Cambridge University Assistants' Contributory Pension Scheme

A meeting of the members of the Cambridge University Assistants' Contributory Pension Scheme (CUACPS) was held on 5th March 2018 in the Howard Theatre, Downing's College, Cambridge at 12noon.

Approximately 30 members of the scheme were present.

Introduction
Mr Howard Jacobs welcomed everyone to the meeting and introduced himself as Chair of CU Pension Trustee Limited (CUPTL), the trustee of CUACPS. He said there would be presentations from Mrs Sue Curryer, Head of Pensions Administration, Mr Robert Sweet, the Scheme Actuary and a representative from SEI, Mr David Snowdon.

Mr Jacobs informed the meeting that the presentations today would only concern the CUACPS and this scheme was totally separate to USS Ltd. He said the two schemes were not connected in any way and were totally separate entities. He also said the University was totally committed to the CUACPS and this commitment had been confirmed to him in writing.

University Pension Arrangements Overview
Mr Jacobs explained that the meeting was focussing on the University's hybrid pension arrangement which is split into two schemes. The Cambridge University Assistants' Contributory Pension Scheme (CUACPS) and Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS). Mr Jacobs continued to explain that employees who joined the University before 1 January 2013 would be in the CUACPS and those joining after that date would be in both schemes.

Mr Jacobs handed over to Mrs Curryer for her presentation. He said Mrs Curryer's presentation would cover two documents produced by the CUACPS each year.

Summary Funding Statement (SFS)
The SFS shows how much money the scheme has got and how much the scheme needs to have to meet its liabilities and if the difference between these figures is a surplus, the scheme has more money than it needs or if the difference is a deficit, it has less. The SFS is based on the triennial valuation of the scheme as at 31 July 2015 and the SFS sent to members earlier in 2018 gives an update as at 31 July 2017. The trustee is also legally required to show the position if the scheme was wound up and the Trustee had to secure member benefits by purchasing pensions for all members with an Insurance company. The trustee believes that the University is committed to fund the CUACPS and so this information is only included as it is a legal requirement.

Report and Accounts
The Report and Accounts are produced at the end of each scheme year. It contains the Trustee's Report and Financial Statements for the year ended 31 July. It gives details of how many members are in the scheme, split between active members (those currently contributing to the scheme), preserved members (members who have left the scheme and have a preserved pension) and pensioner members (those who are receiving their pension).

The Report and Accounts also provides information on the scheme's investments. This includes a breakdown of the asset allocation and details of investment performance. The average return over the last five years was RPI plus 8% per annum against an aim to get a long-term investment return of RPI plus 3.6% per annum.

Mrs Curryer was asked what would happen if the scheme was in surplus? Mrs Curryer explained that deficit recovery contributions would stop. She was also asked if there was a limit to the amount of surplus and she confirmed there is no limit.

Mrs Curryer also said that there were guides and factsheets available on the Pensions Section website, www.pensions.admin.cam.ac.uk, which members may find useful.

Mrs Curryer asked if there were any questions before she handed over to Mr Sweet

Actuarial Valuation as at 31 July 2018

Mr Sweet explained his role as the Scheme Actuary and said that the CUACPS was due to have an Actuarial Valuation on 31 July 2018. Mr Sweet explained that an Actuarial Valuation was carried out every three years, with interim reviews in the intervening years. He said the Actuarial Valuation compares the value of the assets held with the funding target and also determines contribution rates to meet the cost of future benefits and to eliminate any past service deficit.

Mr Sweet said that the Trustee needs to consider three elements as part of their integrated risk management for each Actuarial Valuation. The first one is the strength of the employer covenant, the second is investment strategy and the third is the funding approach. He also said the Trustee has to decide on assumptions of what might happen in the future such as what return will be earned on the investments, what will future inflation be, when will members retire and how long might members live? Mr Sweet said that he had carried out an investigation that had shown that female scheme members were now retiring slightly later and this would need to be considered by the Trustee when determining the assumptions for expected retirement ages. He also mentioned life expectancy and showed a graph that demonstrated how life expectancy had improved greatly in the second half of the 20th century. He said a 20 year old woman today would be expected to live to age 92 and had a 1 in 4 chance of living to be over 100. This means that pension schemes would need to pay benefits for longer and this would need to be taken into account by the Trustee.

Mr Sweet said the initial results from the Actuarial Valuation would be presented to the Trustee in November 2018 and there would be discussions with the University in the Spring of 2019. The statutory deadline for completing the actuarial valuation is 31 October 2019 and the results will be included in the next Summary Funding Statement.

Mr Sweet handed over to Mr Snowdon.

Mr David Snowdon – SEI

Mr Snowdon explained who SEI are and that SEI manage the Defined Contribution (DC) part of the pension scheme, namely the CUADCPS.

He said the University contributes 5% of pensionable pay into each individual pension account and members have the option to pay in too if they wish. On retirement, members can take up to 25% of the value of their fund as a tax-free lump sum and the remainder is taxable but can be used in a number of ways to give them an income in retirement.

Mr Snowdon said that the money in each individual pension account is invested in investment funds and the default investment option is the 'Default Lifestyle Strategy' which is where the majority of members are invested. He said that members do have the option to switch and choose their own funds and there was a choice of other funds that were categorised from conservative through to aggressive, depending on the level of risk that the member wishes to take.

Mr Snowdon said that members in the CUADCPS had flexibility on retirement and from age 55 could take 25% of the value of their fund as tax-free cash, buy an annuity or draw income and / or lump sums from their individual pension account. He said that SEI would write to members when they approach retirement and there was information and guidance on the SEI website.

Mr Snowdon said there were various ways that members could access their pension information. He said benefit statements were issued each year, members could review their information on the member website and could access the Gateway to Retirement website (https://sei.gateway2retirement.com) which would help members with retirement options and planning.

Mr Snowdon was asked if SEI was independent to the University and Mr Snowdon confirmed this was correct.

Mr Jacobs thanked everyone for coming and the meeting ended at 1pm.