Cambridge Colleges Federated Pension Scheme (CCFPS)

Summary Funding Statement 2014
in respect of Christ’s College

The CCFPS Management Committee is pleased to provide members with the Scheme’s annual Summary Funding Statement.

Trustees of all UK defined benefit schemes are required by law to provide a summary funding statement to scheme members. The purpose of the statement is to summarise the funding position at the scheme’s most recent valuation.

As pension schemes go on for many years, any review of a scheme’s finances can only be a ‘snap-shot’ based on what is known now, and estimates of what might happen in the future. Amongst other things, estimates include: how long people will live; what the rate of inflation will be; and what return the scheme will earn on its investments. This ‘snap-shot’ is known as an actuarial valuation and is carried out by the scheme actuary (normally every three years). The results of the valuation will form the basis for decisions about future contributions to the scheme.

The latest valuation of the CCFPS was at 31 March 2011. Each College which participates in the CCFPS operates its own section and this statement summarises the funding position of the Scheme in respect of your College at this date and covers all of the information which we are required by law to tell you. As some of this information is rather technical and detailed, we have divided the Statement into five key areas.

Mrs Joanna Womack
Chairman, CCFPS Management Committee

1. How well funded is the Scheme?

This question is answered by establishing how well the Scheme’s liabilities (the pensions which it has to pay now and in the future) are covered by its assets (the money it has available now).

There are many different ways of measuring a scheme’s funding position. The most relevant measure is the ‘ongoing basis’ – which assumes the Scheme carries on as now. At the most recent actuarial valuation at 31 March 2011, the College’s funding position on an ongoing basis was:

- Market value of scheme assets: £6,874,000
- Scheme liabilities: £7,418,000
- Scheme funding shortfall: £544,000
- Ongoing funding level: 93%

Based on the assumptions used in the ‘ongoing basis’, which were set by the CCFPS Management Committee following consultation with all participating Colleges, the Actuary has calculated that the joint contribution rate, that is the sum of employer and employee contributions, required to provide the benefits which accrue in the future is 21.22% of Contribution Pay. Contributions have been paid from 1 July 2012 as follows:
The reduction in the employer contributions with effect from 1 November 2012 were as a result of a reduction in the premiums payable for the insured benefits following a rebroking exercise.

To eliminate the funding shortfall set out above, the College has agreed to pay additional contributions from 1 July 2012 of £236,000 pa, increasing to £258,540 pa from 1 July 2013. As at 31 March 2011, allowing for the additional contributions already paid since that date, these contributions were expected to eliminate the deficit by 31 July 2013.

2. **How has the position changed since the 2011 actuarial valuation?**

The CCFPS Management Committee has received reports from the Actuary giving an update on changes in the funding position over the years from 31 March 2011 to 31 March 2012 and 31 March 2012 to 31 March 2013. Whilst detailed calculations were not undertaken, the reports indicated that generally experience over this period had been unfavourable, mainly due to the falls in bond yields over this period. This means that the Scheme’s funding level is lower than expected. Having considered the position carefully, however, the Management Committee determined that it would not be necessary to take any further action before the next actuarial valuation which was due as at 31 March 2014 and is currently underway.

3. **How well funded is the Scheme on a discontinuance basis?**

Another measure of the Scheme’s funding position is the ‘discontinuance basis’ i.e. what would happen if the Scheme was wound up (the College ceased to support the Scheme) and the Management Committee had to purchase all pensions from an insurance company.

If the Scheme had discontinued at 31 March 2011, the College’s funding position would have been:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of scheme assets:</td>
<td>£6,874,000</td>
</tr>
<tr>
<td>Scheme discontinuance liabilities:</td>
<td>£12,673,000</td>
</tr>
<tr>
<td>Scheme discontinuance shortfall:</td>
<td>£5,799,000</td>
</tr>
<tr>
<td>Discontinuance funding level:</td>
<td>54%</td>
</tr>
</tbody>
</table>

This means that the College would be required to pay £5,799,000 into the Scheme to meet all of the Scheme’s liabilities.

<table>
<thead>
<tr>
<th>Employee</th>
<th>10.00%</th>
<th>10.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer: retirement</td>
<td>8.65%</td>
<td>8.65%</td>
</tr>
<tr>
<td>Employer: Death in Service</td>
<td>1.08%</td>
<td>0.88%</td>
</tr>
<tr>
<td>Employer: Group Income Protection Benefit</td>
<td>1.49%</td>
<td>1.39%</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>21.22%</td>
<td>20.92%</td>
</tr>
</tbody>
</table>
A pension scheme whose sponsoring employer becomes insolvent and is unable to meet the costs of providing pensions, will normally apply to the Pension Protection Fund (PPF). The PPF was set up under the Pensions Act 2004 to provide compensation to members and beneficiaries of defined benefit pension schemes in such cases.

The CCFPS Management Committee and Scheme actuary are satisfied that the College is committed to continue to support the Scheme.

4. Have there been any payments from the Scheme to the College?

The CCFPS Management Committee can confirm that there have not been any payments to the College out of the Scheme in the previous 12 months.

5. Where can I get further information?

A number of additional documents about the CCFPS are available to members on request, or from the website at [www.admin.cam.ac.uk/offices/pensions/ccfps/index.html](http://www.admin.cam.ac.uk/offices/pensions/ccfps/index.html) and these include:

**Statement of Investment Principles** – this explains how the money being paid into the CCFPS is invested.

**Schedule of Contributions** – this shows how much money is being paid into the College’s section of the CCFPS.

**Trustees Annual Report and Accounts** – these show the CCFPS income and expenditure in each scheme year.

**Actuarial Valuation Report** – this is the full report of the Actuary on the valuation as at 31 March 2011.

**Actuarial Reports** – these are the Actuary’s updates on the funding position as at 31 March 2012 and 31 March 2013.

**A Guide for Members** – this explains the benefits offered by the College’s section of the CCFPS.

If, after reading this statement, you have any questions or would like further information about the scheme, please contact Sue Curryer, Head of Pensions Administration, University of Cambridge, 4 Mill Lane, Cambridge CB2 1RZ or e-mail her at sue.curryer@admin.cam.ac.uk.