Actuarial Valuation as at 31 July 2023
University of York Pension Fund

K Hulme-Vickerstaff

Kate Hulme-Vickerstaff FIA
Scheme Actuary

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First Actuarial LLP, Mayesbrook House, Lawnswood Business Park, LS16 6QY
T: 0113 818 7300 E: kate.vickerstaff@firstactuarial.co.uk W: www.firstactuarial.co.uk

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This report has been prepared by the Scheme Actuary and is addressed to the Trustee Directors of the University of York Pension Fund (the "Fund"). It sets out the results of my actuarial valuation as at 31 July 2023.

This report satisfies the requirements of legislation together with the Fund's Trust Deed and Rules, which requires the Trustee Directors to obtain regular reports on the Fund's financial position.

As required by law, a copy of this report must be provided to the University of York (the "University") within 7 days of its receipt by the Trustee Directors.

Readers other than the Trustee Directors of the Fund should note that this report cannot be relied upon as being actuarial advice to third parties and third parties should seek their own independent advice as appropriate.

The SFO valuation

Under the SFO regime, pension schemes are required to hold sufficient assets to meet their technical provisions.

Technical provisions are an estimate, made on prudent actuarial principles, of the assets needed at any particular time, to make provision for the benefits already accrued under the Fund.

The purpose of the SFO valuation is to consider the funding position of the Fund and to establish the level of contributions required to meet the technical provisions.

SFO valuation results

I set out below the results of my SFO valuation as at 31 July 2023, together with the results of the previous SFO valuation as at 31 July 2020.

	31 July 2023 £m	31 July 2020 £m
Assets	**218.6**	**176.0**
Actives	48.2	68.2
Deferreds	42.4	50.7
Pensioners	81.0	80.1
GMP equalisation	1.7	2.0
Technical provisions	**173.3**	**201.0**
Surplus/(Shortfall)	**45.3**	**(25.0)**
Funding level	**126%**	**88%**

Details of all the assumptions used are given in Appendix D.

The Fund had a surplus on the SFO basis of around £45.3m at the valuation date. Therefore, no Recovery Plan contributions are required from the University.

The Statement of Funding Principles agreed between the Trustee Directors and the University sets out the principles and methods used to determine the funding assumptions and objectives for the Fund.

The funding method used is the projected unit method. For this method it is assumed that the Fund continues to operate on an ongoing basis and allowance is made for all decrements, as appropriate.

I have included copies of all the key documents in Appendix E.

In determining the provision required to meet Fund benefits, allowance is made for the following types of future increases:

Membership type	Increases from the valuation date to retirement date or earlier death	Increases after retirement date
Active (in pensionable service)	Career Revalued Benefit ("CRB") section revaluation in service and revaluation of Final Salary section benefits (no longer salary linked)	Annual increases to pensions in payment
Deferred (no longer in pensionable service and not yet drawing their pension)	Revaluation of deferred benefits	Annual increases to pensions in payment
Pensioner (drawing their pension)	Not applicable	Annual increases to pensions in payment

Future service contribution rate

I set out below a breakdown of the contribution rate required to meet the cost of future service benefits under both CRB Tier 1 and CRB Tier 2 on the SFO basis, with an allowance for Fund expenses of 1.0% pa (in line with that previously paid).

Future service contributions	% of pensionable salary	
	CRB Tier 1	CRB Tier 2
Total cost of future retirement benefits	15.2% pa	13.0% pa
Expenses and death in service premiums	1.0% pa	1.0% pa
Less employee contributions	(7.0% pa)	(6.0% pa)
To be met by the University	**9.2% pa**	**8.0% pa**

With effect from 1 April 2022, the benefit structure of the Fund was amended to a career average revalued earnings arrangement.

Benefits accruing after 31 July 2023 have been valued using the pensionable salary at the valuation date, allowing for future revaluation in line with CPI inflation to retirement (or earlier date of leaving) capped at 3% pa, and expressed as a percentage of the total pensionable salary roll to give an annual contribution rate.

This method takes into account the benefits that are expected to accrue over the year following the valuation date and should maintain a stable percentage contribution rate if the age and salary profile of the Fund remains stable.

Allowance for Fund expenses

The above contribution rates include an allowance for Fund expenses, premiums for insured death in service benefits and levies to the Pension Protection Fund. Based on the Fund expenses paid over recent years and the expected expenses to be paid in the future, this 1.0% pa allowance is no longer sufficient to meet the cost of all (non-investment) Fund expenses.

Given the significant surplus in the Fund, the Trustee Directors and the University have agreed to maintain the existing expenses allowance of 1.0% pa and will review this again as part of the 2026 valuation process.

The buy-out solvency valuation

The SFO valuation sets a funding target that is appropriate for a scheme that is not in the process of winding up.

For the buy-out solvency valuation, I have considered what the situation would be if the Fund had commenced winding up at the valuation date. In such a situation, active members would immediately become deferred members in respect of all their benefits.

A buy-out solvency valuation shows the estimated level of Fund assets required to secure all Fund benefits via immediate and deferred annuity contracts with an insurance company.

In valuing the Fund's liabilities, I have estimated the assumptions that an insurance company might adopt in pricing its annuity contracts.

My estimate of the value of the liabilities on these assumptions can therefore only be taken as a guide to the actual cost that might have been quoted by an insurance company at the valuation date. Market changes, both in interest rates and in supply and demand for annuity business, mean that no single estimate of buy-out costs can be relied upon.

Ultimately, the actual position on a buy-out basis can only be established by obtaining a formal buy-out quotation and completing the purchase of annuities.

Buy-out solvency valuation results

I set out below the results of the buy-out solvency valuation, together with the corresponding results from the previous buy-out solvency valuation as at 31 July 2020.

Buy-out solvency valuation	31 July 2023 £m	31 July 2020 £m
Assets	**218.6**	**176.0**
Actives	55.4	143.6
Deferreds	61.3	118.5
Pensioners	96.2	101.4
Wind-up expenses*	1.5	8.0
GMP equalisation	2.1	3.6
Total liabilities	**216.5**	**375.1**
Surplus/(Shortfall)	**2.1**	**(199.1)**
Funding level	**101%**	**47%**

**At the previous valuation an explicit allowance was made for wind-up expenses of the Fund which included the expected insurer costs of administering the annuities and paying benefits into the future. For the current valuation, these expected insurer costs are now included in the value of the actives, deferreds and pensioners liabilities. The remaining wind-up expenses are to give an approximate cost of adviser fees for the associated wind-up work.*

The wind-up expenses figure shown for the buy-out solvency valuation as at 31 July 2023 uses the PPF’s method of calculating the expenses of winding up a pension scheme. The actual cost of winding up a pension scheme depends on factors including the quality of membership data and any uncertainty over the Fund’s benefits.

Benefits accrued in the Final Salary section in excess of GMP are subject to statutory pension increases (nil increasing for benefits accrued before 6 April 1997). However, it is standard Fund practice that any pension in excess of GMP in the Final Salary section increases in line with CPI inflation (at the discretion of the University). In previous valuations no allowance has been made for these discretionary increases on pension in excess of GMP when calculating the expected buy-out liability. However, given the improvement in the funding position of the Fund, and in line with the approach taken when calculating the SFO liability, I have calculated the buy-out liability as at 31 July 2023 assuming that the University will grant these discretionary increases in full going forwards should the Fund be wound up.

Details of all the assumptions used are given in Appendix D.

Significance of the buy-out solvency valuation

At the valuation date, it is likely that the Fund had sufficient assets to buy-out all benefits with an insurance company. Therefore, had the Fund started to wind-up at the valuation date, it may have been possible for full Fund benefits to have been bought with an insurance company and there would not have been any statutory debt on the University.

However, the actual position on a buy-out basis can only be established by obtaining a formal buy-out quotation and completing the purchase of annuities.

Generally speaking, if there is a statutory debt on wind-up and the sponsoring employer is able to pay this statutory debt, full scheme benefits would be bought with an insurance company.

If the sponsoring employer is unable to meet this statutory debt, for example if they were insolvent, then the assets would be insufficient to meet all the pension scheme liabilities on a buy-out solvency basis. Assets would then be allocated to members in accordance with priority orders set out in legislation and possibly the scheme rules.

Comparison with the last buy-out solvency valuation

The funding position of the Fund on the buy-out solvency basis has improved significantly over the inter-valuation period. The main reason for this is a significant rise in bond yields since the last valuation, which has reduced the estimated cost of buying-out the Scheme’s benefits.

Contributions paid towards the shortfall disclosed on the SFO basis at the last valuation and the investment returns achieved on the Fund’s assets, which have been higher than that required to support the discount rates on the buy-out basis, have also improved the funding level on the buy-out basis.

However, the impact of this has been partly offset by a change in our house view buy-out basis, with a reduction in the estimated buy-out discount rates relative to the gilt yield reflecting our view that buy-out premiums were priced less competitively relative to gilts as at 31 July 2023 compared to as at 31 July 2020, and the impact of the change in approach to valuing discretionary pension increases described above.

Projection to the next valuation

Assuming that:

- all SFO assumptions are borne out in practice;
- the same assumptions apply in three years' time; and
- the expected change to the benefit structure and contribution rates (discussed below) go ahead with effect from 1 April 2025, then

I would expect as at 31 July 2026 the Fund to have a funding level of 129% on the SFO basis and 104% on the buy-out basis.

The PPF s179 valuation

The Pension Protection Fund (PPF) has been established to pay compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to buy-out PPF levels of compensation.

The PPF s179 valuation is required by law and is used by the PPF to calculate the PPF risk-based levy.

PPF s179 valuation results

I set out below the results of the PPF s179 valuation.

PPF s179 valuation	31 July 2023 £m
Assets as per accounts	**218.6**
Actives	37.9
Deferreds	40.2
Pensioners	72.6
Wind-up expenses	1.5
Payment expenses	1.7
GMP equalisation	1.5
Total liabilities	**155.4**
Surplus/(Shortfall)	**63.2**
Funding level	**141%**

The value of the PPF liabilities (known as protected liabilities) is determined using guidance (version G10) and assumptions (version A11) prescribed by the PPF.

In accordance with PPF's information note dated January 2021, I have made an approximate adjustment to the protected liabilities to make an allowance for GMP equalisation. I have increased active, deferred and pensioner liabilities by 1.0%.

The allowance for expenses in a PPF valuation is set by the PPF and covers their estimate of the cost of winding-up a pension scheme and the costs incurred in paying pensions and other benefits. The overall expense allowance may therefore be different from my estimate of the cost of winding-up the Fund.

Significance of the PPF s179 valuation

Should a University insolvency event occur, the Fund would enter a PPF assessment period. A more detailed valuation (known as a s143 valuation) would then be carried out based on the actual level of compensation payable by the PPF.

In theory, the PPF would assume responsibility for the Fund if:

- the Fund was less than 100% funded on the more detailed valuation,
- any payment of the debt on the University was insufficient to take the funding level above 100%, and
- all other eligibility conditions for entering the PPF were met.

Based on the results of the s179 valuation it is likely that, had an insolvency event occurred at the valuation date, the PPF would not have assumed responsibility for the Fund.

Valuation development

Change in funding position

It is helpful to consider how the SFO funding position of the Fund has developed since the last valuation. If all the assumptions made for the 31 July 2020 valuation had been borne out in practice, I would have expected the Fund to be 99% funded on the SFO basis at this valuation.

The actual SFO funding level as at 31 July 2023 was 126%. The difference has arisen due to actual experience being different from that anticipated, the impact of the closure of the Final Salary section and introduction of the CRB section and the change in assumptions about future experience. The following table shows the approximate financial effect of these factors.

Factor	£m	Notes
Shortfall as at 31 July 2020	**(25.0)**	
Effect of interest on the surplus	(1.9)	
Normal contributions paid less expenses, with interest	11.3	Contributions have been paid in accordance with the agreed Schedule of Contributions. See Appendix C for more information.
Deficit contributions paid, with interest	9.3	Contributions have been paid in accordance with the agreed Schedule of Contributions. See Appendix C for more information.
Additional return expected in the Recovery Plan	20.4	In the Recovery Plan put in place following the 31 July 2020 valuation, the following return on assets was allowed for: • 15.5% pa over the period 1 August 2020 to 31 March 2021; • 3.5% pa from 1 April 2021 onwards.
Higher investment return than expected	7.0	The average return achieved by the assets, calculated by making allowance for cashflows, was 7.2% pa. This compares with the long-term yields described in the previous row of this table.
Accrual of benefits since 31 July 2020	(17.6)	As expected, the value of benefits accrued after 31 July 2020 has been greater than the value of contributions paid since the last valuation. This is because the actual future service contribution rate paid by the University from 1 April 2022 was based on a discount rate assumption 1.0% pa higher than the discount rate used to value the technical provisions as at 31 July 2020.

Factor	£m	Notes
Salary increases higher than expected	(2.4)	Pensionable salary for active members in service throughout the whole period has increased at an average rate of around 3.9% pa, compared with the rate assumed at the last valuation of 3.0% pa.
Inflation higher than expected	(5.0)	The average rate of inflation linked revaluation in deferment since the last valuation has been 4.5% pa. This compares with the rate assumed at the last valuation of 2.1% pa. The average rate of inflation linked increases in payment since the last valuation have been 2.2% pa (CPI inflation increases capped at 3% pa) and 4.5% pa (uncapped CPI inflation increases). This compares with the rates assumed at the last valuation of 1.95% pa and 2.1% pa respectively.
Member movements (retirements, deaths, transfers etc.)	1.5	The main factor contributing to this positive experience was heavier than expected mortality experience.
Change in benefit structure	4.3	With effect from 1 April 2022, the benefit structure of the Fund was amended, as set out in the Deed of Amendment dated 30 March 2022. Please refer to the Deed of Amendment for full details.
Changes in valuation method and assumptions	41.0	The main factor contributing to the significant reduction in the technical provisions is the increase in the discount rate arising from the change in the gilt yields over the inter-valuation period. This has been partly offset by a change in approach to valuing ill health retirements – see page 12 for further details.
Miscellaneous	2.4	The impact of any changes in the membership data and other less significant factors is included here.
Surplus as at 31 July 2023	**45.3**	

Change in future service contribution rate

I set out below a breakdown of the reasons for the change in the contribution rate required to meet the cost of future service benefits and expenses.

Future service contributions	% of pensionable salary
Total contribution rate at last valuation (including 1% pa for expenses)	37.5% pa
Change in benefit structure	(9.1% pa)
Change in valuation methodology in respect of ill-health benefits (see below)	(3.6% pa)
Change in assumptions	(9.1% pa)
Other less significant factors	0.5% pa
Total contribution rate at this valuation (including 1% pa for expenses)	16.2% pa

Change in valuation method and assumptions

The following table provides further detail on the factors contributing to the change in funding position due to the change in the valuation method and assumptions.

Changes to valuation method and assumptions	
Reduces technical provisions	**Increases technical provisions**
Members are not expected to live for as long	Inflation is expected to be higher in the future
Investment returns are expected to be higher in the future	An increased focus on low-dependency on the University
	Change in valuation methodology in respect of ill-health benefits (see below)

The Fund provides benefits to members in the event of ill health retirement. Members are entitled to an immediate pension based on benefits already built up in the fund and expected future service up to their Normal Retirement Date (subject to maximum pensionable service). At previous valuations, the cost of this benefit has been funded through the future service contributions made by the University. However, for this valuation, the cost has instead been allowed for in the past service liabilities, which has the effect of increasing the technical provisions and reducing the future service contribution rate.

Significant events since the last valuation

Change in Fund benefit structure from 1 April 2022

With effect from 1 April 2022, the benefit structure of the Fund was amended, as set out in the Deed of Amendment dated 30 March 2022. The key changes were to:

- close the Final Salary section of the Fund to future accrual with effect from 31 March 2022, with the link to final salary ceasing;
- introduce a new Career Revalued Benefit (CRB) section for future accrual with effect from 1 April 2022;
- increase the Fund's Normal Retirement Age in respect of the CRB section to align with the current State Pension Age (66), with future increases also expected.

Please refer to the Deed of Amendment dated 30 March 2022 and the draft Deed of Amendment currently being agreed by the respective legal advisers for full details.

Expected change in Fund benefit structure from 1 April 2025

With effect from 1 April 2025, the benefit structure of the Fund is expected to be updated. The new benefit structure for the Fund will be in line with the existing benefit structure, except that:

- Benefits under CRB Tier 1 will be based on an accrual rate of 72^{nds} (rather than 85^{ths}); and
- The cap on revaluation in service and pension increases in payment for CRB section pension will be 5% pa (for all CRB section service from 1 April 2022).

When valuing the Fund's liabilities for the purpose of the valuation as at 31 July 2023, the calculations have been based on the benefit structure that was in place at that time. However, as part of this valuation, we have carried out calculations to determine the contributions required from 1 April 2025 to allow for the benefit structure change. Further details are set out in the Schedule of Contributions.

Risks and uncertainty

I have also considered the sensitivity of the SFO valuation results to using different assumptions and examined the key risks that could impact on the funding and investment strategy for the Fund.

Sensitivity of results to assumptions used

The assumptions represent one estimate of possible future experience. The final cost will be determined by actual experience such as the performance of the investments, the actual rate at which members' benefits increase, and how long the members live for.

Past service liabilities

To help illustrate the sensitivity of the valuation results to the assumptions used, I set out below the approximate change in the technical provisions for various changes in key assumptions. In each case, the value of assets is assumed to not change, and each change is made in isolation.

Change in SFO basis as at 31 July 2023	Increase in technical provisions £m	Technical provisions as at 31 July 2023 £m
None	-	173.3
Discount rate 0.5% pa lower	13.7	187.0
Salary increases 0.5% pa higher	0.3	173.6
Inflation 0.5% pa higher (including inflation linked assumptions, salary increases, revaluation and pension increases in payment)	9.9	183.2
Long term rate of mortality improvements increased from 1.5% pa to 2.0% pa	2.3	175.6

It is also important to understand how sensitive the results are to the actual investment return on assets achieved over the inter-valuation period being different from that required to support the discount rate used to calculate the technical provisions.

For example, for every 1% pa that the investment return is lower than the discount rate, a reduction in surplus of around £7m would emerge at the next actuarial valuation.

Future service contribution rate

To help illustrate the sensitivity of the future service contribution rate to the assumptions used, I set out below the approximate change in the total contribution rate (for CRB Tier 1) for various changes in key assumptions. Note, the rates shown are for CRB Tier 1 and exclude any allowance for expenses and death in service premiums.

Change in SFO basis as at 31 July 2023	**Increase in future service contribution (% of pensionable salary)**	**Future service contributions (% of pensionable salary)**
None	-	15.2% pa
Discount rate 0.5% pa lower	+1.9% pa	17.1% pa
Salary increases 0.5% pa higher	+0.0% pa	15.2% pa
Inflation 0.5% pa higher (including inflation linked assumptions, salary increases, revaluation and pension increases in payment)	+1.0% pa	16.2% pa
Long term rate of mortality improvements increased from 1.5% pa to 2.0% pa	+0.3% pa	15.5% pa

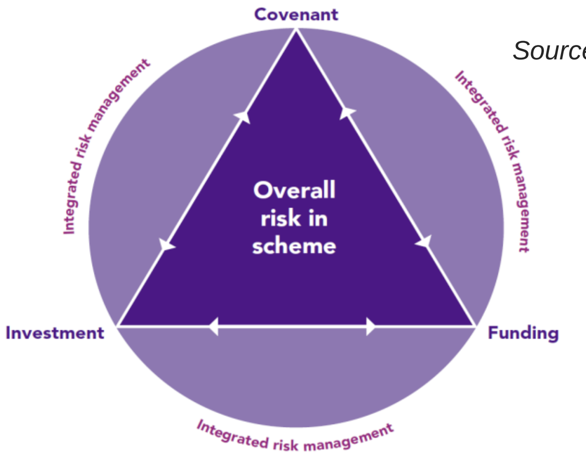
Integrated Risk Management (IRM)

A pension scheme faces a number of risks that might result in unforeseen increases to the liabilities, falls in asset values, or at the extreme the loss of the support of the employer.

The Trustee Directors adopt a proportionate integrated approach to risk management when developing their funding and investment strategy for the Fund.

The Pensions Regulator considers the key risks that affect strategy can be grouped into risks which are:

- employer covenant related
- investment related; and
- funding related.



Source: The Pensions Regulator

As part of a proportionate IRM approach, the Trustee Directors understand the key risks across all of these strands. In general, employer covenant, funding and investment decisions interact so that a material change to one affects the other two. The Trustee Directors monitor key indicators so where a material change occurs, they can make timely adjustments to their funding and investment strategy.

Key risks

The following table summarises the key risks that may affect the financial position of the Fund.

	Risk	Nature	Significance	Mitigation
Funding	Assumptions are not borne out in practice.	The level of prudence in the key assumptions may prove to be inadequate, resulting in further contributions being required from the University.	The Fund is fully funded in the SFO basis. The sensitivity analysis above shows how sensitive the technical provisions are to changes in the assumptions.	In selecting the assumptions for the SFO valuation, the Trustee Directors have included a margin for prudence. The appropriate level of prudence will be considered at each actuarial valuation and will reflect the strength of the University's covenant.
Funding	GMP equalisation reserve is not sufficient.	If the allowance is not sufficient, the technical provisions will increase.	Based on industry estimates, the impact is expected to be in the range of up to 3% of total liabilities.	A provisional allowance of 1% of total liabilities has been made in the valuation.
Investment	Fall in asset values, not matched by a fall in the value of technical provisions.	If the value of the assets were to fall by 25% then to the extent that the assets and technical provisions are matched, the value of that portion of the technical provisions would also fall by 25%.	The Trustee Directors have adopted a liability driven investment (LDI) approach, therefore the liabilities are partially hedged against interest rate and inflation changes. However, the Fund still holds a level of growth assets which may not move in the same way as the technical provisions.	The Trustee Directors review their investment strategy at least every 3 years.

	Risk	Nature	Significance	Mitigation
Investment	Poor investment performance.	Risk that growth assets don’t deliver expected investment returns.	In valuing the technical provisions, allowance has been made for an investment return on assets of 0.5% pa above the unadjusted gilt yield.	By adopting prudent principles in the SFO valuation, the Trustee Directors have made some provision to cope with poor investment performance.
Covenant	University insolvency (which would trigger the winding-up of the Fund).	At the valuation date, it was likely that there were sufficient assets to enable benefits to be provided in full.	The Fund is expected to have been able to secure benefits with an insurance company had the University become insolvent at the valuation date.	The Trustee Directors have obtained an independent assessment of the strength of the University’s covenant and consider the likelihood of insolvency to be low.
All	Climate change risk and other long-term uncertainties.	Long-term risk which could affect investment markets, life expectancy and strength of employer covenant.	Unknown at this stage.	Climate change risk and other long-term uncertainties will be considered as part of each actuarial valuation.
All	External factors such as technological, economic, political, regulatory and legislative changes.	External and beyond the control of the Fund but could impact investments, mortality and covenant.	Unknown at this stage.	Risks relating to external factors will be considered as part of each actuarial valuation.

Appendix A: Benefit structure

My understanding of the Fund's benefit structure, as used in this valuation, is outlined below. The Trustee Directors should be sure that they are satisfied with this understanding as any difference will affect the value placed on the liabilities.

Full details can be found in the Trust Deed and Rules dated 6 April 2006, as amended. Allowance has been made for overriding legislation issued since that date.

In particular, the Deed of Amendment dated 30 March 2022 provides details of the Career Revalued Benefit (CRB) section which was introduced with effect from 1 April 2022. The Final Salary section of the Fund closed to accrual with effect from 31 March 2022. The CRB section of the Fund opened on 1 April 2022.

Contracting Out

The Fund was contracted out of the State Second Pension. Contracting out came to an end on 5 April 2016.

Definitions

Normal Pension Age

Normal Pension Age (NPA) is the member's 65th birthday. However, benefits accrued between certain dates may be taken at an earlier age than this, without reduction:

- Pension accrued before 1 January 2004 is payable unreduced from the member's 60th birthday;
- Pension accrued after 31 December 2003 and before 1 October 2009 is payable unreduced from the date the member reaches 63 years and 6 months;
- Pension accrued after 30 September 2009 and before 1 April 2022 is payable unreduced from the member's 65th birthday.
- Pension accrued after 31 March 2022 is payable from the member's 66th birthday and pension accrued after future dates is broadly linked to State Pension Age.

Pensionable Employment

Pensionable Employment is the member's completed service (in years and days) as a contributing member of the Fund. The maximum period of Pensionable Employment is 40 years.

Pensionable Salary

Pensionable Salary is the member's annual salary or wage, excluding any bonuses, overtime and any other fluctuating payments.

Final Pensionable Salary

Final Pensionable Salary is the member's highest annual average of Pensionable Salary over any period of 12 months in the last 3 years of service before the date on which the member ceases to be in Pensionable Employment.

Retirement benefits

Final Salary section

An annual pension to the member of:

- For benefits accrued before 1 October 2009:
  - 1/60th of Final Pensionable Salary for each year of Pensionable Employment.

- For benefits accrued after 30 September 2009 and before 1 April 2022:
  - 1/60th of Final Pensionable Salary for each year of Pensionable Employment for Tier 1 members;
  - 1/85th of Final Pensionable Salary for each year of Pensionable Employment for Tier 2 members;
  - 1/100th of Final Pensionable Salary for each year of Pensionable Employment plus a compulsory cash lump sum of 3/100ths of Final Pensionable Salary for each year of Pensionable Employment for Tier 3 members.

CRB section

An annual pension to the member of:

- 1/85th of Pensionable Salary for each year of Pensionable Employment for CRB Tier 1 members;
- 1/100th of Pensionable Salary for each year of Pensionable Employment for CRB Tier 2 members.

Benefits accrued in the CRB section are revalued in service in line with CPI inflation, subject to a cap of 5% pa for the period to 31 July 2023 and a cap of 3% pa thereafter.

Death in service benefits (before NPA)

A lump sum of three times Pensionable Salary.

A spouse's pension of half the member's prospective pension, payable until death.

Death in deferment benefits (before NPA)

A lump sum of five times deferred pension at date of death.

A spouse's pension of half the member's pension revalued to date of death, payable until death.

Death after retirement benefits

A spouse's pension of half the member's pension (before any commutation) payable on the member's death after retirement plus, if death occurs within 5 years of retirement, a lump sum equivalent to the remaining instalments of pension that would have been paid in the 5 years following retirement.

Withdrawal benefits

More than 3 months' service and less than 2 years' service

Members have the option of:

- a transfer of their accrued rights to an alternative provider; or
- a return of their contributions.

More than 2 years' service

A deferred pension payable from the member's NPA calculated on the same basis as the retirement benefit. The deferred pension will be subject to a minimum of the GMP, plus any benefit in respect of pre-contracting-out service, and will be revalued in two ways.

The GMP element will be revalued to GMP Payment Age at the fixed rate of revaluation applying at date of exit.

The deferred pension for service before 6 April 2009 (in excess of the member's GMP) will be revalued in line with CPI inflation up to a maximum of 5% pa between date of leaving and NPA.

The deferred pension for service after 5 April 2009 (in excess of the member's GMP), including for benefits accrued in the CRB section, will be revalued in line with CPI inflation up to a maximum of 2.5% pa between date of leaving and NPA.

Pension increases in payment

GMPs for service before 6 April 1988 do not increase in payment.

GMPs for service between 6 April 1988 and 5 April 1997 will be increased in payment at the rate of 3% per annum compound or in line with CPI inflation if less.

Benefits accrued in the Final Salary section in excess of GMP will be increases in line with CPI inflation (at the discretion of the University).

Benefits accrued in the CRB section will be increased in payment in line with CPI inflation subject to a cap of 5% pa for the first increases effective as at 1 April 2023 and a cap of 3% pa on each 1 April thereafter.

Active members' contributions

Active members are required to contribute part of their Pensionable Salary:

For service between 31 March 2022 and 31 March 2025

- CRB Tier 1 members contribute 7% of their Pensionable Salary;
- CRB Tier 2 members contribute 6% of their Pensionable Salary.

For service after 1 April 2025

- CRB Tier 1 members contribute 6.5% of their Pensionable Salary;
- CRB Tier 2 members contribute 5% of their Pensionable Salary.

Notes

Change in Fund benefit structure from 1 April 2025

With effect from 1 April 2025, the benefit structure of the Fund will be updated. The new benefit structure for the Fund will be in line with the existing benefit structure, except that:

- Benefits under CRB Tier 1 will be based on an accrual rate of 72^{nds} (rather than 85^{ths}); and

- The cap on revaluation in service and pension increases in payment for CRB section pension will be 5% pa (for all CRB section service from 1 April 2022).

When valuing the Fund’s liabilities for the purpose of the valuation as at 31 July 2023, the calculations have been based on the benefit structure that was in place at that time. However, as part of this valuation, we have carried out calculations to determine the contributions required from 1 April 2025 to allow for the benefit structure change. Further details are set out in the Schedule of Contributions.

Other information

The value of members’ pensions will not be less than the value of their accumulated contributions.

For benefits accrued in the Final Salary section of the Fund, the Fund grants discretionary pension increases on non-GMP benefits. Historically, these have been in line with uncapped CPI inflation each year and your funding strategy assumes this policy will continue in future.

Additional Voluntary Contributions have been excluded from the valuation calculations.

Money purchase sections have been excluded from the valuation calculations.

Uncertainty relating to benefits under the Fund

GMP Equalisation

The Fund was contracted out of the State Earnings Related Pension Scheme and therefore provides a Guaranteed Minimum Pension (GMP) in respect of accrual prior to 5 April 1997. The calculation of GMP is unequal for males and females, and the Fund has not yet addressed the matter of equalisation of total benefits for GMPs (accrued over the period 17 May 1990 to 5 April 1997). On 26 October 2018, in a landmark case (the Lloyds Banking Group case), the High Court rules that schemes are required to equalise benefits to allow for unequal GMPs.

In November 2020, a further judgement in the Lloyds Banking Group case widened the scope of the GMP equalisation project to cover revisiting past transfer-out payments and, where necessary, paying top up amounts.

In calculating the technical provisions, an approximate allowance of 1% of the total liabilities has been made to allow for the estimated impact of GMP equalisation for current members and past transfers.

PPF compensation

Should the Fund enter the PPF, members would receive PPF compensation. Details of how PPF compensation is calculated can be found on

https://www.ppf.co.uk/what-it-means-ppf

Appendix B: Membership data

Membership data as at 31 July 2023 was supplied by the Pensions Team at the University.

I have carried out a number of high level checks on the membership data. These checks have highlighted the following issues:

- Full death after retirement spouses' data was not available for the pensioner members in the Fund. In line with the approach taken for the 31 July 2020 valuation, I have assumed that spouses' pensions are 2/3rds of the members' pensions in payment at death (i.e. post commutation). This is a prudent assumption, and I do not believe the issue to be material.
- GMP data was available for the active members and deferred members in the Fund, however it was not split between pre and post 6 April 1988 service. I have assumed that the GMP provided is all in relation to service on or after 6 April 1988. This is a prudent assumption, and I do not believe the issue to be material.

The membership data used to calculate the results of the valuation is summarised below. The membership data is recorded at 31 July 2023 and no allowance has been made for any movements that have occurred since that date.

Figures as at the last valuation as at 31 July 2020 are shown in brackets. Average ages as at 31 July 2023 are weighted by the SFO liability.

Active members

	Males	Females	Total
Number	247 (274)	470 (498)	717 (772)
Total pension payroll at date of valuation (£'000 pa)	7,386 (7,172)	11,247 (10,256)	18,633 (17,428)
Average age	52 (51)	53 (52)	53 (52)

Deferred members

	Males	Females	Total
Number	288 (263)	594 (539)	882 (802)
Total deferred pension at date of valuation (£'000 pa)	1,065 (956)	1,680 (1,419)	2,745 (2,375)
Average age	54 (52)	53 (51)	53 (51)

Pensioner members

	Males	Females	Total
Number	359 (324)	648 (575)	1,007 (899)
Total pensions paid from the Fund (£'000 pa)	2,662 (2,236)	3,036 (2,336)	5,698 (4,572)
Average age	70 (69)	70 (69)	70 (69)

Membership experience since the last valuation

	Actives	Deferreds	Pensioners	Total
Number at 31 July 2020	**772**	**802**	**899**	**2,473**
New joiners	220	-	-	220
Leavers – active to deferred	(151)	151	-	-
Adjustment – additional record[1]	-	1	-	1
Leavers – active to deferred and combined with existing deferred record	(6)	-	-	(6)
Retirements – active/deferred to pensioner	(99)	(55)	154	-
Partial flexible retirements	-	-	4	4
Retirements – active to pensioner and combined with existing pensioner record	-	(4)	-	(4)
Retirements – active to pensioner and combined with existing pensioner record	(2)	-	-	(2)
Leavers - refund of contributions and trivial commutations	(6)	(10)	(7)	(23)
Deaths	(6)	(1)	(78)	(85)
Transfers out	(5)	(2)	-	(7)
New dependants	-	-	36	36
Child pension ceased	-	-	(1)	(1)
Number at 31 July 2023	**717**	**882**	**1,007**	**2,606**

[1]One member who was active as at 31 July 2023 also has a deferred record which should have been included in the 2020 membership data.

Appendix C: Asset data and cashflows

The audited accounts for the Fund for the year ended 31 July 2023 give the market value of assets of the Fund as around £218,600,000 (excluding AVCs).

31 July 2023	£'000s
Assets from accounts	218,917
Less AVCs	(354)
Assets used in the SFO valuation	218,562

*Columns may not sum due to rounding

The assets as at 31 July 2023 can be broadly categorised as follows:

Assets invested in	£m	% of total
Equity funds	98.8	45%
Bond funds	43.7	20%
Private equity funds and direct lending	14.3	6%
Property & infrastructure funds	37.1	17%
LDI funds	15.1	7%
Trustee bank account, cash funds and net current assets	9.5	4%
Total	218.6	100%

*Columns may not sum due to rounding

Insurance

The Trustee Directors currently hold an insurance policy to cover the costs of the death in service lump sum benefit. The spouse's pension paid on death in service is paid from the Fund.

Cashflows

The following table details the contributions paid into the Fund (excluding AVCs) and the benefits and other outgo paid out of the Fund (excluding any death in service lump sum benefits which are covered by an insurance policy).

Cashflows £'000s	Fund year ending		
	31 July 2021	31 July 2022	31 July 2023
University normal contributions	3,770	3,754	3,861
Employee normal contributions	347	340	340
University shortfall contributions	-	9,000	-
University other contributions	175	-	-
Total in	4,292	13,094	4,201
Benefits paid	5,751	6,236	6,418
Other payments and administration expenses	533	572	599
Total out	6,284	6,808	7,017

Contributions have been paid in line with the Schedules of Contributions certified on 27 October 2021 and 20 April 2022.

Appendix D: Assumptions

The assumptions for the SFO valuation are set out in the Statement of Funding Principles dated 30 October 2024.

The following tables provide a summary of the key assumptions used. For comparative purposes, I have also shown the SFO assumptions and the buy-out assumptions as at 31 July 2020.

In carrying out my valuation on the buy-out solvency basis, I have estimated the assumptions which would have been made by an insurance company in establishing its annuity rates. However, the true buy-out position can only be ascertained by obtaining actual quotations from insurance companies. The PPF valuation (assumptions not shown) has been carried out using the prescribed PPF assumptions, A11, as at 31 July 2023.

Financial assumptions

	SFO basis		Buy-out solvency basis	
	31 July 2023	31 July 2020	31 July 2023	31 July 2020
Pre-retirement discount rate	4.90% pa	2.50% pa	3.90% pa	0.40% pa
Post retirement discount rate	4.90% pa	2.50% pa	Non-pensioners: 3.90% pa Pensioners: 4.30% pa	Non-pensioners: 0.40% pa Pensioners: 0.80% pa
Salary increases	3.75% pa	3.00% pa	N/A	N/A
CRB revaluation in service	2.40% pa	N/A	N/A	N/A
Revaluation in deferment	2.85% pa (subject to the appropriate overall caps)	2.10% pa (subject to the appropriate overall caps)	3.20% pa (subject to the appropriate overall caps)	2.50% pa (subject to the appropriate overall caps)

	SFO basis		Buy-out solvency basis	
	31 July 2023	31 July 2020	31 July 2023	31 July 2020
Pension increases in payment:				
Pre 88 GMP	0.00% pa	0.00% pa	0.00% pa	0.00% pa
Post 88 GMP	2.40% pa	1.95% pa	2.60% pa	2.20% pa
Pre 97 benefits (in excess of GMP)	2.85% pa	2.10% pa	3.20% pa[1]	0.00% pa[1]
Post 97 benefits for non-pens.	2.85% pa	2.10% pa	3.20% pa	2.50% pa
Post 97 benefits for pensioners	2.85% pa	2.10% pa	3.20% pa	2.50% pa
CRB pension	2.40% pa	N/A	2.60% pa	N/A

[1]*Note the change in approach to valuing discretionary increases on the buy-out solvency basis described on page 7.*

Demographic assumptions

	SFO basis		Buy-out solvency basis	
	31 July 2023	31 July 2020	31 July 2023	31 July 2020
Mortality before and after retirement	100% S3NXA + 1 year CMI 2022 model with a long-term improvement rate of 1.50% pa	100% S3NXA + 1 year CMI 2020 model with a long-term improvement rate of 1.25% pa	100% S3NXA CMI 2022 model with a long-term improvement rate of 1.50% pa	100% S3NXA CMI 2019 model with a long-term improvement rate of 1.50% pa

Retirements	<u>CRB section benefits</u> Unless members retire on grounds of ill-health, CRB section benefits are assumed to come into payment at age 66. <u>Final Salary (FS) section benefits</u> Unless members retire on grounds of ill-health, each tranche of FS section benefits is assumed to come into payment at the earliest date the tranche is payable without reduction and without the need for Trustee/University consent. • Pension accrued before 1 January 2004 is payable unreduced from age 60; • Pension accrued after 31 December 2003 and before 1 October 2009 is payable unreduced from age 63.5; • Pension accrued after 30 September 2009 and before 1 April 2022 is payable unreduced from age 65.	Tier 1 and 2 members: Members who do not withdraw or retire on ill-health grounds are assumed to retire at age 62. Members who withdraw are assumed to retire at age 60. Tier 3 members: Members are assumed to retire at age 65.	<u>CRB section benefits</u> CRB section benefits are assumed to come into payment at age 66. <u>Final Salary (FS) section benefits</u> Each tranche of FS section benefits is assumed to come into payment at the earliest date the tranche is payable without reduction and without the need for Trustee/University consent. • Pension accrued before 1 January 2004 is payable unreduced from age 60; • Pension accrued after 31 December 2003 and before 1 October 2009 is payable unreduced from age 63.5; • Pension accrued after 30 September 2009 and before 1 April 2022 is payable unreduced from age 65.

<table>
<tr><th rowspan="2"></th><th colspan="2">SFO basis</th><th colspan="2">Buy-out solvency basis</th></tr>
<tr><th>31 July 2023</th><th>31 July 2020</th><th>31 July 2023</th><th>31 July 2020</th></tr>
<tr><td>Withdrawals</td><td>No allowance is made for members accruing CRB section benefits to withdraw from service.</td><td>Allowance is made for active members to withdraw from service in line with the following sample rates:<table><tr><th>Age</th><th>Unisex with-drawal</th></tr><tr><td>20</td><td>10%</td></tr><tr><td>30</td><td>10%</td></tr><tr><td>40</td><td>5%</td></tr><tr><td>50</td><td>3%</td></tr><tr><td>55</td><td>-</td></tr></table></td><td colspan="2">All members are assumed to leave at the valuation date.</td></tr>
<tr><td>Ill-health retirement</td><td colspan="2">Allowance is made for members to retire on ill-health grounds at the following sample rates:<table><tr><th>Age</th><th>Male</th><th>Female</th></tr><tr><td>20</td><td>0</td><td>0</td></tr><tr><td>30</td><td>0.0001</td><td>0.0002</td></tr><tr><td>40</td><td>0.0008</td><td>0.0020</td></tr><tr><td>50</td><td>0.0037</td><td>0.0093</td></tr><tr><td>55</td><td>0.0066</td><td>0.0186</td></tr></table></td><td colspan="2">No ill-health decrements.</td></tr>
<tr><td>Cash commutation</td><td colspan="2">The total amount of cash taken at retirement is assumed to be 25% of the value of pension, using commutation factors 8% higher than those in force at the valuation date.</td><td colspan="2">No cash commutation.</td></tr>
<tr><td>Transfer values</td><td colspan="4">No allowance</td></tr>
<tr><td>Proportion married/with partner</td><td colspan="2">70% of members are assumed to be married at retirement or earlier death.</td><td colspan="2">85% of males and 75% of females are assumed to be married at retirement or earlier death.</td></tr>
<tr><td>Age difference</td><td colspan="4">Member and partner assumed to be of the opposite gender with husbands 3 years older than their wives.</td></tr>
<tr><td>GMP equalisation allowance</td><td colspan="2">1% of the liabilities</td><td colspan="2">1% of the liabilities (before expenses)</td></tr>
</table>

	SFO basis		Buy-out solvency basis	
	31 July 2023	31 July 2020	31 July 2023	31 July 2020
Wind-up (adviser) expenses	None		Equal to the PPF valuation wind-up expenses	
Allowance for insurer expenses	None		See below[2]	See below[1]

[1]6% of liabilities under £25m, plus 3% of liabilities between £25m and £150m, plus 1% of liabilities over £150m, plus £250 per member, less the wind-up expenses (as above).

[2]8% of liabilities under £5m, plus 4% of liabilities between £5m and £25m, plus 2.5% of liabilities between £25m and £150m, plus 0.5% of liabilities over £150m.

Appendix E: Key documents

The following key documents are included in this appendix:

- Statement of Funding Principles
- Schedule of Contributions (including the certificate)
- Actuary’s Certificate of the calculation of the technical provisions
- PPF s179 certificate

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

Status

This statement dated 30.10.2024 has been prepared by the Trustee Directors of the Fund for the purposes of the actuarial valuation as at 31 July 2023, after obtaining the advice of Kate Hulme-Vickerstaff FIA, the Scheme Actuary.

This statement replaces the Statement of Funding Principles dated 27 October 2021.

This statement has been agreed by the University of York (the "University").

The Statutory Funding Objective

This statement sets out the Trustee's policy for ensuring that the Statutory Funding Objective (SFO)[1] is met.

The Trustee Directors do not have any additional funding objectives.

The technical provisions

The method and assumptions to be used in the calculation of the technical provisions are set out in the Appendix.

The general principles adopted by the Trustee Directors are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions and benefits already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights.

The basis will include appropriate margins to allow for the possibility of events turning out worse than expected and will only be adopted after considering how it compares with the assumptions used to assess the Fund's solvency position.

In particular, a prudent margin will be included in the discount rate. Other assumptions, including the demographic assumptions may be based on best estimates of future experience, within the constraints of the basis being prudent overall.

However, the Trustee Directors do not intend for the method and assumptions to remove completely the risk that the technical provisions could be insufficient to provide benefits in future.

In determining what is "prudent", the Trustee Directors will take into account their objective assessment of the University's covenant.

Policy on discretionary increases and funding strategy

The Fund must provide guaranteed increases to pensions in payment for service from 6 April 1997 in line with CPI inflation limited to 5% pa (or 2.5% pa for service from 6 April 2005) each year. However, the Fund Rules allow additional discretionary increases to be given.

[1] The Statutory Funding Objective is defined in section 222 of the Pensions Act 2004. Every scheme must have sufficient and appropriate assets to cover its technical provisions.

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

For valuation purposes, for benefits accrued in the Final Salary section of the Fund, full allowance is made in the funding strategy for increases in line with uncapped CPI inflation on all pension in payment in excess of the GMP, for all Final Salary section service. This is consistent with historic practice in the Fund.

There is no allowance for any other discretionary benefit.

Period within which and manner in which a failure to meet the Statutory Funding Objective is to be rectified

If the assets of the Fund are less than the technical provisions at the effective date of any actuarial valuation, a recovery plan will be put in place which requires additional contributions from the University to meet the shortfall. The Trustee Directors and the University have agreed that any such funding shortfalls should be eliminated as quickly as the University can reasonably afford.

Additional contributions will be expressed as level monetary amounts.

In determining the contributions payable and the actual recovery period at any particular valuation, the Trustee Directors will take into account the following factors:

- the size of the funding shortfall and the Fund's assets and liability structure;
- the business plans of the University;
- the Trustee's objective assessment of the financial covenant of the University;
- any contingent security offered by the University; and
- contributions paid to the Fund in excess of those in respect of the future accrual of benefits after the valuation date.

When determining any additional contributions required, the assumptions used will, with the exception of the assumed investment return over the recovery period, be the same as those used in calculating the Technical Provisions. When determining the investment return assumption for the recovery period, the Trustee Directors may allow for an investment return assumption that is higher than the prudent return on assets underlying the discount rate used when calculating the Technical Provisions.

Arrangements by a person other than the Employer or a Fund member to contribute to the Fund

There are no arrangements in place for any person other than a participating employer to meet a shortfall in technical provisions in the event of that participating employer becoming insolvent.

Policy on reduction of Cash Equivalent Transfer Values (CETVs)

The Trustee Directors will ask the Scheme Actuary to advise them at each valuation of the extent to which assets are sufficient to provide CETVs for all non-pensioners without adversely affecting the security of the benefits of other members and beneficiaries. Where coverage is less than 100% and the University is unable or unwilling to provide additional funds, the Trustee Directors will consider reducing CETVs as permitted under legislation, after obtaining actuarial advice as to the appropriate extent of the reduction.

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

If, at any other time, after obtaining advice from the Scheme Actuary, the Trustee Directors are of the opinion that the payment of CETVs at a previously agreed level may adversely affect the security of the benefits of other members and beneficiaries, the Trustee Directors will commission a report from the Scheme Actuary and will use the above criterion to decide whether, and to what extent, CETVs should be reduced.

Payments to the University

Unless the Fund is being fully wound up, no part of the assets of the Fund can be paid to the University or other participating employers. If the Fund is being fully wound up, and the relevant part of the assets exceeds the costs of securing members' benefits with an insurance company, the Trustee Directors and University may use their discretion to secure additional benefits. Any remaining assets may be paid to the University or one of the other participating employers in such proportions as the Trustee Directors decide.

Frequency of valuations and circumstances for extra valuations

The Fund's actuarial valuation under Part 3[2] was carried out as at the effective date of 31 July 2023 and subsequent valuations will in normal circumstances be carried out every three years thereafter. An actuarial report on developments affecting the Fund's funding level will be obtained as at each intermediate anniversary of that date.

The Trustee Directors may call for a full actuarial valuation instead of an actuarial report if, after considering the Scheme Actuary's advice, they are of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis for future contributions. The circumstances in which the Trustee Directors will consider calling a valuation instead of an actuarial report include:

- a significant deterioration in the University covenant;
- a significant change in investment strategy;
- a significant movement in the level to which the technical provisions are funded;
- a significant change in outlook for the Fund's investments; or
- a bulk transfer in or out of a significant proportion of the active members.

The Trustee Directors will consult the University before carrying out an early valuation. Commissioning a valuation will not be necessary if agreement can be reached with the University to revise the Schedule of Contributions and/or the Recovery Plan in a way satisfactory to the Trustee Directors having taken the advice of the Scheme Actuary.

[2] Part 3 of the Pensions Act 2004 covering Scheme Funding.

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

This statement has been agreed by the Trustee:

Signed on behalf of the Trustee of The University of York Pension Fund

Signed: A Rigby

Name: Ann Rigby

Position: Trustee Director

Date: 30.10.2024

This statement has been agreed by the University:

Signed on behalf of the University of York

Signed: Nigel Alcock

Name: Nigel Alcock

Position: Chief Financial & Operating Officer

Date: 30.10.2024

This statement has been agreed by the Trustee after obtaining actuarial advice from the Scheme Actuary:

Signed: K Hulme-Vickerstaff

Name: Kate Hulme-Vickerstaff

Position: Scheme Actuary to The University of York Pension Fund

Date: 30.10.2024

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

Method and assumptions adopted for the actuarial valuation as at 31 July 2023

Summary of the decisions made as to the method and key assumptions used for calculating the technical provisions

The actuarial method used was the projected unit method.

Principal actuarial assumptions	
Discount rate	4.90% pa
Retail Prices Index (RPI) inflation	3.10% pa
Consumer Prices Index (CPI) inflation	2.85% pa
Salary increases	3.75% pa
Career Revaluing Benefits (CRB) section revaluation in service	2.40% pa
Revaluation in deferment (non-GMP – Final Salary section pension and CRB section pension)	2.85% pa
Increases to pensions in payment: - Post 88 GMP - Final Salary section pension in excess of GMP - CRB section pension	 2.40% pa 2.85% pa 2.40% pa
Mortality – base table	S3NA (YOB) adjusted by plus 1 year to reflect the membership profile of the Fund
Mortality – future improvements	CMI 2022 with a long-term improvement rate of 1.50% pa

The derivation of these key assumptions and an explanation of the other assumptions to be used in the calculation of the technical provisions is set out below.

Discount rate

The discount rate has been set equal to the unadjusted gilt yield plus 0.5% pa.

The unadjusted gilt yield was derived from the Bank of England nominal yield curve, taking into account the duration of the Fund's liabilities and implied approximate shape of future cash flows.

RPI inflation

The RPI inflation assumption was derived from the Bank of England implied inflation yield curve, taking into account the duration of the Fund's liabilities and implied approximate shape of future cash flows, less 0.3% pa to reflect market distortions. The RPI inflation assumption adopted was therefore 3.1% pa.

CPI inflation

The CPI inflation assumption was set as the RPI inflation assumption with a deduction of 0.25% pa. The CPI inflation assumption was therefore 2.85% pa.

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

Salary increases

The rate of salary increases is derived in line with the CPI inflation assumption plus 0.9% pa. The salary increase assumption was therefore 3.75% pa.

CRB section – revaluation in service

The benefits accrued in the CRB section increase whilst a member is accruing benefits as an active member in line with CPI inflation, subject to the relevant caps in place.

For the first increase due on 1 April 2023, a cap of 5% pa applies. For the increase due on 1 April 2024, an overall cap for the year is calculated based on a cap of 5% pa for the period from 1 April 2023 to 31 July 2023 and 3% pa for the period from 1 August 2023 to 31 March 2024. All future increases due from 1 April 2025 are capped at 3% pa.

The assumed revaluation in service rate has been derived using the Black-Scholes model with volatility 1.3%. CRB section pensions are assumed to revalue in service by 2.40% pa.

Revaluation of pensions in deferment (Final Salary pension and CRB pension)

The non GMP elements of deferred pensions which increase in line with statutory requirements over the period from leaving active service to retirement are assumed to increase in line with historic actual statutory revaluation over the period to the valuation date and assumed CPI inflation thereafter, subject to the relevant caps in place.

A cap of 5% pa applies in respect of service prior to 6 April 2009 and a cap of 2.5% pa in respect of service after this date.

Final Salary section pensions and CRB section pensions are assumed to revalue in deferment in line with the CPI assumption of 2.85% pa

Pension increases in payment – Final Salary section

Pensions in payment in excess of GMP in respect of benefits accrued in the Final Salary section are assumed to increase in line with the CPI inflation assumption of 2.85% pa.

GMP accrued after 5 April 1988 increases in line with CPI inflation with a cap of 3% pa. The assumed pension increase rate has been derived using the Black-Scholes model with volatility 1.3%. GMP accrued after 5 April is assumed to increase in payment by 2.40% pa.

Pension increases in payment – CRB section

Pensions in payment in respect of benefits accrued in the CRB section are assumed to increase in line with the CPI inflation with a cap of 3% pa. The assumed pension increase rate has been derived using the Black-Scholes model with volatility 1.3%. CRB section pensions are assumed to increase in payment by 2.40% pa.

Mortality

When setting the mortality assumptions, the Trustee Directors will have regard to the latest available published mortality tables and the latest available evidence concerning future mortality improvements.

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

For this valuation, the Trustee Directors adopted the S3NA (year of birth) base table, rated up by 1 year, with future mortality improvements based on the CMI 2022 projections with a long-term rate of improvement of 1.5% pa.

Illustrative death rates

The rates shown in the table below represent the probability of death within one year. They are based on the mortality tables set out above.

Age	Effective date		20 years after effective date	
x	Male death rate qx	Female death rate qx	Male death rate qx	Female death rate qx
60	0.0043	0.0027	0.0035	0.0022
65	0.0070	0.0046	0.0061	0.0037
70	0.0123	0.0078	0.0110	0.0064
75	0.0225	0.0145	0.0206	0.0122
80	0.0439	0.0298	0.0391	0.0249
85	0.0858	0.0643	0.0730	0.0527
90	0.1680	0.1378	0.1416	0.1134
95	0.3047	0.2611	0.2609	0.2223
100	0.4397	0.4002	0.4088	0.3706
105	0.4930	0.4732	0.4802	0.4600

Retirement

Unless members retire on grounds of ill-health, each tranche of benefits is assumed to come into payment at the earliest date the tranche is payable without reduction and without the need for Trustee/University consent.

For Final Salary section benefits:

- Pension accrued before 1 January 2004 is payable unreduced from age 60;
- Pension accrued after 31 December 2003 and before 1 October 2009 is payable unreduced from age 63.5; and
- Pension accrued after 30 September 2009 and before 1 April 2022 is payable unreduced from age 65.

Pension accrued in the CRB section is payable unreduced from age 66.

Ill health retirement

Examples of the rates assumed are set out below:

Age	Male	Female
20	0.0000	0.0000
30	0.0001	0.0002
40	0.0008	0.0020
50	0.0037	0.0093
55	0.0066	0.0186

Statement of Funding Principles

The University of York Pension Fund (the "Fund")

Withdrawal

No allowance is made for members accruing CRB section benefits to withdraw from service.

Cash commutation

An allowance is made for members to take 25% of the value of their pension as a cash lump sum at retirement, using cash commutation factors 8% higher than those in force at the valuation date.

GMP equalisation

An allowance equal to 1% of the total value of the liabilities calculated on the above assumptions has been included in the technical provisions.

Age difference of spouse

Husbands are assumed to be three years older than their wives.

Percentage with spouse benefits at retirement or earlier death

70% of males and females are assumed to be married at date of retirement or earlier death.

Civil partners and same-sex marriages

No explicit allowance is made for civil partners and same-sex marriages. An implicit allowance has been included within the spouse percentage above.

Expenses

All expenses of running the Fund and the cost of levies (including the PPF levy) will be payable by the Trustee Directors from the Fund's assets.

The University will pay a regular amount into the Fund each month as a percentage of pensionable salaries to broadly meet these expenses, and this will be reviewed at each valuation.

An approximate allowance for investment related expenses has been made in determining the discount rate.

Schedule of Contributions

The University of York Pension Fund (the "Fund")

Status

This Schedule of Contributions has been prepared by the Trustee Directors of the Fund on 30.10.2024, after obtaining the advice of Kate Hulme-Vickerstaff FIA, the Scheme Actuary to the Fund.

This document replaces the Schedule of Contributions signed on 20 April 2022 and comes into force on the date the Scheme Actuary certifies it.

For the purposes of this Schedule, the term "University" refers to the University of York, or any other participating employer.

Contributions covering the period from 1 August 2023 to 31 October 2024

By active members of the Fund

- CRB Tier 1 (85ths) Members: 7% of Pensionable Salary
- CRB Tier 2 (100ths) Members: 6% of Pensionable Salary

Where an active member participates in Pensions Plus / Pensions Extra, the active member shall not be required to contribute. These contributions will be deducted from salary by the University and paid into the Fund by the 19th of the following month.

Additional Voluntary Contributions may be paid in addition to the above.

By the University

- In respect of accrual of benefits:
  - CRB Tier 1 (85ths) Members: 15% of Pensionable Salary
  - CRB Tier 2 (100ths) Members: 12% of Pensionable Salary
- In respect of expenses: 1% of Pensionable Salary

In addition, the University shall pay the notional member's contributions due in respect of any active member who participates in Pensions Plus / Pensions Extra, at the rates summarised above.

These contributions are to be paid to the Fund on or before the 19th of the calendar month following that to which the payment relates.

The above information is provided for information only and does not form part of the Schedule of Contributions.

Contributions covering the period from 1 November 2024 to 31 October 2029

With effect from 1 April 2025, the benefit structure of the Fund will be updated. The new benefit structure for the Fund will be in line with the existing benefit structure, except that:

- Benefits under CRB Tier 1 will accrue at 72nds (rather than 85ths); and

Schedule of Contributions

The University of York Pension Fund (the "Fund")

- The cap on revaluation in service and pension increases in payment for CRB section pension will be 5% pa for all CRB section service accrued from 1 April 2022.

As part of the 31 July 2023 valuation, calculations were carried out to determine the contributions required from 1 April 2025 to allow for the benefit structure change. The Trustee Directors and University agreed to implement these contribution rates in advance of the benefit change, with effect from 1 November 2024.

By active members of the Fund

- CRB Tier 1 (72nds) Members: 6.5% of Pensionable Salary
- CRB Tier 2 (100ths) Members: 5.0% of Pensionable Salary

Where an active member participates in Pensions Plus / Pensions Extra, the active member shall not be required to contribute. These contributions will be deducted from salary by the University and paid into the Fund by the 19th of the following month.

Additional Voluntary Contributions may be paid in addition to the above.

By the University

- In respect of accrual of benefits:
  - CRB Tier 1 (72nds) Members: 13.5% of Pensionable Salary
  - CRB Tier 2 (100ths) Members: 9.4% of Pensionable Salary
- In respect of expenses: 1.0% of Pensionable Salary

In addition, the University shall pay the notional member's contributions due in respect of any active member who participates in Pensions Plus / Pensions Extra, at the rates summarised above.

These contributions are to be paid to the Fund on or before the 19th of the calendar month following that to which the payment relates.

Further information

University's contributions in respect of benefit augmentations

In addition, the University may make augmentation payments under Clauses 3(A), (B) and (C) of the Fund Rules. This includes a requirement for the University to pay such additional contributions (if any) as the Trustee requires, having consulted the Scheme Actuary, in respect of any PRCS pension and/or PRCS waiver granted under the Fund Rules.

University's contributions in respect of administration and other costs

An allowance for administration costs, Pension Protection Fund levies and death in service premiums is made in the University's contributions set out above.

Schedule of Contributions

The University of York Pension Fund (the "Fund")

Pensionable Salary

Pensionable Salary means the annual rate or equivalent (as determined by the University) of the basic salary or wage payable to a member by the University, excluding bonuses, overtime and any other fluctuating emoluments, but including shift pay, enhanced payments forming part of a regular shift pattern, and any other payments which are a planned and regular element of his salary or wage.

Where a member participates in Pension Plus / Pension Extra, the member's Pensionable Salary is the amount that it would have been had the member not participated in that arrangement. The monthly contributions are calculated using monthly Pensionable Salaries determined as one-twelfth of the annual amounts.

For the purpose of calculating University contributions, Pensionable Salary is deemed to be paid at the rate applicable at the commencement of maternity, paternity or sick leave during such leave, irrespective of actual amounts paid to the member.

Arrangements for other parties to make payments to the Fund

Payments towards the Fund may be paid by the University of York, or any other participating employer.

Dates of review of this Schedule

This Schedule of Contributions will be reviewed by the Trustee Directors and the University no later than 15 months after the effective date of each actuarial valuation, due every three years.

University and Trustee agreement

This Schedule of Contributions has been agreed by the University of York and the Trustee of The University of York Pension Fund.

This Schedule of Contributions has been agreed by the Trustee

Signed on behalf of the Trustee of The University of York Pension Fund

Signed: Signed by: [signature]

Name: Ann Rigby

Position: Trustee Director

Date: 30.10.2024

Schedule of Contributions

The University of York Pension Fund (the "Fund")

This Schedule of Contributions has been agreed by the University

Signed on behalf of the University of York

Signed: Signed by: Nigel Alcock

Name: Nigel Alcock

Position: Chief Financial & Operating Officer

Date: 30.10.2024

Actuarial Certificate for the purposes of Section 227(5) of The Pensions Act 2004

Name of scheme: The University of York Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 31 July 2023 to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 30.10.2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:	Signed by: K Hulme-Vickerstaff	Date:	30.10.2024
Name:	Kate Hulme-Vickerstaff FIA	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	First Actuarial LLP Mayesbrook House Lawnswood Business Park Leeds LS16 6QY		

Actuarial Certificate for the purposes of Section 225 of the Pensions Act 2004

Name of scheme: The University of York Pension Fund

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 July 2023 is made in accordance with regulations under Section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the Statement of Funding Principles dated 30 October 2024.

Signature:	K Hulme-Vickerstaff	Date:	30 October 2024
Name:	Kate Hulme-VIckerstaff	Qualification:	Fellow of the Institute of Actuaries
Address:	First Actuarial LLP Mayesbrook Hosue Lawnswood Business Park Leeds LS16 6QY		

Section 179 Valuation Certificate

Scheme/Section details	
Full name of Scheme:	The University of York Pension Fund
Name of section, if applicable:	
Pension Scheme Registration Number	10048194
Address of scheme (or section, where appropriate)	Heslington Hall H/B30 Heslington York North Yorkshire YO10 5DD United Kingdom
Assets	
Total assets (this figure should not be reduced by the amount of any external liabilities and should include the insurance policies referred to below)	£ 218,562,000
Date of relevant accounts (dd/mm/yyyy)	31/07/2023
Percentage of the assets shown above held in the form of a contract of insurance where this is not included in the asset value recorded in the relevant scheme accounts (Non-accounts insurance assets)	0%
Liabilities	
Active members (excluding expenses)	£ 38,273,000
Deferred members (excluding expenses)	£ 40,583,000
Pensioner members (excluding expenses)	£ 73,327,000
Estimated expenses of winding-up	£ 1,497,000
Estimated expenses of benefit installation/payment	£ 1,692,000
External liabilities	£ 0
Total protected liabilities, including expenses	£ 155,372,000
Insurance	
Proportion of liabilities stated above that are:	
Insurance matched active liabilities	0%
Insurance matched deferred liabilities	0%
Insurance matched pensioner liabilities	0%
Proportion of liabilities	
Proportion pre 6 April 1997: active members	4.8%
Proportion pre 6 April 1997: deferred members	15.5%
Proportion pre 6 April 1997: pensioners members	35.3%
Proportion 6 April 1997 - 5 April 2009: active members	20.7%
Proportion 6 April 1997 - 5 April 2009: deferred members	40.7%
Proportion post 5 April 1997: pensioner members	64.7%
Proportion post 5 April 2009: active members	74.5%
Proportion post 5 April 2009: deferred members	43.8%
Membership and average ages	
Total active members	717
Total deferred members	882
Total pensioner members	1,007
Average age (weighted by protected liabilities): active	54
Average age (weighted by protected liabilities): deferred	53
Average age (weighted by protected liabilities): pensioners	70

Guidance and assumptions	
Section 179 guidance used for this valuation	G10
Section 179 assumptions used for this valuation	A11
Section 179 valuation	
Effective date of this valuation	31/07/2023

I certify that this valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 2005 and with the appropriate s179 guidance and assumptions issued by the Board of the Pension Protection Fund. I also certify that the calculated value of the protected liabilities is, in my opinion, unlikely to have been understated.

Signature: KHulme-Vickerstaff	Date: 26 March 2024
Name: Kate Hulme-Vickerstaff	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: First Actuarial LLP Mayesbrook House Lawnswood Business Park Leeds LS16 6QY	

As required, under Part 6 of the guidance on undertaking a s179 valuation, the s179 certificate should form part of the actuary's s179 valuation report. The details contained in the certificate should be separately submitted to the PPF as part of the annual scheme return via The Pensions Regulator's system "Exchange".

This certificate should not be sent directly to The Pension Protection Fund.

Appendix A: Assumptions A11

The assumptions are prescribed by the PPF Board, and as at 31 July 2023 were:

Assumption	
Yields in deferment • increasing pre 09 • increasing post 09 • nil increases	 0.92% per annum 1.87% per annum 4.37% per annum
Yields in payment Non pensioners: • nil increases • compensation increasing in payment Pensioners: • nil increases • compensation increasing in payment	 4.53% per annum 2.23% per annum 4.88% per annum 2.68% per annum
Mortality Base table:	 First Life / Second Life 100% S3PMA table / 100% S3DFA 100% S3PFA table / 100% S3DMA
Model for future mortality improvements:	CMI_2021_M [1.5%; A=0.25%; w2020=10%; w2021 = 10%] CMI_2021_F [1.25%; A=0.25%; w2020=10%; w2021 = 10%] both applying from the year 2013
Proportions married	Assumptions consistent with 85% of males and 75% of females married at NPA
Age difference between member and spouse	Male aged 3 years older
Estimated wind-up expenses (no more than £3m for all schemes)	5% of liabilities (excluding benefit installation / payment expenses) up to £4 million plus 1.5% of liabilities (excluding benefit installation / payment expenses) between £4 million and £20 million plus 0.8% of liabilities (excluding benefit installation / payment expenses) between £20m and £340m.
Benefit installation/payment expenses Non-pensioners: Pensioners:	 £750 per member <Age 60 £650 Between age 60 and 70 £550 Between age 70 and 80 £500 Age 80 + £400

Appendix F: Compliance

Actuarial standards

The following Technical Actuarial Standards apply to this work:

- TAS 100: General Actuarial Standards
- TAS 300: Pensions

I confirm I have complied with their requirements.

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CMI data

Mortality tables and the CMI Projections Model are copyright material of the Continuous Mortality Investigation Limited and the Institute and Faculty of Actuaries.

ONS data

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