Cambridge Colleges Federated Pension Scheme (CCFPS)

Summary Funding Statement 2022 in respect of Girton College

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

Dear Member

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 the 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 form the basis for decisions about future contributions to the Scheme.

The latest valuation of the CCFPS was at 31 March 2020. 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. It covers all of the information which we are required by law to tell you, but if you would like any additional information or have any queries, contact details are at the end of the Statement

Robin Ellison
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 the 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 2020, the College's funding position on an ongoing basis was:

Market value of scheme assets:	£13,250,189
Scheme liabilities:	£17,620,679
Scheme funding shortfall:	£4,370,490
Ongoing funding level:	75%

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 37.3% of Contribution Pay.

Contributions have been paid as follows:

	% of Contribution Pay			
	From 1 July 2018 until 30 June 2021		From 1 July 2021	
Members		8.50%		8.50%
College - Retirement Benefits - Death in Service Benefits - Group Income Protection Benefits Total	21.38% 2.32% 1.01%	24.71%	24.82% 2.55% 1.43%	28.80%
Total Contributions		33.21%		37.30%

To eliminate the funding shortfall set out above, the College has agreed to pay additional contributions from 1 July 2021 of £226,570 pa, these contributions are expected to eliminate the deficit by 31 March 2030.

2. How has the position changed since the 2017 actuarial valuation?

The previous statement was based on the previous actuarial valuation undertaken as at 31 March 2017. As at that date the College's funding level was 84%. The main factors which have affected the funding position are:

(a) Investment returns have been lower than assumed; and

(b) The assumption about the level of returns expected on the Scheme's investments in the future has been reduced in line with the change in investment yields since 2017, which has only been partially offset by lower assumptions for future inflation leading to an increase in the value placed on the liabilities of the Scheme

3. Is there a more recent update?

The Management Committee instructed the Scheme Actuary to reassess the Scheme's funding level as at 31 December 2020, and at that date the College's funding positon was as follows:

Market Value of Scheme assets	£15,894,960
Scheme liabilities	£18,952,708
Scheme funding shortfall	£3,057,748
Ongoing funding level	84%

The improvement in the funding level since 31 March 2020 is as a result of good investment returns achieved on the Scheme's assets since that date.

The next actuarial valuation of the Scheme will take place on 31 March 2023, with the results being available within 15 months of that date. In the intervening period, the Management Committee obtains a report from the Scheme Actuary providing an update on the funding position of the Scheme as at each 31 March.

The report as at 31 March 2021 indicated that the Scheme's funding level had improved further since 31 December 2020. This is again primarily a consequence of good investment returns.

The report as at 31 March 2022 indicates a continued improvement in the funding level of the scheme and this is due to the continuation of higher than expected investment returns.

4. 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 2020, the College's funding position would have been:

Market value of scheme assets:	£13,250,189
Scheme discontinuance liabilities:	£31,116,831
Scheme discontinuance shortfall	£17,866,642
Discontinuance funding level:	43%

This means that the College would be required to pay £17,866,642 into the Scheme to meet all of the Scheme's liabilities.

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.

5. 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.

6. 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 http://www.pensions.admin.cam.ac.uk/ccfps and these include:

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

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

Actuarial Valuation Report – the full report of the Actuary on the valuation as at 31 March 2020.

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 Group Pensions, University of Cambridge, Greenwich House, Madingley Road, Cambridge CB3 0TX or e-mail pensionsonline@admin.cam.ac.uk