



ANNUAL STATEMENT FOR ERSS MEMBERS

February 2024

INTRODUCTION

Exeter Retirement benefits Scheme (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 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 and October members have the opportunity to elect a different band.

Members are notified by email when you can make a change - simply complete the online form at exeter.ac.uk/pensions/erss or request a form from the Pay and Benefits team at payandbenefits@exeter.ac.uk.

The following levels of contributions will be available to all members in April 2024 and then again in October 2024.

| Band | 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 January 2024 and considered the following key areas.

Value for money

The Group considered the costs and charges taken from members' savings to ensure that they remain 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 the meeting to present details on the 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 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. Membership numbers were slightly down on previous years with more leavers than joiners but this is also reflected in the numbers of University staff who are eligible for membership of ERSS. The total assets under management have increased. Members are using the internet access to the scheme to review their benefits and for members. There is an online portal which has a calculator to show benefits with different scenarios - this gives members a greater understanding about what they could get 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 set when it was established. The main fund that ERSS members have in Scottish Widows is a Default Lifestyle Fund which includes a large range of companies across all sectors. Investment decisions are made by Scottish Widows. 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 scottishwidows.co.uk/funds/index.html), Scottish Widows confirmed that they review the performance of the investments on a quarterly basis, and during 2023 have introduced more UK Government Bonds into the investments and reduced their risk to exposure to UK Equities as their view is that this will give greater performance. Scottish Widows advised that their short term returns were below the benchmark set of CPI plus 3%: this was due to the current fluctuation in financial markets. Scottish Widows confirmed that when looking at their long term returns of five years or more they are performing above their peer group with strong returns. Scottish Widows future investment strategy is to change the asset classes with a programme of changes to come into the default fund between 2024-26. The changes are to support the ability for members' funds to continue to grow even after an element of cash may have been taken under income drawdown option. Scottish Widows confirmed that they have excluded investment funds such as those that invest in weapons, UN Global violators, tobacco and fossil fuels, and they are looking at increasing investing in integrated funds such as carbon neutral funds and funds that improve green buildings and lower carbon emissions. The chair agreed that whilst there had been reduced returns, a long term strategy for investment is more appropriate in the long run.

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. The Group was advised that members get a welcome pack when they join which includes illustrations of benefits - these are based on the details for 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 scottishwidows.co.uk/save/erss.

Scottish Widows produce annual member statements.

Scottish Widows have released a generic webinar on financial wellness and also introduced "Be Money Well", which is a holistic webpage on all details of wellbeing financial support. To recognise the need for clear communications with members, they have simplified their benefit statements - which are now a two page summary with covering letter - and also simplified their web pages. The Scottish Widows App for members has been updated and plans for the future include video benefit statements with links to presentations.

More details have been placed on the University ERSS web pages exeter.ac.uk/staff/pensions/erss to help you with any questions you may

have about the scheme and some extra supporting documents linking you to the Scottish Widows web pages.

Member numbers and member engagement

The current active membership (at 31 December 2023) is 1570.

Scottish Widows advised the Group that members were regularly looking at their accounts and the funds held, and that engagement by members of ERSS was above average in comparison with similar size schemes they manage.

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 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.

Going forward

As a member of the ERSS arrangement the pension contributions you pay attracts tax relief. Under HMRC rules this tax relief ceases at age 75. For consistency with HMRC requirements, the rules of the ERSS arrangement specify a cessation date of active membership of age 75. Any active member will be advised three months before age 75 that their membership will be ceased. This mirrors the separate Group Life arrangement paid for by the University which is an additional benefit to those in the ERSS scheme which also has a cessation age of 75. The Group wants 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, and 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 exeter.ac.uk/pensions/erss. The web pages also contain more details about the scheme and some frequently asked generic pension questions.

The University would like to remind members that there will be an opportunity in April 2024 and October 2024 to reconsider the contribution band that you are paying, members will be able to elect to pay a different band.

Members will be informed in advance when the band "window" will be open, so if you do wish to move bands, you can do so by completing a simple form which can be found online at exeter.ac.uk/pensions/erss or can be requested from the Pay and Benefits team at payandbenefits@exeter.ac.uk

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 scottishwidows.co.uk/save/erss and the ELAS form can be found on the University ERSS webpages: exeter.ac.uk/pensions/erss. Completion of these forms ensures that each scheme is aware of your wishes for the payment of these benefits in the unfortunate event of your death.

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: exeter.ac.uk/pensions/erss