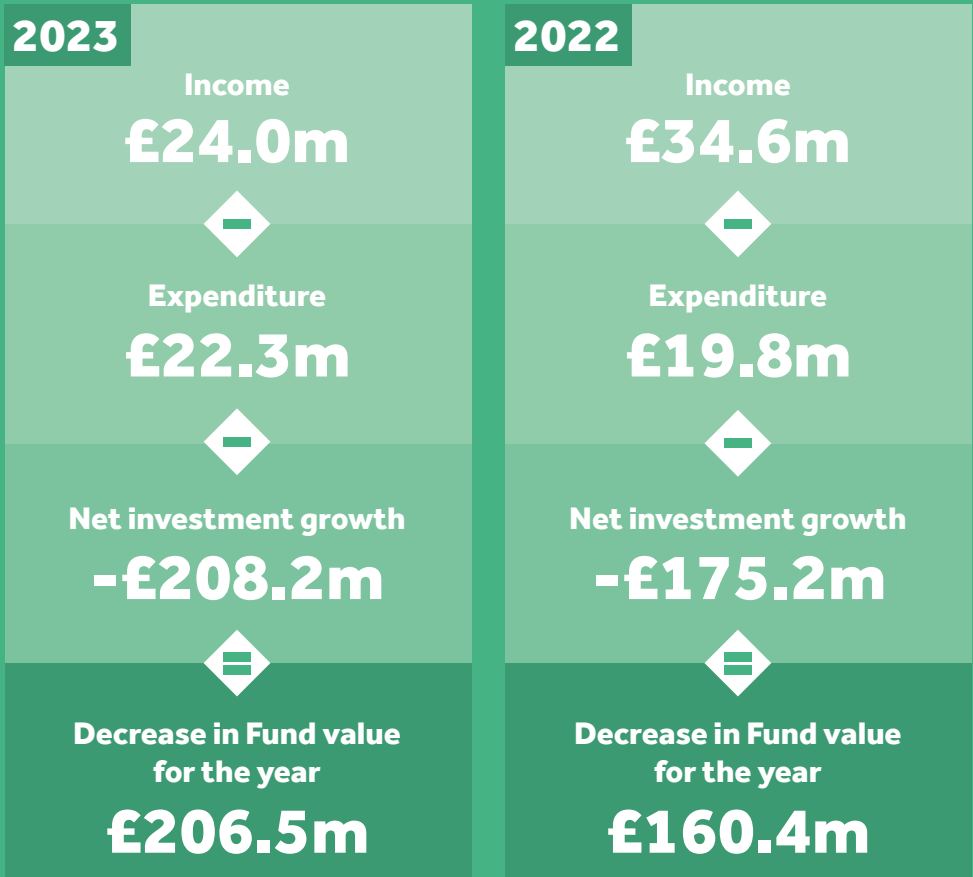
The rise in interest rates has the effect of reducing the value placed on the Scheme's liabilities. A large portion of the Scheme's investment portfolio is designed to move in a similar way to the value placed on the liabilities i.e. when the value of the liabilities falls, so does the assets.

Therefore, despite the fact that the Scheme has considerably decreased in size in the last two years, the important point to note is that the value placed on the liabilities has also significantly fallen.

Overall, the Scheme's funding level has been maintained over this period, and can be seen on **page 14**.

# Income and expenditure summary

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



See the previous page for more information on the change in Fund value and page 14 for the overall Fund value figures.

If you'd 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 using the contact details on the [back page](#).

# Membership of UMSS

31 July 2023

**8,508** members

**2,058** Active

**3,725** Deferred

**2,725** Pensioner

31 July 2022

**8,685** members

**2,256** Active

**3,778** Deferred

**2,651** Pensioner

# Sustainable investment

In the 2023 issue of Pensions News, we confirmed that the Trustee is calculating its Carbon Footprint to achieve net zero. The annual Carbon Footprinting reports have shown how the Scheme's Carbon Footprint is considerably lower than equivalent benchmarks. This analysis has also helped the Trustee when appointing new investment managers for the Scheme. During the year, the Trustee has invested in two bond funds with greater sustainable investment focuses, and lower Carbon Footprints. The Trustee is also working with its investment managers and its consultant to improve reporting consistency for better visibility and measurement of progress.

## Why sustainable investments matter

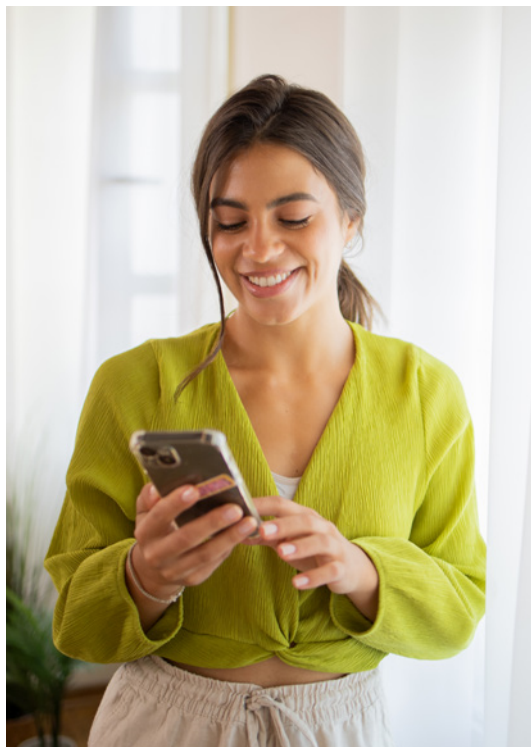
- 1. Alignment with values** – many investors want their money to reflect their values and beliefs. Responsible investing allows individuals to support causes they care about while still seeking financial returns.
- 2. Risk management** – companies that prioritise environmental, social and governance (ESG) factors are often better equipped to manage risks such as regulatory fines, lawsuits, and reputational damage. By considering these factors, investors can potentially reduce their exposure to these risks.
- 3. Long-term sustainability** – companies that operate sustainably are more likely to thrive in the long term. By investing in these companies, investors can contribute to a more stable and resilient economy.
- 4. Regulatory trends** – governments and regulatory bodies understand the importance of ESG factors in investment decisions. By incorporating responsible investing practices, investors can stay ahead of regulatory changes and potential legal risks.

# 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 years between each full actuarial valuation, the Scheme actuary carries out an approximate financial assessment of the Scheme's funding level to provide a summary funding statement. The results of the assessment as at 31 July 2024 are also shown below, alongside the last full actuarial valuation as at 31 July 2022 and the assessment as at 31 July 2023 for comparison.

UMSS funding level is broadly similar to the last two assessments. Having carefully considered the situation and consulted with its professional advisers, the Trustee is comfortable that the investment strategy and agreed contributions from the University remain suitable but will continue to keep these under close review.



	31 July 2024	31 July 2023	31 July 2022
Assets	£454.7m	£439.7m	£689.6m
Liabilities	£542.4m	£531.8m	£823.0m
Shortfall	£87.7m	£92.1m	£133.4m
<b>Funding level</b>	<b>84%</b>	<b>83%</b>	<b>84%</b>

## Funding level on a 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% (2019: 57%). This means that the additional amount needed to secure members' benefits would have been £370.4 million (2019: £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 **page 14**).

The government set up the Pension Protection Fund (PPF) to help pension scheme members if a scheme winds up because a company 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](http://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.**



# 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**



Visit us in person: our drop-in hours are listed under the telephone number opposite.



**0161 275 2043**

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



**The Pensions Office  
Room G.029  
John Owens Building  
The University of Manchester  
Oxford Road  
Manchester M13 9PL**

You might want to let us know that you've moved house, that you're thinking of leaving the Scheme 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 above. **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 we might not be able to pay you your pension if the address on our records doesn't match your home address.

Whether it's a new phone number, email address, or you've moved house, please get in touch with the Pensions Team using the contact details above and let us know.