



CARDIFF
UNIVERSITY
PENSION FUND

TRUSTEE REPORT

FOR THE PERIOD ENDED
31 JULY 2014

Cardiff University Pension Fund Report

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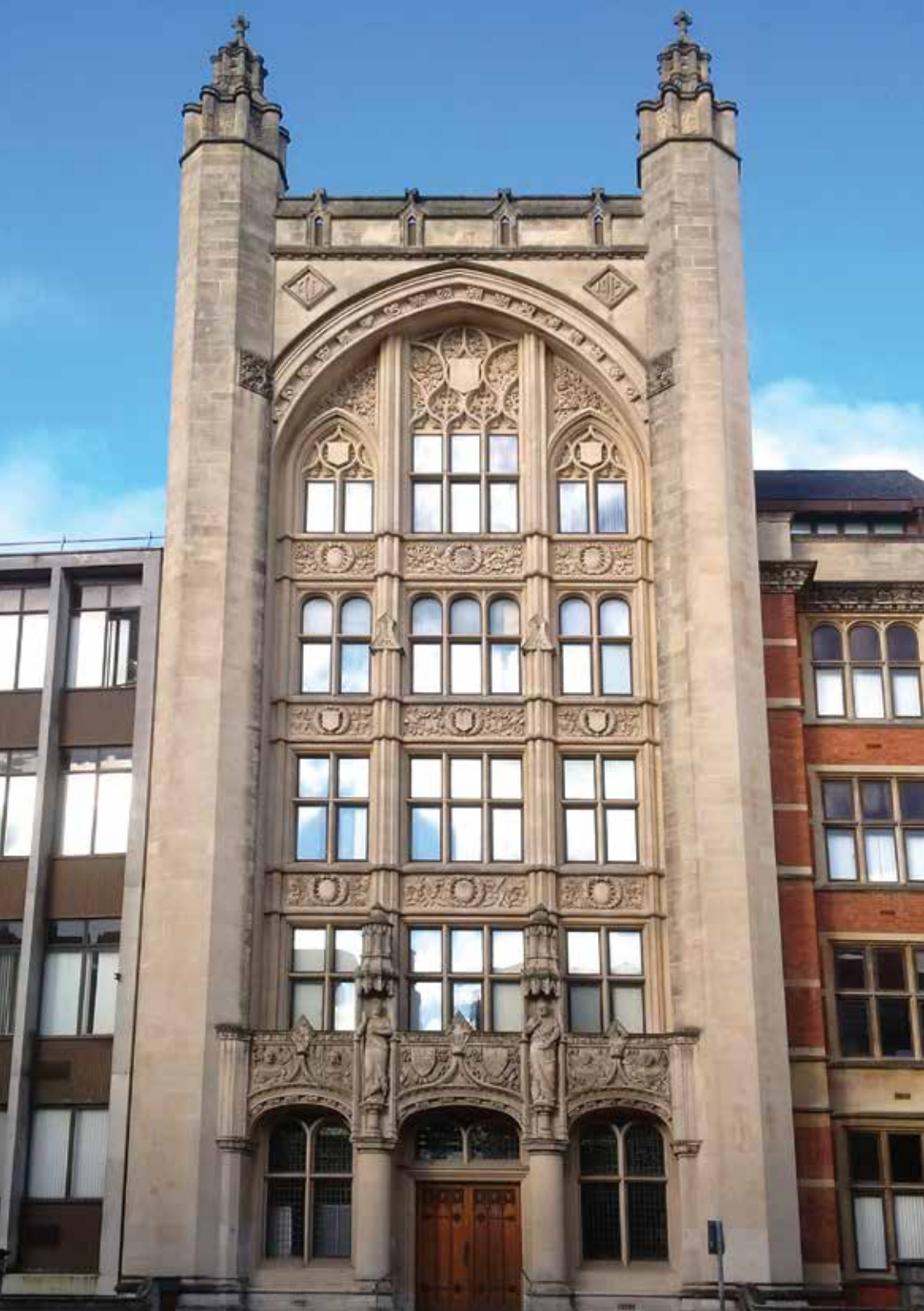
TRUSTEES PRESENTATION



SIR DONALD WALTERS
CHAIRMAN TO THE BOARD OF TRUSTEES

The Trustees are pleased to present this summary report to all active members, pensioners and deferred members of the Cardiff University Pension Fund (CUPF). It contains summarised extracts from the full Report and Financial Statements of the Pension Fund for the year ended 31 July 2014.

The Trustees are responsible for managing all aspects of the Pension Fund in the interests of the members and in accordance with the terms of the Trust Deed and Rules. An important part of their role is to keep members informed of developments, and this report provides an update on the finances, membership and administration of the Fund over the twelve month period.



MEMBERSHIP

At 31 July 2014 the total membership was 3,330. This represents an increase of nearly 3.5% during the year. Membership statistics are shown below.

	at 31 July 2013	at 31 July 2014
Contributing Members	1,436	1,476
Deferred Members	878	909
Pensioners	904	945
Total	3,218	3,330

PENSION INCREASES

As advised in previous correspondence, the pension increase from 7 April 2014 was 2.7%.

AUDITOR'S REPORT

A summary of the 2013/14 CUPF financial statements is shown on the following pages. In the opinion of the auditors, Pricewaterhouse Coopers LLP, the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 July 2014.

The auditors have also confirmed that in their opinion the contributions payable to the scheme during the year have been paid in accordance with the scheme's schedule of contributions.

A copy of the audited financial statements are available for inspection in the Arts and Social Studies Resource Centre, Duthie Library, Heath Site, Trevithick Library, Queens Building and the Pensions Office, Finance Department.

INVESTMENT SUB-COMMITTEE

The Trustees Investment Sub-Committee, which is charged with reviewing investment arrangements, performance and strategy, met twice during 2013/2014 and continues to regularly monitor the performance of the investment managers.

INVESTMENT PERFORMANCE

At 31 July 2014 the Fund had three investment managers. The market value of the investments held by each of them was as follows:

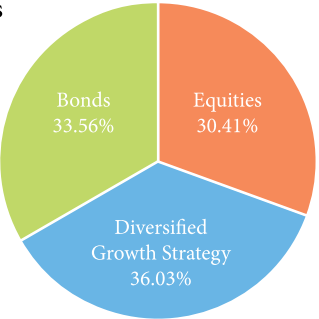
Newton Investment Management Ltd.	£55,104,225
M&G Investments	£24,485,932
Legal & General Assurance Ltd.	£73,354,057

The Fund achieved an overall return of 6.2% for the year compared to the benchmark of 7%. This underperformance is due to Newtons’ poor performance in the year.

The individual managers performance against benchmark is shown below.

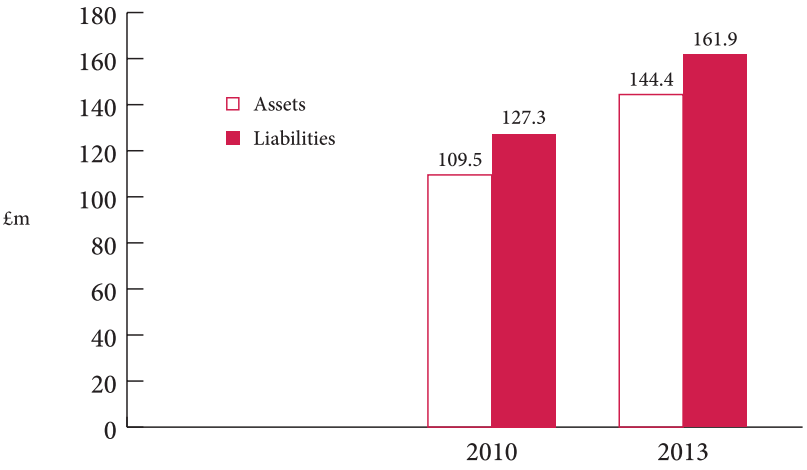
	Performance	Benchmark
Newton	2.3%	4.5%
M&G	8.3%	8.7%
Legal & General Equities	10.5%	10.6%
Legal & General Bonds	4.4%	4.5%
Legal & General Emerging Markets	2.9%	3.1%

This chart shows the distribution of assets



TRIENNIAL VALUATION

Pension schemes are required to have their scheme assets (pension contributions and investments) and liabilities (cost of current and future pensions) valued every three years and from this to set the employee and employer contribution rates at levels sufficient to ensure the ongoing viability of the pension scheme. Such triennial valuations may take up to 15 months from the valuation date to complete and the CUPF Trustees have recently concluded the latest CUPF valuation (as at 31 July 2013) well within this timeframe. Details of the outcome and comparison with the previous (2010) valuation are shown below for information.



The funding level (the ratio of assets to liabilities) has increased from 86% at 2010 to 89% at 2013. The reason for this welcome increase are the additional contributions paid by the University to meet the deficit together with the good investment returns over the 3 year period. These outweighed the increase in liabilities.

TRIENNIAL VALUATION continued

Following discussions with the Trustees, the University agreed to continue to pay contributions of 20% of pensionable pay in addition to employee contributions. This is expected to clear the deficit over ten years. As required, the results of the 2013 valuation were forwarded to the Pensions Regulator for its review. The Regulator has confirmed that the Trustees' proposal to recover the deficit over a 10 year period is acceptable.

The Trustees monitor the funding position inbetween valuations and, as at 31 July 2014, the position had deteriorated slightly to a funding level of 86%. This was mainly due to a fall in gilt yields although the impact was partially offset by a corresponding fall in inflation.

The next full valuation of the Fund is due to be carried out as at 31 July 2016, although the Trustees will review the position as at the end of July 2015 and report this to you next year. Please be aware that the factors affecting the funding level are very changeable, particularly interest rates, stock market performance and life expectancy, which means that the funding level can go up or down in the future.



Income & Expenditure for period from 1 August 2013 to 31 July 2014

Funds at the beginng of the period
£144,410,163

Income for the 12 months

Contributions

£7,559,119

Transfers from other schemes

£72,632

Amounts received from insurers

£72,852

Other income

£2,499

Investment Income

£1,223

Change in market value of investments

£9,437,015

Total income

£17,145,340

Expenditure for the 12 months

Pensions and lump sums paid

£6,266,506

Transfers to other schemes

£694,452

Insurance premiums

£135,236

Administration expenses

£422,673

Investment expenses

£467,772

Total expenditure

£7,986,639

Net increase in the fund
£9,158,701

Funds at the end of the period
£153,568,864

CURRENT BOARD OF TRUSTEES AT DECEMBER 2014

Sir Donald Walters (Chair)	Employer Trustee
Mr M Grant	Employer Trustee
Mr S Allin	Employer Trustee
Mr P Gorin	Employer Trustee
Mr S S Harries	Employer Trustee
Professor S Palmer	Employer Trustee
Mr M Baynton	Member Trustee
Mr A J Stewart	Member Trustee
Miss R Williams	Member Trustee
Vacancy	Member Trustee

TRUSTEE CHANGES

Following the resignation of Mr I. Robinson on 10 August 2014, a ballot will be held for the appointment of a new Member Nominated Trustee.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

As required by the Pensions Act 2004 and the Pensions Regulators' Code of Practice the Trustees are continuing with their training using the Pensions Regulator's training modules together with help and guidance of Aon Hewitt, the Fund's Pension Advisors.

OPEN MEETING

The open meeting this year will once again be held at Aberdare Hall, Corbet Road, Cardiff CF10 3UP at 4 p.m. on Thursday 19 March 2015. The Chair, on behalf of the Board of Trustees, therefore cordially invites all CUPF members to attend.

The meeting is usually 30 minutes in duration and chaired by Sir Donald Walters. A panel of advisers are also in attendance. The meeting will cover the performance and management of the fund together with up to date topical pension issues.

A warm welcome awaits those wishing to attend and gives you an opportunity to meet up with old friends and colleagues over light refreshments after the meeting.

The Chair and the panel members are available to answer any questions you may have after the meeting. However, advance notice of any questions to be raised during the meeting would be appreciated, and should be sent in advance to the Pensions Section, Cardiff University, PO Box 497, Cardiff, CF10 3XR.

PROFESSIONAL ADVISORS

Actuaries and Administrators

Aon Hewitt

Auditors

PricewaterhouseCoopers LLP

Bankers

Co-operative Bank Plc

Insurers

Zurich Assurance Ltd

Short Term Cash Managers

Fidelity

Investment Managers

Newton Investment Management Ltd

M&G Investment

Legal & General Assurance Ltd

Investment Performance Measurement

Aon Hewitt

PUBLICATIONS FOR INSPECTION

The following publications are available for inspection at the Pensions Office:

- Full Report and Financial Statements
- Report on the Actuarial Valuation - 1st August 2013
- Statement of Investment Principles
- Internal Dispute Resolution Procedure
- Trust Deed and Rules
- Explanatory Booklets

CONTACTS

Secretary to Trustees

Mrs Caitriana Arnold

PO Box 497, Cardiff CF10 3XR

Telephone Number: (029) 2087 4397

E-mail address: Pensions@cardiff.ac.uk

www.cf.ac.uk/fince/servicesstaff/Pensions/index.html

Head of Pensions

Mrs Lorraine Davies

PO Box 497, Cardiff CF10 3XR

Telephone Number: (029) 2087 4397

E-mail address: Pensions@cardiff.ac.uk

www.cf.ac.uk/fince/servicesstaff/Pensions/index.html

USEFUL ADDRESSES

The Pensions Advisory Service (TPAS) and the Pensions Ombudsman can be contacted at:

11 Belgrave Road, London SW1V 1RB.

TPAS

Tel: 0845 601 2923

Fax: 020 7233 8016

Email: enquiries@pensionsadvisoryservice.org.uk

Web site: www.opas.org.uk

The Pensions Ombudsman

Tel: 020 7834 9144

Fax: 020 7821 0065

Email: enquiries@pensions-ombudsman.org.uk

Web site: www.pensions-ombudsman.org.uk

The Pensions Tracing Service

The Pension Service

Future Pension Centre

Room TB201

Tyneview Park

Newcastle upon Tyne

NE98 1BA

Tel: 0845 6002537

Fax: 0191 2182179

Web Site: www.thepensionsservice.gov.uk



BUDGET 2014 - CHANGES TO PENSION ACCESS

You may be aware of changes that the Government plans to introduce from 6 April 2015 which will allow those aged over 55 to have direct access to their pensions savings.

Please note that these changes only apply to defined contribution schemes and will therefore not apply to the CUPF Pension Fund.

For more information please visit the HMRC website: www.hmrc.gov.uk

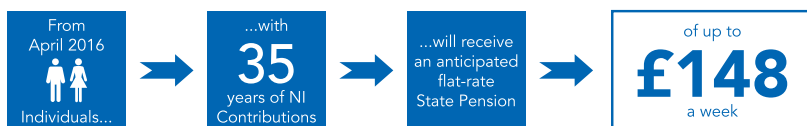
CONTRACTING-OUT TO END IN 2016

The government is introducing a new single-tier State Pension for people reaching state pension age from April 2016.

Under the proposals, individuals with 35 years of National Insurance contributions will receive an anticipated flat-rate state pension of up to £148 a week (less if you have under 35 years of National Insurance contributions and if you have been contracted out of the Additional State Pension).

From April 2016, contracting out will end and a new State Pension will replace the existing basic State Pension and Additional State Pensions schemes (you'll continue to receive benefits if you're already receiving it). Members of CUPF will notice a drop in their net pay as their National Insurance contributions will increase. The additional National Insurance contributions pay for the increase in value of the state benefits for the years leading up to State Pension age, each qualifying year of National Insurance contributions from April 2016 to your State Pension age will add about £4.24 per week to your State Pension, up to the maximum of £148.00 per week. The exact amounts will be announced by the government later in 2015.

More information on the new State Pension is available at www.gov.uk/new-state-pension



Pension scams. Don't get stung.

HAVE YOU BEEN CONTACTED BY ANYONE WITH A TEMPTING PENSIONS OFFER?

There are already TV adverts, phone calls and emails circulating, trying to encourage members to transfer out of their defined benefit schemes into a defined contribution scheme. Just as we've seen with PPI and personal injury claims in recent years, companies are already springing into action.

If you're approached, please be extremely careful:

- Is the company genuine?
 - There have been a number of cases of criminal activity. Members of pension schemes are encouraged to transfer their benefits into other pension schemes which often don't exist. Not only do they lose all their money, but they're often subject to tax charges too.
- How much will this service cost you?
- Is it in your long term financial interests to move your benefits out of CUPF?

Visit www.pension-scams.com to find out more.



REMEMBER – if you are ever contacted by an organisation or individual that is unfamiliar to you with respect to your Pension Matters, do not provide any information to them but ask them to submit their requests in writing to you and that you will respond as appropriate. In the event of members receiving such requests, please be free to contact a member of staff at the Pensions Section, who will be willing to assist you.

NOTES

