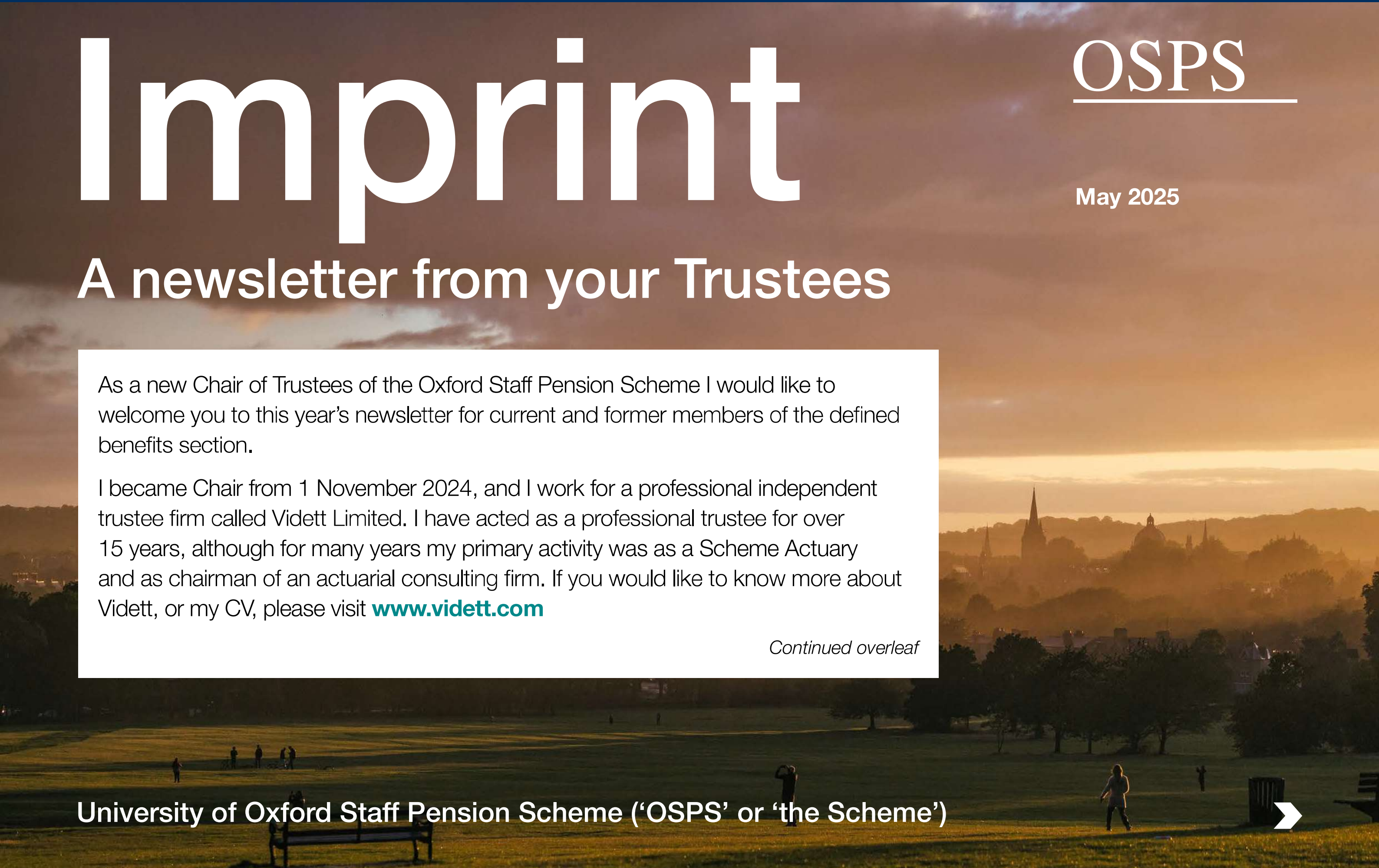


Imprint

A newsletter from your Trustees

OSPS

May 2025

As a new Chair of Trustees of the Oxford Staff Pension Scheme I would like to welcome you to this year's newsletter for current and former members of the defined benefits section.

I became Chair from 1 November 2024, and I work for a professional independent trustee firm called Vidett Limited. I have acted as a professional trustee for over 15 years, although for many years my primary activity was as a Scheme Actuary and as chairman of an actuarial consulting firm. If you would like to know more about Vidett, or my CV, please visit **www.vidett.com**

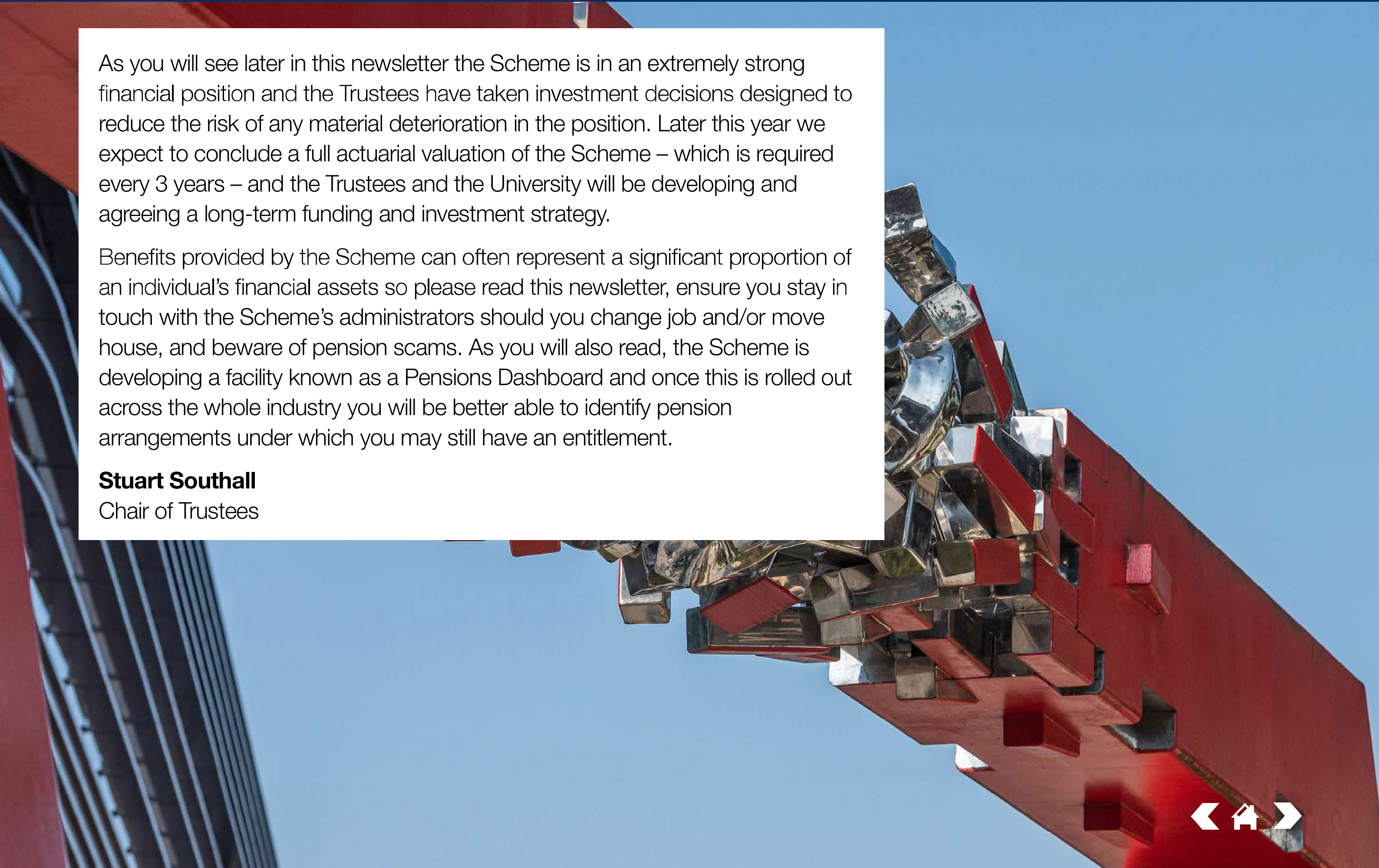
Continued overleaf

University of Oxford Staff Pension Scheme ('OSPS' or 'the Scheme')

As you will see later in this newsletter the Scheme is in an extremely strong financial position and the Trustees have taken investment decisions designed to reduce the risk of any material deterioration in the position. Later this year we expect to conclude a full actuarial valuation of the Scheme – which is required every 3 years – and the Trustees and the University will be developing and agreeing a long-term funding and investment strategy.

Benefits provided by the Scheme can often represent a significant proportion of an individual's financial assets so please read this newsletter, ensure you stay in touch with the Scheme's administrators should you change job and/or move house, and beware of pension scams. As you will also read, the Scheme is developing a facility known as a Pensions Dashboard and once this is rolled out across the whole industry you will be better able to identify pension arrangements under which you may still have an entitlement.

Stuart Southall
Chair of Trustees

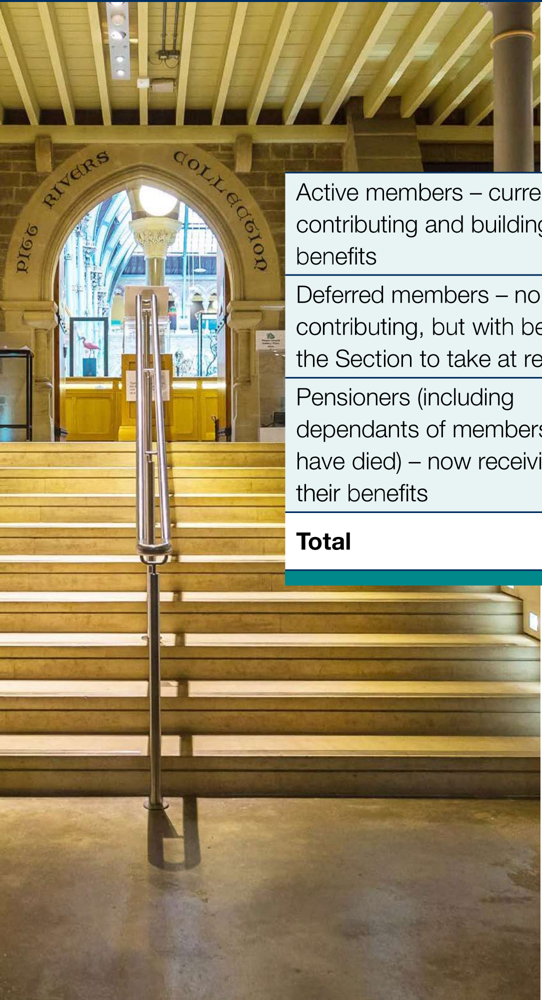


Facts and figures

From the accounts

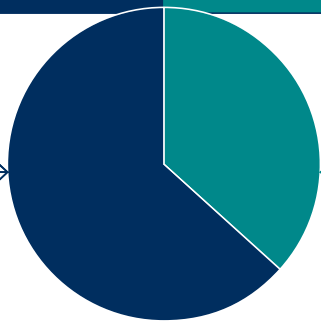
This table gives an overview of Scheme accounts for the year to 31 March 2024. If you are interested in seeing the full accounts, please go to the pension website, and look up the Scheme's Annual Report & Financial Statements in the 'Documents' section (**https://finance.admin.ox.ac.uk/osps-documents**).

	DB section	Investment Builder section	Total
	£000s	**£000s**	**£000s**
Income			
Employers' contributions (including salary sacrifice)	17,402	12,970	30,372
Members' ordinary contributions	1,994	1,657	3,651
Members' additional voluntary contributions	58	206	264
Transfers in	-	553	553
Investment income	18,895	42	18,937
Total income	**38,349**	**15,428**	**53,777**
Expenditure			
Pensions	21,655	8	21,663
Cash sums paid when members retired or died	4,836	565	5,401
Payments for members leaving the Scheme	194	579	773
Administration and investment management fees	2,255	625	2,880
Total expenditure	**28,940**	**1,777**	**30,717**
Value of the Scheme's assets at 31 March 2023	**895,056**	**33,496**	**928,552**
The difference between income and expenditure	9,409	13,651	23,060
The change in the market value of the Scheme's investments	3,765	4,471	8,235
Value of the Scheme's assets at 31 March 2024	**908,230**	**51,617**	**958,847**



Scheme profile

	DB section	Investment Builder section	Total at 31 March 2024	Total at 31 March 2023
Active members – currently contributing and building up benefits	2,092	4,233	6,325	6,214
Deferred members – no longer contributing, but with benefits in the Section to take at retirement	7,006	3,717	10,723	9,836
Pensioners (including dependants of members who have died) – now receiving their benefits	4,768	-	4,768	4,613
Total	**13,866**	**7,950**	**21,816**	**20,663**



Summary funding statement

This statement updates you on the financial position of the Defined Benefit (DB) Section of the Scheme based on the latest funding update at 31 March 2024.

Background

Every three years, the Scheme undergoes a regular financial 'health check', called an actuarial valuation. Between these valuations, the Scheme actuary provides us with an annual update..

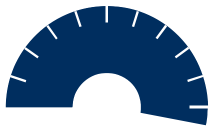
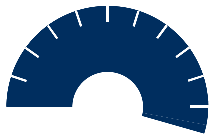
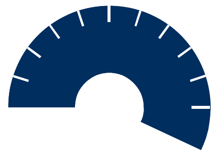
The valuation compares, at a particular date:

- the value of the Scheme's assets; with
- its funding target (sometimes called its 'technical provisions') – that is, an estimate of the amount it will need to pay the Scheme's benefits and costs.

This estimate is based on certain assumptions about the future – for example, how the rate of inflation, or member life expectancies might change. After taking the advice of the Scheme's actuary, we agree these assumptions with the University. We also agree the level of contributions payable to the Scheme in the future, based on the valuation results.

By law, we must report the results of these valuations and updates to you, in a 'summary funding statement'. This table shows the most recent results up to and including the latest update at 31 March 2024.

Results snapshot

	Valuation at 31 March 2022	Update at 31 March 2023	Update at 31 March 2024
Value of the Scheme's assets (DB Section)	£961.2 million	£893.5 million	£905.9 million
Funding target (technical provisions)	£914.3 million	£772.8 million	£724.2 million
Surplus/(Shortfall)	£46.9 million	£120.7 million	£181.7 million
Funding level	105% 	116% 	125% 

Update to 31 March 2024

As the table shows, the Scheme's estimated funding level has continued to improve year on year, with the surplus increasing by £61 million over the year since the previous update.

There were two key reasons for this:

- Long-term interest rates (as measured by gilt yields) increased, which brought down the value of the Scheme's liabilities, resulting in a lower funding target.
- Over the same period, the Scheme's assets have increased in value, due to income from contributions and positive investment returns.

Since the valuation date at 31 March 2022, we have acted to protect the Scheme's funding position against difficult market conditions in future by investing more in index-linked gilts (gilt values are expected to change broadly in line with the funding target) and less in riskier assets such as equities.

The 'winding up' position

As part of the valuation, we must also measure the position if the Scheme was to 'wind up' – that is, close down completely. Please note that the University and other Scheme employers have no plans to do this.

If the Scheme had wound up on 31 March 2022 – the date of the last full valuation – then the additional assets needed to meet all members' benefits in full were estimated at around £581 million – on this measure the Scheme was around 62% funded. Since then, the Scheme's estimated 'solvency' funding level has improved significantly – at 31 March 2024, it was around 99%.

This figure assumes that an insurance company would take over all benefits. Insurance companies must invest very cautiously – to keep the benefits secure – as well as making their own profit. For these reasons, it is common for pension schemes such as the OSPS to target a lower level of funding than the amount needed to secure all benefits with an insurance company.

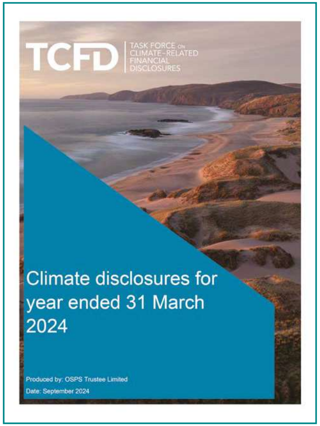
Future 'health checks'

Our focus is to have enough surplus in the Scheme to pay pensions now and in the future. However, the success of the Scheme relies on the ongoing support of the University and the other Scheme employers. The next formal valuation of the Scheme will be as at 31 March 2025, when we will consider with the University whether any changes to the contribution rates are needed.

This means that the next issue of 'Imprint' will not include a summary funding statement, as we are not required to issue one while a formal valuation is under way. We will let you know the outcome once the results are available.

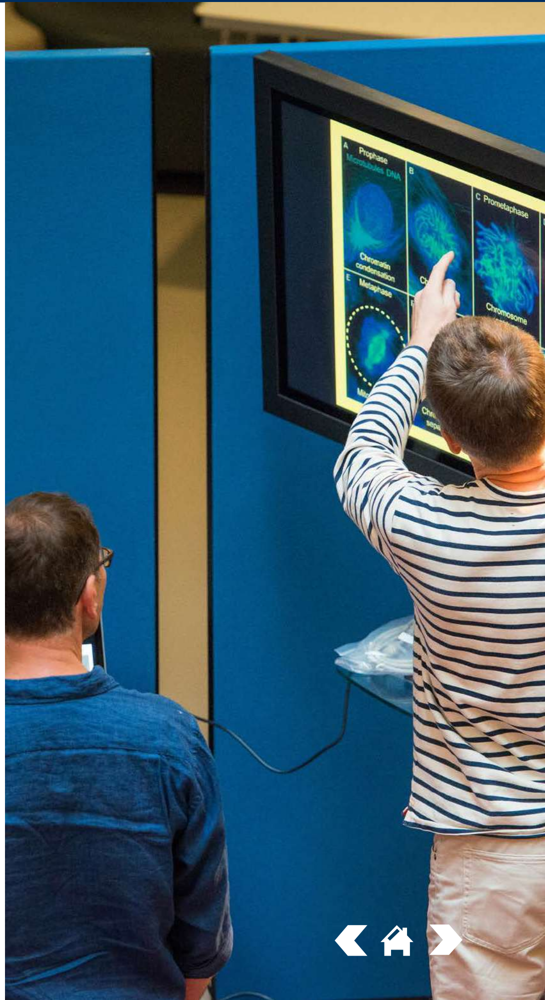
Climate change reporting

The Taskforce on Climate-related Financial Disclosure (TCFD) was set up to develop some best practice guidance for climate-risk reporting. We must meet new climate governance requirements and publish an annual TCFD report on their pension scheme's climate-related risks. You can read our latest report online at **https://finance.admin.ox.ac.uk/sitefiles/osps-tcfd-report-31-march-2024.pdf**.



Compliance statement

By law, as part of the summary funding statement, we must tell you whether any payments have been made from the Scheme's assets to the University or the other Scheme employers since the last summary funding statement. There have been no such payments other than the fees paid to the University's Pensions Office for their role as the Scheme's administrator. We must also tell you whether the Pensions Regulator has used its powers to change the Scheme's benefits or direct the outcome of the valuation or the contributions payable to the Scheme. We are pleased to confirm that, to date, the Regulator has never used any of these powers on the Scheme.



Investment update

Following the 2022 valuation, we reviewed the Scheme's investment strategy in light of improvements to the Scheme's funding level. We took steps to reduce risk and protect this strong funding position by selling some of the Scheme's 'growth' investments and investing more in 'protection' investments. We are still in the process of doing this.

The table below shows the actual spread of Scheme investments across the various asset types at 31 March 2024, compared with the target asset spread we are currently moving towards.

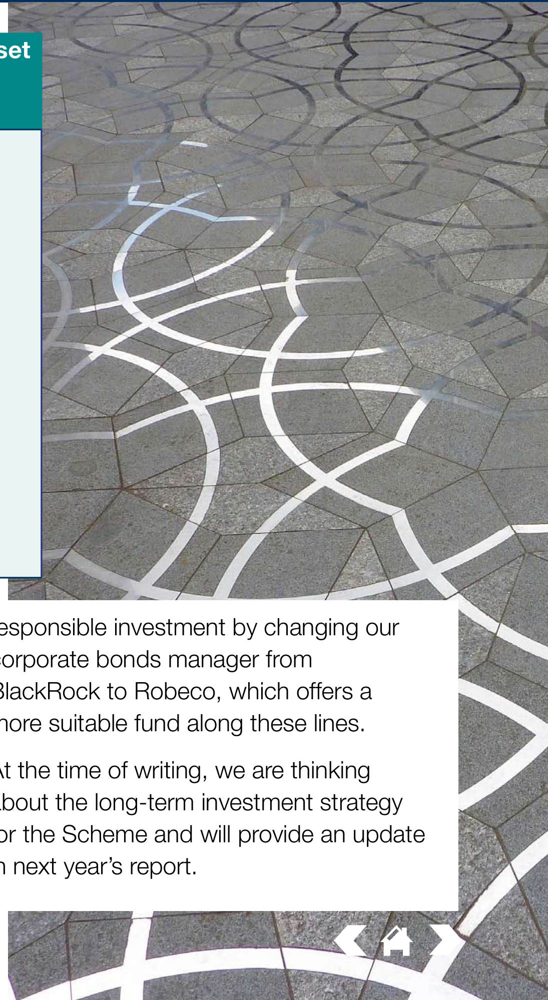
	Fund manager	Asset type	31 March 2024 Actual Allocation	Target Asset Spread
Growth investments – funds which are expected to deliver relatively high returns, but also carry a higher risk.	• Generation Investment Management LLP	Global equities (company shares)Management LLP	10.3%	10%
	• Columbia Threadneedle Investments	Property (offices and retail)	3.9%	-
	• Ares Management Corporation • M&G Investments	Illiquid credit	15.4%	15%
	• Copenhagen Infrastructure Partners • CVC DIF • Macquarie Asset Management	Other illiquid investments (such as infrastructure – which includes renewable energy, transport and information networks, and utilities)	10.2%	10%
	• Robeco Institutional Asset Management B.V. • M&G Investments	Credit (including corporate bonds – which are loans to companies, paying interest, and inflation opportunities, that is investments that generate income linked to inflation)	22.1%	15%

	Fund manager	Asset type	31 March 2024 Actual Allocation	Target Asset Spread
Protection investments – the value of these investments changes broadly in line with the cost of providing pensions (so 'matching' the value of the Scheme's liabilities).	• Insight Investment Management Limited	Matching assets (mainly consisting of gilts – which are loans to the Government) There are also some holdings in cash.	38.1%	50%

We have now fully sold the Columbia Threadneedle Property fund, and are in the process of selling the M&G Inflation Opportunities fund to release additional cash to invest into matching assets. Over the Scheme year, we adopted a Liability Driven Investment strategy for our matching assets. This strategy aims to protect some of the Scheme's investments against changes in interest rates and inflation so that the value of those assets rises and falls in line with the changes in the Scheme's liabilities – ensuring there is enough money to cover your pensions.

To reduce the Scheme's investment risk further, we withdrew from the Generation Asia ex Japan Equities fund. We also strengthened our commitment to responsible investment by changing our corporate bonds manager from BlackRock to Robeco, which offers a more suitable fund along these lines.

At the time of writing, we are thinking about the long-term investment strategy for the Scheme and will provide an update in next year's report.



Investment performance

We monitor the performance of the individual managers and the DB section as a whole using 'benchmarks' set by the fund managers to help track their performance. Benchmarks are similar to targets, but they reflect market conditions at the time – so they can be relatively low, or even negative.

In some cases, benchmarks can vary when they are linked to interest rates (so, for example, in a period where interest rates are high the benchmark will be higher). The Scheme underperformed its overall benchmark mainly due to the poor performance from the M&G Inflation Opportunities fund. This fund had a high individual benchmark due to high interest rates over the past few years. We are currently arranging to sell this fund.

The Scheme has seen notable improvements in its funding position due to a reduction in its liabilities as interest rates rose (especially over 2022 and 2023). This is a positive outcome despite a volatile market background.

This table shows the DB section's investment performance compared to its benchmark, over one, three and five years ending on 31 March 2024.

At 31 March 2024	Scheme	Benchmark
Over one year	-0.3%	0.8%
Yearly average over three years	-1.9% a year	2.3% a year
Yearly average over five years	2.6% a year	4.6% a year

Pensions news

New lump sum allowances

You may recall that the lifetime allowance – the highest value of pension benefits you could build up overall before paying a tax charge – has now been abolished.

In its place, the Government has introduced two new allowances that are in place from the current tax year, 2024/25:

Lump sum allowance: This is the highest amount of tax-free cash you can take when you retire. It is currently £268,275 – that is, 25% of £1,073,100 (the final value of the standard lifetime allowance when it was abolished).

Lump sum and death benefit allowance: This is the highest total amount of tax-free cash you can receive when you retire, and your beneficiaries can receive following your death, added together. This figure is set at the same value as the lifetime allowance, £1,073,100 when it was abolished.

Please note – because the new allowances are linked to the lifetime allowance at the point it was abolished, your own allowances may be higher for you if you had any lifetime allowance 'protection' arrangement in place.

There were no changes this year to the annual allowance (the highest amount of pension savings you can build up in any tax year). The standard annual allowance remains at £60,000.

Autumn Budget update

In the recent Budget, the Chancellor announced a key new measure affecting pensions: that inheritance tax would apply to certain scheme payments from April 2027.

If this change goes ahead, it would mean in particular that cash sums payable following a member's death will be subject to inheritance tax. Currently, these amounts are normally payable tax-free if the member died before drawing their pension(s) before age 75. This is because we, as Trustee, have the final decision over who receives these payments, so they do not become part of the member's estate. (As you may recall, you fill in an 'expression of wish' form to tell us where you would like the money to go.)

In the 2024/25 tax year, inheritance tax is generally payable on the part of any estate in excess of £325,000 – although there are conditions and exceptions that can affect this amount.

It is important to note that the exact changes and how they would take effect are still subject to a consultation, which is currently in progress. We will report on any developments in future issues.

A couple of other points from the Autumn Budget that may be of interest:

- **Overseas transfers** – From 30 October 2024, the overseas transfer charge (OTC) will start to apply to transfers to qualifying recognised overseas pension schemes in the EEA or Gibraltar. (These were previously exempt.)
- **Scheme administrators** – From 6 April 2026, scheme administrators of registered pension schemes must be UK resident for tax purposes.

Regulator's General Code

As part of its remit to oversee the running of UK pension schemes, the Pensions Regulator has issued a new 'general code of practice' for scheme trustees to follow.

The Regulator has published a range of guidance notes in recent years, and this new code combines 10 separate documents into one – covering all areas of pension scheme management, including:

- Understanding pensions and investment;
- Working with specialist advisers;
- Deciding our funding, investment and administration approaches;
- Managing risk;
- Giving you, our members, the information you need.

The aim of the general code is to simplify and streamline the information available to trustees, to better support them in meeting the standards the Regulator requires.

We keep our procedures under constant review, and if any area comes to light where we are out of step with the Regulator's guidance, we will update them accordingly.

Reminders

Staying safe online

This is a summary of the guidance on the Financial Conduct Authority 'ScamSmart' website in the leaflet 'Don't let a scammer enjoy your retirement'. You can find the full leaflet at **https://www.fca.org.uk/publication/fca/pensions-scams-leaflet-screen.pdf**.

Scammers often create credible websites and materials that are hard to tell from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it.

Four simple steps to protect yourself from pension scams

Reject unexpected offers. If you're contacted out of the blue about your pension, chances are its high risk or a scam. Be wary of free pension review offers.

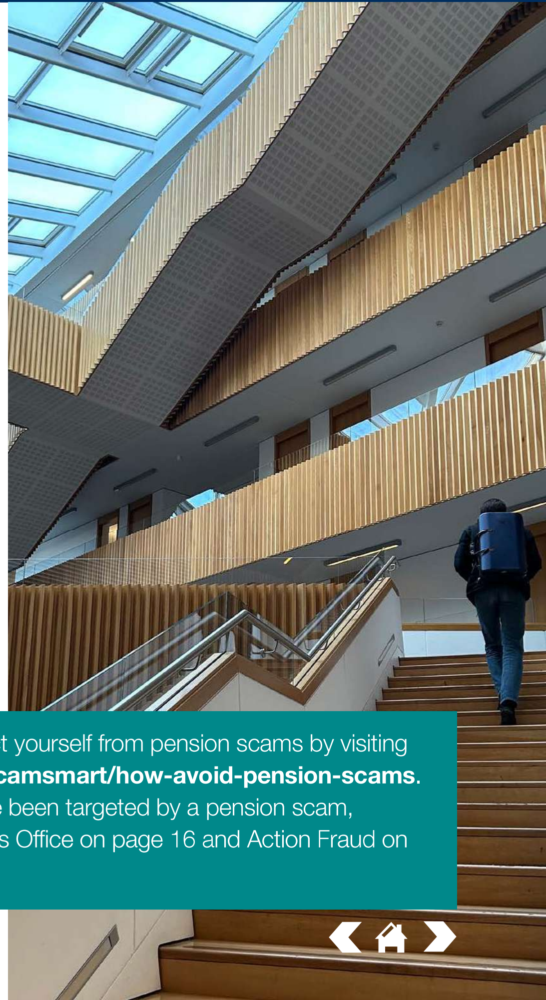
Check who you're dealing with. Check the Financial Services Register (**https:// register.fca.org.uk**) to make sure that anyone offering you advice or other financial services is authorised by the Financial Conduct Authority (FCA).

If you don't use an FCA-authorised firm, you won't qualify for compensation if things go wrong.

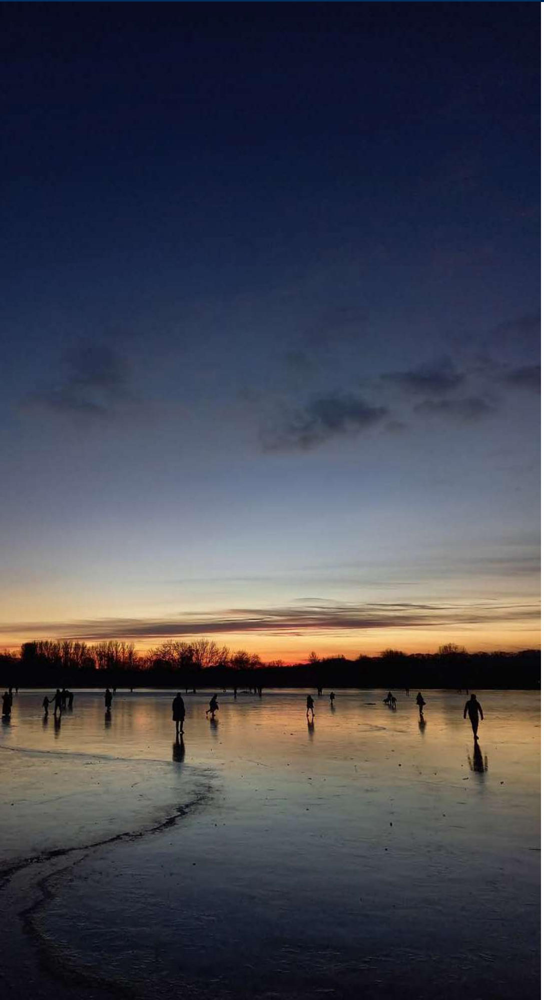
In particular, check the firm's contact details to see if they match those on the FCA Register.

Don't be rushed or pressured. Take your time to make all the checks you need – even if they sound too good to be true.

Get impartial information and advice. MoneyHelper (**www.moneyhelper.org.uk**) provides free, independent and impartial information and guidance.



Learn how to protect yourself from pension scams by visiting **www.fca.org.uk/scamsmart/how-avoid-pension-scams**. If you think you have been targeted by a pension scam, contact the Pensions Office on page 16 and Action Fraud on **0300 123 2040**.



Minimum retirement age increase

Normal Minimum Pension Age (NMPA) is the earliest age you can start drawing your benefits (in good health) without paying a tax penalty. While the NMPA is currently 55, it will increase to age 57 from 6 April 2028. The timing is in line with the increase in State Pension Age to age 67 from the same date. (We expect the NMPA to stay at 10 years below the State Pension Age.)

Please note, however, that if you were in our Scheme before 6 April 2006, you can draw your Scheme benefits from age 50. This is a 'right' you have under the Scheme rules. Bear in mind that if you have benefits due from any other arrangements, unless they have a similar rule in place, they will still be subject to the minimum retirement age.

Pensions Dashboard

The Pensions Dashboard is a Government project which will provide a single place where you can find information about your pension savings across all schemes, as well as track down any lost pensions.

The original plan was that the Pensions Dashboard would be launched by now. However, the timetable has been pushed back to give the pensions industry more time to prepare.

Our Scheme now has a new deadline of 30 June 2025 to connect to the Pensions Dashboard. We are working closely with the Pensions Office to get everything ready before then.

Trustee board

We wrote to you earlier this year to invite you to apply to become one of the University of Oxford Staff Pension Scheme Member Nominated Directors (MNDs).

We are pleased to say we had a good response from members, and the selection panel interviewed a number of excellent candidates last month.

As a result, we have appointed the following members to become the Scheme's MNDs:

Kevin Valentine, (Chemistry), existing MND - appointed on 29 October 2024
Lucille Savin, (Merton College), existing MND – appointed on 29 October 2024
Kate Kele, (Estates Service), existing MND – appointed on 29 October 2024
Mark Randolph, (Merton College) – appointed on 1 April 2025
Nasera Cummings, (Trinity College) - appointed on 1 April 2025

All MNDs will serve a three-year term starting from their appointment date as above. As Mark's and Nasera's term of office has started in 2025, this means the MND appointments have been staggered so their terms of appointment do not end at the same time.

We would also like to take this opportunity to thank Margaret Hauser who has recently resigned from her role as Trustee Director for her committed and diligent service to the Trustee and the Scheme's members.

Finally, thank you to everyone who participated in this exercise. The management of the Scheme continues to be in good hands.

Chair of Trustee Update

The Trustee would also like to confirm that the University has appointed Stuart Southall, representing Vidett Trustee Services Limited, to the role of Chair of the OSPS Trustee Board. Stuart's appointment took effect from 1 November 2024 for a three-year term ending on 31 October 2027.

Finding out more

If you have any questions or need to know more about any aspect of the Scheme, your first port of call should be the OSPS website:

Pension website

If you have any questions or need to know more about any aspect of the Scheme, your first port of call should be the OSPS website:

htttps://finance.admin.ox.ac.uk/osps

If you cannot find the information you are looking for on the website, or you need to know something specific about your benefits, please get in touch:

Pensions Office

Email: **OSPS@admin.ox.ac.uk**

Telephone: **01865 616020**

Post: **Pensions Office**
University of Oxford
c/o Oxford University Press
Great Clarendon Street
Oxford
OX2 6DP

MoneyHelper

For general guidance on all areas of finance – for example, saving, budgeting, mortgages and loans, as well as pensions – visit the MoneyHelper website:

https://www.moneyhelper.org.uk/en

MoneyHelper also includes guidance for finding an independent financial adviser, if you need one:

https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser