It is with mixed feelings that I welcome you to this Pension Matters. This will be my last introduction as chair of the trustee as I am not standing in the upcoming MNT elections. Being a pension trustee is a unique experience and I would like to thank my colleagues on the trustee board, and our advisers, for their help and support over the years.

Wayne Connolly has also stood down from his position as a trustee. My fellow trustees and I would like to thank him for his work on behalf of members and wish him well for the future.

**THE BREXIT EFFECT**

The UK’s vote to leave the European Union in June 2016 caused widespread uncertainty. It is natural to wonder ‘how could this affect my pension?’

In financial markets, whenever there is uncertainty there will be volatility – short-term ups and downs – in the value of some investments. This was evident in the weeks following the referendum, with significant changes in the value of shares and sterling. While this situation might be unsettling it is not unusual economically, even if it is politically. The volatility that followed the referendum is an example of how investment markets react to different events around the world.

We are confident that we have a robust funding and investment strategy for the Plan to help it survive times of uncertainty like this. Although we always keep an eye on shorter-term developments in investment markets, investing for pensions is a long-term exercise that takes place over lifetimes. We intend to continue down the ‘liability-driven investment’ path we have started on, always keeping our eyes on the bigger picture of long-term protection and security for your benefits.

You can read more about our investment strategy on page 4. If you would like more detail about the Plan’s finances, including the full accounts, you can download a copy of our Report and Accounts from the University’s intranet.

Website: [www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme](http://www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme)

Or, ask for a copy by email or phone.

Email: pensions-enquiries@ncl.ac.uk
Phone: 0191 208 6496/6487

**BE ALERT**

Regrettably, the prevalence of pension scams is increasing. Unscrupulous people and organisations are using increasingly sophisticated tactics to sound legitimate when they target your pension. One of the most common approaches now is to offer a free ‘review’ of your pension and claim to be backed by Government.

On page 7 we’ve included an update on the latest scammers’ tactics and a list of pointers to help you avoid scams.

**GET INVOLVED**

Next year we will need to hold elections for member-nominated trustees, as the terms of office for our current member-nominated trustees come to an end in June 2017. Is this something you might like to consider? The role of a pension scheme trustee is time-consuming but also rewarding and offers the opportunity to get involved in something that makes a real difference to people’s lives. Plenty of training and support is available.

If you might be interested in putting yourself forward to be a member-nominated trustee, look out for the notification that will be sent to all active and pensioner members. This will give clear instructions about how to stand for one of the three positions. If you’d like to have an informal chat about what’s involved first, please get in contact with any of us through the Finance and Planning Department.

Margaret Levy
Chair of the Trustee
21ST CENTURY COMMUNICATIONS

As the Plan trustees, we aim to reflect the University’s continuing push towards using modern, efficient forms of communication.

Many things are now communicated electronically. Not only does this save paper, contributing to the University’s environmentally-conscious organisation, it also saves money and time. If you are an active contributing Plan member, you will be used to finding information on the University intranet and receiving regular information to your work email address.

This push towards electronic communication becomes harder when people leave the University and go to work elsewhere, or retire. Unless we can be sure we have an up-to-date email address for everyone who has benefits in the Plan or is receiving a pension from it, we will continue to have to resort to paper.

You can help by ensuring you have given us an up-to-date email address. Please send your preferred email address to the Finance Department at pensions-enquiries@ncl.ac.uk.

BOOST YOUR BENEFITS

If you are an active contributing member, you can pay additional contributions to boost your Plan benefits.

These contributions are known as Additional Voluntary Contributions or AVCs, and you can pay them regularly or as occasional one-off contributions. AVCs benefit from tax relief in the same way as your regular contributions.

AVCs are ‘defined contribution’ (DC) benefits which means you may be able to take them in some of the more flexible ways now available for DC benefits (see ‘Flexible options’ on page 6). This includes taking them all as cash. Remember: you can take AVCs at a different time from your main Plan benefits.

Remember to review

If you pay AVCs you need to choose investments for them, and review your investment choices from time to time so they remain appropriate for you. This applies whether you are an active contributing member or a deferred member (you have left benefits in the Plan to take when you retire), as you can change your AVC investment options even if you are no longer paying AVCs. As your trustees, we aim to make a range of investment options available to suit different people’s needs and preferences.

You can find the current investment options in a leaflet about AVCs, ‘Boosting your Plan benefits’, that is available to download from the University intranet at www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme.

Or, contact the Pension Service Centre on 0330 123 0458.
A lot of work goes on behind the scenes to look after your pension. Here are some insights into our work as your trustees, and an interview with one of our newest trustees.

GOOD GOVERNANCE
From time to time we review our governance of the Plan – the way we manage it – in line with the standards set out by the Pensions Regulator. This includes:
- ensuring the Plan’s assets (money and investments) are kept safe
- calculating benefits accurately and paying them on time
- evaluating and managing risks to the Plan from (for example) fraud, conflicts of interest or IT system failures
- having robust funding and investment strategies
- vetting and appointing professional advisers
- communicating with members.

We have recently reviewed our Plan governance and are confident that it continues to meet the Pensions Regulator’s standards.

FINANCIAL CHECK
You will be familiar with the fact that we commission regular valuations of the Plan. This is a formal assessment of the Plan’s financial position, carried out every three years. It looks at whether the amount of money building up in the Plan is enough to provide the benefits it needs to pay out now and in the future. The findings help us agree with the University how much money it will pay into the Plan in the future, and to make decisions about the investment strategy (see ‘Investment update’ below).

We report the result of the valuation to you in a ‘summary funding statement’, usually in an insert with Pension Matters. In between valuations we report less formal updates of the Plan’s financial position to you.

A valuation using information about the Plan from 1 August 2016 is currently going on, so there is no summary funding statement this time. As a valuation is a long and complex process, involving a lot of information-gathering and calculations, we do not expect the results to be available until next year. We will report them to you as part of a future communication.

INVESTMENT FOCUS
Although the University, and you if you are an active member, regularly pay contributions into the Plan, these would not be enough to cover the cost of benefits. As the trustees, we also invest the money in the Plan to help it grow and protect it from the effects of inflation.

In last year’s Pension Matters we explained we were introducing a ‘liability-driven’ investment strategy. This aims to match the types of investments used to the needs of the liabilities – the benefits the Plan owes. Since we introduced it, this strategy has been very beneficial and has helped to protect the Plan against the challenging investment market conditions we have experienced over the last year.

The Plan needs some growth above the level of inflation to cover the cost of future benefits building up. To meet this need we invest some of the Plan’s money in growth-seeking investments such as equities (shares), property and dynamic bond strategies (that switch between different types of bond depending on market conditions).

We also need to protect the value of money built up in the Plan for paying out benefits. This involves ‘protection’ investments such as bonds (loans to companies or the Government). A small part of the Plan’s assets are held in cash for paying benefits and expenses.

We will continue to monitor the investment strategy and will give you a further update in a future Pension Matters.
A little introduction
I have worked at the University for over thirteen years. I have been lucky enough to work with a wide range of people from different departments. Currently I am the Sustainability programme manager for the Institute of Sustainability, which is one of the University’s societal challenge themes. Since the summer of 2013, I have also been the client project manager for the Urban Sciences Building on Science Central. Previously I was school manager in the School of Civil Engineering & Geosciences.

An important opportunity
When the University invited me to consider becoming a University-appointed trustee of the Plan, I was very pleased to take up the opportunity.
I was interested as I think it’s very important everyone makes adequate plans for their future. I’ve always been very interested in my own pension and what it means for me, and what decisions and choices I need to make to provide for my future. I also think it’s important that employees within the University know they have people who are looking after their interests from a pension point of view. Even though I have been nominated by the employer, I’m there to represent the best interests of other employees.

A lot to learn
Since I became a trustee I have been on a massive learning curve! There’s a lot to learn about how the Plan works. So far I have taken part in two days of training that explains the legal framework behind how a pension scheme works and what the responsibilities of trustees are in pensions law. For example: we are responsible for making sure the pension scheme is run correctly and that any decisions we make must take into account all the information available to us.

Keeping up with changes
Pensions are very complex and there have been many changes over the last few years. As trustees, we need to understand the changes so we can take appropriate action and help members understand what is going on, how it affects them and any action they might need to take.
For example: we do not yet know how ‘Brexit’ will affect the pension industry and we need to be prepared for further changes. We have regular meetings with our professional advisers where they keep us up to date with how the Plan is performing, discuss any changes and how they affect the Plan and its members in practice.

Clear communications
I am a member of the communications sub-committee. I think it’s really important that all the communications members receive about their pension, such as this newsletter, are as clear and easy to read as possible. We aim to make sure everything that goes out to employees can be understood by people who don’t have much knowledge about pensions.
I still feel as if I’m on a learning curve, but I’m confident the Plan is well managed and we are getting good advice. I hope I can make a contribution to helping people understand more about how their pensions work, so they can make better decisions about their future.
'...if you’re offered something that sounds too good to be true, it probably is...'

THE END OF CONTRACTING OUT

Following the introduction of the new single State Pension in April 2016, the Plan is no longer contracted out of the State pension arrangements. Broadly speaking, contracting out meant the Plan was considered to provide a minimum level of benefits in place of part of the State Pension. Active contributing members, and the University, paid reduced-rate National Insurance (NI) contributions as a result.

As contracting out has now ended, NI contributions have increased to the full rate for the University and active contributing members. You have probably noticed the difference on your pay slip if you are an active contributing member.

The end of contracting out does not affect new employees joining the University, who will continue to be offered the opportunity to join the Plan.

For more information about the State Pension arrangements visit [www.gov.uk](http://www.gov.uk) and search for ‘State Pensions’.

Flexible options

You may remember that last year, the Government introduced new flexible retirement options for defined contribution (DC) benefits. These are benefits that build up from contributions and being invested. If you have AVCs with Prudential, these are DC benefits (but remember: you can generally take all your AVCs in the Plan as tax-free cash. If you transferred them out to take advantage of the flexibilities, only one-quarter of any cash you took would be tax-free).

Apart from the Prudential AVCs our Plan is mostly defined benefit (DB), where the benefits build up based on pay and the number of years you are a member.

We offer a reminder of the flexible options here but you should remember these are only relevant for DC benefits. The flexible options are not available for your main DB Plan benefits unless you transfer them out to a DC pension arrangement. If your DB benefits are worth £30,000 or more you are legally required to take independent financial advice before we, as the trustees, can allow you to do this.

You usually have to pay for financial advice, so remember to ask your chosen adviser about their fees. The Government is currently consulting on the possibility of allowing people to withdraw up to £500 tax-free from DC pension savings to use towards financial advice.

- Taking all benefits as immediate cash. Only one-quarter of the total would be tax-free and you would pay income tax at your highest rate for the year on the rest.
- Taking several cash sums over a period of time. Again, only a quarter of each would be tax-free and you would pay income tax at your highest rate for the year on the rest.
- Buying an annuity (an insurance policy that pays a pension). New types of annuity are becoming available, including annuities that will decrease in future – such as when your State Pension starts. With this option, you could take up to a quarter of your total benefits as tax-free cash. Income from the annuity would be taxed in the normal way.
- Income drawdown, where you invest your retirement savings in a ‘flexi-access drawdown’ arrangement and draw out income from time to time. Again, with this option, you could take up to a quarter of your total benefits as tax-free cash and the income you draw out would be taxed in the normal way.

There is a guide to what you can and cannot do with Plan benefits on the University intranet at [www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme](http://www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme).

Or, call or email to ask for a copy.

Email: pensions-enquiries@ncl.ac.uk
BEWARE OF SCAMS
If you get an unsolicited email, phone call or someone calling at your door offering help with your pension, please take care – many of these are likely to be scams.

Pension scams have become an even bigger problem since the flexible pension options were introduced in April 2015. Research by Citizens Advice suggests over eight million people received unsolicited offers of help with their pension over the year to March 2016.

An experiment carried out as part of this research also found many people are unaware of the signs of a possible scam, including:

- claims that you can get at your pension before age 55 (the current minimum age for taking retirement benefits)
- offers of investment returns of 8% or more
- invitations to transfer your money overseas
- pressure to make a quick decision, including papers to sign delivered to your home by courier.

The Pensions Regulator (www.pensionsregulator.gov.uk) regularly updates its guidance on scams. You can download a free booklet ‘Scammed out of his pension – don’t be next’.

Here are some tips for making sure you don’t fall prey to a scammer.

- Ignore any ‘cold calls’ or other unsolicited contact offering help with money and pensions. It’s not worth taking the risk that they could be a scam.

- If you want help with your pension, a range of official sources is available including the Pensions Advisory Service and (for defined contribution or DC benefits) Pension Wise. See ‘Useful contacts’ below.

- If you want a financial adviser to help you with your pension planning, check they are on the Financial Conduct Authority (FCA)’s online register (see ‘Useful contacts’ below). Any financial services company authorised to give financial advice will be on the register.

- If you want to invest money, check the FCA’s ‘ScamSmart’ list for known investment scams.

- If you want to transfer pension benefits out to another pension scheme, ask your current scheme to check whether the ‘receiving’ scheme is registered with HM Revenue & Customs.

- If you have money worries, please seek help from a reputable source such as Citizens Advice: www.citizensadvice.org.uk.

- If you think you may have been scammed, contact Action Fraud immediately on 0300 123 2040.

To sum up: if you’re offered something that sounds too good to be true, it probably is - and you should never let yourself be rushed into making any decisions about your pension. Although you generally have to pay for financial advice from a genuine adviser, this could be money well spent if it helps you avoid being scammed.

LOOK IT UP!

USEFUL CONTACTS

The Pensions Advisory Service (www.pensionsadvisoryservice.org.uk) is an independent, non-profit organisation that provides free information and guidance across the whole range of pensions, including State, occupational and personal.

Phone: 0300 123 1047

Email: enquiries@pensionsadvisoryservice.org.uk

The Government’s Pension Wise website (www.pensionwise.gov.uk) has information about the flexible retirement options available for DC benefits. If you are over age 50 and have DC benefits such as AVCs, you can book an appointment for guidance by calling 0800 138 3944. Or, you can visit your local Citizens Advice bureau.

The Pension Tracing Service can help you find pension schemes you have lost contact with, whether this is a previous employer’s scheme or a personal pension. Look on the Government website at www.gov.uk/find-pension-contact-details.

Alternatively you can call 0345 6002 537, or write to The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU.

The Money Advice Service (www.moneyadviseservice.org.uk) has information on pensions and financial planning and a directory of financial advisers that specialise in advice about pensions.

Phone: 0800 138 7777 (calls are free)

Unbiased (www.unbiased.co.uk) also has a searchable directory of advisers. You can find advisers in your local area by putting in your postcode.

If you are considering using a financial adviser, you need to make sure they are qualified and authorised to advise you. You should check whether they are registered with the Financial Conduct Authority (FCA) by looking on the website at www.the-fca.org.uk.
Whether you’re building up a pension in our Plan, have gone to work elsewhere but still have benefits in our Plan to take in future, or are drawing your pension, there are some simple steps you should take from time to time to make sure everything’s up to date. And remember – help is always available.

**Personal details**

If you’re an active contributing member building up benefits in the Plan, check the details on your most recent benefit statement are correct. If you recently stopped being an active member (usually because you left the University and went to work elsewhere), you should check the ‘leaver’ statement you received when you stopped being an active member. If you’ve retired, check your pension payslip to make sure the details on it are correct.

Please contact us to tell us about any changes to your personal details, especially your name or address. We always need to know where to contact you and some changes – such as anything involving your spouse or dependants – can affect the Plan benefits that are paid.

**An important form**

Remember to keep your expression of wish form up to date. This form lets us (the trustees) know whom you’d like to receive the benefits that are paid if you die before you retire, or up to five years after you retire. For most people this will be their immediate family, but you can nominate anyone you like on your expression of wish form.

As the trustees we choose where to pay the benefits, which means they don’t form part of your estate and will not be subject to inheritance tax – but we will usually follow the instructions on your expression of wish form. This means it is vital to keep it up to date. You can download a new form at any time from the University intranet. Please fill it in and send it back to the address shown on the form. It will replace any previous forms you have sent in.

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**THE PUBLIC SECTOR TRANSFER CLUB**

Until 31 July 2016 the Plan was part of the Public Sector Transfer Club. Pension schemes that are Club members offer special terms for transferring from one pension scheme to another within the Club. These are usually, although not always, more favourable than transferring from one pension scheme to another outside the Club.

The special terms will continue to apply until:

- 31 July 2017, or
- 12 months from the date you joined or left the Plan, if this is earlier.

You may want to bear this in mind if:

- you joined the Plan before 31 July 2016 and are considering transferring your benefits into the Plan from another Club scheme, or
- you left the Plan before 31 July 2016, are now working for another employer with a Club scheme, and are considering transferring your benefits out of the Plan to your new employer’s scheme.

If you have any questions or need a copy of the relevant form, please get in touch using the contact details below.

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**LOOK IT UP! GET IN TOUCH**

**Active contributing members**

For more information about anything to do with the Plan or your benefits, look on the University intranet at [www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme](http://www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme)

Or, contact the Finance and Planning Office.

**Email:** pensions-enquiries@ncl.ac.uk

**Phone:** 0191 208 6496/6487

Or, write to:

Finance and Planning Office
Newcastle University
King’s Gate
Newcastle upon Tyne NE1 7RU

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**Deferred and pensioner members**

For more information about anything to do with the Plan or your benefits, please contact the Pension Service Centre.

**Email:** uniofncl.pensions@aon.co.uk

**Phone:** 0330 123 0458

Or write to:

University of Newcastle Retirement Benefits Plan
Aon Hewitt Limited
PO Box 196
Huddersfield HD8 1EG