

ARCHAEOLOGICAL ORGANISATIONS PENSION SCHEME

41 Broad Street, Welshpool, Powys SY21 7RR

NEWSLETTER

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Last year saw a major change to the running of our Pension Scheme. Prompted by the suggestion made recently one of our Scheme members, the Trustees think that this will be a good time to start a periodic Newsletter to keep everyone informed about the Scheme.

This first edition will be more full than some to come, as we have a lot to catch up on – but we hope that you will make suggestions for items to be included in the future.

A short history of AOPS

The Welsh Trusts set up AOPS back in 1976 as a final salary scheme – recognising that field archaeology in Wales did not offer much in the way of pay or of a career-structure to look forward to – and wanting to add value by offering their employees the prospect of a reasonable pension when they retired.

Up until the late 1990s AOPS generated a surplus, but as we went into this century, because of the generous future benefits offered, the value of the Scheme's assets (income from employer and employee contributions, and from the returns on the investment of those contributions) were falling behind its future liabilities. Contributions had to rise, and the Trusts now also had to find a further amount each year to go towards paying off the deficit (which had grown by 2011 to £2.8m, with Scheme assets at £6.6m and liabilities at £9.4m).

Despite the financial crisis of 2008 and subsequent squeeze on their incomes the Trusts continued to support the Scheme for the next 8 years. Costs were increased by closure of the scheme to new members in 2013 and by the loss of NIC relief for pension contributions, and by 2017 their contributions to the Scheme were becoming too much of a financial burden and the Trusts felt they had to ask the Scheme Trustees to agree to close it to future accruals – taking no further contributions towards future benefits from either employer or employee.

After long consultation with our legal adviser and longer discussions with the Trusts, we agreed to their request and the Scheme closed to future accruals on 31 July this year: the last 22 'active' members joining the 52 other members who had already left with 'preserved benefits'.

Depending on their age, closure to future accruals more or less seriously affected active members in that they could no longer build up their AOPS pension pot other than through its annual inflation increases. Closure to accrual does not affect the larger number who had already 'banked' their benefits when leaving the Scheme in earlier years.

The Trusts have by no means washed their hands of AOPS – they have legal obligations to the Scheme, the most immediate being to continue to pay off the Scheme’s present deficit - costing them currently some £94,000 pa between them. This will be a commitment that will continue for the next 5 years. The Trusts will, however, continue to be liable for the Scheme’s well-being until the last member (or spouse) dies – which could be well into the later years of this century.

The AOPS Trustees

To quote the Pensions Regulator: *‘A trustee is a person or company, acting separately from the employer, who holds assets in the trust for the beneficiaries of the scheme. Trustees are responsible for ensuring that the pension scheme is run properly and that members’ benefits are secure.’*

The Scheme currently has six Trustees – one nominated by each of the Trusts and two nominated by the members. We all take our trusteeships very seriously and keep up to date with the regulations and responsibilities laid on us by the Pensions Regulator. We are currently:

Neil Maylan: Members’ Nominee and Chairman

Neil has been a member of the Scheme since 1995 and a Trustee since 2007. He was employed by Glamorgan-Gwent Archaeological Trust from 1985 until 2015 and is currently employed by Cadw. He was the Treasurer of the Chartered Institute for Archaeologists (CIfA) between 2013 and 2015 and is the current Chair of CIfA Cymru.

Ashley Batten: GAT-nominated

Ashley has been a member of the Scheme since 2004, having been employed by Gwynedd Archaeological Trust since 2003. He has been a Trustee of the Scheme since 2017.

Jenny Britnell: Members’ Nominee

Jenny has been a member of AOPS since 1984 - and has been a Trustee since 2007. She was Scheme Administrator between 2007 and 2011, while working at CPAT, and has taken on the role again since 2016 (now retired, so in a voluntary capacity). The latter as a ‘thank you’ to the Welsh Archaeological Trusts who have supported the Scheme through increasingly difficult financial times and deserve the best we can do for the Scheme members.

Nigel Clubb: GGAT-nominated

Nigel has been a Trustee of AOPS since January 2018. For ten years, he was a Director of a chain of builders’ merchants in South Wales which diversified its business and became an investment and property company. He is also a Trustee of DAT.

Judith Holland: DAT-nominated

Judith has worked for the Dyfed Archaeological Trust since 2007, and has been an AOPS Trustee since 2009. She was scheme administrator between 2011 and 2016. Judith has a financial background having trained with the accountancy firm Grant Thornton.

Paul Loveluck: CPAT-nominated

Paul Loveluck is a CPAT Trustee and has also been a Trustee of AOPS since 2013. In his public service career Paul has been President of Board of Trustees of the National Museum of Wales, and Chief Executive of both the Wales Tourist Board and of the Countryside Council

for Wales. More recently he has been Chairman of the Alliance for Welsh Designated Landscapes.

All the Trustees have completed the Pension Regulator's Trustee Toolkit – an online training course that addresses the knowledge and understanding legally required of pension scheme trustees.

As described by the Regulator the Toolkit is expected to take 16½ hours to complete and is:

“split into separate modules designed to enable you to dip in and out of the content, and learn at your own pace. The essential learning is tailored to your own scheme type and size, and there are downloadable resources meaning that you can study offline. There are also optional additional learning modules to expand your knowledge and understanding.

Each module contains:

- *an elearning module split into scenarios and tutorials*
- *an assessment to prove you have learned what you need*
- *other activities such as a 'check your scheme' worksheet, to help you apply the learning to your own scheme, and case examples which bring the learning to life*

The elearning module follows a fictional trustee board through various scenarios as they make decisions regarding the day-to-day running of their scheme. As you work through the scenarios you have the opportunity to learn more about the topic at hand by completing a technical tutorial. You can also just work through the tutorials if you prefer.

If you would like to know what is covered by the programme you can see a list of the modules at: <https://trusteetoolkit.thepensionsregulator.gov.uk/mod/page/view.php?id=50>

As noted above, the AOPS board has four employer-nominated and two member-nominated trustees. One of the of the member-nominated posts comes up for election this autumn – if you were perhaps interested in becoming a Trustee of the Scheme and want to know more about the responsibilities first, please look at the Regulator's very comprehensive guidance notes:

<https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/trustee-guidance>

AOPS in 2019 and going forward

There have been 141 members of the Scheme over the years, though, due to some transfers out, the numbers are down to 100 – 75 members with preserved benefits and 25 already being paid their pensions.

The Scheme's Actuary draws up a full Valuation every three years with intermediate valuations in the years between – at the 2015 Triennial the Scheme's deficit was down to £0.9m with assets of £9.5m and liabilities of £10.4m. The 2018 valuation has not yet been finalised as it is being discussed by the AOPS Trustees and the WATs, but as I write it shows a balance sheet deficit of £1,043,000.

Given that there will no longer be any future service contributions coming in to increase the Scheme investment funds, growth in its assets will depend in the future entirely on the financial management of the funds by the Trustees and their professional financial adviser.

The actuary's valuation of the Scheme's assets and liabilities is based on a set of funding principles and assumptions, some general (such as mortality tables and price inflation), some specific to a scheme (such as interest rates and return on investments). We discuss these with the actuary at the draft stage – this year at our meeting on 25 October last year. Getting the percentage return on investments near-right will be particularly tricky in these days of low interest rates, poor returns on government stocks and a nervous equity market. We have to be realistic as to what our investors can return over the medium term and yet not over-prudent and drive up the deficit figure – which puts stress on the employers who have to pay a percentage off each year.

The funds are held between three investment houses, all with a present brief to produce an annual return of 4.25% net of charges and fees averaged over 5 years. The Trustees require the investment managers to report at least once a year in person and to explain the success or otherwise of their strategies to achieve this return.

Jenny Britnell
Trustee and Administrator

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