Fund position as at 31 July 2024

Assets
£236.5m

Money needed to pay benefits
£180.2m

Surplus
£56.3m

Funding level
131%

The latest actuarial valuation of the Fund as at 31 July 2023 showed a surplus of £45.3m and a funding level of 126%.

As at 31 July 2024, the Fund was estimated to be 131% funded with a surplus of £56.3m. The funding position has therefore improved since 31 July 2023.

The main reason for the improvement in the funding position was higher than expected returns on the Fund's investments. In addition, the contributions paid into the Fund by the University (which have been higher than the contributions required to meet the cost of benefits accrued) and changes in financial markets over the period have also contributed to the improvement.

The University of York Pension Fund Summary funding statement

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.

The Fund is looked after by

Trustee
University of York Pension Trust Limited

Fund administrator
University of York
✉ pensions@york.ac.uk
01904 324 805

Scheme Actuary
Kate Hulme-Vickerstaff FIA
First Actuarial LLP

Legal Adviser
Walker Morris LLP

Fund Auditor
BHP LLP

Investment advisor
Isio Group Limited

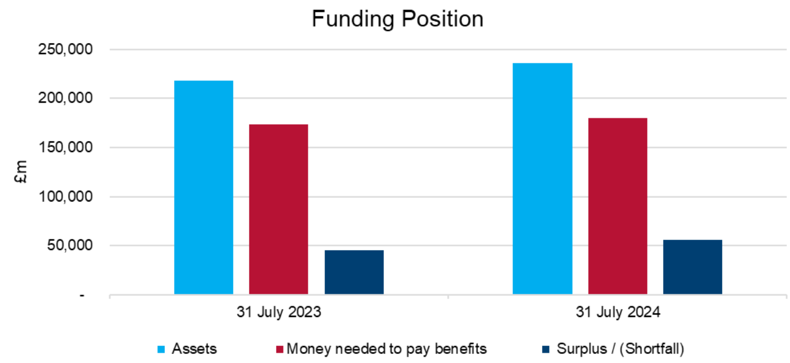
Investment managers
Legal and General Investment Management
Schroder Investment Management
Standard Life Investments
Aberdeen Standard Investments
Alcentra Limited
Macquarie Global Investments

The Fund's finances

Working out the value of the benefits promised to members – how much money is needed 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 2023 and 31 July 2024 are shown below. The next valuation will be as at 31 July 2026 and could take up to 15 months to complete.



The latest actuarial valuation, carried out as at 31 July 2023, showed a surplus of £45.3m and a funding level of 126%. Therefore, the assets of the Fund were more than the estimated amount needed to pay all benefits to members, based on the assumptions used.

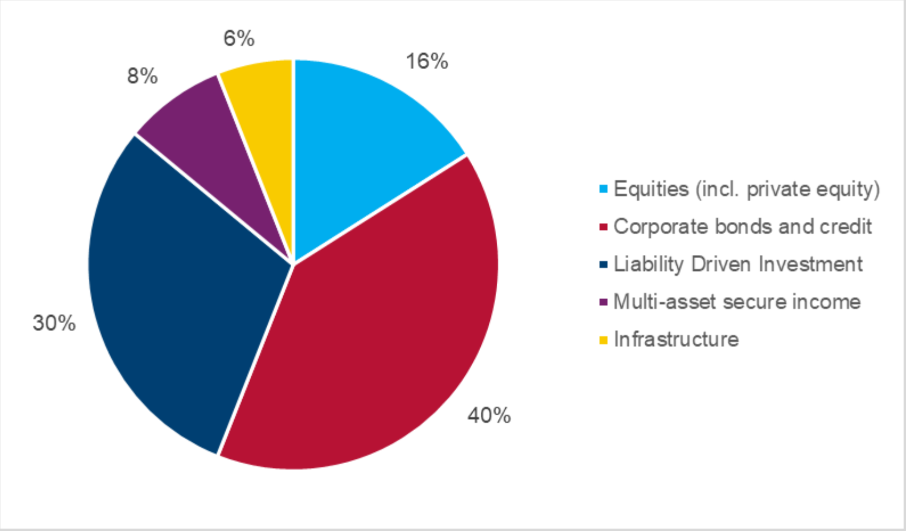
The University of York Pension Fund Summary funding statement

The previous Summary Funding Statement, issued towards the end of 2023, showed that the Fund was estimated to be 126% funded with a surplus of £46.1m as at 31 July 2022. The funding positions as at 31 July 2023 and 31 July 2022 were therefore very similar.

An approximate funding update was carried out as at 31 July 2024 which showed a surplus of £56.3m and a funding level of 131%. The funding position has therefore improved between 31 July 2023 and 31 July 2024. The main reason for the improvement in the funding position was higher than expected returns on the Fund's investments. In addition, the contributions paid into the Fund by the University (which have been higher than the contributions required to meet the cost of benefits accrued) and changes in financial markets over the period have also contributed to the improvement.

The 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 at 31 July 2023, it is estimated that the University would not have been required to pay a contribution, as the Fund held sufficient assets.

Additional protection

If an employer becomes insolvent, the Pension Protection Fund can pay compensation to members in certain circumstances. Further details are available at www.ppf.co.uk/our-members.

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.

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.

The University of York Pension Fund
Summary funding statement

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 at https://register.fca.org.uk/.

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' which can be found at www.fca.org.uk/scamsmart. 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.

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 action.

Pension dashboards

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 their pensions 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 the following link for further information:
www.pensionsdashboardsprogramme.org.uk

The taxation of pension savings

The tax-free lump sum limit

Most people can choose to receive part of their pension benefits as a tax-free lump sum once they start drawing their pension. The maximum amount most members can take across all of their pension savings is called the "Lump Sum Allowance" (LSA), and the LSA is set at £268,275.

There is also a further limit to the tax-free lump sum allowance an individual is entitled to, called the Lump Sum and Death Benefit Allowance (LSDBA). The LSDBA combines lump sums that count towards the LSA, plus eligible serious ill-health and death benefits. The LSDBA is set at £1,073,100.

Further information on these allowances can be found here:
https://www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/lifetime-allowance-for-pension-savings

Limits to pension savings

The yearly pension savings you can make tax free are limited to the Annual Allowance (AA). The standard AA is £60,000 per year, unless your "adjusted income" exceeds £260,000 a year, in which case the AA is reduced on a tapered basis to a minimum of £10,000 per year for those earning £360,000 or more. However, the taper doesn't apply to individuals with a "threshold income" of less than £200,000 a year. More information about these definitions of income, and how the tapered annual allowance works, cab be found here: https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100.

If you have a money purchase pension agreement and access it using the "Pension Freedoms", there is limit of £10,000 per year on the amount of contributions that you can subsequently make to a money purchase arrangement.

The University of York Pension Fund
Summary funding statement

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.

Further information

You can ask the Fund Administrator – contact details are on page one – for copies of any of the following documents:

- The Statement of Funding Principles
- The Statement of Investment Principles
- The Schedule of Contributions
- The Trustee Directors' Annual Report and Accounts
- The full Actuarial Valuation report as at 31 July 2023
- The shorter Actuarial Report as at 31 July 2024
- The Fund booklet.

Do you need to take any action?

Please help us by making sure:

We have your correct contact details. If your address has changed, please write to the Fund Administrator or give them a call.

Your Expression of Wish form is up to date. This form tells the Trustee Directors how you would like any benefits payable upon your death to be distributed. Please go to www.york.ac.uk/admin/hr/pensions/uoy/being-a-member/Pensions-nominated-beneficiary.pdf for a copy of the form.

If you need any further information or help, please write to the Fund Administrator or give them a call.

In addition, if you have yet to start receiving your pension and have not had an estimate of your pension at retirement in the last 12 months, you can ask the Fund Administrator for one. You can email any requests for benefit quotations or any other queries directly to the administrators, rather than sending requests by post, using the contact details provided on page one. It would be helpful if you state your name, National Insurance number and the Fund name on any correspondence.

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 action.