

The University of Warwick Pension Scheme – consultation notice

The University of Warwick (“the University”) along with the UPS Pension Trustee Limited (“the Trustee”) of The University of Warwick Pension Scheme (“the Scheme”) have completed a review of the benefits provided to you through the Defined Contribution Sections* of the Scheme (“the Current DC Section”). The University has also acted on behalf of other participating employers. As a result, the University is proposing to close the Current DC Section and introduce a Master Trust for all affected employees from 1 May 2024. ***For the avoidance of doubt, these proposals do not affect the Defined Benefit Section of the University of Warwick Pension Scheme.*** The purpose of this letter is to let you know about the proposal and details of the consultation process.

You don’t need to take any action, however it’s important you understand the proposed changes and read the enclosed Questions & Answers (Q&A) document.

This communication begins the start of a formal 60-day consultation period, which will run until 15 April 2024. As this is a consultation, the University wants to hear your thoughts, comments, and questions on the proposed changes before a final decision is made. You can do this by emailing mtconsultation@warwick.ac.uk Any feedback must be sent by 15 April 2024.

The proposed changes

The University reviewed their existing pension arrangements, took professional advice, and consulted with the Trustee. As a result of the review, the University are proposing to make the following changes:

- to **close the Current DC Section to new contributions** on 30 April 2024 (so April contributions will be paid to the Current DC Section)
- introduce a Master Trust, the **Standard Life Master Trust** from 1 May 2024 (for contributions arising from the May payroll onwards)
- if you’re paying into the Current DC Section when it closes to new contributions, you’ll be enrolled into the Master Trust and **your pension contributions will be paid into the Master Trust** from 1 May 2024 (for contributions arising from the May payroll onwards)
- if you’re not paying into the Current DC Section when it closes to all contributions, the University will periodically assess whether you need to be auto-enrolled into the Master Trust, or you can request to join at any time from 1 May 2024.

Note: If you participate in Pensions Salary Sacrifice your Member Contributions will be paid by way of salary sacrifice.

*Defined Contribution Sections being Heritage (Staff) and Enterprise Sections (Unitemps).

Timeline for the proposed changes

- **15 February 2024** - the consultation will commence for 60 days. During this time you can send your feedback or any questions you may have by contacting mtconsultation@warwick.ac.uk
- **Between 15 February 2024 and 15 April 2024** - you will have the opportunity to attend an online seminar with the proposed Master Trust provider Standard Life about the proposed changes to the Current DC Section. Look out for dates on the University's pension pages.
- **15 April 2024** - the consultation will close, and the University will evaluate any feedback received from employees.
- **By 25 April 2024** - the outcome of the consultation will be notified to employees via an update to the University's pension pages. Please look out for updates.
- **30 April 2024** - the Current DC Section would close to new contributions (if the decision is to go ahead with the proposed changes). The Current DC Section would accept contributions up to and including the April payroll. The Current DC Section would cease to provide the death in service benefit (see below for the new arrangement).
- **1 May 2024 - employees joining the Master Trust** - new contributions (as outlined on page 1) would be remitted to the Standard Life Master Trust (if the decision is to go ahead with the proposed changes).
- **1 May 2024** - For staff currently in the Heritage Section, **a new discretionary death in service benefit scheme would be set up** and we expect cover to be on a broadly similar basis as currently provided. More details will be provided once the life cover arrangement has been set up. Those members in the Enterprise Section do not benefit from this life cover. However, all members of the Master Trust would benefit from a return of the value of any untaken pension savings on death which would be payable under discretionary trust. Look out for updates on the University's pensions pages.

Further details about the proposed changes can be found within the attached Q&A document.

Why are these changes being proposed?

The University remains committed to ensuring that all members are provided with a pension arrangement that best meets their needs. The University believes that, under the proposals, members will benefit from greater flexibility at retirement, additional tools to support them in making informed decisions and access to new and innovative technology. The University believes that the Standard Life Master Trust provides a greater opportunity to meet all of these objectives than through the Current DC Section.

The change would be in line with the approach of the Pensions Regulator which is encouraging consolidation of smaller schemes into larger pension schemes so members can benefit from economies of scale, sophisticated governance services and a wider choice at retirement for their pension savings.

The University believes the proposed Master Trust will do this by providing:

- **An improved member experience** - you will receive regular, improved and, where appropriate, personalised communications with access to technology and new online tools, such as the member portal and app. These latest innovations in the pension market should help you better understand your retirement journey and plan for your future. For those members who prefer written, paper-based communications, Standard Life will continue to provide communications using this method.
- **Robust administration** - the University has selected as provider a company, well-known to most members, that is committed to delivering good quality servicing and can demonstrate its ability to meet their service level agreements consistently and to process members' requests in a prompt and efficient way.
- **Better value for money** - the member charges will be lower and overall will offer better value than the Current DC Section, helping to improve your outcome in retirement.
- **Wider retirement options** - members will have access to a wider range of options for taking their retirement savings under the Master Trust.

The University has worked with the Trustee during the review process and the proposals have their full support.

What isn't changing as part of this proposal?

- Whether you're paying into the Current DC Section or are eligible to join, there will be **no change to the contributions you're required to make or to the payments the University makes on your behalf.**
- As mentioned on page 2 of this letter, death-in-service benefits (also known as life assurance benefit) will continue to apply to staff in the Heritage Section on broadly the same terms. This will be provided through a separate, standalone arrangement rather than under the Current DC Section or the Master Trust.
- Members that meet the necessary conditions will continue to access through the Master Trust the **incapacity benefit** available to those impacted by either partial or total incapacity which allows you to draw your benefits early and receive a contribution top-up from the employer.

Where can I get more information?

The University are keen for you to have access to detailed information on the Master Trust and the benefits it will bring if the proposals go ahead, so they have provided:

- **A Question and Answer (Q&A) document** - you can find out more about the proposed changes and answers to frequently asked questions.
- **Your questions** - the University have set up the following email address mtconsultation@warwick.ac.uk where you can send questions. Your email will either be answered directly and/or will form part of a future update to the Q&A document, particularly if the answer would be useful to your colleagues.
- **Standard Life** - for more information on the Master Trust you can visit: www.standardlife.co.uk/employer/workplace-pensions/master-trust

Do I need to do anything?

If you're happy with the proposed changes, you don't need to do anything. If you have questions or feedback, then please submit these before the end of the consultation period, 15 April 2024 by email to: mtconsultation@warwick.ac.uk

If you're unsure of how the proposed changes might affect you, you could consider consulting a financial adviser. If you don't have one, you can find one by visiting MoneyHelper.com. www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers Please note that you would be responsible for any adviser fees.

Any entitlements from either pension scheme are subject to the Trust Deed & Rules of the relevant scheme from time to time.

What happens next?

The University will review the questions and feedback received up to the end of the consultation period. Following this, they will make a final decision in respect of the proposed changes and will update staff of the final decision and next steps via email and updates to the University's pension pages. If the matter proceeds there would be another communication in the Summer.

Kind regards

For and on behalf of The University of Warwick



Geraldine Mills
HR Director