

**YOUR SUMMARY
FUNDING STATEMENT**

– Your Questions Answered

AUPS
ASTON
UNIVERSITY
PENSION SCHEME

Your Summary Funding Statement

– Your Questions Answered

The Trustees are responsible for providing you with a Summary Funding Statement each year to let you know about the Scheme's financial security. This is an important document; you should read the statement to help you understand how your Scheme's financial position may affect your retirement benefits.

1. What happens if the University gets into financial difficulties?

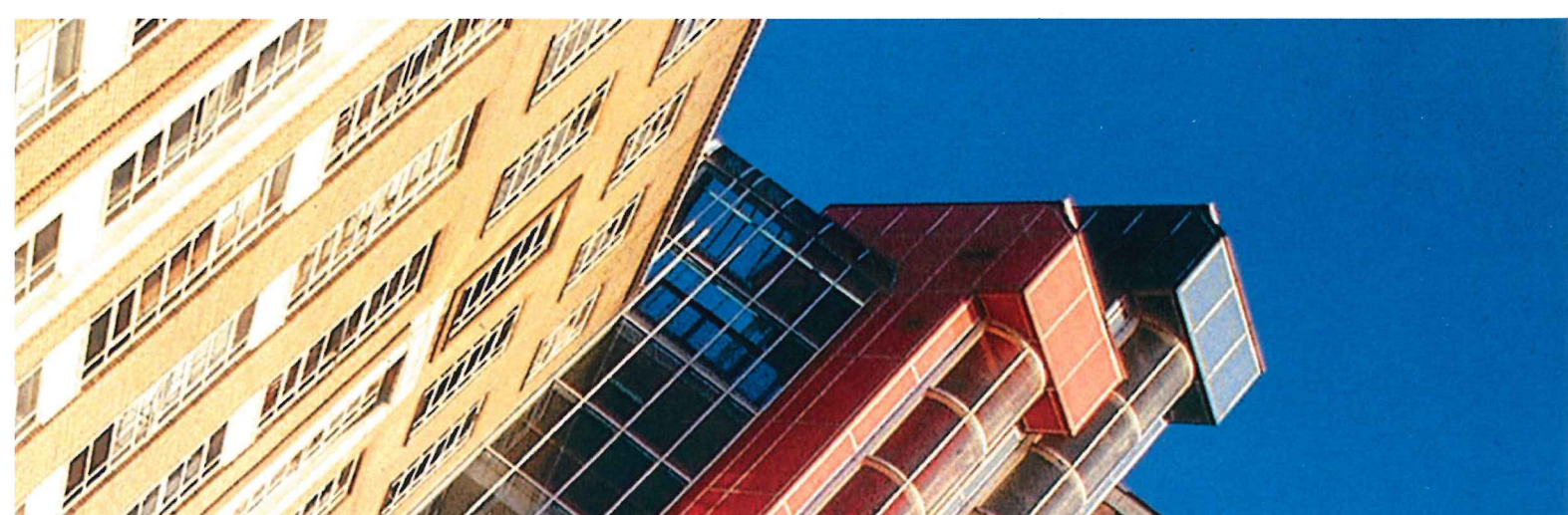
Whilst it is unlikely that this would happen, if the University were to get into financial difficulties, its responsibilities would be transferred to another institution. The new institution might also take responsibility for the Scheme or offer another pension arrangement in its place. If this does not happen and money is not paid in to remove any shortfall, the Scheme could be discontinued and the Trustees of the Scheme could apply to the Pension Protection Fund (PPF) for help in providing members' benefits.

The PPF is a body created under the Pension Act 2004 to act as a safety net for those employees who have benefits in a pension scheme, where the main or only employer can no longer afford to provide those benefits.

In the same way, if the University were to close and the Scheme did not have a fund big enough to buy all the promised benefits, the Trustees would apply to the PPF for help in providing members' benefits.

If a scheme enters the PPF, the assets of that scheme will be applied by the PPF to provide the following benefits for members.

Type of benefit	Percentage of benefit provided by the PPF
Pension benefits already being paid to members over the scheme's normal retirement age	100%
Pension benefits for: <ul style="list-style-type: none"> • Members who were paying into the scheme when it terminated • Pensioners who took early retirement • Members who had left the scheme but still had benefits in the scheme when it terminated 	90% of the pension benefit up to a current maximum
Benefits for certain survivors and dependants	Dependent on the benefit promised





2. The Annual Summary Funding Statement shows that my scheme has a shortfall. How are the Trustees dealing with this?

The annual summary statement is a snapshot at a particular date. Providing pensions is a long term business and at any time there may be more or less money than is required to provide benefits. This is because the long term assumptions used by the Scheme Actuary for pay rises, inflation, investment growth and the costs of buying a pension will often be different to what is actually happening over the short term.

The Trustees regularly monitor the situation and are responsible for talking to the University about the level of contributions to be paid to the Scheme in the future to try and make sure that difference between the assumptions and what has happened in practice is ironed out over the long term.

3. How has the shortfall happened?

The cost of providing pension benefits has increased significantly in recent years, as average life expectancy has increased. At the same time the investment returns that trustees of pension schemes can achieve have dropped significantly.

The increases in life expectancy and the low investment return trends have continued for longer than expected. A shortfall has therefore arisen between the amount of money the fund holds and the cost of providing the promised benefits. The contributions paid to the Scheme by the University and the members have been increased to remedy this situation.

4. Does the current shortfall mean I won't get my full pension?

No it does not. However, if the Scheme is discontinued or wound-up, and there were then insufficient assets to meet the cost of providing all members with benefits and the University is unable to bridge the gap in the Scheme's finances, the Trustees may make an application to the PPF. If the Scheme is able to enter the PPF, members will receive benefits in line with the compensation provided by the PPF. This may mean not all members get their full pension.

No one can guarantee that the University will be able to continue to support the Scheme in the future and it is impossible to predict future investment returns and what the cost of providing a pension will be.

5. What about the AVCs I've paid – are they safe?

Any AVCs paid into arrangements entered into from 2004 onwards are held in separate investments to the ones used for the Scheme's main benefits. If the Scheme is discontinued, your AVCs will be secure.

For AVC arrangements entered into before 2004, you are entitled to additional service credits within the Scheme and these benefits would be treated in the same way as other Scheme benefits in the event of the Scheme being discontinued.

6. Do I need to do anything because of the Statement?

The Government's intention behind introducing statements for members is to provide everyone with more information about how the financing of their pension scheme works. The aim is to give members a better understanding of the risks involved in pension schemes, so you can make informed decisions about how you plan for your financial future.

7. Is the Scheme's financial position going to get worse?

The Trustees have a plan in place to make the position better. The extent to which this succeeds will depend on factors such as future investment returns and the cost of providing pensions.

Useful definitions

Gilt yields

a gilt is a loan to the UK Government. The yield is the return on an investment, such as gilts, expressed as a percentage

Assets

these are everything that the trustees hold for the pension scheme. They include contributions, investments and bank balances.

Liabilities

these are the amounts which the pension scheme will have to pay now or at some time in the future. The most common liability is paying members' pensions.

