

# The Nuffield Health Pension and Life Assurance Scheme

Newsletter 2024



Select a section  
to find out more

# Chair's welcome



Hello everyone. I'd like to introduce myself as your new Trustee Chair of the Nuffield Health Pension and Life Assurance Scheme (the Scheme). I took over from Doug Ross last November and would like to thank Doug for all his hard work.

I come from an investment background, have spent over 30 years in the UK pensions and investments sector and have been a pension trustee for the last 10 years. I am very pleased to be serving the Nuffield Health Pension and Life Assurance Scheme. I am looking forward to helping provide members with the best possible retirement incomes, whilst also supporting the Nuffield mission to 'Build a Healthier Nation'.

My immediate priorities are firstly to build up a strong relationship with Nuffield. An open and constructive relationship is the foundation of a well-run scheme, and as our Scheme's sponsoring employer, we rely on Nuffield to meet any funding deficit we may have. This relationship has started positively, and I welcome Nuffield's commitment to all Scheme members past and present.

The second is to progress the 2024 actuarial valuation. Such a valuation is required once every three years and we expect the initial results to be available by the summer. If these show that the Scheme's assets (i.e. the money it has available) are less than the liabilities (i.e. the cost of paying pensions to current and future pensioners) then we will need to agree with Nuffield how the gap (the shortfall) is going to be repaired.

I will provide more information on this in next year's newsletter. In the meantime, the current valuation and funding update is enclosed with this newsletter.

As in past years, this newsletter contains topical information about the world of pensions and some useful information about our individual Scheme. I'd like to draw your attention in particular to the section on pension scams. Sadly, these are becoming increasingly frequent and whilst we do all we can to prevent these, members like you also need to be vigilant. The basic rule of thumb is, if it sounds too good to be true then it probably is! Beware and be careful.

We hope you find this newsletter helpful and that it provides you with an interesting and informative update on your pension scheme. If you have any feedback, or there is anything you would like to see in future newsletters, then please do let us know at [nuffielddb@xpsgroup.com](mailto:nuffielddb@xpsgroup.com)

**Mike Weston**  
**Pi Consulting (Trustee Services) Ltd**

# DC strategy review



The Trustees have been working with our advisers to review the range of funds available. We have now agreed to make some changes and if you're in the DC section, including DB members who have paid Additional Voluntary Contributions (AVCs), you'll be receiving a letter in the coming months outlining what the changes will mean for you.

## What's changing?

Broadly, the Trustees are making the following changes:

- Some minor changes to the investment funds included within the early phases of the default Lifestyle fund. These changes aim to ensure that your money is invested with the most appropriate balance of risk and return, but are 'detail' changes only - investments within the Lifestyle fund will still follow broadly the same strategy.
- A new Islamic fund is being added to the range of Self-Select funds.
- A new 'Environmental, Social and Governance' (ESG) Fund will replace the existing Ethical Fund within the Self-Select fund range.
- Members with AVCs currently have investments in a variety of historic investment funds - we will be streamlining these.

**Lifestyle** - an automatic investment strategy where your money is invested in funds that aim for higher returns while you are some time from retirement, and then gradually moves into investments less prone to short term falls in value as you approach retirement.

**Self-Select** - this is where you choose your own investments from the range offered by the Trustees.

## What happens next?

If you'll be affected, you will receive a letter explaining the changes. In the meantime, if you haven't done so already, please register to manage your pension online using **MyPension**. This will mean that if you want to make any changes to the way your pension is invested, you can do so quickly, easily and at your convenience. Full details of how to register are shown on the back page.

**Please note that if you have benefits in the DB section only, the changes will not affect you.**

# Financial update at 31 March 2023



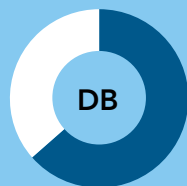
Here's a summary of the Scheme's income and outgoings over the year to 31 March 2023.

	Defined Benefit section	Defined Contribution section
<b>Total assets at 31 March 2022</b>	<b>£479.5m</b>	<b>£45.4m</b>
Contributions and transfers in	£4.6m	£1.4m
Benefit and other payments	-£16.4m	-£3.9m
Net returns on investments	-£112.4m	-£2.4m
<b>Total assets at 31 March 2023</b>	<b>£355.2m</b>	<b>£40.5m</b>

Please note that figures may not add up, due to rounding.

## Membership at 31 March 2023

The Scheme's Defined Benefit (DB) section closed to future build up in 2007, so it has only deferred and pensioner members. Current Nuffield employees can save for retirement through the Defined Contribution (DC) section.

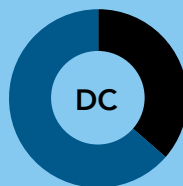


### Defined Benefit section

● 3,181 Pensioner

● 1,827 Deferred

Total 5,008



### Defined Contribution section

● 332 Active

● 580 Deferred

Total 912

# DC investment performance



In the DC section, you can choose where you want to invest your savings. The Scheme offers a range of funds to choose from, but if you don't make a choice, your savings in the DC section will automatically be invested in the default fund. Below and on the next page, you can see the actual performance of the investment funds compared to their target performance.

Following guidance from its investment adviser, the Trustees regularly review the investment options, ensuring they are performing in line with the market. As we mentioned on page 4, we have recently completed a review and will contact you about this later in the year.

## Default fund performance

	1 year (%)		3 years (% per year)		5 years (% per year)	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Long Term Growth	-6.5%	-15.5%	8.0	11.0	4.4	9.3
Stable Growth	-6.5%	-14.4%	7.0	10.0	3.8	8.3
Cautious Growth	-6.1%	-13.4%	4.7	9.0	3.0	7.2
Retirement Focus (Cash)	1.8%	2.2%	0.4	0.8	n/a	n/a



## Self select fund performance

	1 year (%)		3 years (% per year)		Since inception (% per year)	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Nuffield Cash Fund	1.9	2.2	0.5	0.7	0.3	n/a
Nuffield Corporate Bond Fund	-10.7	-10.2	-3.0	-3.1	1.9	n/a
Nuffield Ethical Global Equity Fund	-2.2	1.0	16.2	17.7	11.3	n/a
Nuffield Global Equity Fund	-5.9	-3.4	15.4	16.6	9.5	n/a
Nuffield Index-Linked Gilt Fund	-29.6	-30.4	-10.6	-9.2	2.3	n/a
Nuffield Long Gilt Fund	-30.7	-29.7	-17.6	-16.7	0.7	n/a
Nuffield Retirement Focus (Annuity)	-14.2	-12.9	-6.3	-5.5	-4.3	-3.3
Nuffield Retirement Focus (Invest into Retirement)	-4.1	10.5	3.7	6.9	1.8	6.1



# DB section investment update

## Asset allocation

The table below shows how the DB section's assets are invested in different types of funds.

	31 Mar 2023
Growth Assets	57.7%
Structured Equity	15.9%
Cashflow Matching Credit	8.4%
Liability Hedging Assets	18.0%
<b>Total</b>	<b>100%</b>

The 12 month period to 31 March 2023 was characterised by a rapid increase in inflation and interest rates. Rising interest rates decrease the value placed on the Scheme's liabilities, and the Scheme's Liability Hedging Assets mirrored this effect, preserving the Scheme's overall funding position such that rising interest rates have little impact at an overall level. This is primarily responsible for the significantly negative performance of both the Scheme's assets and target over the period.

A sharp sell-off in global equity and bonds also resulted in a negative contribution from the Scheme's Growth Assets, although some downside protection was provided by defensive nature of the Structured Equity allocation.

---

## Investment performance

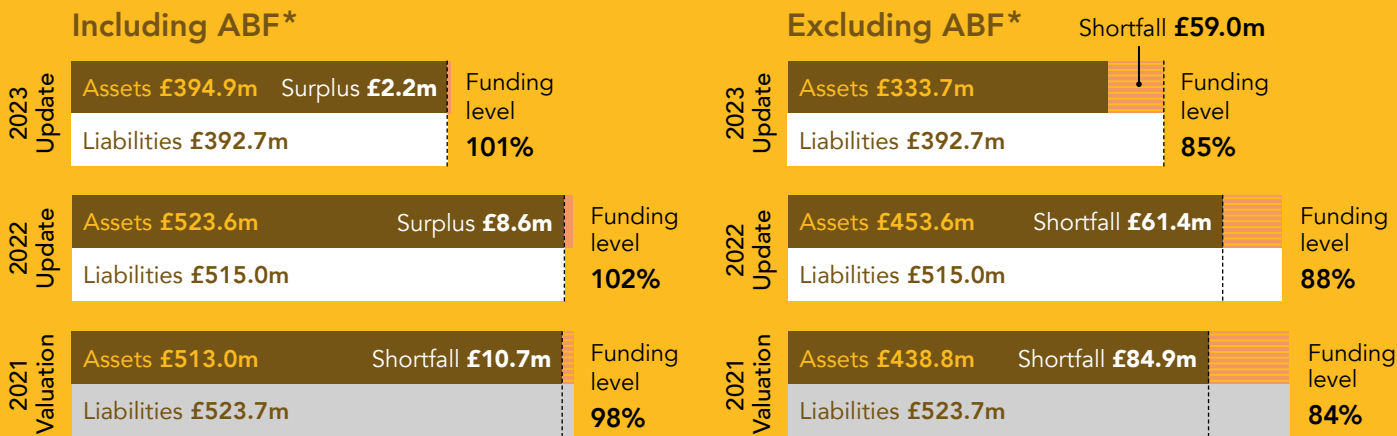
The table shows how the DB section's investments have performed over the year.

	1 year	3 years (per year)	5 years (per year)
Performance	-27.0%	-4.9%	-1.9%
Target	-21.4%	-5.8%	-0.1%



# DB section funding update

Every three years, the Scheme Actuary (an independent pensions professional) conducts a formal Valuation. This checks the financial health of the Scheme, comparing the assets with the benefits it needs to pay to all the members (the liabilities). If the assets are greater than the liabilities, there is a surplus. If the liabilities are greater than the assets, there is a shortfall.



\*The results above show the impact of an Asset-Backed Funding arrangement (ABF). This acts as a contribution to the Scheme in addition to the contributions paid by the Company. The ABF figures aren't Scheme investments in the same way as the other assets are, because their value would only be realised if Nuffield Health became insolvent. The value of the ABF at 31 March 2023 was £61.2m, so the true funding position of the Scheme is actually a shortfall of £59m at this date. This still represents an improvement since 31 March 2021.



The last full Actuarial Valuation took place as at 31 March 2021, and the Scheme Actuary provides updates each year. The Actuarial Valuation as at 31 March 2024 is still being completed and we will report on this next year. The most recent results are shown on the previous page.

## Change in the funding position since the last Summary Funding Statement

The funding level has reduced slightly in the 2023 report compared with 2022, but the Scheme still remains fully funded. This is mainly due to investment returns on the Scheme's assets being lower than expected. This has been partly offset by contributions from the Company, and changes in market conditions reducing the value of the Scheme's liabilities.

## Deficit recovery plan

The Trustees have agreed a 'deficit recovery plan' which aims to remove the Scheme's shortfall by 2028. This will be reviewed as part of the full Valuation as at 31 March 2024.

## If the Scheme was wound up

If the Scheme had wound up (ceased to exist) on 31 March 2021, it's estimated that £645.4m would be needed to buy out Scheme benefits with an insurance company, giving a shortfall of £132.3m. If the Company was unable to fund the shortfall, the Pension Protection Fund (the Government's pensions lifeboat) may step in and provide compensation for members - find out more at [www.ppf.co.uk](http://www.ppf.co.uk)

Please note that we are legally required to include this information - it doesn't imply that the Trustees or the Company are considering winding up the Scheme.

## Payments to the Company

There has not been any payments to the Company out of the Scheme's funds since the last Summary Funding Statement.

If you would like further information, there are more documents available at [www.nuffieldhealth.com/mybenefits/retirement-savings-plan/plas-member-area](http://www.nuffieldhealth.com/mybenefits/retirement-savings-plan/plas-member-area)



# Pension scams are a real risk

Between 2020 and 2022, an estimated £26.4m was stolen by pensions scammers who persuaded members to transfer into fraudulent schemes.

Often contact comes out of the blue, perhaps over the phone or via social media, offering guaranteed high investment returns or the chance to withdraw pension savings before the earliest legal age. You may end up having to pay extra tax or, in the worst cases, lose all of your pension savings. If you ask to transfer your pension you will be contacted by the XPS Scam Protection Service, because the Trustees and administrators need to do extra checks to make sure that members are moving their savings to a safe place. This means transfer requests may take a little longer than in previous years.

You can find out more at [www.fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)

---

## Pension news

### Change to retirement ages - a reminder

Currently, the earliest you can take your benefits is age 55 (except in the case of very serious ill health). However, this will be rising to age 57 from 6 April 2028. From 2028, the State Pension age will also be gradually rising to age 67 for people born after 5 April 1960. It is then planned to rise to 68 between 2044 and 2046 for those born on or after April 1977.

You can find out more about the changes to State Pension age at: [www.gov.uk/state-pension-age](https://www.gov.uk/state-pension-age)

### Changes to the LTA

The Lifetime Allowance (LTA) was the amount of pension savings you could make over your lifetime that benefited from tax relief. This limit was abolished from April 2024 and three new allowances introduced:

- Lump Sum Allowance
- Lump Sum and Death Benefit Allowance
- Overseas Transfer Allowance

# Getting help



## Your Scheme Administrator

XPS Administration (XPS) looks after the day-to-day running of the Scheme. If you have any questions about the Scheme or your benefits, please contact them on:

[nuffielddb@xpsgroup.com](mailto:nuffielddb@xpsgroup.com)  
**0121 752 6610**

## Please remember...

...to complete an Expression of Wish form. This lets the Trustees know who you would like any benefits to be paid to in the event of your death. It's not something any of us want to think about, but it can save time and trouble in getting benefits paid when they are most needed. You can complete a form online on MyPension, or you can contact XPS and they will send you a form.

The content of this newsletter is correct at the time of drafting, ahead of the UK General Election. Any relevant post-election changes will be included in a future edition.

## Managing your pension online

Did you know that you can find information about your Scheme pension online? The MyPension site is a secure area where you can login to view your personal pension information. Many of us are used to managing our banking online now - so why not your pension as well?

As well as being able to view and update your personal details, you can also see your pension data, and if you're a pensioner, your pension payslips and P60s. If you're a DC section member, you can update your investment choices, as well as seeing your contribution details.

You should have received a letter from XPS including details of how to log in. If you can't find this, please contact XPS using the details shown to the left.

Naturally, we take the security of your data very seriously so the highest security is in place through MyPension, to protect your information from any online threats.

[www.mypension.com/nuffield](http://www.mypension.com/nuffield)

