

The University of Oxford Staff Pension Scheme

Annual Actuarial Report as at 31 March 2020

Signed

J M Harvey FIA
Scheme Actuary
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Prepared by Jay Harvey FIA
Presentation to OSPS Trustee Limited

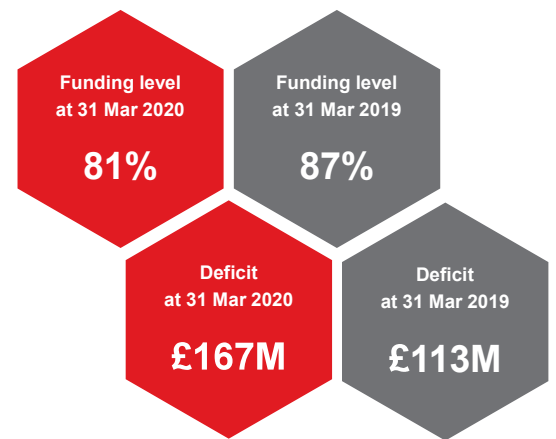


Funding position

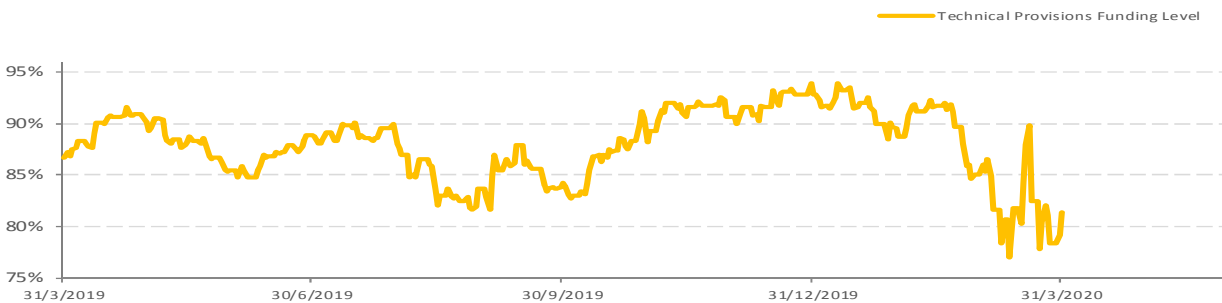
This is the annual actuarial report required by legislation. Its purpose is to provide an approximate update of the assets and technical provisions of the the University of Oxford Staff Pension Scheme as at 31 March 2020.

This update is intended to be used by the Trustee as the basis of the summary funding statement provided to members. However it is important to note that it does not take into account any changes to the assumptions that may be agreed if a full valuation was being carried out at the current date, for example to reflect changes in the expected returns on the Scheme's assets relative to gilts, the latest mortality projections or the impact of the current consultation on RPI reform.

A copy of this report must be made available to the University within seven days of receiving it and to members within two months of request.



Change to funding level since the valuation at 31 March 2019



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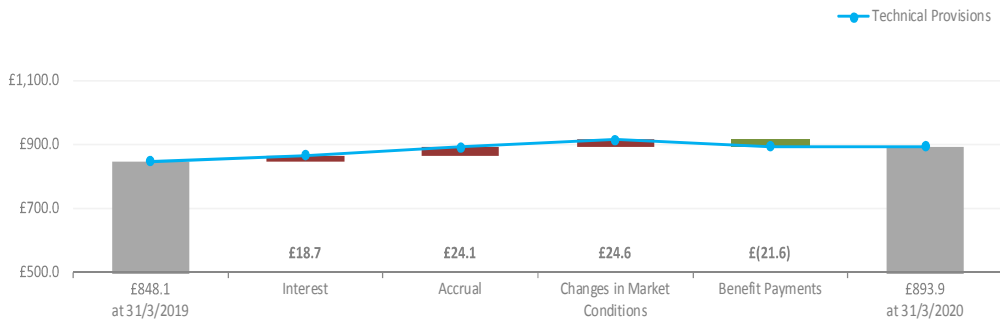
Analysis – Change since the previous valuation

Reason for change since 31 March 2019

Asset attribution



Liability attribution



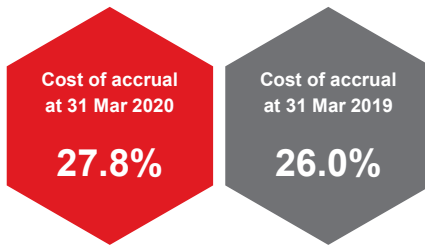
Since the valuation date the deficit is estimated to have increased by around £50M on a 'like-for-like' basis due to a combination of asset falls and falling gilt yields (which increase the value placed on the liabilities under the 'gilts+' approach set out in the SFP) due to the impact of the global COVID-19 pandemic.

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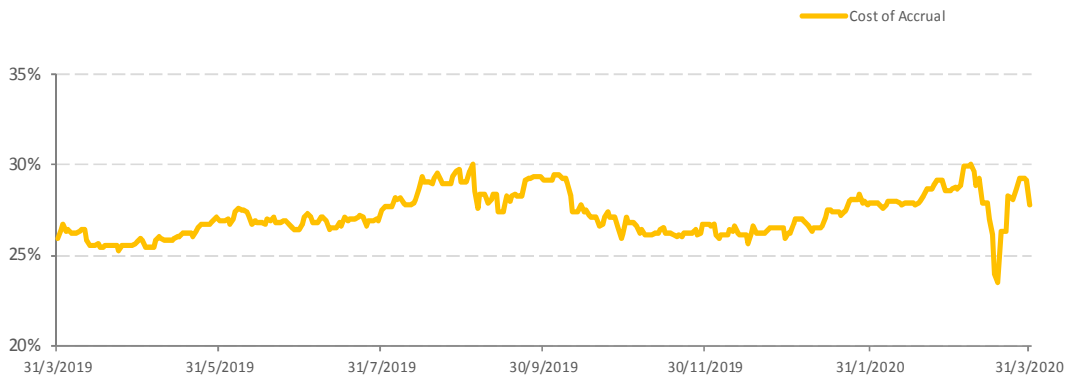
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Cost of benefit accrual



Change to cost of benefit accrual since the valuation at 31 March 2019



Since the valuation date the cost of benefit accrual for DB members is estimated to have increased by around 2% of salary on a 'like-for-like' basis, primarily due to falling gilt yields which have increased the value placed on the liabilities under the 'gilts+' approach set out in the SFP.

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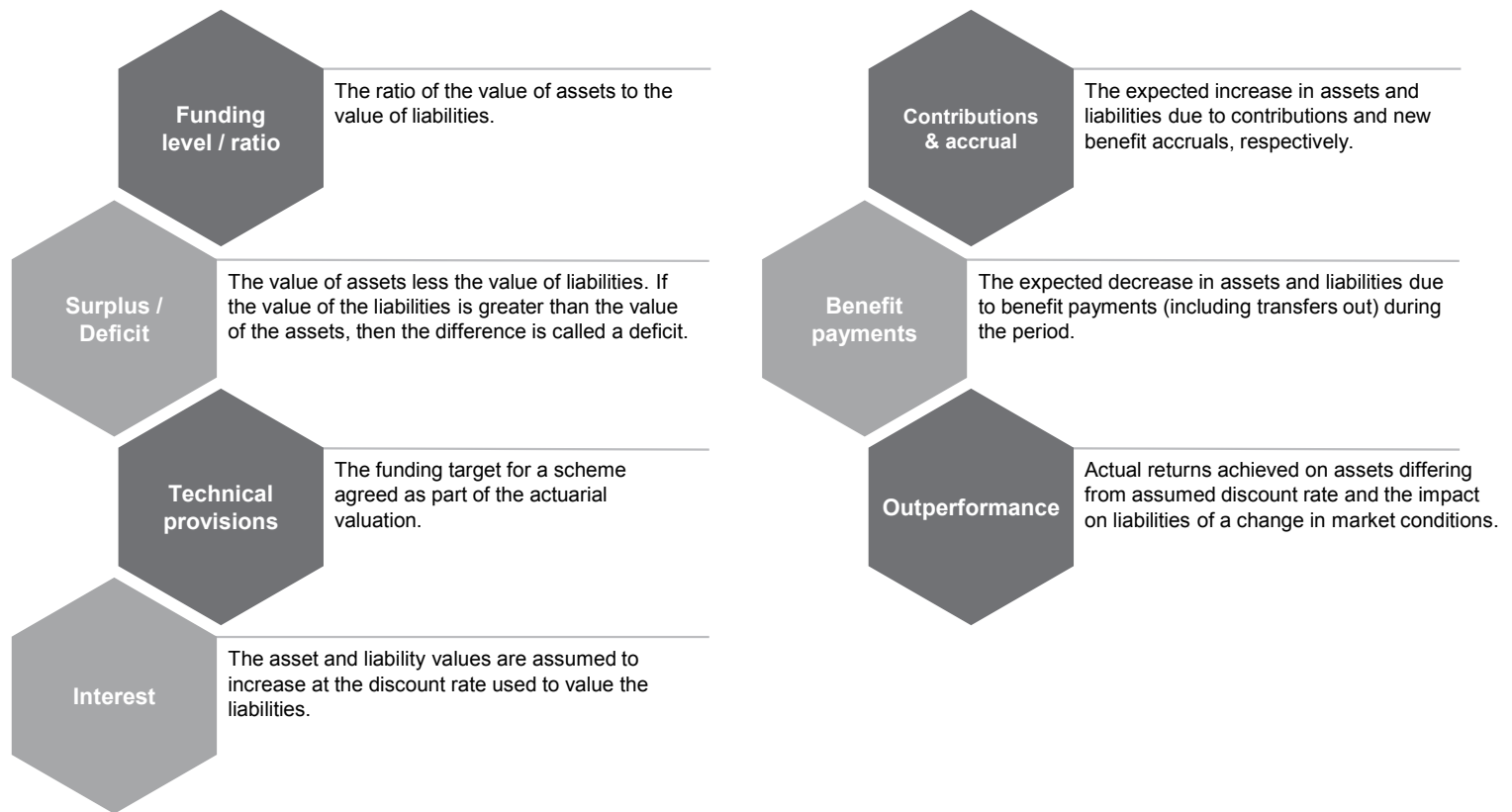
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Method

- This funding update is consistent with the **technical provisions** calculations for the formal actuarial valuation as at 31 March 2019. The assumptions used have been modified only insofar as is necessary to maintain consistency with the statement of funding principles dated 19 June 2020, reflecting the change in the effective date and in relevant market conditions.
- The funding update is projected from the results of the formal actuarial valuation as at 31 March 2019 and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.
- The funding update takes account of the following over the period since the last formal actuarial valuation:
 - Cashflows into and out of the Scheme; and
 - Actual price inflation and its impact on benefit increases.
- Demographic experience since the last formal actuarial valuation has been assumed to be in line with the statement of funding principles.
- This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.
- It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the covenant of the sponsoring employer, investment strategy or economic outlook.
- If you believe there has been a material deterioration in the covenant or the economic outlook and/or the Scheme's investment strategy has changed materially since the last valuation, it may not be suitable to rely on the results of this actuarial report as being representative of the Scheme's funding position as at 31 March 2020 were you to have reviewed your statement of funding principles and conducted an out-of-cycle valuation.
- For the purpose of this annual actuarial report, I have used an un-audited value of the Scheme's assets including net current assets and liabilities as at 31 March 2020 from the draft Trustee Report and Accounts. The asset value excludes AVCs and DC investments, which are invested separately.

Glossary



Report Framework

This report has been prepared in accordance with the framework below.

Requirements for report

This report is required by and has been produced in accordance with section 224 of the Pensions Act 2004 and Regulation 7 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

This report has been requested by OSPS Trustee Limited. It has been prepared under the terms of the Scheme Actuary Agreement between the Trustee and Jay Harvey on the understanding that it is solely for the benefit of the addressee.

TAS compliant

This report, and the work relating to it, complies with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work' ('TAS 100') and 'Technical Actuarial Standard 300: Pensions'.

The compliance is on the basis that OSPS Trustee Limited is the addressee and the only user and that the report is only to be used to form the basis of the summary funding statement to members.

This report should be read in conjunction with:

- The report on the most recent actuarial valuation of the Scheme dated 19 June 2020.
- The statement of funding principles dated 19 June 2020.

If you require further copies of any of these documents, please let me know.

Aon Solutions UK Limited

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