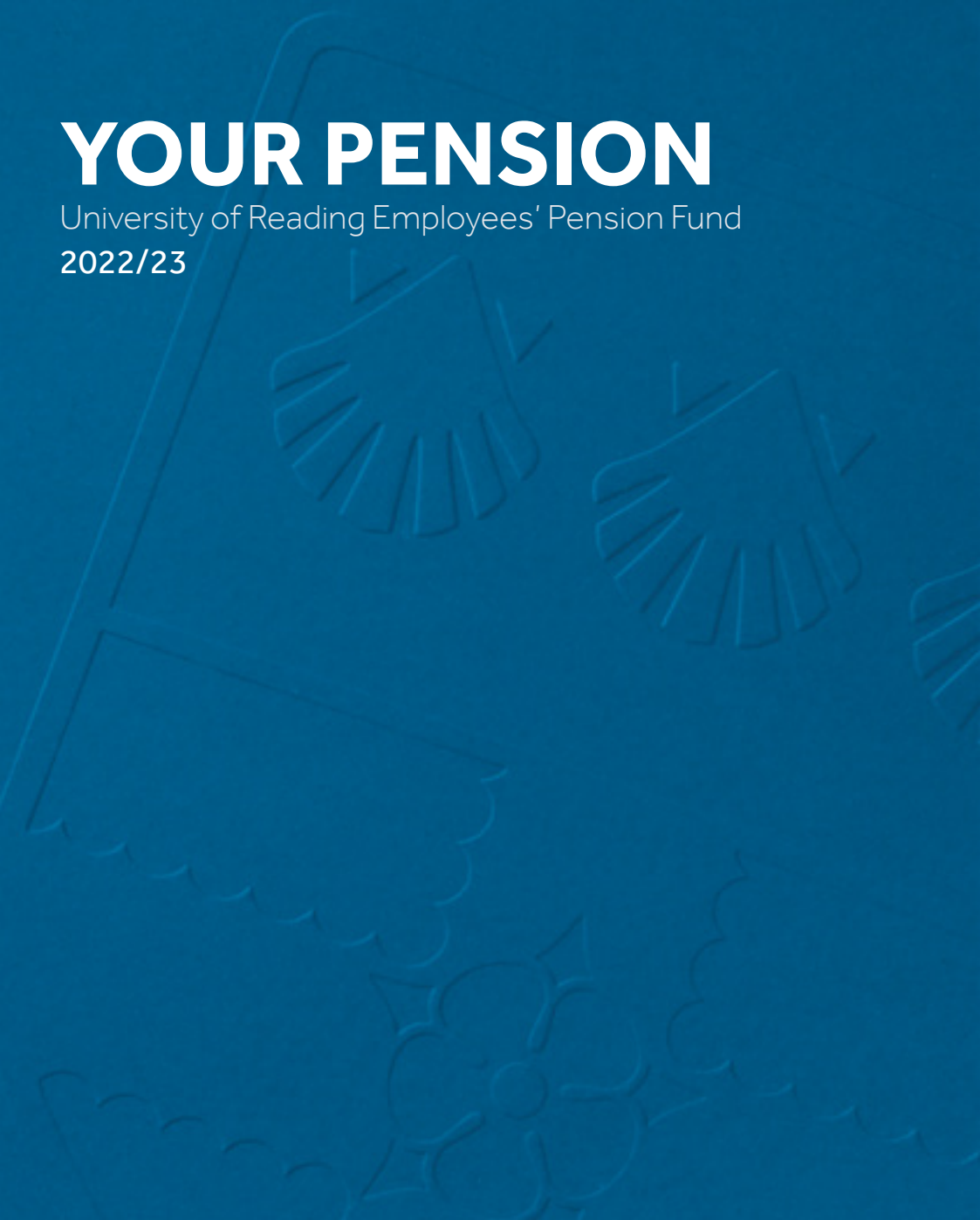


# YOUR PENSION

University of Reading Employees' Pension Fund  
2022/23



# WELCOME

... to this instalment of the Trustees' newsletter to members.

You will recall from the last newsletter that the Chair of Trustees, Keith Hodgson, retired from the role and that a new Chair was being recruited. That recruitment process involved appointing an independent, professional Trustee for the first time. I'm pleased to advise that after an open recruitment process, Joanne Livingstone was appointed as Chair of both this Fund and of the University of Reading Pension Scheme with effect from 1 October 2021. Joanne brings a wealth of experience with her and you will find an interview with her on page 4.

**Stephanie May**  
Secretary to the Trustees

# PEOPLE

## Trustees

Your Trustees have been:

**Mr Keith Hodgson (Chair)**  
(to 30/09/21)

Employer appointed

**Mrs Joanne Livingstone (Chair)**  
(from 01/10/21)

Employer appointed

**Mr John Brady**  
(to 31/03/22)

Director of Human Resources

**Miss Marie Misselbrook**  
(from 13/05/22)

Head of Financial Planning

**Mrs Claire Rolstone**  
(from 01/04/22)

Director of Human Resources

**Mr Steve Sherman**

Employer appointed

**Mrs Val Davis**  
(to 30/09/21)

Member nominated

**Dr Kris Hamer**  
(from 01/10/21)

Member nominated

**Mrs Sue Mott**

Member nominated

**Mr Mark Taylor**

Member nominated

The Trustees are supported by a Secretary to the Trustees, Miss Stephanie May, ably assisted by Mrs Heike Burnell as Assistant Secretary to the Trustees.

## Advisers and Providers

The Trustees of the UREPF have overall responsibility for running the Fund but in order to do this efficiently and correctly, they have the help of professional advisers and service providers to whom most of the day-to-day work is delegated. The table below sets out the advisers and service providers currently appointed by the Trustees:

### Actuary

Mr John Hemsley, FIA, Mercer Limited

### Pension Consultants

Mercer Limited

### Investment Managers

BlackRock Investment Management (UK) Limited

Legal & General Investment Management (from August 2018)

Invesco Pensions Limited (to 24 October 2022)

Schroder Investment Management (from 3 August 2021)

Insight Investment

(from 3 August 2021)

### Investment Advisers

Mercer Limited

### Administration, Pensioner Payroll and Accounting service provider

Barnett Waddingham LLP

### AVC Providers

Clerical Medical Investment Group Limited

Utmost Life and Pensions

### Legal Advisers

Linklaters LLP

### Bankers

Lloyds Bank plc

### Auditors

Mazars LLP

# TRUSTEE CHANGES

At the end of March 2022, John Brady, Director of HR at the University, retired after 22 years of service. He had been a Trustee of the Fund since July 2011 and thus his retirement created a vacancy on the Trustee Board. His successor as Director of HR is Claire Rolstone and the University also appointed her as a Trustee to replace John. Claire has worked for the University for 14 years, latterly as Assistant Director of HR, and so brings a strong knowledge of the University and HR principles and practice to her Trustee role.

There has been a vacancy for an Employer Nominated Trustee on the Board for some time but we're pleased to advise that this has now been filled by Marie Misselbrook, Head of Financial Planning and Strategy. Marie's appointment thus strengthens the Board's knowledge of finance and related matters and means that the Trustee Board is fully complete.

***Did you know that all new Trustees are required to complete an online training course?*** This "Trustee Toolkit" is provided by the Pensions Regulator and new Trustees are asked to complete this training within the first six months of their appointment. It covers the basic knowledge about pensions, investments and related law that all Trustees must acquire in order to under the Trustee role.

## Interview with Joanne Livingstone, Chair of the Board of Trustees

Joanne is the Fund's first independent, professional Trustee and was appointed to the role following an open recruitment process. She is also the first female Chair of the Board! Here we find out more about her and the experience she brings with her to help manage the Fund.

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### Tell us a little of your background

I'm a maths graduate with an MBA who worked for many years as an actuary, including a stint with what was then Price Waterhouse. I spent the final couple of decades of my actuarial career with Punter Southall (now part of XPS) working as a Scheme Actuary but also looking after their technical function. This meant making sure we were keeping up to date and helping our clients do the same through our communications.

In 2019 I left my actuarial employment and wanted to try some new things. So, I started to work with Pension Wise for a couple of days a week, delivering the face-to-face appointments with pension scheme members with defined contribution pension pots in my local counties of Hertfordshire and Buckinghamshire. I did this for about a year until the pandemic led to the service moving to a telephone-based service. At the same time, I also started working as an independent trustee and now spend my time chairing boards for a handful of pension scheme organisations and clients.

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### **What qualifications do you need to be an independent trustee?**

Whilst independent trustees can be appointed without any qualifications, there are a couple of organisations that do offer authorisation. The Pensions Management Institute has exams in Trusteeship including a soft skills exam which then enable successful candidates with the necessary experience to become accredited. After many years of actuarial work and tracking all the legislation for my technical role, the exam materials felt very familiar. My own accreditation is through the Association of Professional Pension Trustees. In order to remain accredited, I need to keep my knowledge up to date and the Association helps in this by holding member meetings. The meetings are very helpful for people like myself who work on their own rather than as part of a large firm of professional trustees and give me the chance to hear views from those looking after other pension schemes and their challenges.

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### **What attracted you to working for the University of Reading pension schemes?**

The university sector is an interesting sector and I was already working as a trustee for another university, when the Reading chair vacancies became available. I liked the fact that the Fund and the Scheme are different in their nature, even if my job for both is to make sure that they run as effectively as possible. At interview I could tell that the schemes were well maintained and had a good internal pension team and external advisers in place. That's enormously helpful to a new Chair.

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### **How do you think the first year of Chairing the schemes has gone for you?**

I am really pleased with progress. Perhaps the main change has been being able to come to the beautiful campus and hold in person meetings which we have been able to do now that the Covid restrictions have lessened. We have also filled our vacancies on the Trustee Boards and have some great new Trustees for both the Fund and the Scheme.

It has been a challenging year in some respects with very tough financial circumstances with the rise in interest rates and a continued stream of new requirements and legislation for pension schemes. But the Trustees are pleased to learn that the rise in interest rates has made pensions less expensive to secure so that the funding level of the Pension Fund has improved. Both schemes have their investment strategies firmly on our agenda as we look to react to the various changes and new funds that are around.

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### **What do you think is the most important thing for the Chair of a Board of Trustees to know?**

I think the most important thing to know is that every scheme is different and has different needs. As Chair, your job is to help however you can, whether by asking questions of the advisers, listening to the questions of others, sharing your own knowledge of what other schemes are doing or putting yourself in the members' shoes. I am always happy to have a chat about my pension schemes so do feel free to contact me.

# FOCUS ON INVESTMENTS

## Investment Update

You will no doubt have read in the press about recent market turmoil following the "mini-budget" on 23 September 2022. The Trustees want to reassure members that the financial position of the Fund remains strong, and indeed the Trustees were able to take advantage of market volatility by reducing the level of risk in the Fund's investments. A summary is set out in the following paragraphs.

On Friday 23 September, following the announcement of the UK mini-budget by the then Chancellor of the Exchequer Kwasi Kwarteng, the UK government bond market came under severe pressure with the value of government bonds and sterling plummeting in response to the announcement. With fixed income assets such as gilts, increases in interest rates result in a decrease in market value, meaning that rising yields following the mini-budget placed downwards pressure on the fixed income assets held by pension schemes. A number of pension funds use leverage to reduce their exposures to adverse movements in interest rates and inflation risks, and some of these liability driven investments faced liquidity pressures over this period due to the scale of the movements in value over very short time horizons. The Fund does not hold leveraged liability driven investments so was not adversely affected by these moves.

In response to these extreme movements in gilt yields, the Bank of England was forced to intervene, and on Wednesday 28 September announced a temporary bond buying program to stabilise the gilt market. After multiple revisions to the initial proposals of the mini-budget made by the now Chancellor Jeremy Hunt, the gilt market has calmed down significantly, with bond prices stabilising, albeit at price levels lower than at the start of this year.

One major benefit of the increase in gilt yields seen over the year to date has been a reduction in the value that the Actuary places on the Fund's liabilities. As a result there was an improvement in the Fund's estimated funding position. In other words the Fund is smaller but better funded.

In October, the Trustees received advice from their investment consultant that it was affordable to reduce the level of investment risk within the Fund's portfolio by increasing the target allocation to index-linked gilts by 10%. This decision was made with the intention to reduce overall investment risk in the portfolio and reduce volatility of the funding level, so as to take advantage of the improvement to the Fund's position brought on by the turmoil in gilt markets. Looking ahead, the Trustees will consider whether any future de-risking is affordable, however note the current strategy has successfully navigated this period of high volatility in markets.

# FOCUS ON GOVERNANCE

The Pensions Regulator (tPR) sets out expectations of the conduct and practice trustees should meet in order to comply with their duties under pensions legislation. These governance expectations are currently set out in various Codes of Practice and trustees are expected to have processes in place to comply with these.

## Pensions Regulator's Single Code of Practice

A new Single Code of Practice has been created by combining and enhancing 10 of the current Codes of Practice. At the time of writing, this Single (or Consolidated) Code has still to be laid before Parliament but the Trustees have already started work to make sure they are compliant with the new, enhanced Code. The Trustees' professional advisers are holding a series of training workshops with the Board and the Secretariat in order to cover the requirements of the Code and identify any areas where the Trustees need to create new policies or update ones. These workshops and the associated tasks and activities are taking place between December 2022 and June 2023 and represent a substantial time and effort commitment from all concerned.

## Governance Sub-Committee

In order to focus on the governance aspects of running the Fund, several years ago the Trustees set up a special sub-committee, the Governance Sub-Committee (GSC). The GSC meets twice a year and comprises the Chair of Trustees and two Member Nominated Trustees. Also in attendance are the Secretary of the Fund and the Actuary (or on occasions his delegate).

As part of its remit, the GSC creates and monitors the various policies that the Trustees are required to have as part of their good governance of the Fund. There is a review schedule in place to ensure that all policies are reviewed in a timely manner and updated as needed.

See the next couple of pages for information on some of the main policies and documents maintained by the GSC.



## Risk Register

This is where the Trustees seek to identify the risks to the Fund, note down what mitigations are in place and what actions should be taken to reduce or moderate the risk. Each risk is given a score based on the probability of the event occurring and the impact should it take place. Examples of some of the identified risks are:

<b>Risk</b>	<b>Consequences</b>	<b>Mitigations</b>
Fraud (misappropriation of assets and fraudulent financial reporting)	Funding level or cashflow position is negatively affected	Frequent reconciliation procedures / robust authorization process
Non-performance by Trustees due to lack of knowledge and understanding	Fund business not properly managed	Regular Trustee training / regular Trustee Effectiveness Assessments
Personal data issued to wrong person	Loss of sensitive data / financial loss as a result of fines / reputational risk / fraudulent claim	Data exchanged with administrator using secure file transfer protocols / data protection training completed / use continual learning to mitigate risks

The Risk Register is reviewed in detail at each June meeting of the GSC and then is further considered at the November meeting to see if any updates or changes are needed. The Trustees' external advisers provide input and comment on this document.



## Operating Plan

Essentially, this is the Trustees' business plan. It is where the Trustees note down all the actions due during the Fund year, when they are due and with whom the responsibility sits. Some examples are:

- it will document when a Member Nominated Trustee's term of office is due to end
- the various actions due around the triennial valuation are set out
- the requirement to complete tPR's Annual Scheme Return is noted
- the deadline for completion of the annual Report and Accounts is given.

An annual overhaul takes place each June with all the known actions for the forthcoming Fund year being identified and documented along with the expected timings. Each November sees the Plan being reviewed with any new actions added to the document.

Updates on the actions, including completion dates, are provided to the full Board of Trustees at its quarterly meetings.

## Conflicts Policy

It is a requirement not only from the Pensions Regulator, but also from a good governance point of view, that any conflicts of interest are noted and managed appropriately.

The GSC has oversight of the Conflicts of Interest Policy, reviewing this document every three years to make sure it is up-to-date and relevant.

The Board of Trustees of each sub-committee maintains a Conflicts of Interest Register and every meeting starts with all attendees being given the opportunity to declare any conflicts. This includes external service providers as well as the Fund's Trustees.

## Member Nominated Trustee Rules (MNTs) and Recruitment Process

The Trustees have agreed a process for the recruitment of new MNTs and this is maintained and reviewed by the GSC.

The process covers areas such as length of term of office, creation of a Selection Panel and what happens if there are more candidates than vacancies.

## Integrated Risk Management Plan

Find out more about this in the article below.

# INTEGRATED RISK MANAGEMENT

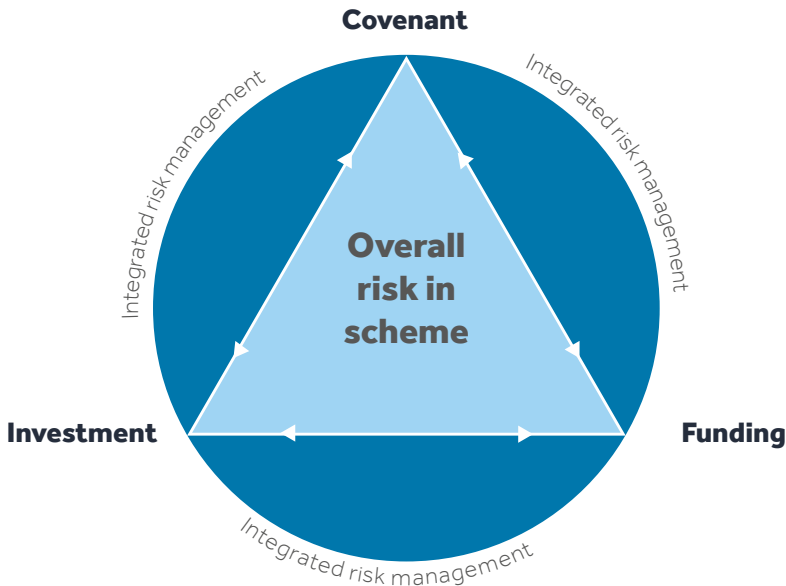
## What is Integrated Risk Management?

Integrated Risk Management (IRM) is a risk-centric management tool that helps to identify, manage and monitor the factors that affect the chances of meeting a pension scheme's funding objectives. IRM involves examining how employer covenant, investment and funding risks relate to, and are affected by, each other. It also considers how the risks should be managed. IRM is not designed to remove risk altogether, but about managing risks through a thorough understanding of the likelihood of the risks arising and the ability to manage and respond to any such risks.

## Why do we need an Integrated Risk Management plan?

The IRM plan forms part of the tools that the Trustees use to make sure the Fund is looked after and ensures that they look at the Fund holistically when making decisions or take actions. COVID-19 is a recent example of an 'IRM shock' where trustees of pension schemes would have turned to their IRM principles in order to manage the risks as well as possible.

The IRM plan is also important for longer term risks, such as Climate Change. Trustees need to evaluate how these types of risks will affect their employer (and therefore the covenant) as well as future investment growth and funding needs, and taking action in good time to mitigate any risks.



## **How is the Integrated Risk Management plan kept up to date?**

The Trustees and their advisers prepare an updated IRM plan after each triennial Valuation that takes into account the latest information on all aspects of the Fund, including assets and future liabilities. The document is then reviewed every year to make sure that it remains up to date and appropriate. The latest IRM plan for the Fund was produced in mid 2022 and will be reviewed in mid 2023.

The IRM plan can also be reviewed or changed after any significant changes to assets or liabilities, or if there is a change in the way the Fund is managed by the Trustees. The Trustees are currently putting in place a 'Long Term Funding Target', aimed at formally documenting how they will manage the Fund over the longer term. It is therefore possible that they may also update the IRM plan at the same time rather than waiting for the next triennial Valuation to be completed.

## **Where can I find a copy of the Integrated Risk Management plan?**

If you would like to see the latest IRM plan for the Fund, please visit

<https://www.reading.ac.uk/human-resources/working-at-reading/pensions>.

Or contact the Secretary to the Trustees for a copy.



## NEWS / NOTICEBOARD

### Pensions Dashboard

The Pensions Dashboard is a Government initiative to help people better plan for retirement by having online access to all your pension entitlements in a clear and simple form, including your State Pension.

The provision of the Pensions Dashboard service involves multiple parties, technical services and governance. Information from The University of Reading Employees' Pension Fund will be available on the Pensions Dashboard from October 2024.

### Member Online Services

If you have not already signed up to your BWebstream Member self-service account, we strongly encourage you to register at [logon.bwebstream.com](https://logon.bwebstream.com).

BWebstream helps us to keep in touch with you and it also holds a range of key Fund documents, including a full version of our annual report and accounts.

It also gives you personal access to information about your own pension benefits. If you are a pensioner member, you can use your account to view your payslips and your annual P60. If you have not yet drawn your pension, you can use BWebstream to view personalised retirement projections or to access transfer out quotations. If you have problems accessing or registering your online account, please contact our dedicated BWebstream registration team on 0141 447 0799 (or +44 141 447 0799 if phoning from overseas).

### April 2023 Increase to pensions in payment

Increases to pensions in payment are effective from 1 April each year. This year, due to the current high cost of living, the University and Trustees have agreed to make a higher percentage payment than that set out in the Rules. This is a one off discretionary payment and does not create a precedent for future increases. The April 2023 increase will be 8.5% (pro-rata where the pension has been in payment less than a year) and will apply to all pension amounts over and above any Guaranteed Minimum Pension (GMP) elements.

### Normal Minimum Pension Age

In 2014 the Government announced the intention for the normal minimum pension age (NMPA) to rise to 57 in 2028. This change is in line with the rise of the state pension age to 67 from the same date. The NMPA is the earliest age at which members can access their benefits in the Fund in normal circumstances. The Finance Act 2022 has received Royal Assent implementing the legislation to increase the NMPA to 57 on 6 April 2028.

### Money Purchase AVCs

If you have AVC funds with either Clerical Medical or Utmost, don't forget to review your investments on a regular basis to make sure they are right for you.

## Pension Scams

Sadly pension savers in the UK are being increasingly targeted by scammers. Pension scams can be sophisticated and difficult to tell apart from the real thing. For specific guidance on scams please visit <https://www.fca.org.uk/scamsmart/how-avoid-pension-scams>.

Scammers usually contact people out of the blue, if you are contacted by anyone and you haven't asked them to get in touch, then that is almost certainly a scam. Cold calling about pensions is illegal in the UK.

Scammers will often contact savers offering free reviews, returns that are guaranteed or higher than you would expect, the ability to release your pension as cash, or different and unusual investments. If you are the victim of a scam you will lose all of your savings and not be able to get them back. You will also face a tax bill of up to 55% of the money you have lost.

If you want to check whether any Adviser or company that you are dealing with is authorised to provide that service, check the FCA Register at <https://register.fca.org.uk/s/>

If you believe you may already have been contacted by a scam report this to the FCA (<https://www.fca.org.uk/consumers/report-scam-us>), or to Action Fraud (<https://www.actionfraud.police.uk/>).

If you are not sure and just want some guidance then you should contact Money Helper (<https://www.moneyhelper.org.uk>).

## Keeping Your Details up to Date

Don't forget to let Barnett Waddingham know if you change your address or contact

details. The easiest way to do this is to register and use the online services (see page 12) but you can always give them a call (see Who to Contact for the telephone number). We want to make sure you don't miss out on any news or information we need to sent you and that you can always be contacted about your pension with the Fund.

For deferred and active members (and any pensioners who have retired within the last 5 years), we recommend that you update your Expression of Wish regularly – even if the details of your chosen beneficiary(ies) haven't changed. You can do this online through your BWebstream self-service account or you can request one from the Pensions Team (see Who to Contact for details). The Expression of Wish form provides information to the Trustees regarding who you would like to receive any lump sum benefit in the event of your death. So it is important that the form is regularly updated.

## Sources of Pension Related Information & Guidance

For guidance and impartial help with pensions, contact Money Helper as this is a government backed service designed to make your money and pension choices clearer. The MoneyHelper website can be found at [moneyhelper.org.uk](https://www.moneyhelper.org.uk) or you can call 0800 011 3797 (+44 20 7932 5780 from overseas) in normal office hours.

As well as pensions guidance and information, you will also find many other money related resources to help you, such as "Help with the cost of living" and "Everyday Money".

# ACCOUNTS

The Trustees prepare an Annual Report and Accounts, which gives full details of all the financial transactions that have taken place within the UREPF over the year.

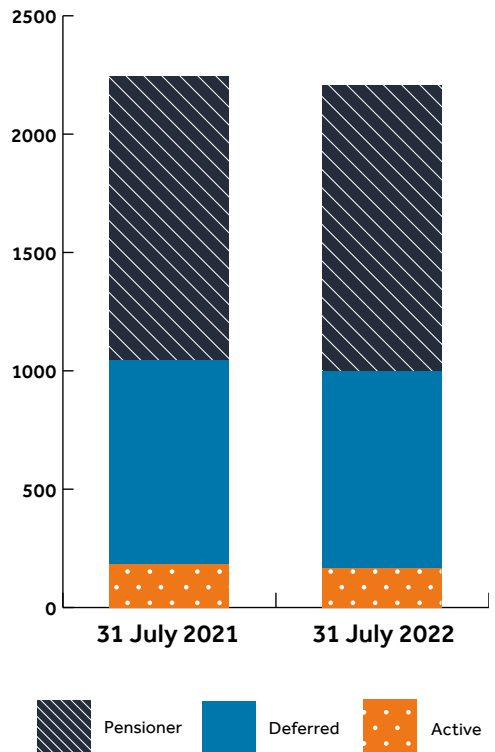
A copy of the full Annual Report and Accounts is available on request – contact the Pensions Office using the contact details on the last page.

## Summary of Income & Expenditure and Membership Movements

Set out below is a summary of the information in the Accounts over the years from 1 August 2020 to 31 July 2021 and from 1 August 2021 to 31 July 2022.

### Members

	<b>31 Jul 2021</b>	<b>31 Jul 2022</b>
Active	186	166
Deferred	859	832
Pensioner	1,200	1,210
<b>Total</b>	<b>2,245</b>	<b>2,208</b>





<b>Income</b>	<b>31 July 2021</b>	<b>31 July 2022</b>
Investment Income and returns	7,408,783	(25,329,107)
Employer Contributions*	2,538,613	2,450,002
Employee Contributions	37,164	32,663
Life Insurance Claims	53,030	-
<b>Total</b>	<b>10,037,590</b>	<b>(22,846,442)</b>

<b>Expenditure</b>		
Pension Payments	4,874,063	5,031,343
Commutation of Trivial Pensions and Retirement Benefits	792,458	698,676
Death Benefits	102,533	-
Transfers Out & Other Payments relating to Leavers	12,450	381,544
Death In Service Insurance Premiums	(3,840)	17,551
Investment Manager Fees	536,644	390,652
Administrative expenses	210,769	213,835
Actuarial Fees	202,614	120,811
Audit Fees	13,420	10,180
Legal & Other Professional Fees	37,884	3,900
Other Fees & Expenses	1,449	17,377
<b>Total</b>	<b>6,780,444</b>	<b>6,885,869</b>
<b>Total Net Assets Fund</b>	<b>215,157,169</b>	<b>185,424,858</b>

\*As most members' contributions are paid by the employer via the Salary Exchange arrangement (Pensions+), these are included in the employers' contributions figure. The arrangement provides a National Insurance saving to the member and the University.



# WHO TO CONTACT

The team that works in the Pensions Office is there to help you with any general questions you have about the UREPF. For members no longer working at the University, queries about your benefits are best directed to Barnett Waddingham as administrator of the Fund. If you have any questions about the topics covered in this issue or would like copies of any of the UREPF's governing documents, you should contact:

Pensions Office,  
University of Reading,  
Whiteknights,  
PO Box 217,  
Reading,  
RG6 6AH

Email: [pensions@reading.ac.uk](mailto:pensions@reading.ac.uk)

Phone: (external) 0118 378 7121 (internal) 7121 or 6184

## The Pensions Office team are:

<b>Stephanie May</b>	Pensions Manager
<b>Heike Burnell</b>	Assistant Pensions Manager
<b>Lisa Dodd</b>	Assistant Pensions Manager
<b>Jocelyn Adlington</b>	Pensions Assistant
<b>Linda Salmon</b>	Pensions Assistant

**i** If you have any queries which relate specifically to your own benefits, or your personal circumstances change, please contact the administrator:

## The University of Reading Employees' Pension Fund

**Barnett Waddingham LLP**  
St James's House  
St James's Square  
Cheltenham  
GL50 3PR

Tel: 0333 1111 222

Email: [reading.uni@barnett-waddingham.co.uk](mailto:reading.uni@barnett-waddingham.co.uk)