I am privileged to be taking over this role from Margaret Levy, who has so ably chaired the Trustee Board for nine years. On behalf of my fellow Trustee Directors and you, the members, I would like to thank Margaret for all her work on behalf of our Plan and wish her all the very best for her retirement.

NEW TRUSTEES

There have been some other changes to the Trustee Board since the date of the last Pension Matters. Martin Robertson and Caroline Armstrong have stepped down from their roles as trustee directors, and I would like to thank them for their work on behalf of the Plan and its members. We welcome Chris Earle-Storey, Charlie Gray, Simon Pallett and Stephen Olver as new trustee directors. We introduce the whole Trustee Board more fully on pages 4-5.

FINANCIAL HEALTH REPORT

One of our most important responsibilities as the trustees is to monitor the Plan’s financial health and ability to go on paying pensions in the future. With this newsletter you will find a Summary Funding Statement setting out the results of the most recent valuation: a formal financial health check of the Plan carried out every three years or so. The valuation enables us to assess whether there is enough money coming into and building up in the Plan to pay for the benefits it owes, now and in the future. We use the results to discuss future financial support for the Plan with the University and to make decisions about the Plan’s investment strategy – another of our important responsibilities.

It is pleasing to report that the valuation at 1 August 2016 found the Plan continues to be fully funded. The funding level has remained steadily at 106% since the previous valuation at 1 August 2013. An update on the valuation at 1 August 2017 found the funding position had increased to 108%.

RULES UPDATE

We have made some minor updates to the Plan’s Trust Deed and Rules. One of these changes was to bring ill-health benefits payable from the Scheme into line with good governance practice. You can see a copy of the updated version on the University website at: www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme.php

MAKING SENSE OF THE NEWS

News about pensions and benefits seems to be increasingly featuring in the media, much of it apparently conflicting and some of it unhelpful. To help you make sense of this mass of information we aim to give you succinct summaries of current pensions news and issues with links for further details. You can find this on pages 6 and 7.

We hope you find this newsletter useful and informative. If you have any questions, please get in touch. You will find the relevant contact details on page 7.

Peter Johnson
Chair of the Trustee Board
One of our responsibilities as trustees is to invest the money in the Plan to help it grow, so it can go on paying out benefits in the future.

To do this we need to balance the need for growth with the fact that the type of investments that give good growth also tend to have the highest risk of sudden falls in value.

One way we do this is to use a ‘liability-driven’ investment strategy. The Plan’s ‘liabilities’ are everything it has to pay out, mainly the benefits it owes (there are other costs such as investment management fees, but these are a much smaller proportion of the cost). There are particular types of investment that change in value in the same way as the liabilities. These are mostly bonds (loans to companies or the Government, paid back with interest) or investments that behave like bonds. Using these types of investment means the value of some of the money in the Plan changes in the same way as the liabilities – helping to protect its value.

This continues to be a beneficial strategy which has reduced the likelihood of the value of the Plan and the value of the liabilities moving in different directions.

We still keep most of the Plan’s money in ‘growth-seeking’ investments to cover the cost of future benefits building up but, during the year to 31 July 2017, we reduced the proportion of growth-seeking investments to lessen the risk to the Plan of sudden falls in value. We continue to keep a close eye on the investment strategy and will make any further changes we believe are necessary.

Additional Voluntary Contributions (AVCs)

Remember: if you are an active contributing member you can boost your benefits by paying Additional Voluntary Contributions (AVCs). These are extra contributions you make on top of your standard Plan contributions. You can pay them regularly or occasionally, and they benefit from tax relief in the same way as your standard contributions.

AVCs give you added flexibility with your benefits. You can take them at a different time from your main Plan benefits and you have a wider choice of final retirement income options including taking them as cash.

AVCs are ‘defined contribution’ (DC) benefits and need to be invested to help them grow.

Prudential, our AVC provider, recently made some changes to the investment options it offers for AVCs. We are currently considering the impact of these changes and the Plan’s AVC leaflet will be updated in due course. In the meantime, if you would like more information about AVCs please contact the Pension Service Centre on 0330 123 0458.
Peter Johnson
Chair of the trustees

Peter is a former Treasurer of the University, a position he held from 2004 to 2013. He joined the Trustee Board in 2013 to maintain a link with the University after stepping down as Treasurer, and took over as Chair on 1 July this year.

A qualified accountant, Peter joined the University Council in 2001 after retiring from KPMG (where he had been a partner since November 1977). As well as being Treasurer, he chaired the Finance Committee and became a member of the University Court, on which he still sits. He has also been a trustee of the University’s Development Trust. He still does consultancy work and is a non-executive director of the North of England P&I Association Limited and Sunderland Marine Insurance Limited.

In his spare time he is interested in cricket as a member of the MCC and the sporting charity the Lords Taverners, which works with young people with disabilities and from disadvantaged backgrounds. Other hobbies are golf, tennis and rugby (as a season ticket holder at Newcastle Falcons). When not involved with sport he enjoys going to the theatre with his wife and walking their Golden Retriever.

Pam Moderate

Pam is pleased to be representing the best interests of employees in her role as a Trustee director. She thinks it’s important everyone makes adequate plans for their future and the options they have.

Pam is currently Head of Infrastructure and Strategic projects for the SAgE Faculty. Previous roles included Sustainability Programme manager for the Institute for Sustainability and school manager in the School of Civil Engineering & Geosciences. Before joining the University she worked for Barclays Bank for 19 years.

Pam has recently bought a puppy and spends most of her free time looking after him.

Simon Wilmot

Simon is Deputy Director of Finance at the University. He started his career in the Health Service where he qualified as an accountant some 20 years ago, gaining considerable experience of management accounting and financial planning.

He joined the University in 1991 and has undertaken several roles across the finance function, all of which have included a significant staff management component. During his career, Simon has gained a broad range of financial experience including aspects of charity accounting and investments.

Simon Pallett

Simon is happy to be a University-nominated pension trustee, seeing it as a way of putting something back into the institution. He is special projects manager on learning and teaching projects for the PVC (Humanities and Social Sciences) and the PVC (Learning and Teaching). He joined the University in 1993 and has held various roles in the Business School.

Originally trained as a chartered accountant, Simon worked as an accountant in arts administration before becoming a lecturer at the University of Northumbria (when it was still Newcastle Polytechnic).

In his spare time he sings in the Newcastle Bach Choir, is Treasurer of the Society of Antiquaries of Newcastle upon Tyne, and enjoys visiting art galleries and attending concerts at Sage Gateshead.
Mary Coyle MBE DL
Mary came to Tyneside from Northern Ireland in 1974 and has spent most of her working life in the voluntary sector. She got involved with the University through her work with Common Purpose (a leadership development charity) when the University awarded it an honorary degree in 2005 – a ‘first’ for an organisation rather than an individual. Mary has also been a member of the University Court and of the International Board of the Business School.
As well as the Plan she is trustee of a range of social justice charities, Lay Chair, North Tyneside NHS CCG, Vice Chair, Gentoo and Chair, Shared Interest. She has been a Deputy Lieutenant of Tyne & Wear since 2004, and received an MBE in 2011.
Mary is passionate about the North East, her adopted home, and forgets her Irish accent gives her away. At weekends she can generally be found walking along the seafront at Longsands, via Tynemouth market.

Steve Olver
Stephen is a Customer Services Team Leader in Accommodation Services. He joined the University from Siemens where he was a Team Leader in their HR department. Before that he worked in the Siemens Pension Service centre as a pension administrator, which gave him knowledge of and an interest in pensions.
Stephen finds representing the interests of others rewarding and currently supports colleagues as a workplace steward. When the opportunity to be a pension trustee came up he felt it would help him deepen his knowledge of pensions while enabling him to make a positive contribution on behalf of Plan members.
An archaeology graduate, Stephen likes to visit places of cultural interest and read about the past. He also enjoys walking in the countryside, exercising when time permits and spending time with his family.

Christine Earle-Storey
Chris joined the Department of Civil Engineering in November 1993, holding a number of admin posts before becoming PA to the Head of the School of Mechanical and Systems Engineering. In August 2017 she moved to her present role as HR assistant in the School of Natural and Environmental Sciences.
Originally qualified as an English teacher, she previously worked in a number of admin and PA roles including several years as a legal secretary with a Newcastle-based law firm.
Chris appreciates the effort the trustees put into managing a strong, stable and well-run Plan. She is keen to learn more about the processes involved and to contribute to the growth and strengthening of the Plan.
Chris is an avid reader and devoted cat person. She enjoys walking in Northumberland and Scotland including her favourite place in the world, the Isle of Skye. She is also an experienced meditator and runs relaxation meditation sessions for University staff and students.

Nick Swales
Nick is regional director for wealth management firm Rathbones, managing the investments of a number of pension funds. When he decided he wanted to give something back to the University, his alma mater, helping with the pension fund seemed a natural ‘fit’.
He is Chair of the Percy Hedley Foundation which provides social care, education and housing for people with disabilities, a Board Director of the Chartered Institute for Securities and Investment, and is involved with the University’s Development Trust. He has previously worked for international banks including Merrill Lynch and UBS.
A family man with two children, he is keen on travelling (especially in the USA), enjoys watching sport live and on TV, and is a wine collector.

Charlie Gray
Charlie joined the University in 1980 from a background as a metalworker in heavy industry, including making large-scale steel appliances such as cooler units for power stations. For the past 14 years he has been a Mechanical Workshop Technician making specialist equipment for use in research by the Institute of Neuroscience. He is also a trade union safety representative and often accompanies University safety officers when they carry out their audits.
He has previously worked for the Schools of Environmental Science and Agriculture, again making specialist research equipment.
He feels that being a pension trustee offers something fresh, new and different from his day job, enabling him to expand on his long-standing interest in finance from a ‘news’ point of view.
A family man with two grown-up sons, he enjoys reading, going to the cinema and walking his dog along the coast near his home.
STATE PENSION UPDATE

The single State Pension, introduced on 6 April 2016, replaced the previous two-tier arrangement. If you were already receiving a State Pension at this date there is no change to your State benefits.

You don’t receive your State Pension automatically; you have to claim it. You can claim your State Pension online by going to www.gov.uk/claim-state-pension-online (you will need to set up a ‘Government Gateway’ account if you don’t already have one). You can start your claim up to four months before you reach State Pension Age.

State Pension Age

In July this year the Government announced it was bringing forward the increase in the State Pension Age to 68. State Pension Age is currently 65 for men. By April 2019 it will also be 65 for women. Then it increases further to 66 for everyone in 2020, and to 67 between 2026 and 2028. A further rise to 68 was due to be introduced by 2044, but this will now be phased in between 2037 and 2039. If you are not sure what your own State Pension Age might be, you can check this on the Government website at: www.gov.uk/state-pension-age.

Getting a forecast

The full amount of State Pension is currently £159.55 a week. To qualify for the full amount you need 35 years of paying full-rate National Insurance (NI) contributions or receiving NI credits.

However, as the Plan was contracted out of the State pension arrangements until April 2016, you may not qualify for the full amount of State Pension as you would have paid lower-rate NI contributions in the past. ‘Contracting out’ means, broadly speaking, that the Plan was considered to provide a minimum level of benefits in place of part of the State Pension. You and the University paid lower-rate NI contributions as a result (we reported the end of contracting out in last year’s Pension Matters).

You can obtain a forecast of your possible future State Pension on the Government website at: www.gov.uk/check-state-pension.

TAX AND YOUR PENSION

The annual allowance

The annual allowance is the total value of the retirement savings you can make in a year while still remaining eligible for tax relief. For most people the annual allowance is currently £40,000 a year (different rules may apply if you earn £110,000 a year or more). You can carry over any annual allowance you have not used up in the previous three tax years.

You can check online whether your benefits have gone over the allowance, or whether you have any unused annual allowance you can carry over. Log on to www.tax.service.gov.uk/paac.

Higher earners can check how the annual allowance affects them at www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance.

There is also a money purchase annual allowance that only covers ‘defined contribution’ (DC) benefits, such as additional voluntary contributions (AVCs) or personal pensions. It is currently £10,000 a year but the Government intends to reduce it to £4,000 a year, back-dated to April 2017. It applies if you take cash from DC benefits, or use them for drawdown, once you are over 55.

The lifetime allowance

The lifetime allowance is for the total amount of retirement savings you can build up throughout your working life that benefit from tax relief. It does not include State pensions. The lifetime allowance is currently £1 million and will increase in line with inflation each year from April 2018.

If your benefits are at or near the lifetime allowance you may apply to HM Revenue & Customs (HMRC) to protect your lifetime allowance. Log on to www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance.

You will need to set up an online account with HMRC if you do not already have one.
PROTECT YOURSELF FROM SCAMS

Pension scams are showing no signs of going away. Scammers’ tactics continue to evolve; a common approach now is to offer a ‘free review’ of your pension and claim to be backed by the Government.


- If you receive an unsolicited phone call, email or text offering help with your pension, the Pensions Regulator’s advice is ignore it – it is highly likely to be a scam.
- Scammers may pose as financial advisers with professional-looking websites. Legitimate UK financial advisers should be registered with the Financial Conduct Authority (FCA – see ‘Taking advice’ on the back page).
- Offers involving ‘guaranteed’ investment returns or exotic-sounding overseas investments, or that involve pressure to make a quick decision, are likely to be scams.
- The earliest age for taking pension benefits, except in limited circumstances such as ill health, is currently 55. Taking pension benefits before this age can result in severe tax penalties, so anyone claiming you can take your pension before age 55 is likely to be a scammer.

If you are tempted by any offer about your pension, please look into it thoroughly and take independent financial advice from an FCA-registered adviser before you sign up to anything (see ‘Taking advice’ on the back page). If you are worried you may have signed up to a scam, report it to Action Fraud on 0300 123 2040 and contact your existing pension provider immediately. They may be able to stop a transfer if it has not yet taken place.

New rules on protecting your personal details

As your trustees, we hold personal details about you that are essential for running the Plan and paying your benefits correctly.

From 25 May 2018 we will have to comply with a new EU regulation, the General Data Protection Regulation (‘GDPR’). The aims of GDPR are:

- to give people more say in how their personal information is used, and
- to improve security by standardising the way organisations throughout the EU store and use personal information.

Even though the UK is currently negotiating to leave the EU it will still be a member at 25 May 2018, so UK organisations will have to comply. We are currently looking at all our processes for handling personal information to make sure they will comply with GDPR. If we find we have to change anything that would have a direct effect on you – for example, the way we ask you for permission to use your details – we will let you know.

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.php.

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

Deferred and pensioner members

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

Email: unionfncl.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
PLAN REMINDERS

KEEPING UP TO DATE

Please remember to keep your personal details up to date so we can contact you at any time. If you no longer work for the University, please consider providing an email address. This would make it easier and quicker for us to contact you, and would also help towards our goal of reducing the amount of paper we use.

You can check your personal details on the following documents:

- if you are an active member, your most recent benefit statement;
- if you are a ‘deferred’ member (in general, because you have left the University and gone to work elsewhere) your ‘leaver’ statement; or
- if you are a pensioner, your pension payslip.

Please update your expression of wish form if you have not done so recently. You use this form to tell us whom you’d like benefits paid to if you die before you retire, or up to five years after you retire. The people you nominate don’t have to be related to you; you may nominate anyone you wish.

As the trustees we have the final say over who receives the benefits (which allows them to be paid without inheritance tax) but we will usually follow your instructions. The more up-to-date your form is, the more confident we can be that it accurately reflects your recent wishes. You can find the forms on the University intranet and the instructions for filling in and returning them are on the form.

TRANSFERRING BENEFITS INTO THE PLAN

In last year’s Pensions Update we told you the favourable terms for transferring benefits between pension schemes in the Public Sector Transfer Club (including our Plan) would end on 31 July 2017. If you are considering transferring benefits in to the Plan, please contact the Plan administrators for more details.

TAKING ADVICE

We hope this newsletter and the information available about the Plan helps you with retirement planning and saving. If you would like specific advice about your retirement planning, please consider consulting an independent financial adviser. The following organisations can provide more information.

The Pensions Advisory Service (TPAS) provides free information and guidance across the whole spectrum of pensions including State, occupational and personal.

Website: www.pensionsadvisoryservice.org.uk
Phone: 0300 123 1047

The Financial Conduct Authority (FCA) regulates UK independent financial advisers. You can check the details of any adviser you are thinking of using on their register. The FCA website also has a list of unauthorised firms that should be avoided, and a list of known scams.

Website: www.fca.org.uk
Phone: 0800 111 6768

Unbiased has a searchable database of advisers including independent financial advisers. You can search by postcode and there are filters allowing you to target advisers that specialise in pensions and investment.

Website: www.unbiased.co.uk
Phone: 0800 023 6868

The Money Advice Service has a range of information on consumer finance including a guide to the different types of financial advice available.

Website: www.moneyadviseservice.gov.uk
Phone: 0800 138 7777