

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 2023 to 31 July 2024.

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 2024 as well as the position from the previous summary funding statement as at 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 2027.

What is the funding position and how did it change during the period to 31 July 2024

At the Actuarial Valuation as at 31 July 2024, the Scheme’s funding position (the value of the assets expressed as a % of the funding target) was 100%. The table below shows how the funding position has changed since the previous summary funding statement:

	Update – 31 July 2023	Valuation – 31 July 2024
The funding level	83%	100%
The funding target	£141.5 million	£126.7 million
The value of the Scheme’s assets	£117.3 million	£126.7 million
The overall position	Shortfall of £24.2 million	No shortfall

Over the year from 31 July 2023 to 31 July 2024, the Scheme’s funding position improved to 100%. The increase in funding level was primarily due to changes in assumptions agreed as part of the 2024 valuation and University contributions paid in.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time.

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Financial support

As part of the actuarial valuation as at 31 July 2024, the University agreed to pay the following contributions to the Scheme:

- 22.60% of pensionable salaries per year in respect of members who are contributing by salary sacrifice¹, and;
- 14.83% of pensionable salaries per year in respect of members who **are not** contributing by salary sacrifice¹.

Active members who do not contribute using salary sacrifice¹, make contributions of 7.77% of their pensionable salaries.

Active members who contribute using salary sacrifice¹, make equivalent member contributions (i.e. 7.77% of pensionable salaries per year), however, those contributions are part of the 22.60% the University contributes.

In total, all active members have 22.60% of their pensionable salaries contributed as noted above – regardless of whether they use salary sacrifice¹ or not.

The contributions above also include an allowance for the expenses of running the Scheme.

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.

Protecting the funding level

To help protect the funding level of the Scheme, as part of the actuarial valuation as at 31 July 2024, the University agreed to pay additional contributions (over and above the contributions shown above) of 4.40% of pensionable salaries per year from 1 June 2025 until the completion of the next actuarial valuation.

The next formal valuation will look at the Scheme's funding position at 31 July 2027.

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 2024 the Scheme's full solvency funding level was 80% with a shortfall of £32 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.