



ANNUAL STATEMENT FOR ERSS MEMBERS

December 2020

Exeter Retirement Saving Scheme (ERSS) is the pension scheme for staff in grades B-D. It was established on 1 December 2016, replacing the Exeter Retirement Benefits Scheme (ERBS) which closed on 30 November 2016.

The University usually provides an annual update for members of the ERSS, but due to the outbreak of the Covid 19 pandemic, this statement has been delayed and will cover a two year period from December 2018 to December 2020. ERSS is administered on behalf of the University by Scottish Widows.

Contributions

Each member has an account in their own name which they can view at any time by logging in to the Scottish Widows site at www.ScottishWidows.co.uk/save/erss

The Scheme is a Defined Contribution pension arrangement with three active contributions levels, Band 2 is the default level for all new members to the scheme. Each year in April members have the opportunity to elect a different band.

The scheme operates three open contribution Bands. Since April 2017, ERSS members have not been able to switch into Band 4 which is a closed band. However the University decided to re-open this band for a short period of time in April 2019 to encourage members to save more for their retirement. While the University has no current plans to re-open Band 4, the University has the option to re-introduce this band if the financial situation of the University allows this.

The following levels of contributions were offered to staff when the scheme was launched:

	Employee contribution (% of pensionable salary)	Employer contribution (% of pensionable salary)	Total payment to ERSS (% of pensionable salary)
Band 1	3.0%	5.0%	8%
Band 2 (default band for new members)	4.0%	6.0%	10%
Band 3	6.0%	10.0%	16%
Band 4	8.0%	12.0%	20%

Governance of ERSS

The University has established a Governance Group with employee representatives nominated by the Unite and Unison trade unions. You can read the terms of reference of the group on the ERSS web page www.exeter.ac.uk/pensions/erss

The primary role of the Governance Group is to:

- Assess how effectively the scheme is meeting the specified objectives of the University and the needs of its members; and
- provide an annual report to members.

The Group is responsible for considering key areas and where appropriate, making recommendations on the following matters:

- Monitoring the quality of ERSS administration – this includes the communications, presentations, web site and services that Scottish Widows provide to members.
- Monitoring and reviewing that all members receive value for money.

- Monitoring the investment performance of the default fund and other investment choices.
- Receiving and reviewing ERSS management information reports.
- Receiving and considering advice and information concerning legislative changes and good practice.
- Considering any member suggestions regarding ERSS.
- Making proposals regarding the running of ERSS to the University.

The Group met in December 2020 and considered the following key areas:

Pension provider performance

The Group invited Scottish Widows to the meeting to present details on payment and investment of contributions, member numbers and movements in membership, whether there have been any breaches of the law or the agreement governing the scheme's administration, service levels and performance against targets, any details of any member complaints and how these were resolved.

Scottish Widows confirmed to the Governance Group that the performance levels had fallen below the agreed levels to 95% of the Service Level Agreement. There had been a few reasons for this including the move for all staff to work from home when the Covid 19 pandemic enforced a lock down in March 2020 and the introduction of a new administration platform in June 2020. Scottish Widows are working towards getting CCA (Customer Contact Accreditation) by December 2020: this is an accreditation of customer service which only 20 companies have achieved.

Scottish Widows advised of some new developments they are working on and expect to be available to all ERSS members in 2021. There will be an app for all mobile devices that can be download to show transactional changes on a member's pension account. A later development will also enable members to use the app to nominate beneficiaries. A facility is about to be introduced on the banking app for Lloyds Group customers (Scottish Widows are part of the Lloyds Group) so they can see details of their ERSS membership and fund value.

Performance of the default fund and other investment choices

The Governance Group wished to ensure that the investments and products available to members continue to meet the objectives of the scheme when it was established. Scottish Widows confirmed that the financial markets had shown falls in investment returns in the beginning of 2020, but that by June 2020 the returns had been recovering. Having received a report from Scottish Widows with regard to the investment performance (a copy of the investment options and the performance of them can be viewed on the Scottish Widows Investment pension web pages*) the Governance Group was concerned that over a three year period Scottish Widows had underperformed against the benchmark that was in place but they were satisfied that Scottish Widows apply good governance to all their investment options and asked Scottish Widows to continue to provide clear details on their performances at future meetings of the Governance Group.

The scheme administration and investment charges have been pre agreed with Scottish Widows at the outset of the scheme. The Governance Group reviewed the charges to ensure that these remained consistent and competitive.

*Scottish Widows/Retirement/University of Exeter Retirement Savings Scheme

Communications

The University expects all communications sent to members to be accurate, clear, and relevant and provided in plain English.

The Governance Group was advised that members are given a joining pack containing details of the scheme and their own personal account log-in details and that more details about the scheme, the investment choices, retirement options and other related documents can be accessed on the Scottish Widows scheme web pages. Scottish Widows produce annual member statements.

The Governance Group noted that in the past Scottish Widows had presented pension seminars on campus to ERSS members. Due to Covid 19 this is not currently possible so online Webinars covering the ERSS pension provision will be provided in 2021 for member to access.

Member numbers and member engagement

The membership of the scheme continues to grow and now has assets of £11.7 million. The figures below show the member numbers at the beginning of the 2019 and as of November 2020.

Date	Total Members
January 2019	1397
November 2019	1484
January 2020	1483
November 2020	1502

The scheme offers flexibility for members to elect a new band from each April. In April 2019 to encourage members to save more for their retirement, the University re-opened Band 4 (which had been closed to future elections since April 2017). This gave members the ability to increase their contributions to 8% and to receive the highest rate of 12% from the University. This was positively received by members, with 100 of them electing to take up the offer to move to the highest band and increase their contributions. The movement of these members saw an increase in the corresponding employer contributions of just over £96,000 per annum.

The University is committed to ensuring that the funding for ERSS remains in line with the 10% level that was in place when the scheme was opened in 2016. In view of this, while the University has no current plans to re-open Band 4, the University will keep this under review and may to re-introduce Band 4 in the future.

The take up rate of eligible members is 90% which is very positive and indicates members understand the value of the benefits the ERSS offer.

Other benefits

As a member of the ERSS, you are also covered for the following benefits:

- Death in Service – a lump sum of four times your pensionable salary will be paid to your beneficiaries. This benefit is insured with the premiums paid by the University. The scheme is called the Exeter Life Assurance Scheme (ELAS).
- Ill Health early retirement – if you retire on the grounds of ill health, the University will pay to your ERSS account a payment of one times your annual pensionable salary at the date of your ill health retirement (subject to meeting the scheme's requirements for ill health).

More details of these benefits can be found on the ERSS webpages www.exeter.ac.uk/pensions/erss

Member of ERSS can also find details of the Scheme Policy, a member Guide and the Internal Disputes Procedure document on the ERSS webpages.

Your pension is a valuable part of your benefits package and the University encourages all its employees to save for their retirement. Under ERSS, the more you pay in, the more the University contributes.

Going forward

Expression of Wish Forms

The ERSS arrangement and ELAS pay out benefits upon death. The University reminds members that they are encouraged to complete the expression of wish forms that are applicable to each scheme. The ERSS form is on your account page with Scottish Widows and the ELAS form can be found on the University ERSS webpages www.exeter.ac.uk/pensions/erss Completion of these forms means that each scheme can be aware of your wishes for the payment of these benefits.

Additional Contributions

If you think that you are not saving enough for retirement, then you can if you wish pay more than your chosen contribution band into the ERSS as additional voluntary contributions. The University will continue to pay the rate applicable to the band you have chosen. Before you decide to pay more it is always wise to seek independent financial advice to be sure that this is the best option for you. A form instructing the University of how much extra you would like to pay, which will be deducted from your university pay in the same way that your normal pension contributions, is available on the ERSS webpages: www.exeter.ac.uk/pensions/erss