

# Contributory Pension Scheme

Members' Meeting

5 December 2014

# Agenda

- Chairman's introductory remarks
- Governance of the CPS
- Member communications
- Annual report and accounts - July 2014
- Update on scheme funding
- Q & A

# Member communications

- Managing Committee reviewing some member communications
  - annual benefit statement
    - » communications forum established
    - » work underway to improve appearance
    - » hope to introduce in 2015
  - Summary Funding Statement
    - » legislative constraints on content
    - » revised version to be issued in 2015

# Member communications

- Website has been updated during 2014
- Includes
  - member guides
  - factsheets
  - scheme rules
  - trustees report and accounts
  - valuation reports
  - glossary of pension terms
  - FAQs

<http://www.pensions.admin.cam.ac.uk/>

# Annual Report and Accounts (1)

- For year ended 31 July 2014
- Will be available from Pensions Section
- Will be published on website
- Fund value £511,560,594 (£466,128,857)
- Aim to get investment return of RPI plus 3.6%
- Achieved in 4 out of last 6 years

# Annual Report and Accounts (2)

<b>Year to</b>	<b>31/07/2009</b>	<b>31/07/2010</b>	<b>31/07/2011</b>	<b>31/07/2012</b>	<b>31/07/2013</b>	<b>31/07/2014</b>
CPS return	- 5.4%	17.1%	9.5%	4.1%	16.1%	11.1%
RPI	- 1.4%	4.5%	5.0%	3.2%	3.1%	2.5%
Excess	- 4.0%	12.6%	4.5%	0.9%	13.0%	8.6%

# Annual Report and Accounts (3)

- Membership numbers

	2104	2013
– Active	4218	4128
– Deferred	3223	3034
– Pensioner	2855	2754

# Update on Scheme Funding (1)

- CPS is required to have a full valuation at least every three years – 31 July 2012
- Aim is to compare the amount of money required to fund the benefits earned at valuation date with the assets of the scheme at that date – Technical Provisions



# Update on Scheme Funding (2)

- Trustee, acting on the advice of the actuary agrees assumptions to be used
  - Economic
    - inflation
    - investment returns
    - salary increases
    - pension increases
  - Demographic
    - mortality
    - age at retirement

# Update on Scheme Funding (3)

	2012 (£000's)	2013 (£000's)	2014 (£000's)
Technical provisions (a)	511,544	540,000	555,000
Market value of assets (b)	377,169	466,000	510,000
Past service surplus/(deficit) (b-a)	(134,375)	(74,000)	(45,000)
Funding level of Past service benefits (b/a)	74%	86%	92%

# Update on Scheme Funding (4)

Why has the deficit reduced?

- investment returns have been higher than expected
- Deficit Recovery contributions of £14.6 million per year
- salary and pension increases have been lower than assumed

Valuation due at 31 July 2015

# Q & A

Q: What options are available to me if I leave the CPS due to the end of a fixed term contract or promotion?

A: If you have less than 2 years service in the scheme you can receive a refund of your own contributions to the scheme or transfer to another registered pension scheme. If you have 2 years or more service then you are entitled to a preserved pension in the CPS. You are able to take a transfer to another registered pension scheme at any time before you start receive your CPS pension.

# Q & A

**Q:** I joined the CPS in 2006 but have heard nothing about my benefits in the new defined contribution (DC) section since it was set up in January 2013.

**A:** Only members of the CPS who joined the scheme on or after 1 January 2013 are members of the DC section. This is a completely separate pension scheme which is managed by SEI and not the CU Pension Trustee Ltd. Member of the DC section have received information about their benefits from SEI.

# Q & A

**Q:** The actuarial, legal and consultancy expenses shown in the accounts for the year ended 31 July 2013 are higher than those in the year ended 31 July 2012. What are the reasons for this.

**A:** There are two main reasons

- the triennial valuation of the CPS as at 31 July 2012
- the costs relating to the changes to the scheme with effect from 1 January 2013

# Q & A

Q: Will I be able to take my pension as a one off lump sum after April 2015 following the changes announced in the 2014 budget?

A: The additional flexibilities announced in the 2014 budget do not on the whole apply to defined benefit (DB) schemes such as the CPS. However, where a member of the CPS has a very small annual pension it maybe possible for them to received this as a one off lump sum and any member who is able to do this on retirement will be informed.