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Welcome to the SAUL
**Annual
Review**

Putting members at
the heart of all we do

Welcome

Every year, we send you all the latest news about your SAUL pension and financial information about the scheme.

This year has been a busy one for SAUL. We've been looking at how SAUL's money is invested so we can give it the best potential for growth. You can find out more about how we currently invest SAUL's money on page 7.

We also asked an independent expert to review how the scheme is being run by SAUL Trustee Company. You can find the answers and more about what we do on page 12.

Thank you to everyone who took the time to tell us what you think about SAUL in our survey. You told us you'd like more ways to get in touch, so we've introduced more face-to-face meetings and a new web chat service.

To help you get the most out of your pension, we're working on giving you access to your pension information online. We're excited to give you an online service because we know it's important to many of you. We'll share more news with you next year.

You also said you'd like to understand more about what you get from SAUL. To help you get the information that matters to you, we're working on making our letters and website clearer.

We hope you enjoy this year's Annual Review. If there's anything you'd like us to include in the future, please let us know.



Dr Dennis Buckley
Chairman



Sue Applegarth
Chief Executive

Making sure SAUL is healthy

Every three years, SAUL has a full financial health-check. It looks at:

- the pensions and lump sums we've already promised to pay – to make sure there's enough money to pay them, and
- the pensions we'll need to pay in the future – to check that the money you and your employer pay into SAUL will be enough to keep those future promises too.

The next full health-check is in 2020. In between full checks, we do a mini check every year. The full health-check includes assumptions about things like how long people will live and how SAUL's investments will perform. So, we need to make sure that SAUL is on track and that the assumptions we made in the last full health-check haven't changed.

We've been working hard since the last full health-check in 2017 and we're in a good position for the next one in 2020.

The information about SAUL's finances in this review is taken from the 2019 mini health-check and our Annual Report and Financial Statements at 31 March 2019.



What's changed since 2018?

Money in SAUL on
31 March 2018



£3,357 million

+

Money paid in over the
year (from members and
employers, investments
and other income)



£165 million

+

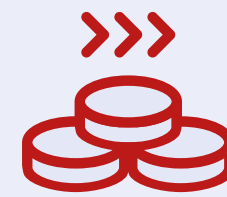
Amount SAUL's
investments have grown



£195 million

-

Money paid out over the year
(when members retire, die, transfer
their pension or get a refund from
SAUL, as well as investment and
administration fees and other costs)



£95 million

=

Money in SAUL on
31 March 2019



£3,622 million

The money in SAUL has grown by **£265 million** in the year to 31 March 2019.

What does this mean for your pension?

We have enough money in SAUL to pay the pensions and lump sums we've already promised to pay – now and in the future.

On 31 March 2019 there was about **£3.6 billion** in SAUL and the cost of paying all the promised pensions and lump sums was about **£3.5 billion**.

This means we have **103%** of the money we need – or an extra £104 million.

This is an improvement from the last mini health-check in 2018 when the cost of paying pensions and lump sums was **£3.3 billion** and we had **102%** of the money we needed – or an extra £59 million.

We haven't paid any of this extra money – also known as a surplus – to SAUL employers in the last 12 months. We have to tell you this every year, by law.

While you're working for a SAUL employer, you pay 6% of your salary into SAUL and your employer pays 16% – a total of 22%. The real cost of your SAUL pension and lump sum is about 30.4% of your salary. This extra cost – which is currently 8.4% of salaries – is called the contribution strain. We carefully monitor this every year. While the strain got slightly bigger in the last year, rising from 7% in 2018, we're confident that SAUL's surplus and some changes we're making to how SAUL's money is invested will help meet some or all of this cost.



SAUL is in a strong position

We are in a strong financial position and PricewaterhouseCoopers LLP – who audit our Annual Report and Financial Statements – believe our financial statements give a true and fair view of SAUL’s finances over the year.

The Pensions Regulator makes sure pension schemes are properly run and fulfilling all their responsibilities to members. If they have concerns about a pension scheme, they can make changes to the scheme, including to the amount of money being paid into it. The Pensions Regulator has not made any changes to SAUL in the last 12 months.



What would happen if SAUL closed?

Even though we know that SAUL is in a strong financial position, as part of the health-checks we have to tell you what would happen if SAUL had to close in the future.

We are not planning to close SAUL but we have to give you this information every year, by law.

Every year, we work out how much money an insurance company would need to pay all the pensions and lump sums already promised to SAUL members. This is an expensive way of valuing SAUL because insurance companies’ costs are high.

On 31 March 2019, the cost was £4,841 million compared to the value of the money in SAUL, £3,622 million. This means SAUL has 74% of the money needed if we had to ask an insurance company to pay SAUL benefits. This is up from 65% on 31 March 2018.

We don’t expect this to happen. SAUL is in a strong financial position and we have enough money to pay the pensions and lump sums already promised to members in full. If we had to close – or wind up – SAUL because employers became insolvent, your pension would be protected. The Pension Protection Fund would pay you compensation.

How we invest the money in SAUL

The money you and your employer pay into SAUL is invested to help it grow. Unlike some pension schemes where every member has their own individual pension pot, all the money in SAUL is invested together. When you retire, some of this money is used to pay you a pension and a lump sum.

Our specialist investment team look after the money in SAUL, working with a professional investment adviser, expert fund managers and the Trustee's Investment Committee. They are responsible for getting a good return on SAUL's investments to make sure we can pay all the pensions we've promised.

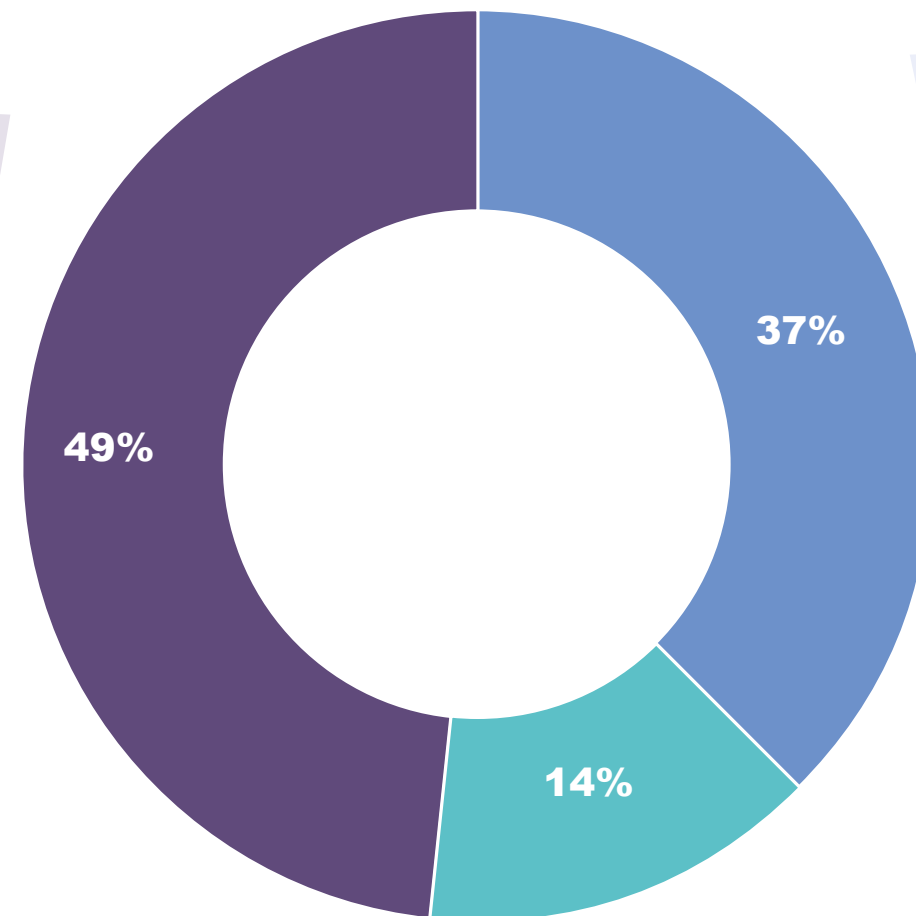
In the year to 31 March 2019, SAUL's investments performed well with a return of 7.6%. This is a strong result, especially given continued Brexit uncertainty.



The best way to protect SAUL from political and economic uncertainty is by putting SAUL's money into a wide range of investment types. Here's how the money in SAUL was invested on 31 March 2019:

● **Investments aiming to get good returns**

Invested in equities – or shares in companies listed on the stock exchange – as well as infrastructure like airports and water companies, and other investment types that are designed to get good returns in the long term.



● **Investments designed to keep pace with inflation**

Invested in UK government bonds and other types of investment that grow in line with interest rates and inflation.

● **Investments that protect SAUL if the cost of our pensions go up**

Invested in UK government and company bonds and commercial property in the UK with the aim of making enough money to cover the pensions we're currently paying to members.

Our investment strategy

Over the last year, we've been reviewing SAUL's investments to work out if we can try to get better returns. All investments include an element of risk, because we can't predict what will happen in the future – share prices go up and down over time and global market conditions change. This means we have to balance the potential for better returns with the level of risk we can afford to take. Our aim is to achieve stronger returns on our investments while maintaining an acceptable level of risk. Following our review, we'll be changing the way some of SAUL's money is invested between now and March 2020.

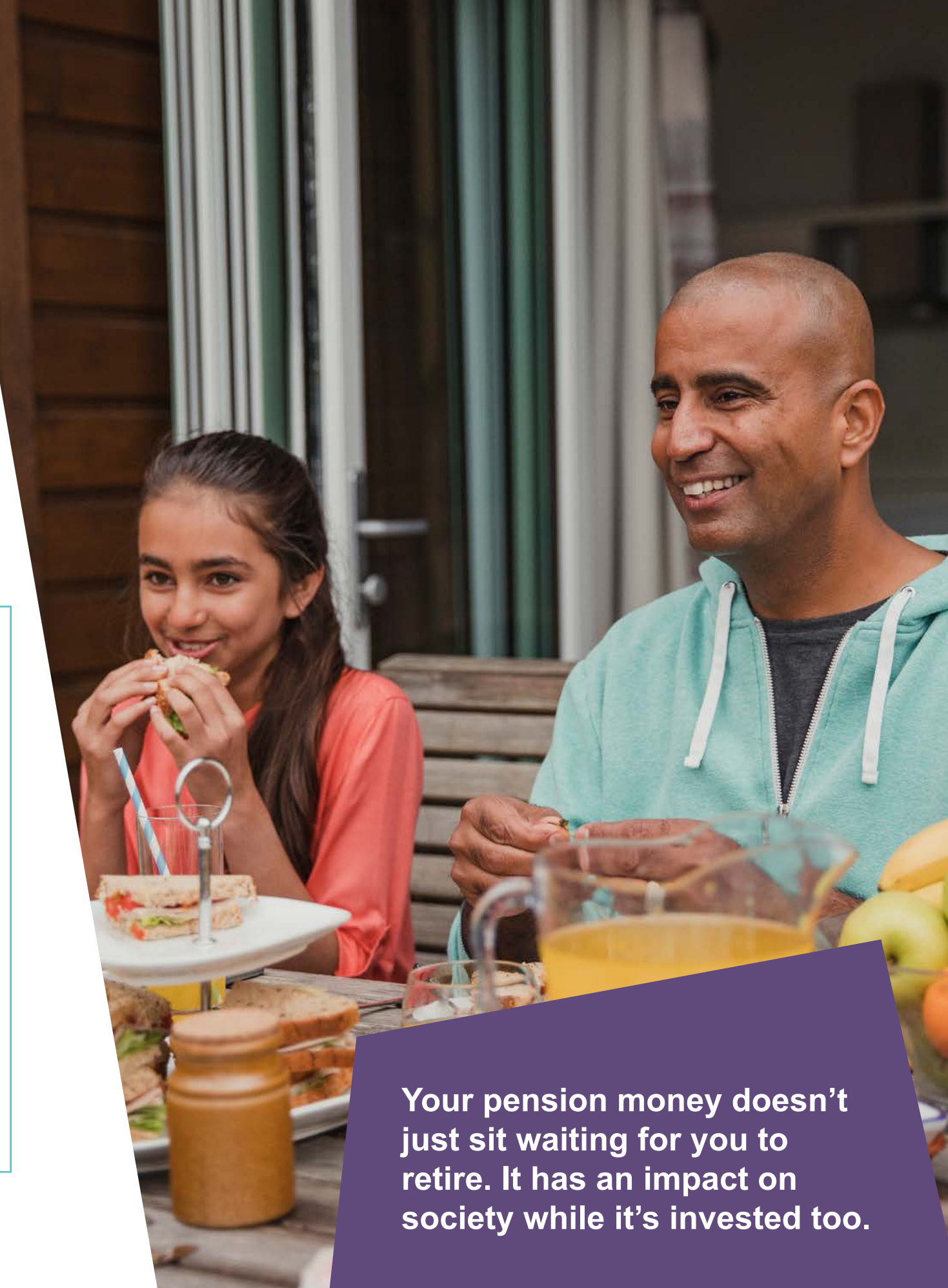
Investing responsibly

When the managers invest the money you and your employer pay in to SAUL, our first responsibility is to make sure there's enough to pay the pensions and lump sums we've promised. But we also know that where the money is invested matters too. That's why we've signed the Global Investors Statement to Governments on Climate Change. It's also why we ask the managers who look after SAUL's investments day to day to carefully consider the impact of our money on the environment and society.

When they decide where to invest SAUL money, they take account of issues like climate change and pollution as well as the diversity and working conditions of the companies we invest in.

Because we invest in companies listed on the stock exchange, we have the right to vote at shareholder meetings. This means we can have our say on executive pay and the people appointed to company boards.

You can find more information about SAUL's approach to investing responsibly on our [website](#).



Your pension money doesn't just sit waiting for you to retire. It has an impact on society while it's invested too.

What do you get from SAUL?

The money you and your employer put in to SAUL pays for the pension and lump sum you'll get from SAUL when you retire.



You'll get a pension AND a lump sum

How much will my pension be?

To work out your pension we look at the salary you've earned between 1 April and 31 March each year. This is your basic salary including any allowances like London weighting or shift allowance. It includes overtime but not any bonus or commission you've earned during the year.

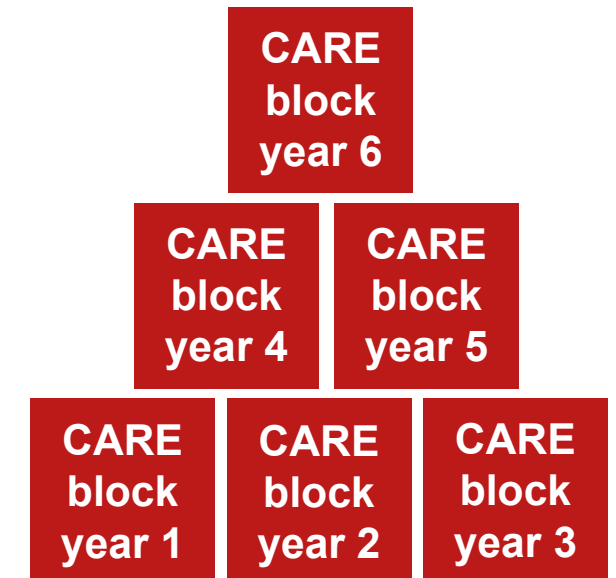
To work out how much pension you've built up that year, we divide your salary by 75 – this is called a CARE block.

**CARE
block**

You earn one CARE block, for each year that you pay in to SAUL.

And every year, we increase your CARE blocks in line with inflation to help your pension keep its spending power.

We keep increasing the CARE blocks every year, even if you leave your SAUL employer or decide to stop paying in to SAUL.



When you decide to stop working and take your money from SAUL, we add up all your CARE blocks. The total is the pension you'll receive every year. We'll pay it for the rest of your life.

You'll also get a lump sum of three times your pension. You'll usually have to pay tax on your pension, in the same way as your salary, but your lump sum is tax free.

You can take your money from SAUL at any time from your 55th birthday. Your pension will be reduced if you decide to take it early, because we'll be paying you for longer.

SAUL keeps pace with State pension changes

You've probably heard about changes to the age you can get your State pension. They're needed because people are living longer so State pensions are being paid for longer too.

At the moment, State pensions are paid at age 65 but from 2020, this will increase to age 66. We already know that more changes are happening in the future. From 2027, the State pension age will increase again to 67.

Until
31 March
2020

SAUL's Normal Pension Date is the last day of the month before your 65th birthday.

From
1 April
2020

SAUL's Normal Pension Date will be the last day of the month before your 66th birthday – but only for the pension you build up after that date.

From
2027

SAUL's Normal Pension Date will increase again to 67 in 2027.

To keep pace with these changes, SAUL's Normal Pension Date is increasing too. Normal Pension Date is the date you can take your money from SAUL without it being reduced.

You might be able to take some SAUL benefits from age 60 without them being reduced.

You can still take the pension you've built up before April 2020 when you're 65. If you do, we'd reduce your pension built up from April 2020 because we'd be paying it early.

Whenever you decide to retire, you have to take all your benefits from SAUL at the same time.

You can find out more about this on our [website](#).

Who are SAUL Trustee Company?

SAUL is run by around 50 people at SAUL Trustee Company and a Trustee Board. We're pension experts with many years of experience. We're responsible for looking after all 60,000 SAUL members, including:

- collecting the money you and your employer pay into SAUL
- investing the money to help it grow, and
- paying the right pension to the right person at the right time.

The Trustee Board makes decisions about SAUL on behalf of SAUL members. The Board includes union representatives, people nominated by the Universities and independent pensions professionals. They decide SAUL's strategy including how money is invested and how we can improve our service to you.

They make sure SAUL is properly run and appoint our specialist advisers like lawyers and investment experts. They also make sure we're looking after SAUL members. If you apply to get your SAUL pension early because you're too ill to work, they'll consider your application. They decide who gets money from SAUL when a member dies and, if something goes wrong and you need to complain to SAUL, they'll help decide how to put things right.

This year we asked an independent expert to review how we run SAUL. They found we're doing a good job and suggested some changes to our Board committees to make things even better.

If you need to get in touch with us about your pension, you'll normally speak to one of our administration team. They answer your questions, send you pension information and make sure you have everything you need to make informed decisions about your SAUL pension.



(Left to right) Steve Large (King's College, London), Steve Balmont (Independent), Angela Jelfs (UNISON), Penny Green (Independent), Bill Causon (UNISON), Dennis Buckley (Chairman, university nominee), Ken Coventry (Unite), Julian Tregoning (Deputy Chairman, independent), Jane Higham (University of Kent), Jack Foster (University nominee), Peter Fraser (Unite), Louise Lindsay (Imperial College, London).

We asked Michaela, one of SAUL's Benefit Technicians, to tell us about herself.

How long have you been working for SAUL?

I've been working for SAUL for just over seven years.

What's the best thing about your job?

The best thing is being able to connect with SAUL members. I also really enjoy working with my great colleagues.

What's the question SAUL members ask you most?

Younger SAUL members often ask if they can cash in their pension. But because SAUL is designed to give you an income later in life, you can usually only get it when you're 55. I enjoy helping SAUL members understand their pension and the options they have.

What would you be doing if you didn't work in pensions?

I'd be on the West End stage!



We're here to help

In our last member survey, you said you wanted more ways to get in touch about your SAUL pension. So, this year we've introduced more face-to-face meetings and a new web chat service.

You can now book a one-to-one appointment with one of our team to talk about your pension.

If you'd like us to visit you at work to talk about your pension, please let the pensions team at your employer know. We'll come and talk to you and your colleagues about SAUL and answer your pension questions. You can also book in to our pensions surgery for an individual chat about SAUL membership.

If you'd prefer to speak to someone online, you can start a web chat with our pensions team between 9am and 5pm Monday to Friday. Outside these times, you can leave us a message and we'll get back to you as soon as we can.



We've had some great feedback on our new services:

“Extremely helpful and informative”

“The process was quick and easy!”

“I think... the one-to-one surgery is exceptionally helpful”

We're also working on giving you a personal online login for your SAUL pension. We know it's important to many of you to have easy online access to your pension information, so we're excited that this project is under way. Look out for more information next year.

If you have questions about SAUL

Please speak to the pensions team at your employer first. They can help you with questions about what you might get from SAUL and your individual circumstances.

You can also get in touch with us by...

Post: 1 King's Arms Yard, London EC2R 7AF

Phone: 020 7776 4340

Email: gen@saul.org.uk

Web chat: www.saul.org.uk

SAUL's Rules tell us what we can pay you. If there's any difference between this Annual Review and the Rules, we'll pay what's set out in the Rules.