

ANNUAL STATEMENT FOR ERSS MEMBERS

March 2022

Exeter Retirement Saving Scheme (ERSS) was established on 1 December 2016, replacing the Exeter Retirement Benefits Scheme (ERBS) which closed on 30 November 2016.

ERSS is a defined contribution scheme which is administered by Scottish Widows. Each member has an account in their own name which they can view at any time by logging in to the Scottish Widows website 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.

Band 4 was only available for selection up to April 2017 to colleagues who were active members of ERBS scheme when it was closed in 2016.

The University believes that pensions is a valuable part of your benefits package. The more that members pay in, the more the University contributes too. The University has decided, with effect from 1st April 2021 to permanently offer Band 4 – where members pay 8% of their salary and the University pays 12%.

Members can elect to move bands once a year in April by completing a simple form which can be found online at www.exeter.ac.uk/pensions/erss or can be requested from the Pay and Benefits team at payandbenefits@exeter.ac.uk

The following levels of contributions will be available to all members in April 2022.

	Employee contribution	Employer contribution	Total payment to ERSS
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

Whilst the provider of ERSS is Scottish Widows, the University has established a Governance Group (the 'Group') to monitor ERSS to ensure that it is effectively administered and, when required and appropriate, to make recommendations to Scottish Widows and the University regarding 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 February 2022 using MS teams and considered the following key areas.

Value for money

The Group considered the costs and charges taken from members' savings to ensure that they remained competitive when considered against the benefits and services that members receive. Scottish Widows provide clear information to members on the costs associated with their account and any charges with regard to investment options. The Group agreed that the ERSS continues to be fit for purpose and the scheme's charges are made in accordance with the Joint Industry Code of Conduct.

Pension provider performance

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

Scottish Widows confirmed the movement in membership was average for a scheme of this size and age and that there have been no breaches or issues concerning the administration of the scheme. Scottish Widows advised that members were taking advantage of the online portal which has a calculator to show benefits with different scenarios – this gives members a greater understanding about what they may receive at retirement.

Performance of the default fund and other investment choices

The Group wished to ensure that the investments and products available to members continue to meet the objectives of the scheme. The main fund that ERSS members have in Scottish Widows is a Passive Investment Account (PIA) where investment decisions are made by Scottish Widows. The PIA has multiple companies within the fund. Having received a report from Scottish Widows with regard to the investment options (a copy of the investment options and the performance of them can be viewed on the Scottish Widows Investment pension web pages www.scottishwidows.co.uk/funds/index.html) and confirmation from Scottish Widows that they review the performance of the investments on a quarterly basis, the Group was satisfied that Scottish Widows apply good governance to all their investment options.

Scottish Widows confirmed that they are taking pro-active steps with regard to Environment, Social and Governance investment (ESG) by approaching funds that have strong ethical investments and investing in companies that have ESG as part of their investment ethos.

Future developments are to embed the investment in social and ethical companies into their own Passive Investment Account (PIA option).

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

Communications

It is essential that good member communications are provided at the right time and in an accessible format so that all members can understand and make the necessary decisions to give a good outcome for their retirement. All communications sent to members should be accurate, clear, and relevant and provided in plain English.

Members get a welcome pack when they join which includes illustrations of benefits – based on details provided by the member when they are enrolled – which enable members to see what their retirement benefits could be. (The default retirement age for the scheme is age 65). The member pack also includes the member's own personal account log-in. More details about the scheme, the investment choices, retirement options and other related documents can be accessed on the Scottish Widows scheme webpages www.scottishwidows.co.uk/save/erss. Scottish Widows produce annual member statements.

Member numbers and member engagement

The current active membership (at January 2022) is 1530.

Scottish Widows advised the Group that their statistics show that 6% of members regularly visit their account pages, Scottish Widows confirmed that this engagement was above average in comparison with similar size schemes they manage.

Scottish Widows confirmed that the roll out of its app in 2021 was received well and our ERSS members are using this. It offers a single customer view if they bank with Lloyds (Scottish Widows is part of the Lloyds banking group): members can see their ERSS pension and other Lloyds products available. Scottish Widows are planning some new developments with the app to give greater engagement on their money for life portal and easier access to your pension plan.

Scottish Widows confirmed there had been no obvious impact on the scheme due to the Covid pandemic with member movements and retirements remaining the same as pre pandemic times.

Other benefits

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

- Death in Service – a lump sum of 4 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).
- Death in Service payment from ERSS – your beneficiaries would receive the value of your fund at your date of death.
- Ill Health early retirement - if you retire on the grounds of ill health, the University will pay to your ERSS account a payment of 1 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](http://www.exeter.ac.uk/pensions/erss).

Going forward

The Group wanted to ensure that all members are aware of how ERSS works, including investments the expected retirement age input by members and how these are linked, members' choices at retirement and how members can access and review their Scottish Widows account.

Scottish Widows have produced a webinar that can be accessed through the ERSS web pages www.exeter.ac.uk/pensions/erss. The University is planning to hold seminars for staff to learn more about their pension scheme. Members will be advised of the dates, times and venues in due course.

The University would like to remind members that there will be an opportunity between March 2022 and 6 May 2022 to reconsider the contribution band that you are paying. During this "window" members will be able to elect to pay at a different band.

As we have indicated earlier in this statement, a higher band – called Band 4 – where members pay 8% of their salary and the University pays 12% is now available for you to choose. If you do wish to move bands, you can do so by completing a simple form which can be found online at www.exeter.ac.uk/pensions/erss/ or can be requested from the Pay and Benefits team at payandbenefits@exeter.ac.uk

The new contribution band will be available from 1st April 2022.

The ability to change contribution band is available on an annual basis so if you make no changes this time, the next opportunity will be in March/April 2023.

Reminder

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 www.scottishwidows.co.uk/save/erss 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.

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 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