

# ACTUARIAL REPORT AS AT 31 MARCH 2019

## SUPERANNUATION ARRANGEMENTS OF THE UNIVERSITY OF LONDON (“SAUL”)

This paper is commissioned by and addressed to the Trustee of SAUL. It summarises the results of a financial update (known as an “actuarial report”) of SAUL’s funding position as at 31 March 2019. It has been prepared to satisfy the requirements of section 224 of the Pensions Act 2004. An actuarial report must be prepared each year, unless an actuarial valuation takes place in that year.

The most recent actuarial valuation was carried out as at 31 March 2017. At that date SAUL showed a surplus of £56 million relative to its technical provisions, equivalent to a funding level of 102%.


If the assumptions used for the 2017 actuarial valuation had been borne out in practice, then, based on the agreed contributions, the surplus would have been expected to have fallen to £5 million at 31 March 2019, equivalent to a funding level of 100% relative to the technical provisions. My updated calculations show that at 31 March 2019 the surplus was £104 million, equivalent to a funding level of 103%.

The contributions paid by Employers and Members over the year to 31 March 2019 were lower than the cost of benefit accrual over the period, resulting in a “contribution strain” of approximately £35m. Changes in market conditions also increased SAUL’s liabilities. However, overall the higher than expected investment returns achieved by SAUL’s assets over the year and a reduction in the GMP equalisation reserve led to an improvement in SAUL’s funding position compared to both the 31 March 2017 valuation and the expected position at 31 March 2019.

The (unaudited) asset value of £3,620 million is the market value of SAUL’s assets at 31 March 2019. This is an increase of £415 million since the valuation date. The assets and liabilities include approximately £0.3m in respect of insured pensioners.

The figures calculated for this actuarial report are not as accurate as those that would arise from a full actuarial valuation as some approximations have been made and individual member data has not been used (it is based on the membership data supplied for the 2017 actuarial valuation).

**Signature**



**Scheme Actuary**

Christian Hardy

**Qualification**

Fellow of the Institute and Faculty of Actuaries

**Date of signing**

25 July 2019

The advice set out in this report and accompanying documents is covered by and compliant with Technical Actuarial Standards (TAS) 100 and 300 issued by the Financial Reporting Council. It should be read in conjunction with the formal report for the 31 March 2017 actuarial valuation dated June 2018, the 2018 Actuarial Report dated 24 August 2018 and the 2019 Funding Review dated 25 June 2019.

The approximate results in this report have been calculated using the method and assumptions set out in the statement of funding principles agreed as part of the actuarial valuation at 31 March 2017 (updated to reflect changes in market conditions). The figures calculated for this financial update are not as accurate as those that would arise from a full actuarial valuation as some approximations have been made and individual member data has not been used (it is based on the membership data supplied for the 31 March 2017 actuarial valuation).

The financial position of SAUL may fluctuate over time.

This report is designed to provide an overview of the financial position of SAUL for information purposes.

This report does not contain recommendations in relation to:

- any changes to the method and assumptions,
- the contribution/benefit structure,
- the investment strategy or investment advice (including the design of trigger based investment strategy changes).

We cannot guarantee that the report is suitable for use for the above or for any purpose other than that stated. If this report leads to new decisions on potential changes in any of these areas, then you will need to ensure you have taken further detailed actuarial and/or investment advice.

We will not carry out any additional work in connection with the report without your prior instructions.

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