



University of Dundee Superannuation and Life Assurance Scheme ('the Scheme')

2021 Summary Funding Statement

As a person entitled to benefits from the Scheme we are writing to give you an update of the Scheme's funding position. We will send you a statement like this each year to provide you with the latest funding information for the Scheme.

Actuarial Valuation as at 31 July 2021

The latest actuarial valuation of the Scheme showed the funding position was as follows:

Actuarial Valuation as at 31 July 2021

Assets (£m)	145.6
Liabilities (£m)	202.1
Shortfall (£m)	56.4
Funding level	72%

Steps being taken to remove the funding shortfall

As a result of the 2020 valuation, the University agreed to pay additional contributions of £3.5 million per annum (increasing at 3% each year) until 31 July 2031 with the aim of removing this shortfall.

These additional contributions are greater than those promised after the 2017 valuation.

The Trustees have also put in place a formal agreement with the University which effectively means that, in managing its affairs, the University shall respect and maintain the status of the Scheme as one of its key creditors.

There was no change in the rate of active members' contributions which is 7.75% of pensionable salaries.

What is the Scheme invested in?

The Trustees' policy is to invest in a broad range of assets to generate long term returns above inflation. The Scheme is invested in a mix of Diversified Growth Funds, Private Markets and Liability Driven Investment Vehicles. The Scheme also holds cash, to meet short term obligations.

Change in funding position since the previous statement

You were last sent a statement at the beginning of 2020 which showed a funding shortfall of £57.1m as at 31 July 2019. Since then, an actuarial valuation has been completed as at 31 July 2020 and a funding update at 31 July 2021 has also been performed. The Trustees are pleased to let you know that the funding position has improved over this period as set out in the table below.

Change in funding position since the 2019 annual update

The following table summarises the most recent funding information for the Scheme:

Actuarial Update	31 July 2021	31 July 2020	31 July 2019
Assets (£m)	145.6	129.9	119.7
Liabilities (£m)	202.1	200.6	176.8
Shortfall (£m)	56.4	70.7	57.1
Funding level	72%	65%	68%

The position has improved since the 2020 triennial valuation.

This is due to better than expected investment returns and contributions paid by the University to reduce the funding shortfall. This improvement was partially offset by a worsening of market conditions has led to an increase in the Scheme's liabilities.

Payments to the University

There have not been any payments to the University out of Scheme's funds since the last statement was issued.

Where can I get more information?

If you have any other questions, or would like more information, please contact Marion Imrie at: **University Pensions Office, University of Dundee, Dundee, DD1 4HN.**

A list of funding and related documents as well as further information on the Scheme can be found in the Pensions Pack on the UODSS website which is given below:

www.dundee.ac.uk/finance/our-services/pensions/superannuation-schemes/uodss/

Yours faithfully,

The Trustees of the University of Dundee Superannuation and Life Assurance Scheme



University of Dundee Superannuation and Life Assurance Scheme ('the Scheme')

How the Scheme works

How are my benefits paid for?

The University and active members pay contributions to the Scheme which are invested in a common fund to pay benefits to Scheme members and dependants. The money is not held in separate funds for each individual.

How is the amount the Scheme needs to pay benefits calculated?

The Trustees have agreed a funding plan (the *Statement of Funding Principles*) with the University which aims to ensure there is enough money in the Scheme to pay for benefits as they fall due. The amount of money which the University pays into the Scheme may go up or down following regular funding checks by our actuary (called actuarial valuations).

The importance of the University's support

The Trustees' objective is to have enough money in the Scheme to pay benefits as they fall due. However, success of the plan relies on the University continuing to support the Scheme because:

- The funding level can fluctuate, and when there is a funding shortfall, the University will usually need to put in more money; and
- The target funding level may not be sufficient to pay all future benefits in full and the University may need to put in more money.

Winding up

Neither the Trustees nor the University are thinking of winding-up the Scheme however we are required to provide this information by law. The estimated amount needed to ensure that all members' benefits could be fully secured if the Scheme were to be wound up was £320.6m as at 31 July 2020. This, compared with a total asset value of £129.9m, means there was a winding up shortfall of £190.7m.

What would happen if the Scheme were to be wound up?

If the Scheme were to be wound up, you may not get the full benefits you have built up. However, as the University continues to support the Scheme, benefits will continue to be paid in full – even though funding can temporarily be below target.

If the Scheme were wound up, the University, if able, would have to pay money into the Scheme to enable members' benefits to be fully secured with an insurance company. If it is unable to pay the full amount required (for example, if the University became insolvent) benefits may not be paid in full. The Pension Protection Fund (PPF) could be required to take over the Scheme to ensure a minimum level of benefits can be paid to members (if the assets are not sufficient to provide a minimum level of compensation).

Further information is available on the PPF's website at <https://www.ppf.co.uk/>

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured with an insurance company. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administering the Scheme. By contrast, our funding plan assumes that the University will continue to support the Scheme and the corresponding cost of providing benefits as they fall due is lower.

GMP Equalisation

The High Court recently ruled that pension benefits payable to members of occupational pension schemes with GMP entitlement should be rectified to allow for the effect of unequal GMPs. This affects almost all occupational pension schemes (including the Scheme), and a small number of specific members may receive slightly higher benefits than they were expecting. Most members will be unaffected by this.

Following guidance from the Court, HMRC and the Department for Work and Pension, the Trustees have begun the process of liaising with their advisors to determine the most efficient way to equalise the benefits of affected members. If you are affected by this, the Trustees will write to you separately with details of the necessary pension adjustment.

The Pensions Regulator

In certain circumstances the Pensions Regulator can direct how the amount needed to provide benefits must be calculated, can set the period for eliminating any funding shortfall, can specify the level of employer contributions to be paid and has the power to modify the Scheme's future accrual of benefits. No such circumstances have arisen in relation to the Scheme.

Your options

If you are considering leaving the Scheme, we strongly advise that you first consider obtaining independent financial advice before taking any action.

You can find one local to you at www.unbiased.co.uk.

Your data

The Trustees have prepared a Privacy Notice, which sets out how members' personal data is used in the running of the Scheme. This is located on the Scheme website at: <https://www.dundee.ac.uk/media/dundeewebsite/finance/documents/pensions/uodss/UoDSS%20GDPR%20Privacy%20Notice%20May%202021.pdf>