# Summary Funding Statement

## Introduction

The Trustees of the University of St Andrews Superannuation & Life Assurance Scheme (the Scheme) regularly write to you as members to give an update on the Scheme's funding position; this is also a legal requirement. This latest statement, which is known as the Summary Funding Statement, provides you with an indication of how the Scheme's funding position has developed during the period 1 August 2021 to 31 July 2023.

This Statement provides you with a rolling illustration of the fluctuating funding position. This year's Statement includes the position of the most recent full actuarial valuation as at 31 July 2021 as well as the updated positions as at 31 July 2022 and 31 July 2023. The Trustees are required by law to conduct a full actuarial valuation every 3 years. The next full actuarial valuation is scheduled to take place as at 31 July 2024.

## What is the funding position and how did it change during the period to 31 July 2023

At the Actuarial Valuation as at 31 July 2021, the Scheme's funding position (the value of the assets expressed as a % of the funding target) was 99%. The table below shows how the funding position has changed since 31 July 2021.

| | Valuation – 31 July 2021 | Update – 31 July 2022 | Update – 31 July 2023 |
|---|---|---|---|
| The funding level | 99% | 87% | 83% |
| The funding target | £125.2 million | £128.5 million | £141.5 million |
| The value of the Scheme's assets | £124.0 million | £112.3 million | £117.3 million |
| The overall position | Shortfall of £1.2 million | Shortfall of £16.2 million | Shortfall of £24.2 million |

Over the year from 31 July 2021 to 31 July 2022, the Scheme's funding position deteriorated to 87%. The reduction in funding level was primarily due to negative investment performance over the year.

Over the year from 31 July 2022 to 31 July 2023, the Scheme's funding position deteriorated further to 83%. The reduction in funding level was primarily attributable to movements in financial conditions over the year which increased the shortfall.

**It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.**

# Summary Funding Statement

### Financial support

At the actuarial valuation as at 31 July 2021, the University agreed to the pay the following contributions to the Scheme:

- 25.6% of pensionable salaries per year in respect of members who are contributing by salary sacrifice[1], and;
- 17.93% of pensionable salaries per year in respect of members who **are not** contributing by salary sacrifice[1].

Active members who do not contribute using salary sacrifice[1], make contributions of 7.77% of their pensionable salaries.

Active members who contribute using salary sacrifice[1], make equivalent member contributions (i.e. 7.77% of pensionable salaries per year), however, those contributions are part of the 25.6% the University contributes.

**In total, all active members have 25.6% of their pensionable salaries contributed as noted above – regardless of whether they use salary sacrifice[1] or not.**

In addition to the contributions detailed above the University covers the cost of:

- any enhanced benefits for members who retire due to ill health; and
- any other extra contributions which may be required in certain circumstances.

### Removing the shortfall

To eliminate the funding shortfall from the actuarial valuation as at 31 July 2021, the University agreed to pay additional contributions (over and above the contributions shown above) of 1.4% of pensionable salaries per year from 1 August 2021 to 31 May 2026.

These contributions and anticipated investment growth were expected to remove the shortfall by 31 May 2026.

The next formal valuation will look at the Scheme's funding position at 31 July 2024. This will include working out if the recovery plan is on track or if changes need to be agreed.

Note 1: Salary sacrifice is a way for members to make pension saving more tax-efficient and could mean take home pay increases.

### If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown on the previous page) which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 July 2021 the Scheme's full solvency funding level was 43% with a shortfall of £163 million.

**Please note that we are legally required to report the full solvency position as part of this funding statement. The University has no current plans to end the Scheme.**

### Other things we must tell you

We must also tell you if there have been any payments to the University out of Scheme funds in the last 12 months -there have not been.

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at **www.thepensionsregulator.gov.uk.**