

UNIVERSITY OF YORK PENSION FUND

Retired Members Annual Report
Year-end 2023





WELCOME!

Welcome to the Retired Member's Annual Report.

This year's Report provides an update on the governance and administration activities of the Fund and on the Pensions Increase that will be applicable from April 2024. There's also information about the Fund's accounts and investments as well as the latest Summary Funding Statement, giving you an update on the funding level of the scheme.

We are currently working through the 31 July 2023 valuation and will be reporting the results in the next Annual Report.

Please visit the Fund's website for the latest information. The website is regularly updated and you'll find a number of important documents there, including:

- Statement of Investment Principles
- Statement of Funding Principles
- Documents from the last triennial valuation
- Schedule of Contributions
- Privacy Statement

The following documents are also available, but are not routinely published on the Fund's website:

- The shorter Actuarial Report as at 31 July 2022
- The Trustee's Annual Report and Accounts

If you would like to see or receive a copy of a document which is not on the Fund's website, have any questions about any aspects of the Fund, or would like further information on accounts or rules please contact the Pensions Team.

We welcome your feedback on all areas of the Fund, so if you have suggestions for improvements or would like to see more information available on certain areas, please do get in touch and let us know.

Best wishes,

**Gillian Hamilton,
Company Secretary**

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All information contained within this booklet is correct at time of going to press, but may be subject to change. In the event of any discrepancy between the information contained in this booklet and the overriding legislation that governs pensions or the Trust Deed and Rules of the University of York Pension Fund, the Trust Deed and Rules and overriding legislation will apply. The University of York Pension Fund and its administrators are not authorised to give financial advice. Members requiring financial advice may wish to speak to an independent financial adviser.

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FUND GOVERNANCE

Board of Directors

The University of York Pension Fund is administered by the University of York Pension Trust Company Limited. Trustee meetings are held both online and in person. The Trustee Company has nine directors, who for the year have been:

INDEPENDENT CHAIR

Director	Appointed	Resigned
BESTrustees (represented by Mrs Ann Rigby)	1 December 2019	

EMPLOYER NOMINATED DIRECTORS – APPOINTED BY THE COUNCIL OF THE UNIVERSITY OF YORK

Director	Appointed	Resigned
Mr John Lister, previous Lay Member of University Council	13 March 2017	
Mr Adrian Murgatroyd, Finance	29 September 2017	
Mrs Iona Rodger, Human Resources	17 December 2021	
Mr Paul Bushnell, DTEF	03 March 2021	

MEMBER NOMINATED DIRECTORS – NOMINATED AND ELECTED BY THE FUND MEMBERS

Director	Appointed	Resigned
Mr James Coates, Retired (ex-Library and Archives)	13 March 2016	
Mr Timothy Franklin, Retired (ex-Registrar's and Planning)	13 March 2016	
Mr Michael Hodgkinson, Biology	1 August 2017	
Mr Stephen Bradley Human Resources	26 July 2023	

The Member Nominated Directors are elected by Fund members, and each serve a term of four years. They retire by rotation and may be re-elected.

The Secretary to the Trustee is Miss G Hamilton, who is supported by Mr P Lee of First Actuarial LLP.



THE UNIVERSITY of York
BERRICK SAUL
BUILDING

PROFESSIONAL ADVISERS AND SERVICE PROVIDERS

Actuary	K Hulme-Vickerstaff, FIA, First Actuarial LLP
AVC Provider	Aegon & Scottish Equitable Pensions & Bonds
Banks	HSBC plc Lloyds Banking Group
Fund Administrator	c/o G L Hamilton University of York Pensions Team Heslington Hall Heslington York YO10 5DD
Independent Auditor	BHP LLP
Investment Managers	Legal & General Investment Management Schroder Investment Management Limited Alcentra Limited Aberdeen Standard Investments (ASI) Macquarie Global Investments
Investment Adviser	Isio Ltd (previously known as Deloitte Total Reward and Benefits Ltd)
Investment Custodian	J P Morgan (for Schroder Investment Management Limited)
Legal Adviser	Walker Morris LLP
Life Assurance Company	MetLife Europe d.a.c

ADMINISTRATION REPORT

Pension increases

Increases to pensions are calculated with reference to inflation. Since April 2011, the rate of inflation that has been used has been the Consumer Prices Index (CPI), although it is possible for other rates to be used. Where an increase to pensions is granted, it is applied each April and is based on the rate of CPI from the preceding September. It is possible to award a rate of increase lower than the rate of inflation, subject to the advice of the Actuary and the agreement of the University and Trustee. In September 2023, the rate of CPI was 6.7%. It was agreed that where applicable, the full rate of increase would be awarded.

From 1 April 2024, therefore, increases to pensions in payment will be as set out below:

- For pension built up on or before 31 March 2022, the full increase of 6.7% will be awarded to pension in excess of the guaranteed minimum pension (GMP).
- For pension built up on or after 1 April 2022, the rate of increase awarded is capped at 5% for this part of your pension only. This cap is as a result of the changes in the scheme rules that came into effect from April 2022.
- If you retired on or after 1 April 2022, your first increase is awarded pro-rata.



Death grant

Did you know that one of the benefits of membership is a lump sum that can be paid to your beneficiaries in the event of your death? You may have been familiar with this whilst you were a contributing member, but if you die within five years of drawing your pension a lump sum will still be payable. The lump sum is equal to the value of five years pension at its value on the date you died, less any payments already made. It is therefore important that you keep your nomination up to date during the first five years of your retirement.

If it is more than five years since you retired, there will be no lump sum payable in the event of your death.

Nomination forms

Copies of nomination forms are available for you to download from the [Fund's website](#). Completing a nomination form allows you to let the Trustee know your wishes for who you would want to receive any lump sum that would be payable in the event of your death.

Completing a form only takes a few minutes but can make the process of administering an Estate much easier on those left behind. If you haven't completed a nomination form within the last three years, please complete a nomination form. It is always important to keep this

updated even if you have completed a form upon retirement as this allows the Trustee to know that your wishes have not changed

Pension reviews

The Trustee's administrators are continuing to undertake a review of all the pensions in payment. You will be contacted directly about any revisions to your pension if, as part of this review, it is found to be being paid incorrectly.

Power of attorney

If you have a power of attorney in place, please remember to let us know. We will need sight of the original signed and sealed power of attorney document to record the details on our records. Having details about any power of attorney arrangements you may already have in place helps us to know who to contact about your pension and reduces the chance of us having to suspend your pension if we lose touch with you.

Payslips

You are able to access your payslips through an online service. The online service offers a lot of benefits over paper payslips, including the option to be able to view all your payslips and P60's (including the ones that we wouldn't normally print and send to you), and the convenience of being able to access these at any time. If you haven't already signed up to this, but are interested in doing so, please get in touch with the Pensions Team who will let you have the details of how to.

Paper payslips will still continue to be produced for those who do not want or are not able to use the online service where the amount of pension changes by more than £5 from the previous month.

Payment calendar 2024

Month	Day
January 2024	31
February 2024	29
March 2024	28
April 2024	30
May 2024	31
June 2024	28
July 2024	31
August 2024	30
September 2024	30
October 2024	31
November 2024	29
December 2024	24

Changing your bank account

Please remember to notify us in advance if you are changing your bank account. A notification must be in writing and must be signed and dated by you. You should also remember to quote your old bank details in any notification. We cannot accept changes of bank details by e-mail.

As part of our standard processes and to prevent fraud, when you write to notify us of a change in your bank details, you must include evidence that the new bank account is held in your name. This must be on your



bank's headed paper and must show your name and the account details (including sort code). If you use the switching service to change your bank account, we will still require evidence that the new account is held in your name and will write to you to request this.

Payments from overseas

Don't forget that if you are a member who is resident overseas, we offer you the facility to have your pension paid to an overseas bank account in your local currency. If you want to change the account that you have your pension paid into from a UK bank account to an account held overseas, please contact the Pensions Team who will send you a form to change your payment details.

GMP equalisation

On 26 October 2018, the High Court ruled that pension benefits accrued on and between 17 May 1990 and 5 April 1997 should be equalised in order to alter the impact of Guaranteed Minimum Pensions (GMPs), which accrued differently for men and women, and which were payable from different ages. The Trustee has begun to equalise transfer values payable, and benefits paid when a member passes away. It is considering its response for other benefits, including historic transfer values and pensions in payment.

Changing your address

Please remember to notify us of a change in your address. If we believe that we do not hold your up-to-date address or receive any returned post from the address we hold for you, it is our normal practice to suspend your pension until we have been able to locate you.



Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a free [tracing service](#) available.

Pension credit

Pension Credit gives you extra money to help with your living costs if you're over State Pension Age and on a low income. You can get Pension Credit even if you have other income, savings or own your own home and if you get Pension Credit, you can also potentially get other help such as a Council Tax discount, a free TV licence (if you're 75 or over) and help with your heating costs. However, a large number of people who are eligible for Pension Credit don't claim it. To find out more about Pension

Credit and to determine if you are eligible to receive it, visit this [website](#) or call the helpline on 0800 99 1234.

Tax help for older people

Tax Help for Older People is a charity which provides free independent help and advice for people in the UK who cannot afford to pay for professional tax advice. In order to access their service, you must be aged 60 or more and have a total income of less than £20,000 a year. You can find out more about their services by visiting their [website](#). You can also e-mail taxvol@taxvol.org.uk or ring 01308 488 066 during office hours.





Rott Cooke Hub

INVESTMENT AND FINANCIAL REPORT

The Trustee is responsible for the Fund's investment strategy, acting on the advice of its investment adviser. In taking decisions regarding the Fund's investment strategy, the Trustee considers the membership profile and the structure and duration of the Fund's liabilities.

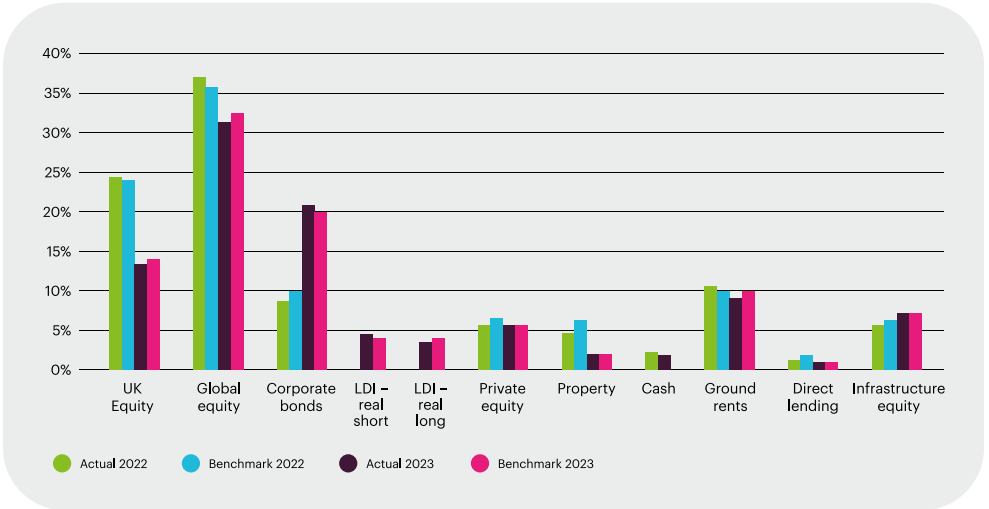
The Trustee has delegated the day-to-day management of the Fund's asset portfolio, which includes full discretion for stock selection, to the external investment managers listed earlier on in the report.

As at 31 July 2023, the largest allocations of the Fund are its equity investments, split between UK and global equity, with both managed by LGIM and Corporate Bonds. During 2023, the Trustee made the decision to increase the corporate bond allocation by 10% to 20% by reducing the allocation to the Fund's equity holdings by 10%. As at 31 July 2023, the Fund's other investments included a cash fund, also with LGIM, and a property fund, private equity and cash investments held with Schroders. The Fund also invested in LDI's, Liability Driven Investments. These investments involve managing the risks of interest rate fluctuations and market volatility. The Fund also invests in another private equity fund (APEG) and a ground rents fund, both of which are managed by ASI. In addition, the fund holds allocations to direct lending with Alcentra and infrastructure equity with Macquarie.



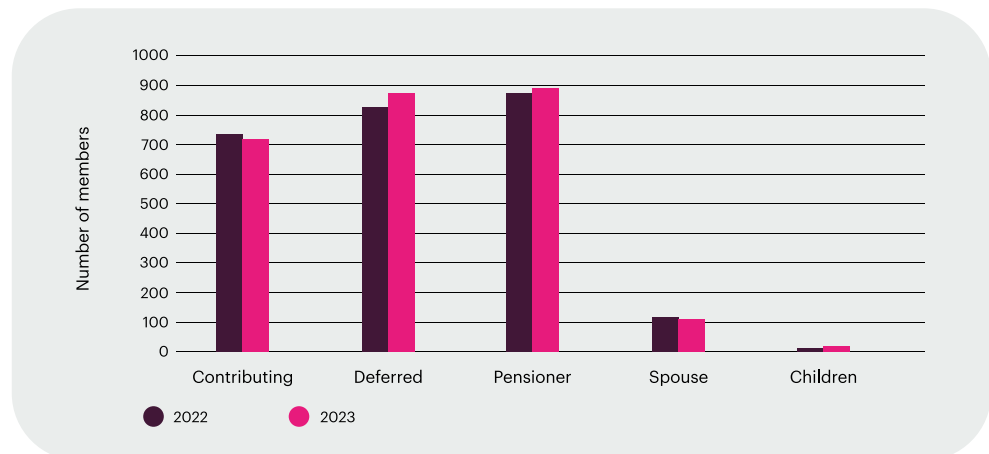
Asset allocation

The asset allocation of the Fund for the current and prior period are compared against the long-term strategic benchmark in the chart below.



Membership

The chart detailing the membership movements shows that the gradual maturing of the Fund seen over the past few years continues, as the number of deferred and pensioner members increase, whilst the number of contributing members has continued to decrease.



Income and expenditure

Detailed below is an abridged version of the income and expenditure of the Fund to 31 July 2023. Full details are published in the Fund's Annual Report and Accounts, which is available to members upon request.

Income (excluding investment income)

	2022	2023
Employer contributions	£12,754,420 ¹	£3,860,734
Employee contributions	£422,034	£401,887
Transfers in	£0	£0
Other income	£120,912	£144,718
Total income (excluding investment income)	£13,297,366	£4,407,339

Expenditure

	2022	2023
Benefits paid or payable	(£6,352,113)	(£6,465,593)
Payments to and on account of leavers	(£3,862)	(£97,030)
Administrative expenses	(£472,499)	(£486,772)
Other payments	(£100,543)	(£112,514)
Total expenditure	(£6,929,017)	(£7,161,909)

Return on investments

	2022	2023
Investment income	£749,177	£529,825
Change in market value of investments	£2,679,173	(£1,634,840)
Investment management	(£318,309)	(£330,677)
Net return on investments	£3,110,041	(£1,435,692)

Net assets of the scheme

	2022	2023
At 1 August	£213,423,493	£222,901,883
At 31 July	£222,901,883	£218,711,621

1 Includes a £9m payment from the University towards the deficit in the 2020 valuation.

THE UNIVERSITY OF YORK PENSION FUND SUMMARY FUNDING STATEMENT JULY 2023

Introduction

This statement gives you an update on the estimated financial position of The University of York Pension Fund (the “Fund”).

The Fund is a defined benefit scheme. This means that it gives you an income for life, calculated on your service and pay in the Fund.

The Trustee Directors use the assets of the Fund to pay pensions to Fund members. The assets are held separately from the University. Assets can only be returned to the University if they are more than is needed to arrange for an insurance company to pay all benefits. No such payment to the University has been made since the date of the last statement, and the Trustee Directors would tell you if the Fund was ever able to make such a payment.

Your Fund’s finances

Working out the value of the benefits promised to members – how much money we need to pay all the members’ pensions – is not an exact science. It depends on several things, including inflation, investment returns and how long members live.

A valuation is carried out by the Scheme Actuary every three years. As part of the valuation, the Scheme Actuary estimates whether the assets are worth more than the amount needed to pay members’ benefits. If that is not the case, then the Trustee Directors and University will agree what action needs to be taken.

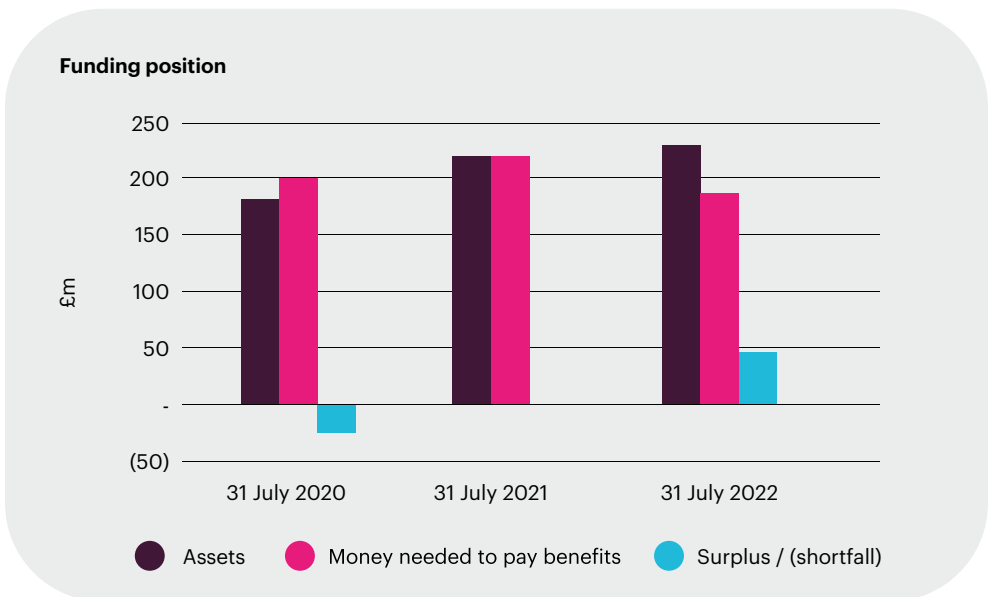
The value of the Fund’s assets and the money needed to pay benefits, measured at 31 July 2020, 31 July 2021, and 31 July 2022, are shown below. The next valuation, as at 31 July 2023 is currently being carried out.

Actuarial valuation as at 31 July 2020

The latest actuarial valuation, carried out as at 31 July 2020, showed a shortfall of £25.0m and a funding level of 88%. Therefore, the assets of the Fund were less than the estimated amount needed to pay all benefits to members, based on the assumptions used. This is not unusual.

As part of the 31 July 2020 valuation, the Trustee Directors and University agreed a Recovery Plan, under which the shortfall in the Fund was expected to be eliminated by 30 April 2026. As part of this Recovery Plan, the University paid a lump sum contribution of £9m into the Fund in October 2021, which helped improve the funding position. The changes to the Fund’s benefit structure, which came into force with effect from 1 April 2022, have also contributed to the improvement. As part of these changes, the Recovery Plan was updated with the Fund expected to be fully funded by 31 October 2023.

An approximate funding update was carried out as at 31 July 2022 which showed a surplus of £46.1m and a funding level of 126%. This compares to a shortfall of £0.3m as at 31 July 2021. The funding position has therefore improved significantly between 31 July 2021 and 31 July 2022 and the funding plan is ahead of schedule. The main reason for the improvement is due to changes in financial markets over the period and the shortfall contributions paid into the Fund by the University.



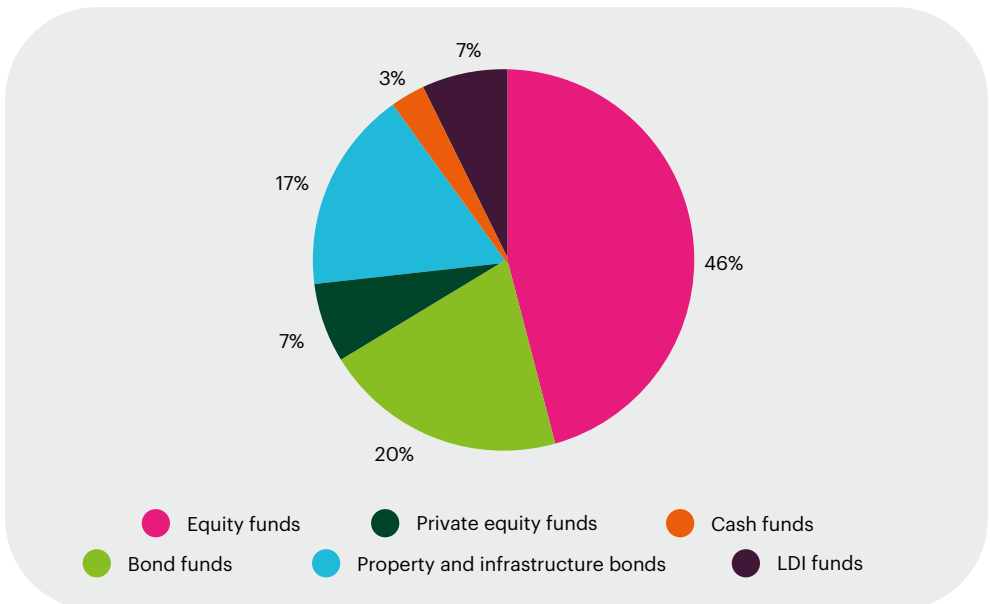
Funding position as at 31 July 2022

Assets	£222.3m
Money needed to pay benefits	£176.1m
Surplus	£46.1m
Funding level	126%

The last statement showed that, as at 31 July 2021, the Fund was estimated to be 100% funded with a shortfall of around £0.3m. Since 31 July 2021, the funding position of the Fund has significantly improved. The main reason for the improvement is due to changes in financial markets over the period and the shortfall contributions paid into the Fund by the University.

Assets

The Trustee Directors' long-term investment strategy for the Fund is to hold the following investment classes:



Within each investment category, the Trustee Directors aim to hold a mixture of assets. The Trustee Directors regularly review the Fund's investment strategy to ensure it is appropriate for the Fund.

Winding up the Fund – the buy-out position

If the University wants to pass on its responsibility for the Fund to an insurance company, the Fund will be wound up. This is known as “buying-out” the benefits. The University would have to pay a one-off contribution to the Fund to bring the assets up to the level at which an insurance company would be willing to take on the responsibility of the Fund. If this had happened as at 31 July 2020, the contribution required from the University would have been an estimated £199m. We will have updated figures after the 31 July 2023 valuation is concluded.

Additional protection

If an employer becomes insolvent, the Pension Protection Fund can pay compensation to members in certain circumstances. Further details are available [here](#).

The Pensions Regulator looks after work-based pension schemes and has certain powers it can use if it has concerns about a scheme. It has not used any of these powers in relation to the Fund.



ALTERNATIVE FORMATS

If you require this document in an alternative format, please call us on 01904 32 4805. We are able to supply large print, braille and spoken word tapes and CDs of all our documents.



**york.ac.uk/pensions
pensions@york.ac.uk**