

**University of Bristol Pension and Assurance Scheme (“UBPAS”)****Newsletter to members - 2024**

Welcome to the annual newsletter from the UBPAS Trustee. It contains a summary of what has been happening with the pension scheme over the past year, information about the Trustee, and other updates. It also contains details of a seminar in May, giving you an opportunity to hear more from us about the Scheme – see the following page for details.

The funding level of the Scheme continues to be closely monitored, the results of which are summarised in the Summary Funding Statement accompanying this newsletter.

I hope that you find this newsletter interesting and useful. **Colin Richardson - Trustee Chair**

**The UBPAS Trustee board and advisers**

The UBPAS is governed by an independent Corporate Sole Trustee, Zedra Governance Limited, with Colin Richardson appointed as the lead Trustee Director, supported by a dedicated team of experienced professionals including Louisa Harrold and Matt Riley. Further information can be found on our website at [www.zedra.com](http://www.zedra.com). In addition, a Governance Board (similar to the one operated by the UBPPP scheme) facilitates continued member engagement in the running of the scheme.

The Trustee take advice from specialist advisers. Osborne Clarke provide legal advice, WTW are the Scheme’s Actuary and provide covenant advice, Mercer manage and advise on the Scheme’s investments and Barnett Waddingham are administrators to the Scheme.

**UBPAS investment update**

The Scheme’s funding level improved to a small extent during 2023. This has been driven by contributions received from the University and positive returns from the Scheme’s exposure to growth assets, as well as a modest positive impact from other factors, such as a lower value being placed on the Scheme’s liabilities. The Trustee reviewed the Scheme’s investment strategy over the year, however decided to maintain the current strategy at this point in time.

As a reminder, since July 2018, the Scheme’s investments have been managed by Mercer according to a de-risking strategy set by the Trustee. The strategy seeks to ensure that the Scheme is well diversified and can capture investment opportunities as they arise. In particular, the objective of this strategy is to reduce risk when affordable to do so. Since the strategy was implemented in 2018, the Scheme has de-risked on a number of occasions, which has helped to protect the Scheme from the market volatility experienced over recent years.

In implementing the agreed investment strategy, Mercer consider a range of Environmental, Social and Governance considerations. Further details are set out at the following link: [https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Mercer ISE Sustainability Policy.pdf](https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Mercer%20ISE%20Sustainability%20Policy.pdf)

In terms of market background, 2022 was a particularly volatile year in which almost all major types of assets reduced in value. In the especially volatile government bond markets of late 2022, the fall in the scheme’s asset value (which was typical of many schemes at that time) broadly matched the fall in the assessed scheme liabilities. This meant that the overall funding position of the Scheme was largely protected during a particularly volatile time for bond markets.

2023 saw positive returns in almost all asset classes, with economic growth globally slightly exceeding expectations. There was a notable strong performance in equity markets in the final months of 2023 in particular, with the Scheme benefitting from this within the scheme’s growth assets holdings.

**31 July 2021 Actuarial Valuation and latest funding update**

Legislation requires that every three years the trustees of pension schemes must commission an Actuarial Valuation to assess the value of the benefits promised to be paid out of the scheme in the future and compare this to the value of the assets held.

The most recent Actuarial Valuation was completed as at 31 July 2021, which showed an £84m deficit and a funding level of 83%. An interim update carried out as at 31 July 2023 showed a reduction in the deficit of around £18m relative to 31 July 2021, although this also corresponded to a slight decrease of the funding level to 79% (from 83% at 31 July 2021). Further information on this update can be found in the accompanying Summary Funding Statement.

Following completion of the 2021 Actuarial Valuation, a ‘recovery plan’, involving additional contributions from the University to address the deficit, has been agreed with the University. The University have continued to pay the contributions agreed under this recovery plan, and in July 2023 made a pre-payment in respect of payments due over the year to 31 July 2024.

### Member seminar

Following the positive feedback received for last year's member webinar, we are inviting all scheme members to join us for an in-person seminar on Tuesday 14 May 2024. This will be held at 1pm for approximately one hour at the Wills Building (room 3.31). The full address is: Wills Memorial Building, Queens Road, Clifton, Bristol, BS8 1QE.

This is a chance for scheme members to hear directly from the Trustee about the Scheme. There is no need to pre-register in advance, and we welcome all to attend, whether or not you are still employed by the University, or already drawing your pension.

For those who are unable to attend in person, we will aim to make a recording available after the event.

The recording of last year's webinar held in February 2023 can be found here <https://ubpas.co.uk/ubpas-documents.html>.

### UBPAS key statistics and finances

	Year to July 2023 (£m)	Year to July 2022 (£m)
<b>Contributions:</b>		
Member contributions	0.0	0.0
University contributions	10.2	11.5
Total contributions	10.2	11.5
<b>Expenditure:</b>		
Benefits paid	12.3	11.6
Payments to leavers	0.0	0.0
Expenses (e.g. insurance and fees)	0.7	0.8
Total expenditure	13.0	12.4
<b>Assets at year end</b>		
Invested assets	230.9	321.0
Net current assets	11.2	13.8
Total assets	242.1	334.8
<b>Membership</b>		
	July 2023	July 2022
Deferred members	2,417	2,518
Pensioners and dependants	1,972	1,923
Total members	4,389	4,441

### Inflation and pension increases

High inflation has put pressure on individuals' finances. Pension increases in the scheme are linked to inflation, both before members start receiving their pension, and in payment.

For pensions in payment, the last two year's increases were as follows:

April 2023: 10.1%

April 2024: 6.7%

### Member options and scheme factors

Members who have not yet retired are able to make choices as to what benefits they receive. For example, members can retire early or late, choose to receive a lower pension in return for a cash lump sum on retirement (in addition to the standard cash lump sum already paid on retirement), or choose to transfer their pension to another arrangement entirely.

Over the last year, the Trustee has recently reviewed the factors used for converting benefits under these different options, after taking advice from the Scheme Actuary, to ensure that they remain appropriate and fair.

### Pensions Scams and cyber security

As you will be aware, cyber crime is on the rise. Anyone can be targeted, and pension schemes and pension scheme members remain a target. As Trustee, we monitor and review our controls against such threats, as well as latest guidance. We also encourage all members to take steps against cyber attacks and scams. We recommend that you do not engage any pension adviser who contacts you by telephone out of the blue. Never be rushed into making a decision and be very wary of anyone offering a free pensions review.

### Member self-service portal

You can register online to view your scheme details, including your pension entitlement.

This online portal is provided by the Scheme administrators Barnett Waddingham and is accessed via the following link: <https://logon.bwebstream.com>. If you need assistance with the online portal, please contact Barnett Waddingham using the contact details at the bottom of this page.

Further information about UBPAS can be found online:

- The administrators website (Barnett Waddingham): <https://ubpas.co.uk>
- Self-service portal: <https://logon.bwebstream.com>
- The University website: <https://www.bristol.ac.uk/directory/finance/financial-schemes-staff/pensions/ubpas/>

If you have any queries please contact University of Bristol Pension and Assurance Scheme, Pension Administration, Barnett Waddingham LLP, Hartwell House, Victoria Street, Bristol, BS1 6AD; email [BristolUni@Barnett-Waddingham.co.uk](mailto:BristolUni@Barnett-Waddingham.co.uk); or telephone 0333 11 11 222. This is a local rate number and you will be charged your provider's standard landline rate.



## **The University of Bristol Pension & Assurance Scheme (“the Scheme”) Summary Funding Statement for the period ending 31 July 2023**

As a person entitled to benefits from the Scheme, the Trustee provides you with a report of the Scheme’s funding position every year. The University pays contributions into the Scheme. All the monies are held in a fund independent of the University and managed by the Trustee. The fund is used to pay the benefits due directly to members.

### **Actuarial valuation as at 31 July 2021**

The Trustee obtains regular formal valuations to estimate how much it will cost to provide all current and future pension benefits and, using this information, agrees with the University the rate of future contributions required for the Scheme to provide these benefits.

The most recent formal valuation was carried out as at 31 July 2021, with the results shown below.

	<b>Valuation £m</b>
Scheme assets	419.4
Amount needed to provide benefits	503.1
Shortfall	83.7
Funding level	83%

As required by law, the Scheme Actuary also made an estimate of the amount the University would need to pay to secure all members’ benefits with an insurance company in the event that the Trustee were to decide that the Scheme should be wound up (this measure is sometimes referred to as “full solvency” – see below). The shortfall in funding under this “full solvency” measure at the latest valuation date was approximately £248m.

### **Contributions agreed following the 31 July 2021 valuation**

As part of the 2021 valuation, the Trustee and the University agreed the contributions to be paid to the Scheme.

From 1 August 2022 the University will pay £800,000 a year for the payment of ongoing administrative expenses. The University is also responsible for meeting the cost of levies that must be paid to the Pension Protection Fund – there is more information on this later in this document.

The University also makes further contributions to remove the deficit. The University had already prepaid £7.16m of deficit contributions in respect of the year from 1 August 2021 to 31 July 2022 and agreed to make a further payment of £1.55m by 31 July 2022. The University agreed to make further payments of £8.97m a year, increasing annually by 3%, from 1 August 2022 until 31 July 2031.

The Trustee has also agreed a framework with the University to provide additional protection in the unlikely situation that there is a significant reduction in the strength of the University covenant supporting the Scheme. This framework could lead to additional contributions being paid by the University.



## Actuarial reports

In between formal actuarial valuations, the Trustee obtains reports by the Scheme Actuary that estimate how the funding position has changed since the previous valuation. The Trustee obtained annual updates as at 31 July 2022 and 31 July 2023. The actuarial methods and assumptions used were consistent with the Statement of Funding Principles that was agreed in conjunction with the formal valuation report as at 31 July 2021.

### Actuarial report at 31 July 2022

	Valuation £m
Scheme assets	334.8
Amount needed to provide benefits	407.0
Shortfall	72.2
Funding level	82%

Over the year to 31 July 2022 the estimated shortfall decreased from £83.7 million to £72.2 million. This change was mainly due to the University paying deficit contributions to the Scheme over the year of £10.52m, including a pre-payment of £8.97m. There was a large reduction in the amount needed to provide benefits due to an increase in expected future investment returns from the Scheme's assets, although this was broadly offset by a reduction in the Scheme's assets over the year as a result of the Scheme's investment hedging strategy, which is designed to protect the Scheme from changes in market conditions.

As a result of the prepayment over the year, no further deficit contributions were due from the University before 31 July 2023.

### Actuarial report at 31 July 2023

	Valuation £m
Scheme assets	242.1
Amount needed to provide benefits	308.2
Shortfall	66.1
Funding level	79%

Over the year to 31 July 2023 the estimated shortfall decreased from £72.2 million to £66.1 million, although the percentage funding level reduced slightly to 79%. The Scheme's experience was similar to that seen over the year to 31 July 2022.

The change in shortfall was mainly due to the University paying deficit contributions to the Scheme over the year of £9.24m, which was a prepayment in respect of the contributions due over the year to 31 July 2024. There was a further large reduction in the amount needed to provide benefits due to an increase in expected future investment returns from the Scheme's assets, although this was again offset by a reduction in the Scheme's assets over the year as a result of the Scheme's investment hedging strategy which deliberately matches the government bond market. Therefore, both assets and liabilities reduced considerably which was similar to most UK pension schemes.



As a result of the prepayment over the year, no further deficit contributions are due from the University before 31 July 2024.

### **Why does our funding plan not call for ‘full solvency’ at all times?**

‘Full solvency’ would mean that the Scheme had sufficient funds to secure all future benefits by buying insurance policies. Insurance companies are obliged to take a very cautious view of the future, as well as including profit margins, and the cost of securing pensions in this way is high. By contrast, The Trustee’s funding plan takes into account that the University continues to support the Scheme, and it is therefore not appropriate to fund for ‘full solvency’.

### **The importance of the University’s support**

The Trustee’s main objective is to ensure the Scheme has enough money to pay pensions now and in the future, so that even though the funding level may be below the target, benefits will continue to be paid in full. This does depend on the continuing support of the University in paying in the money required to eliminate any funding shortfall.

Were the Scheme to be wound up at some point in the future, the Trustee would ask the University to pay sufficient funds for the Scheme to achieve full solvency. This would be with the aim of securing members’ benefits in full with an insurance company.

### **The Pension Protection Fund**

The introduction by the Government of the Pension Protection Fund (“PPF”) has greatly improved the security of benefits for members of all the UK’s occupational pension schemes, including the University of Bristol Pension and Assurance Scheme.

It means that members’ benefits, to a degree, are guaranteed by the Government via the PPF (approximately 100% of benefits for those over 65 and 90% of benefits for those who have not yet retired or who retired early and have not reached 65). Further information and guidance is available from the Scheme or from the PPF’s website at [www.ppf.co.uk](http://www.ppf.co.uk). You can also write to the Pension Protection Fund at PO Box 254, Wyomondham, NR18 8DN if you have any queries. The PPF arrangements mean that in the unlikely event that the University is unable to meet its commitments to the Scheme, and members do not receive their full amount of pension, members may qualify for compensation from the PPF.

However, it should be emphasised that the Trustee has every confidence in the full commitment of the University to the Scheme as demonstrated by the sizeable contributions it has made in the past and has agreed to make in the future.

### **Regulator’s powers**

The Pensions Regulator has not exercised its powers to modify the Scheme, give directions in relation to scheme funding or impose a schedule of contributions.

### **Payments to the University**

The Trustee is required by legislation to inform you of any payments made from the Scheme to the University since the date of the last Summary Funding Statement. The Trustee can confirm that no payments have been made.



### **Where can I get more information?**

Further information about UBPAS can be found online at:

<https://www.bristol.ac.uk/directory/finance/financial-schemes-staff/pensions/ubpas/>

If you have any questions, or would like any more information, please contact the Scheme's administrators at:

University of Bristol Pension and Assurance Scheme  
Pension Administration  
Barnett Waddingham LLP  
Hartwell House  
Victoria Street  
Bristol  
BS1 6AD

Tel: 0333 11 11 222

Email: [BristolUni@Barnett-Waddingham.co.uk](mailto:BristolUni@Barnett-Waddingham.co.uk)

**Please remember to let the Scheme's administrators know if you change your address.**

A list of more detailed documents, which provide further information, can be obtained from the Scheme's administrators.

Additional documents available on request:

- Statement of Funding Principles. This sets out the Trustee's policy for ensuring that the Scheme is properly funded.
- Statement of Investment Principles. This explains how the Trustee invest the funds of the Scheme.
- Schedule of Contributions. This shows how much money is due to be paid into the Scheme.
- Recovery Plan. This explains the steps being taken to eliminate the funding shortfall.
- Annual Report & Accounts of the University of Bristol Pension & Assurance Scheme, which shows the Scheme's income and expenditure over each year.
- The full report on the Actuarial Valuation following the actuary's review of the Scheme's situation as at 31 July 2021.
- Benefit Statement. You should have received a statement of your benefits at your date of leaving – if you have lost this you can request a replacement statement.