

# UNIVERSITY OF YORK PENSION FUND

Contributing Members Annual Report  
Year-end 2023





# WELCOME

## Welcome to the Contributing Member's Annual Report.

This year's Report provides an update on the governance and administration activities of the Fund and provides information on the Fund's accounts and investments. Also included is the latest Summary Funding Statement, giving you an update on the funding level of the scheme. We are currently working through the 31 July 2023 valuation and will be reporting the results in the next Annual Report.

Please visit the Fund's website for the latest information. The website is regularly updated, and you'll find a number of important documents there, including:

- Statement of Investment Principles
- Statement of Funding Principles
- Documents from the last triennial valuation
- Schedule of Contributions
- Privacy Statement

The following documents are also available, but are not routinely published on the Fund's website:

- The shorter Actuarial Report as at 31 July 2022
- The Trustee's Annual Report and Accounts

If you would like to see or receive a copy of a document which is not on the Fund's website, have any questions about any aspects of the Fund, or would like further information on accounts or rules please contact the Pensions Team.

We welcome your feedback on all areas of the Fund, so if you have suggestions for improvements or would like to see more information available on certain areas, please do get in touch and let us know.

Best wishes,

**Gillian Hamilton,  
Company Secretary**

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Heslington Hall, Heslington, York, YO10 5DD

**Telephone:** 01904 32 4805

**Website:** [www.york.ac.uk/pensions](http://www.york.ac.uk/pensions)

**E-mail:** [pensions@york.ac.uk](mailto:pensions@york.ac.uk)

**All information contained within this booklet is correct at time of going to press, but may be subject to change. In the event of any discrepancy between the information contained in this booklet and the overriding legislation that governs pensions or the Trust Deed and Rules of the University of York Pension Fund, the Trust Deed and Rules and overriding legislation will apply. The University of York Pension Fund and its administrators are not authorised to give financial advice. Members requiring financial advice may wish to speak to an independent financial adviser.**

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# FUND GOVERNANCE

## Board of Directors

The University of York Pension Fund is administered by the University of York Pension Trust Company Limited. Trustee meetings are held both online and in person. The Trustee Company has nine directors, who for the year have been:

### INDEPENDENT CHAIR

Director	Appointed	Resigned
<b>BESTrustees</b> (represented by Mrs Ann Rigby)	1 December 2019	

### EMPLOYER NOMINATED DIRECTORS – APPOINTED BY THE COUNCIL OF THE UNIVERSITY OF YORK

Director	Appointed	Resigned
<b>Mr John Lister,</b> previous Lay Member of University Council	13 March 2017	
<b>Mr Adrian Murgatroyd,</b> Finance	29 September 2017	
<b>Mrs Iona Rodger,</b> Human Resources	17 December 2021	
<b>Mr Paul Bushnell,</b> DTEF	3 March 2021	

### MEMBER NOMINATED DIRECTORS – NOMINATED AND ELECTED BY THE FUND MEMBERS

Director	Appointed	Resigned
<b>Mr James Coates,</b> Retired (ex-Library and Archives)	13 March 2016	
<b>Mr Timothy Franklin,</b> Retired (ex-Registrar's and Planning)	13 March 2016	
<b>Mr Michael Hodgkinson,</b> Biology	1 August 2017	
<b>Mr Stephen Bradley,</b> Human Resources	26 July 2023	

The Member Nominated Directors are elected by Fund members, and each serve a term of four years. They retire by rotation and may be re-elected.

The Secretary to the Trustee is Miss G Hamilton, who is supported by Mr P Lee of First Actuarial LLP.





# PROFESSIONAL ADVISERS AND SERVICE PROVIDERS

<b>Actuary</b>	K Hulme-Vickerstaff, FIA, First Actuarial LLP
<b>AVC Provider</b>	Aegon & Scottish Equitable Pensions & Bonds
<b>Banks</b>	HSBC plc Lloyds Banking Group
<b>Fund Administrator</b>	c/o G L Hamilton University of York Pensions Team Heslington Hall Heslington York YO10 5DD
<b>Independent Auditor</b>	BHP LLP
<b>Investment Managers</b>	Legal & General Investment Management Schroder Investment Management Limited Alcentra Limited Aberdeen Standard Investments (ASI) Macquarie Global Investments Standard Life Investments
<b>Investment Adviser</b>	Isio Ltd (previously known as Deloitte Total Reward and Benefits Ltd)
<b>Investment Custodian</b>	J P Morgan (for Schroder Investment Management Limited)
<b>Legal Adviser</b>	Walker Morris LLP
<b>Life Assurance Company</b>	MetLife Europe d.a.c

# ADMINISTRATION REPORT

As a recap to the changes made last year, you can find the full details of the changes that were made to the Fund's benefits on our [website](#).

## Changes to the rules

Scheme Rules and Deed will be finalised in due course taking into account the benefit changes made as at 1st April 2022.

## Pension dashboard

The Government has recognised that it is more important than ever for people to understand their pensions and prepare for financial security in later life. This is why the Pension Schemes Act 2021 has laid the groundwork for the implementation of pensions dashboards. Pensions dashboards



will enable individuals to access all of their pension information securely online, to better support them in planning for retirement.

The Pensions Dashboards Programme is run by the Money and Pensions service and the team are responsible for developing the pensions dashboards ecosystem. Further developments are expected next year. Please visit this [link](#) for further information.

## Minimum pension age / early retirement

The normal minimum pension age is the minimum age at which most pension savers can access their pensions without incurring an additional tax charge. This is due to increase from the current age of 55 to 57 from 6 April 2028.

## Moving beyond Grade 5

For employees of the University of York, membership of the Fund is generally only available whilst you remain employed at Grade 5 or below. If you are promoted or apply for a job above Grade 5, you will no longer be able to contribute to the Fund.

There is an exception to this for a small number of members whose roles were graded higher than Grade 5 at the time of the Framework

agreement. These members are allowed to remain in the Fund in their higher graded roles, as long as their Grade does not change. If they subsequently change Grade, they will also be required to leave the Fund (unless their Grade reduces to Grade 5 or below).

These limits do not apply for employees of York Conference Limited (YCL) or YHEC.

## Nomination forms

Copies of nomination forms are available for you to download from the Fund's [website](#). Completing a nomination form allows you to let the Trustee know your wishes for who you would want to receive any lump sum that would be payable in the event of your death.

Completing a form only takes a few minutes but can make the process of administering an Estate much easier on those left behind. If you haven't completed a nomination form within the last three years, please complete a nomination form. If you don't have internet access or access to a printer, please contact the Pensions Team using the details at the start of this booklet, and we'll send a paper copy out to you.

## Additional savings

The Fund provides an additional way to save for your retirement through its additional voluntary contributions (AVC) facility. AVCs are a flexible, tax efficient way of saving more for your retirement. Once you have set up an AVC policy, you can increase, decrease, stop or re-start your contributions depending upon your circumstances. Your AVC policy can be used in a number of ways, including taking it as a tax free cash lump sum (subject to limits), drawing it as a pension or transferring it out of the Fund to drawdown in a number of smaller lump sums.

If you're interested in finding out more or taking out an AVC, there's lots of information about how to do so on [our website](#).

## GMP equalisation

On 26 October 2018, the High Court ruled that pension benefits accrued on and between 17 May 1990 and 5 April 1997 should be equalised in order to alter the impact of Guaranteed Minimum Pensions (GMPs), which accrued differently for men and women, and which were payable from different ages. The Trustee has begun to equalise transfer values payable and benefits

paid when a member passes away. It is considering its response for other benefits, including historic transfer values and pensions in payment.

## The State Pension

To check when you can receive your State Pension and how much it might be, click [here](#).

## Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a [tracing service](#) available.

## Pension credit

Pension Credit gives you extra money to help with your living costs if you're over State Pension Age and on a low income. You can get Pension Credit even if you have other income, savings or own your own home and if you get Pension Credit, you can also potentially get other help such as a Council Tax discount, a free TV licence (if you're 75 or over) and help with your heating costs. However, a large number of people who are eligible for Pension Credit don't claim it. To find out more about Pension Credit and to determine if you are eligible to receive it, visit this [website](#) or call the helpline on 0800 99 1234.

## Tax help for older people

Tax Help for Older People is a charity which provides free independent help and advice for people in the UK who cannot afford to pay for professional tax advice. In order to access their service, you must be

age 60 or more and have a total income of less than £20,000 a year. You can find out more about their services by visiting their [website](#). You can also e-mail [taxvol@taxvol.org.uk](mailto:taxvol@taxvol.org.uk) or ring 01308 488 066 during office hours.



## Pension scams

We want to alert you to the risk from pension scams and remind you to take care to protect your pension from scammers. Unfortunately, many scammers are increasing their activities at the moment, knowing that people are more worried and vulnerable than usual.

If you receive a call out of the blue about the chance to transfer your benefits out of the Fund, or if someone calls you saying they represent the Fund or the Trustee Directors, but you were not expecting the call, the safest thing to do is to ignore it – cold calling about pensions is illegal and probably a scam.

Offering you access to your pension before age 55 or offering exceptional returns or to transfer your money outside of the UK are all typical of scamming offers, as is an individual seeking to exert timing pressure on you. To make sure that anyone offering you advice or other financial services is authorised by the Financial Conduct Authority you can check the [Financial Services Register](#).

To help you spot the warning signs of a pension scam and what to do about it, the Financial Conduct Authority has released a [‘ScamSmart Guide’](#). There are also safeguards in place for people with defined benefit pensions, such as the benefits you have built up in the Fund. The Trustee Directors are required to check that anyone wishing to transfer their defined benefit pension to another arrangement where the transfer value is £30,000 or more has obtained advice from an independent financial adviser. The adviser must be authorised by the Financial Conduct Authority to advise on pension transfers. Depending on the type of scheme you are considering transferring your benefits to, there may be other checks that the Trustee Directors have to make too.

If you are thinking of leaving the Fund for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.



THE UNIVERSITY OF YORK  
BERRICK SAUL  
BUILDING

# INVESTMENT AND FINANCIAL REPORT

The Trustee is responsible for the Fund’s investment strategy, acting on the advice of its investment adviser. In taking decisions regarding the Fund’s investment strategy, the Trustee considers the membership profile and the structure and duration of the Fund’s liabilities.

The Trustee has delegated the day-to-day management of the Fund’s asset portfolio, which includes full discretion for stock selection, to the external investment managers listed earlier on in the report.

As at 31 July 2023, the largest allocations of the Fund are its equity investments, split between UK and global equity, with both managed by LGIM and Corporate Bonds. During 2023, the Trustee made the decision to increase the corporate bond allocation by 10% to 20% by reducing the allocation to the Fund’s equity holdings by 10%. As at 31 July 2023, the Fund’s other investments included a cash fund, also with LGIM, and a property fund, private equity and cash investments held with Schroders. The Fund also invested in LDI’s, Liability Driven Investments. These investments involve managing the risks of interest rate fluctuations and market volatility. The Fund also invests in another private equity

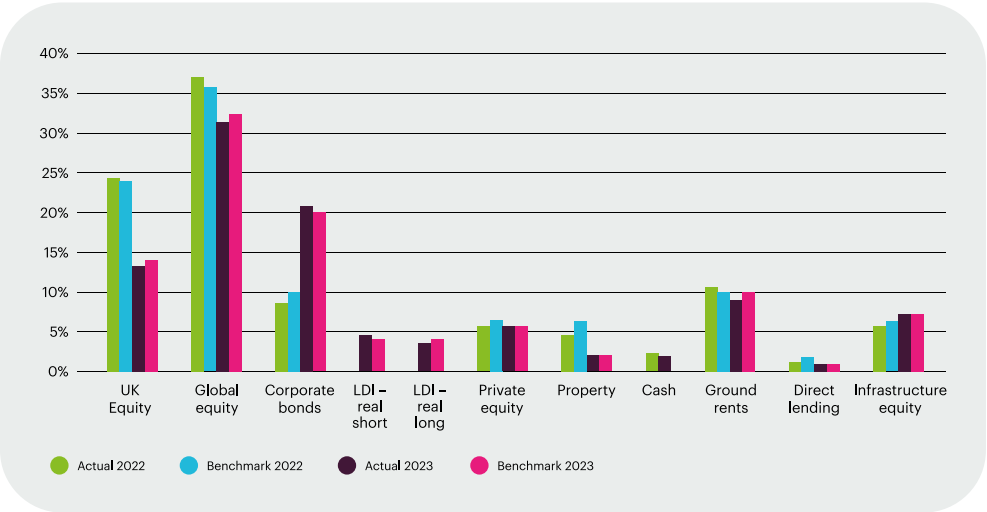


fund (APEG) and a ground rents fund, both of which are managed by ASI. In addition, the fund holds allocations to direct lending with Alcentra and infrastructure equity with Macquarie.



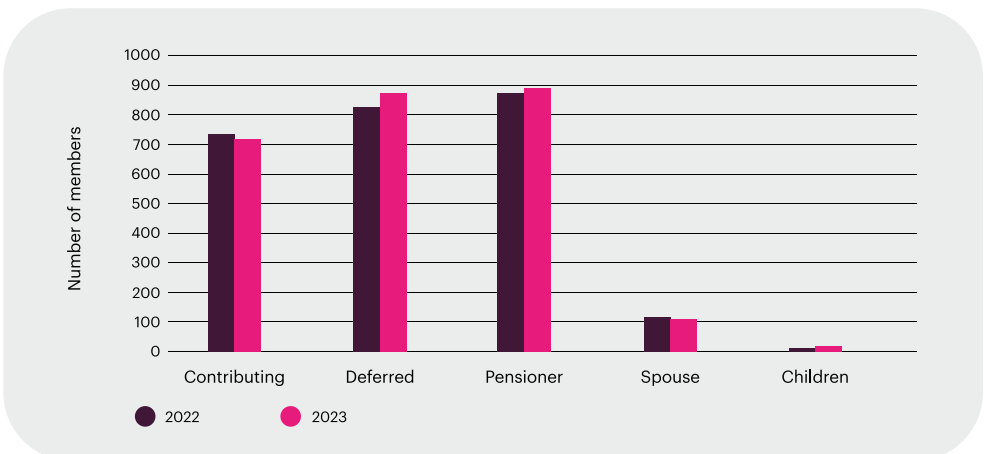
## Asset allocation

The asset allocation of the Fund for the current and prior period are compared against the long-term strategic benchmark in the chart below.



## Membership

The chart detailing the membership movements shows that the gradual maturing of the Fund seen over the past few years continues, as the number of deferred and pensioner members increase, whilst the number of contributing members has continued to decrease.



## Income and expenditure

Detailed below is an abridged version of the income and expenditure of the Fund to 31 July 2023. Full details are published in the Fund's Annual Report and Accounts, which is available to members upon request.

### Income (excluding investment income)

	2022	2023
Employer contributions	£12,754,420 <sup>1</sup>	£3,860,734
Employee contributions	£422,034	£401,887
Transfers in	£0	£0
Other income	£120,912	£144,718
<b>Total income (excluding investment income)</b>	<b>£13,297,366</b>	<b>£4,407,339</b>

### Expenditure

	2022	2023
Benefits paid or payable	(£6,352,113)	(£6,465,593)
Payments to and on account of leavers	(£3,862)	(£97,030)
Administrative expenses	(£472,499)	(£486,772)
Other payments	(£100,543)	(£112,514)
<b>Total expenditure</b>	<b>(£6,929,017)</b>	<b>(£7,161,909)</b>

### Return on investments

	2022	2023
Investment income	£749,177	£529,825
Change in market value of investments	£2,679,173	(£1,634,840)
Investment management	(£318,309)	(£330,677)
<b>Net return on investments</b>	<b>£3,110,041</b>	<b>(£1,435,692)</b>

### Net assets of the scheme

	2022	2023
At 1 August	£213,423,493	£222,901,883
At 31 July	£222,901,883	£218,711,621

<sup>1</sup> Includes a £9m payment from the University towards the deficit in the 2020 valuation.

# THE UNIVERSITY OF YORK PENSION FUND SUMMARY FUNDING STATEMENT JULY 2023

## Introduction

This statement gives you an update on the estimated financial position of The University of York Pension Fund (the “Fund”).

The Fund is a defined benefit scheme. This means that it gives you an income for life, calculated on your service and pay in the Fund.

The Trustee Directors use the assets of the Fund to pay pensions to Fund members. The assets are held separately from the University. Assets can only be returned to the University if they are more than is needed to arrange for an insurance company to pay all benefits. No such payment to the University has been made since the date of the last statement, and the Trustee Directors would tell you if the Fund was ever able to make such a payment.

## Your Fund’s finances

Working out the value of the benefits promised to members – how much money we need to pay all the members’ pensions – is not an exact science. It depends on several things, including inflation, investment returns and how long members live.

A valuation is carried out by the Scheme Actuary every three years. As part of the valuation, the Scheme Actuary estimates whether the assets are worth more than the amount needed to pay members’ benefits. If that is not the case, then the Trustee Directors and University will agree what action needs to be taken.

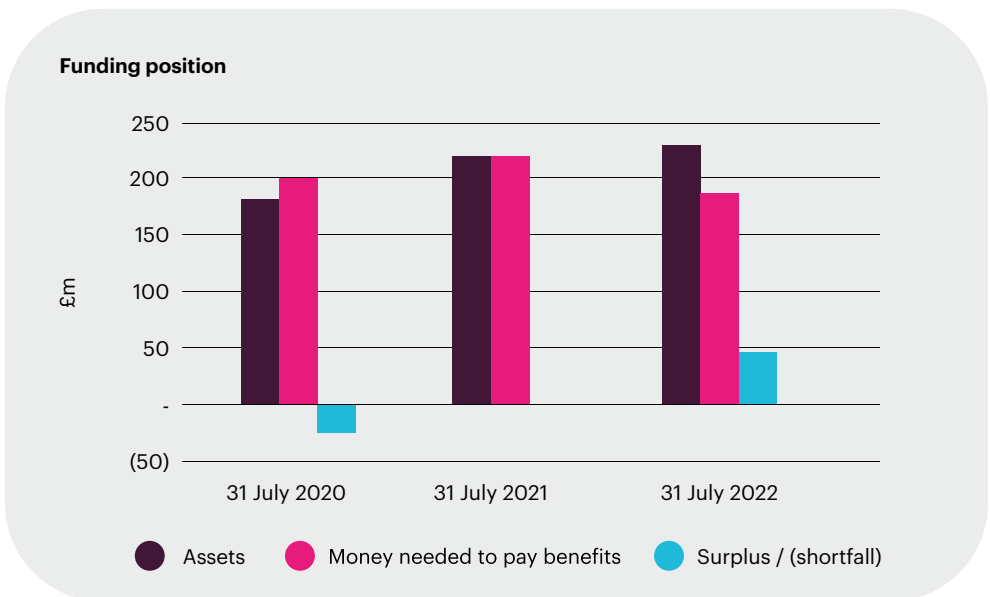
The value of the Fund’s assets and the money needed to pay benefits, measured at 31 July 2020, 31 July 2021 and 31 July 2022, are shown below. The next valuation, as at 31 July 2023 is currently being carried out.

## Actuarial valuation as at 31 July 2020

The latest actuarial valuation, carried out as at 31 July 2020, showed a shortfall of £25.0m and a funding level of 88%. Therefore, the assets of the Fund were less than the estimated amount needed to pay all benefits to members, based on the assumptions used. This is not unusual.

As part of the 31 July 2020 valuation, the Trustee Directors and University agreed a Recovery Plan, under which the shortfall in the Fund was expected to be eliminated by 30 April 2026. As part of this Recovery Plan, the University paid a lump sum contribution of £9m into the Fund in October 2021, which helped improve the funding position. The changes to the Fund’s benefit structure, which came into force with effect from 1 April 2022, have also contributed to the improvement. As part of these changes, the Recovery Plan was updated with the Fund expected to be fully funded by 31 October 2023.

An approximate funding update was carried out as at 31 July 2022 which showed a surplus of £46.1m and a funding level of 126%. This compares to a shortfall of £0.3m as at 31 July 2021. The funding position has therefore improved significantly between 31 July 2021 and 31 July 2022 and the funding plan is ahead of schedule. The main reason for the improvement is due to changes in financial markets over the period and the shortfall contributions paid into the Fund by the University.



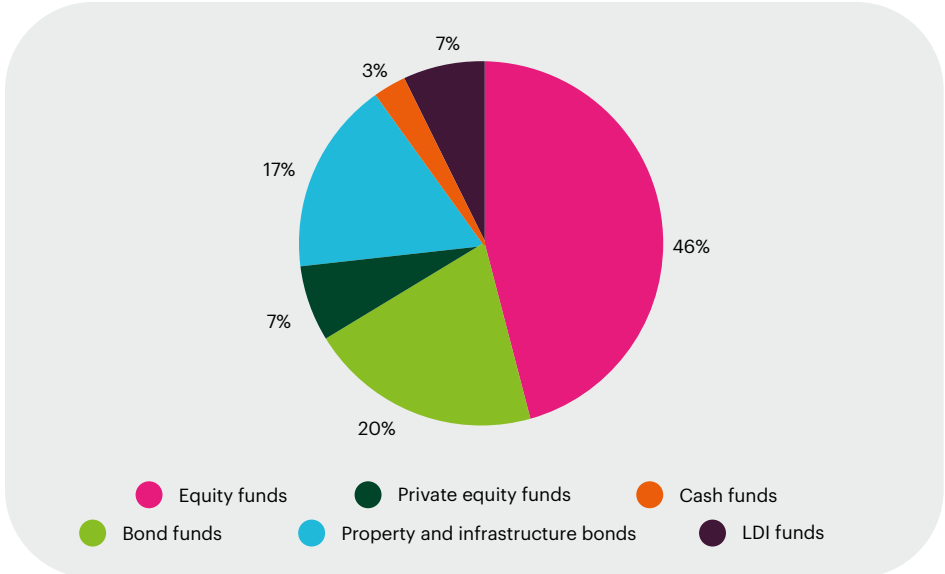
## Funding position as at 31 July 2022

Assets	£222.3m
Money needed to pay benefits	£176.1m
Surplus	£46.1m
Funding level	126%

The last statement showed that, as at 31 July 2021, the Fund was estimated to be 100% funded with a shortfall of around £0.3m. Since 31 July 2021, the funding position of the Fund has significantly improved. The main reason for the improvement is due to changes in financial markets over the period and the shortfall contributions paid into the Fund by the University.

## Assets

The Trustee Directors' long-term investment strategy for the Fund is to hold the following investment classes:



Within each investment category, the Trustee Directors aim to hold a mixture of assets. The Trustee Directors regularly review the Fund's investment strategy to ensure it is appropriate for the Fund.

## Winding up the Fund – the buy-out position

If the University wants to pass on its responsibility for the Fund to an insurance company, the Fund will be wound up. This is known as “buying-out” the benefits. The University would have to pay a one-off contribution to the Fund to bring the assets up to the level at which an insurance company would be willing to take on the responsibility of the Fund. If this had happened as at 31 July 2020, the contribution required from the University would have been an estimated £199m. We will have updated figures after the 31 July 2023 valuation is concluded.

## Additional protection

If an employer becomes insolvent, the Pension Protection Fund can pay compensation to members in certain circumstances. Further details are available [here](#).

The Pensions Regulator looks after work-based pension schemes and has certain powers it can use if it has concerns about a scheme. It has not used any of these powers in relation to the Fund.





Ron Cooke Hub

## **ALTERNATIVE FORMATS**

If you require this document in an alternative format, please call us on 01904 32 4805. We are able to supply large print, braille and spoken word tapes and CDs of all our documents.



**[york.ac.uk/pensions](http://york.ac.uk/pensions)  
[pensions@york.ac.uk](mailto:pensions@york.ac.uk)**