

Members' Meeting, 5 December 2014: Minutes

A meeting of the members of the Cambridge University Assistants' Contributory Pension Scheme was held on 5 December 2014 in Lecture Room 3, Mill Lane Lecture Rooms, Cambridge.

The following members of the Managing and Investments Committees were in attendance:

Mr Howard Jacobs (Chairman)

Mr D Hearn (Member of the Managing Committee and Chairman of the Investments Committee)

Mr G Cross (Member of the Managing Committee)

Mr W Galbraith (Member of the Managing Committee)

Mrs Jackie Rippeth (Member of the Managing Committee)

Mr R Sweet (Scheme Actuary) and Mrs S E Curryer (Secretary) were also in attendance.

Approximately 25 – 30 members of the Scheme were present.

Mr Jacobs opened the meeting by introducing himself and explaining that he had been Chairman of the Committee since 1st March this year. He went on to explain that the format of the meeting would begin with a short explanation of the governance of the Scheme and that then he would hand over to Mrs Curryer for a short presentation followed by a Q and A session.

He stated that he had no connection with the University, only that he attended it some time ago, and that he was therefore independent.

Mr Jacobs went on to explain that the Cambridge University Pension Trustee Limited (CUPTL) was a company and that members of the Managing Committee were Directors of the Scheme and therefore ran the company. Mr Jacobs said that it had been decided to remove any reference to the Managing Committee and change it to Trustees of the Pension Scheme who were Directors of the Company. He explained that there were 9 Directors, with himself as Chairman, 4 of whom were appointed by the University, 1 was appointed by the active members, 1 by the pensioner members, 1 appointed by UNISON and 1 appointed by UNITE. Mr Jacobs also stated that regular meetings were held. He explained that there was also an Investments Committee of which Mr Donald Hearn was chairman, and that he was also a Director of CUPTL. Mr Jacobs stated that this was how the governance operates and that all the Directors were trying to do their best in relation to the Scheme.

Mr Jacobs then went on to talk about the fundamentals of the Scheme. One of the main points being that the Trustee Company was completely separate to the University and that it was the duty, under law, of the Trustees to act in the best interests of the Scheme members. The Trustees should not become involved in the relationship between employees and employers but to ensure that the Scheme is administered according to the rules of the Scheme and to make sure that they do their best to balance the interests of all members.

Mr Jacobs declared an interest in responsible investments and explained that there were many factors involved including balancing risk and reward, long and short term investment and spreading the risk. He explained that the Pension Scheme had assets of £500 million which were tiny compared to other pension schemes; for example, USS had assets of £41 billion. When working out what to invest in, the CPS did not have the power to negotiate compared to the larger pension schemes. It had to balance the desire to get a good return against the risk involved and that the CPS does its best to invest in order to get sensible returns balanced with the risk. Mr Jacobs said if anyone wanted to chat about investments after the meeting he would be happy to do so.

Mr Jacobs handed over to Mrs Curryer.

Mrs Curryer then gave her presentation, stating that copies of this would be available on the new pensions website together with the Minutes of the meeting.

Mrs Curryer's presentation dealt with the following topics:

- Member communications
- Annual Report and Accounts
- Questions submitted by members

Following the presentation Mrs Curryer asked if there were any questions from the floor.

One of the members attending the meeting passed round some copies of lists of ethical investments which he stated had out-performed the investments made by the Trustees. Mr Jacobs stated that he was grateful for the list but asked the members not to underestimate the difficulty of balancing the investments with the end to end cost.

Another member asked if it was possible to continue to pay into the pension scheme after the age of 65 and Mrs Curryer confirmed that it was.

A member asked if it would be possible to break the monopoly that SEI had on the Hybrid Scheme and Mrs Curryer stated that this was a matter for the employer.

One member asked about the tax situation with regard to pension payments and the lump sum payment. Mrs Curryer confirmed that the lump sum was not taxed, but that earned income was taxed at basic rate until the threshold of £32,000.

Another member asked about the difference between a Defined Benefits and Defined Contributions scheme. Mrs Curryer explained that with a Defined Contributions scheme the contributions are invested to build up a pension pot and all the risk is on the members. A Defined Benefits scheme is based on the final salary and the employer ensures that there is enough money for the benefits to be paid.

One of the members asked if it was possible for a list of the investments to be available on the website in order that members could browse and suggested that there was a transparency issue. Mr Jacobs explained that it was not simple as the Scheme employed a number of investment managers and each fund had a wide range of different shareholdings.

Mr Hearn said that it would be possible to supply a list of investment fund managers, as was already listed in the Annual Report and Accounts and that the Trustees were not trying to hide anything. He stated that the vast majority of the investments were in passive funds, which had a very small share in every company on the stock market. The Trustees tried to take a general view rather than a specific one on each company in order to keep costs down.

The member who had supplied the list of ethical investments stated that there was a column on this list with the risk assessment and that it did take account of annual fees. Mr Jacobs and Mr Hearn agreed to take the list with them in order to study it and discuss.

A member asked if there were any plans to invite members other than active members to the Members Meetings and Mrs Curryer responded that this was being looked at, but there were no plans at present. Mr Jacobs said that he would be happy to welcome deferred and pensioner members to the meetings.

One of the members thanked Mr Jacobs for the work that the Trustees did on behalf of the members.

There being no further questions Mr Jacobs closed the meeting.