

UNIVERSITY OF NOTTINGHAM CONTRIBUTORY AND ASSURANCE PENSION SCHEME ('CPAS')

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Agenda

1. **Your CPAS Trustee**
2. **Monitoring the funding level of CPAS**
3. **The current investment strategy**
4. **Any questions?**

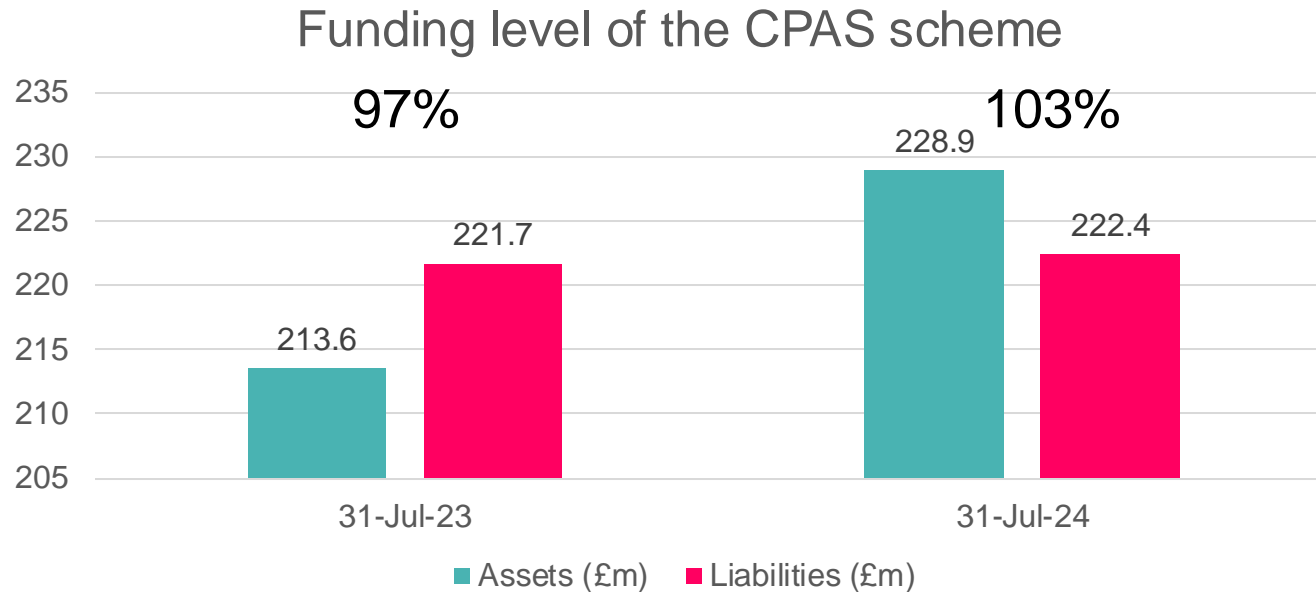


1. Your CPAS Trustee



- **The Trustee is accountable for the running of the CPAS Scheme**
- **Zedra Governance Ltd are appointed as Trustee – represented by Colin and Joanne. Team of 4 for this Scheme, 58 professionals to draw on.**
- **Zedra have over 200 pension trustee appointments in the UK and over 70 where we operate as Sole Trustee**
- **We have a team of experienced and qualified individuals who oversee all the CPAS operations and take decisions on the running of the scheme.**
- **We ensure CPAS is managed in accordance with the Trust Deed and Rules of the Scheme, in particular:**
 - Paying the correct benefits to members at the right time
 - Ensuring there are sufficient assets to pay benefits from when they become due
 - Investing the assets (including contributions we receive from the university or members)

2. Monitoring the funding level of CPAS



The position is reviewed in detail every 3 years by an independent expert (last done as at 31 July 2023 – with an estimated update at 31 July 2024)

We target a funding level of 100% and today we believe we are slightly ahead of this.

Therefore, the University does not need to pay any money at present to correct benefits already earned – only the pensions being earned by today's active members.

2. Monitoring the funding level of CPAS (continued)

When we look at the funding position in detail every 3 years' we also look at the financial strength of the university.

At the last review in 2023 our adviser rated the university as follows:

Weak	Tending to Weak		Tending to Strong		Strong
1	2	3	4	5	6

Outlook for Covenant Rating (3-5 years) **Improving**

Outlook for Covenant Rating (longer term) **Stable**

We are satisfied that this outcome does not raise any concerns today for the CPAS.

3. The current investment strategy – asset types



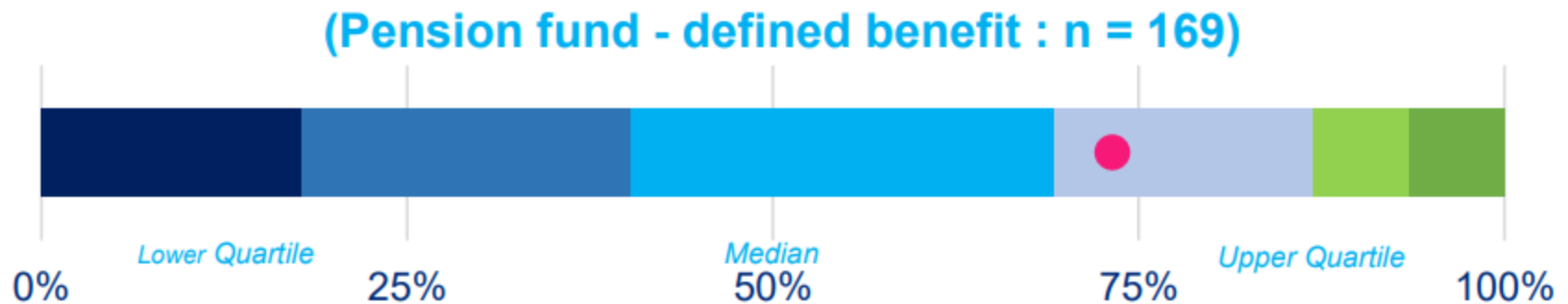
Our strategy is to grow the assets but moving toward less risky types of asset as the funding level of the scheme gets higher.

The Liability Driven investments (LDI) are there to provide a high level of protection to the scheme funding level against changes in interest rates and inflation

3. The current investment strategy – Environmental, Social and Governance issues



- We monitor the funds we invest in for the strategies the manager adopts towards environmental (including climate change), social and corporate governance issues.
- We grade the funding from **1-4** according to whether we believe:
 - these matters are core to the construction of the fund (**1**) or
 - very little has been done to factor these matters into fund choice (**4**)
- All of our current funds are **rated 1 or 2**
- If we place a value on the stewardship of our assets across a wide range of credentials we are going as well, if not better, than many other schemes (as noted by the **pink dot**):





ANY QUESTIONS?



University of Nottingham Contributory Pension & Assurance Scheme ('CPAS')

Pension Administration – an overview

CPAS Key Features

CPAS membership is approximately:

270

Contributing
employee members

830

Members with
preserved benefits

1,400

Pensioners receiving income from CPAS

- CPAS provides a defined pension income & cash benefits on retirement
- CPAS also provides benefits in the event of ill-health and on death
- The administration of CPAS' benefits is undertaken by XPS Group who calculate and pay benefits and maintain records for the members of the Scheme
- XPS is the 'face' of CPAS for members and help with any queries members may have on their entitlements under the Scheme
- XPS reports to the Trustee

CPAS Key Features

Normal retirement age is **65**

Retirement can be taken early from age **55** or after age **65**

CPAS benefits on retirement are:

- *Pension income and*
 - *One-off tax-free cash sum*
 - *Spouse's benefits on death*
- Levels of pension income and cash can be increased/decreased to provide you with options
 - Benefits are available in the case of ill-health, but strict medical conditions apply
 - There is an option to transfer your entitlement out of CPAS, but strict criteria apply

Common questions

- Do I need to do anything to receive my benefits from CPAS on retirement?
- What happens if I no longer contribute to CPAS and my pension benefit is preserved?
- What happens once my pension goes into payment; is my pension increased?
- What happens in the event of a divorce?
- Why do deferred members not receive an annual statement the same as current members?
- Why do some schemes offer salary sacrifice but CPAS doesn't?
- Is the larger lump sum option taxable?