

# The Trinity College Pension Scheme

## Annual report and Financial statements

For the year ended 30 June 2021

Scheme registration number: 10010118

# The Trinity College Pension Scheme

## Annual report and financial statements for the year ended 30 June 2021

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# **The Trinity College Pension Scheme**

## **Principal employer and professional advisers for the year ended 30 June 2021**

### **Principal employer**

Trinity College  
Trinity Street  
Cambridge  
CB2 1TQ

### **Solicitors**

Mills and Reeve  
78-84 Colmore Row  
Birmingham  
B3 2AB

### **Independent auditors**

PricewaterhouseCoopers LLP  
Forty Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

### **Actuary**

R J Sweet FIA  
Cartwright Group Limited  
Mill Pool House  
Mill Lane  
Godalming  
Surrey  
GU7 1EY

### **Bankers**

Barclays Bank UK Plc  
35 Sidney Street  
Cambridge  
CB2 3HY

### **Investment manager**

Schroder Investment Management (UK) Limited  
31 Gresham Street  
London  
EC2V 7QA

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021

The Trustees of The Trinity College Pension Scheme (formerly Trinity College Staff Pension Scheme) (the "Scheme") present their annual report together with the actuarial certificate and financial statements for the year ended 30 June 2021. Under a deed of amendment dated 11 November 2020, the Scheme changed its name from Trinity College Staff Pension Scheme to The Trinity College Pension Scheme.

### Trustees

The Trinity College Pension Scheme is established by a definitive trust deed and rules dated 24 April 1981. The Scheme is a Defined Benefit scheme, which is open to new members in the Fellows section. All the clauses, provisions and rules of the definitive deed were replaced with effect from 1 January 2007 by those of a Trust Deed dated 22 December 2006. This Deed replaced the College as sole Trustee with six Trustees. With effect from 1 June 2019 employees of the College who were previously members of the Universities Superannuation Scheme ("USS") became members of the Scheme. Benefits in respect of these members ("ex-USS Members") are governed by a Deed of Amendment dated 31 May 2019.

The Trustees (4 appointed by the College, 2 nominated by Members) are:

Mr R Turnill (Chairman appointed on 20 January 2021)

Dr J R J Gatti\*

Dr A G Weeds (Appointed 1 August 2021)

Dr J R F Fairbrother (Resigned on 8 April 2021)

Mr N Chedd (Resigned on 31 December 2020)

Mr P Nicholson\* (Member Nominated Trustee appointed 20 August 2016, reappointed 22 July 2021 until 22 July 2027)

Mr I Reinhardt\* (Member Nominated Trustee appointed 20 August 2019 until 20 August 2025)

Mr E Knapp\* (College Appointed Trustee and Scheme Administrator appointed 25 January 2021, Resigned 31 May 2021)

Mr R B Landman (Chairman resigned on 20 January 2021)

\*active members

Subject to legislation in force from time to time, the power of removal and appointment of any Trustee is vested in the College.

The Scheme Administrator: Mr N Chedd (until 31 December 2020), Mr E Knapp (from 1 January 2021 until 31 May 2021 and Mr S Masson (from 1 June 2021)

### Statement of Trustees' responsibilities

#### The trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustees. Pension scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.



# **The Trinity College Pension Scheme**

## **Trustees' report for the year ended 30 June 2021 (continued)**

In discharging these responsibilities, the trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The trustees have a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

### **The trustees' responsibilities in respect of contributions**

The trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

### **Preparation of financial statements**

The financial statements have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### Membership

The change in the membership of the Scheme during the year is given below:

<hr/>	
<b>Active members</b>	
Active members at 1 July 2020	220
Data cleanse adjustment	4
Members deferring pensions	(-14)
Members who died	(-2)
Members retiring	(-14)
<b>At 30 June 2021</b>	<b>194</b>
<hr/>	
<b>Pensioners</b>	
Pensioners at 1 July 2020	249
Data cleanse adjustment	-1
New dependants	5
Members retiring	14
Deferred members retiring	2
Dependants who died during the year	(-4)
Pensioners who died during the year	(-3)
<b>At 30 June 2021</b>	<b>264</b>
<hr/>	
<b>Deferred pensioners</b>	
Deferred pensioners at 1 July 2020	111
Data cleanse adjustment	19
Members deferring pensions during the year	14
Deferred pensioners retiring	(-2)
Deferred members who died during the year	(-1)
Transfers out	(-1)
<b>At 30 June 2021</b>	<b>140</b>
<hr/>	
<b>Total membership at 30 June 2021</b>	<b>598</b>
<hr/>	
<b>Total membership at 30 June 2020</b>	<b>580</b>
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36 dependants of former Scheme members included in Pensioners above were receiving pensions as at 30 June 2021 (2020: 35).

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### Pension increases

With effect from 1 January 2021 pensions in payment at 1 January 2020 were increased by 1.3%. Pensions commencing payment after 1 January 2020 were increased by 0.108% per completed month. The increase in 2020 amounted to 2.1% and was effective for pensions in payment at 1 January 2020.

The increase in pensions in payment is subject to index linking for as long as the public sector provides such increases.

### Contributions

Contributions required by the employer for the Staff Member Section under the Schedule of Contributions are 27% of pensionable salary less the active member contribution.

The current contribution rates are:

Members	9%
College	18%

Contributions required by the employer for the ex-USS Member Section under the Schedule of Contributions are 28.3% of Career Revalued Benefits (CRB) Salary less the active member contribution. The current contribution rates are:

Members	9.5%
College	21.1%

### Additional voluntary contributions

Additional voluntary contributions are used to purchase additional service and are therefore invested within the main managed fund.

### Rule changes

There have been no significant changes in the benefits for Staff Members provided by the Scheme.

### Financial developments and actuarial position

It should be appreciated that the value of the investments shown in the financial statements may go down as well as up. However, except in extreme cases, short term variations (down or up) should not be regarded as having a significant effect on the overall financial position of the Scheme. This depends primarily on the long-term ability of those investments to meet the Scheme's liabilities, which is monitored as part of the work performed by the Scheme's actuary. A full valuation of the Scheme was performed by the Actuary as at 1 July 2018 confirming that the Scheme had a surplus of £5.7m at that date.

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### REPORT ON ACTUARIAL LIABILITIES

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Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 1 July 2018. This showed that on that date:

	£000's
Value of the Technical Provisions	53,495
Value of the assets	59,157

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

#### Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. The Attained Age Method is used to determine the future service contribution rate.

#### Significant actuarial assumptions

**Implied inflation:** Annualised yield on the Bank of England implied inflation spot yield curve at a duration of the Scheme liabilities (18 years at 1 July 2018) i.e. 3.4% per annum.

**Price Inflation:** An allowance for Retail Price Inflation (RPI) increases is included at an assumed rate equal to the Implied Inflation rate above less 0.15% per annum. As at 1 July 2018 this resulted in an assumption for future RPI increases of 3.25% per annum.

The Trustees assume that future Consumer Price Inflation (CPI) increases will be 1.0% per annum lower than future RPI increases (i.e. 2.25% per annum at 1 July 2018).

**Discount Rate:** The same rate is used pre and post retirement to reflect the overall long term prudent rate of return on all assets invested in by the Trustees. For this valuation the Discount Rate was set equal to CPI +2.3% per annum. As at 1 July 2018 this resulted in a discount interest rate of 4.55% per annum.

This margin has been derived from a starting point of the margin above inflation assumed at past calculation dates being based on a target real rate of return of 3.75% per annum over the 24 year period from 1 July 2012 to 30 June 2036. It allows for the actual real rate of return achieved over the period to 30 June 2018. The inflation rate adopted for the period to 30 June 2018 was RPI, this has been amended to CPI for this and future valuations.

**Pay Increases:** An allowance for pay to increase in line with CPI increases plus 1.5% per annum is included in the valuation. This allowance covers both normal pay awards and promotional increases. As at 1 July 2018 this resulted in an assumption for future pay increases of 3.75% per annum.

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

**Active Revaluation for USS Members:** Active Revaluation for ex-USS Members is in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future revaluations are assumed to be in line with the assumption for future increases in the CPI.

**Pension Increases in payment:** Where pensions in payment increase at a guaranteed fixed rate, allowance is made in the valuation for the appropriate guaranteed rate. Where pensions in payment are increased in line with prices, subject to either a maximum or minimum level of increase, allowance is made in the valuation for the current rate of increase that would apply based upon the inflation assumptions adopted for the valuation and a Black-Scholes approach.

For the Staff Member Section, as at 1 July 2018 this resulted in the following assumptions for future inflation-related annual pension increases of 2.0% per annum for the Post 5 April 1988 Guaranteed Minimum Pension (GMP) element and in line with RPI for any pension accrued in excess of the GMP.

Pension increases in payment for ex-USS Members are defined in the Rules as increasing in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future increases are assumed to be in line with the assumption for future increases in the CPI.

**Pension Increases in Deferment:** The Trustees revalue deferred pensions for Staff Members as follows:

- Guaranteed Minimum Pensions are revalued at the statutory fixed rate;
- Any excess pension is revalued in line with RPI to a maximum of 5% per annum. It is assumed that future increases will be in line with the assumption for future increases in the RPI.

Deferred benefits for ex-USS Members are increased in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future increases are assumed to be in line with the assumption for future increases in the CPI.

**Mortality:** Mortality pre and post retirement has been assumed in accordance with the tables known as S2PA year of birth tables, with CMI\_2018 improvement factors, and a long-term rate of improvement of 1½% p.a.

These tables and projections are subject to regular review and will be updated in future valuations as more up-to-date data becomes available.

**Age at Retirement:** For Staff Members the Scheme Normal Retirement Age is 65 although members who joined prior to 1 July 1991 have the right to retire without consent and actuarial reduction at age 60. The Trustees fund benefits assuming retirement at the following ages:

- Age 60 for pre 1 July 1991 joiners; and
- Age 63 for all others

Former USS Members have a Normal Pension Age of age 65 in respect of Pensionable Service before 1 July 2020, age 66 for Pensionable Service after 30 June 2020 and before 1 July 2028, and age 67 in respect of Pensionable Service after 30 June 2028.

For funding purposes they are assumed to retire at age 66. These assumed retirement ages will be reviewed by the actuary at each triennial valuation to ensure that they remain appropriate, given actual Scheme experience.

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021(continued)

**Spouse Assumptions:** Female spouses are assumed to be 3 years younger than their male partner.

The average percentage of Members with partners at date of death will be reviewed on a triennial basis at each valuation, subject to the data being available. The current assumption is that 80% of males and 70% of females have adult dependants.

**Expenses:** Expenses of administering the Scheme are borne by the Scheme. Part of the expenses relates to past service and part relates to current and future service.

The Trustees' policy is for the actuary to review the allowance for expenses at each valuation and make a recommendation for both elements.

The current assumption is for a past service reserve of 3% of the Technical Provisions and a future allowance of 3.7% of Pensionable Salaries/ CRB Salaries. This is to cover all expenses and levies of administering the Scheme. There are no additional insurance costs as the Scheme pays all death in service benefits.

The next valuation is currently being performed as at 1 July 2021.

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### Management of investments

The investments of the Scheme are managed by the Senior Bursar with the general authority of the College Council and on the advice of the College's Investment Committee which meets twice each year to review policy. Detailed management of securities is delegated to the Scheme's investment manager, Schroder Investment Management (UK) Limited ("Schroders"), a company registered in the United Kingdom, which is regulated by the Financial Conduct Authority.

No management charges or fees are paid directly by the Scheme; these are deducted at source by the investment manager from holdings in unit trusts. The balance of income, after payment of benefits and administrative expenses, is invested in accordance with general guidelines agreed by the Investment Committee and the College, and the Statement of Investment Principles, agreed by the Trustees. The Chair of Trustees sits on The Investment Committee and liaises between the Investment Committee and the Trustees. Independent investment advice has been taken from Cartwright Group Limited as stated in the Statement of Investment Principles, as required by Section 35 of the Pensions Act 1995. A copy of the SIP is available on request and on line at [www.trin.cam.ac.uk/about/publication-scheme](http://www.trin.cam.ac.uk/about/publication-scheme).

### Socially Responsible Investment and Corporate Governance

The investments with Schroders are pooled investment vehicles and the Trustees have no direct control over the underlying investments. The Trustees' policy is therefore that Schroders decide to what extent they take account of social, environmental and ethical considerations in managing these investments. Schroders also retain discretion when exercising rights (including voting rights) attached to their investments.

### Investment objectives

The Trustees' primary objectives are:

- "funding objective" – to ensure that the Scheme is fully funded using assumptions that contain an appropriate margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- "return objective" – to secure the maximum total return (income and capital combined) over the projected time horizon of the fund consistent with the degree of prudence which the Trustees and the investment manager as its agent ought to observe, having regard to the liabilities of the Scheme.

If a conflict arises between the investment strategy and the primary objectives the Trustees will consult the Principal Employer before making any change to the strategy. No such conflict has arisen in the latest Scheme year.

The Trustees understand that the Employer is willing to accept some volatility in the Employer's contribution requirements in the expectation that the total contributions payable would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

The time horizon for which investments will be used to pay benefits for the Scheme is the period until the last member dies or exits the Scheme. The Trustees noted that the duration of the liabilities was circa 18 years as at 1



# **The Trinity College Pension Scheme**

## **Trustees' report for the year ended 30 June 2021 (continued)**

July 2018, the most recent triennial funding valuation and will keep this under review at future such valuations.

### **Investment performance – Year to 30 June 2021**

The total market value of the Scheme's investments at 30 June 2021 was £69,937,621 (2020: £57,163,304).

This represents an increase of £12,774,317 in the year. The return in the fund is +23.1%.

The total return of the Schroders portfolio for the year net of fees was +23.1% (2020: -1.2%). For comparison the composite benchmark was +17.1% (2020: -1.3%).

The Trustees also require Schroders to report on the turnover of securities within invested portfolios and on the associated transaction costs, in order to assess whether such activity, and changes in it, appears reasonable, taking account of the nature of the fund concerned. Total turnover was just under 10% of the portfolio with total transaction costs over the Scheme year of £146,000.

### **Implementation Statement – voting and engagement**

This implementation statement describes the actions taken on voting and engagement over the past year and how they relate to the intentions we have set out in the Scheme's Statement of Investment Principles ('SIP').

The Scheme's investments are held in a Schroder's pooled investment fund and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to Schroders.

As Trustees of the Scheme's assets we are responsible for the selection and retention of Schroders. Analysing the voting and engagement activities, which we include details on below, is a useful part in helping us ensure they remain appropriate and we will engage with them should we have any concerns about their voting and engagement activities.

In order to produce this statement we have asked Schroders some questions on their policies, actions and examples relating to their voting and engagement activities. We have then reviewed these and summarised Schroder's responses for the purpose of this statement.

Schroders has been integrating Environmental, Social and Governance (ESG) factors for over 20 years and this forms a core part of the investment process. ESG factors are a crucial part of any investment analysis and are used across investment desks and asset classes to inform investment decisions and influence engagement.

Active ownership is a priority for Schroders who undertakes extensive engagement across companies in 57 countries. Schroders uses voting rights to monitor and influence positive change. In 2020 there were more than 2,150 engagements, with more than 6,500 company meetings voted.

Schroders are rated A+ for their approach by the United Nation's Principles for Responsible Investment organisation and are included in ShareAction's top 10 Global Asset Managers for Responsible Investment. (2020 Share Action Responsible Investment Survey of European Asset Managers; A+ rating: Principles for Responsible Investment 2015, 2016, 2017, 2018 and 2019 assessment reports). Schroders is also ranked in the top five of the AODP Global Climate Index for Asset Managers. Schroders is also a special adviser to the Carbon Disclosure Project; a founding member of the institutional investor group on climate change; a member of the UK Sustainable Investment and Finance Association; and a member of the European Sustainable Investment Forum.



# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### Voting data

The Schroder Life Managed Balanced Fund is invested wholly in unit trust funds. Voting is currently done at the first level (i.e. there is no look through to the underlying holdings). There are some instances of where voting is not applicable, for example in bond funds.

Schroders were eligible to vote on 9 resolutions for this fund. They voted on 100% of these resolutions and voted for them in every case.

### Investment performance – Year to 30 June 2021 (continued)

A summary of the Scheme's securities performance over the last five years is given below.

#### Year to 30 June

	Securities %	Composite benchmark*
1 Year to 2021	23.1	17.1
3 Years to 2021	+7.8	+6.8
5 Years to 2021	+10.1	+8.9

The deployment of investment assets is shown below:

	30 June 2021 %	30 June 2020 %
Schroder Life Managed Balanced Fund	100.0	100.0

\* Composite benchmark consists of FTSE All Share Total Return, S&P 500 Total Return Index, FTSE World Series Europe ex UK TR, Tokyo Stock Exchange 1st Section Index (TOPIX) (TR), MSCI Pacific ex Japan TR, MSCI Emerging Markets TR, 50% iBoxx GBP Gilts TR + 50% iBoxx GBP Non-Gilts TR, LIBID 7 day

### Schroder Life Managed Balanced Fund

The Fund gives a balanced exposure to UK and overseas equities and fixed income securities, through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes. The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits and money market instruments.

### Marketability of investments

The Trustees believe that units held in the Schroder Life Managed Balanced Fund (the "Fund") are marketable on a short term basis.

### Employer related Investments

There were no Employer Related transactions during the year or at the year end. (2020: nil)

# **The Trinity College Pension Scheme**

## **Trustees' report for the year ended 30 June 2021 (continued)**

### **Covid-19**

Throughout 2020/21 COVID-19 has impacted a significant number of countries globally. COVID-19 has caused disruption to economic activity which has been reflected in recent fluctuations in global stock markets and, in turn, in the valuation of Scheme assets. The Trustees have designed and implemented the Scheme's investment strategy taking a long term view and have built in resilience and diversification to withstand short term fluctuations. The Trustees continue to monitor the funding level of the Scheme regularly with advice from their investment consultant. The Trustees also continue to monitor the employer covenant on a regular basis. During the COVID restriction period the Trustees have received updates from the Scheme administration teams on their remote working practices which have worked successfully during this time.

### **Cash equivalents**

Cash equivalents with respect to transfers are calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include discretionary benefits.

### **Scheme investments**

The investment managers appointed on behalf of the Trustees to manage funds under section 34(4) of the Pensions Act 1995 are appropriately authorised under the Financial Services and Markets Act 2000 to manage investments or are specifically exempt from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the particular investments delegated to them.

A Statement of Investment Principles ("SIP") has been prepared by the Trustees in accordance with section 35 of the Pensions Act 1995. Copies are available to members on request.

### **Scheme advisers**

There are written agreements in place between the Trustees and each of the Scheme advisers listed on page 3 of this report and also with the principal employer.

## **Members' information**

Any enquiries about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

Scheme Administrator  
Trinity College  
Trinity Street  
Cambridge  
CB2 1TQ

Telephone: 01223 338516

[payandpensions@trin.cam.ac.uk](mailto:payandpensions@trin.cam.ac.uk)

Copies of the Scheme's documentation are available for reference at the same address (or for retention at a small charge).

# **The Trinity College Pension Scheme**

## **Trustees' report for the year ended 30 June 2021 (continued)**

### **Registrar of Occupational and Personal Pension Schemes**

The Pension Tracing Service is available for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne  
NE98 1BA

0800 731 0193

Forms are available on the Website: <http://www.thepensionservice.gov.uk>

The information provided includes details of the address at which the Trustees of a pension scheme may be contacted. This Scheme has been registered with the Registrar.

### **The Money and Pensions Service**

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise providing information to the public on matters relating to workplace and personal pensions.

Their address is: 120 Holborn, London, EC1N 2TD

Telephone: 0115 965 9570 Email: [contact@maps.org.uk](mailto:contact@maps.org.uk)

Website: [www.singlefinancialguidancebody.org.uk](http://www.singlefinancialguidancebody.org.uk)

### **Pensions Ombudsman**

In cases where a complaint or dispute cannot be resolved normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PN

Telephone: 0800 917 4487

# The Trinity College Pension Scheme

## Trustees' report for the year ended 30 June 2021 (continued)

### Safe custody of investments

Northern Trust acts as custodian of units held in the Schroder Life Managed Balanced Fund. The custodian of the underlying assets of the Fund is JP Morgan.

### Further information

Any queries about the Scheme, may be addressed to: The Scheme Administrator, Trinity College, Trinity Street, Cambridge, CB2 1TQ (telephone: 01223 338516).

payandpensions@trin.cam.ac.uk

Signed for and on behalf of the Trustees on <sup>28</sup> January 2022:  
/



Mr R Turnill



Mr P Nicholson

## The Trinity College Pension Scheme

# Independent auditors' report to the trustees of The Trinity College Pension Scheme

## Report on the audit of the financial statements

### Opinion

In our opinion, The Trinity College Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual report and financial statements, which comprise: the Statement of Net assets available for benefits as at 30 June 2021; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.



# The Trinity College Pension Scheme

## Reporting on other information

The other information comprises all the information in the Annual report and financial statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the trustees for the financial statements

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the Scheme, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed included:

- Testing of journals where we identified particular risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing estimates and judgements made in the preparation of the financial statements.

## The Trinity College Pension Scheme

- Reviewing meeting minutes, any correspondence with the Pensions Regulator, contracts and agreements, and holding discussions with the trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

[Date] 28 January 2022

# The Trinity College Pension Scheme

## Fund account for the year ended 30 June 2021

	Note	2021 £	2020 £
<b>Contributions and benefits</b>			
Employer contributions	3	1,148,000	1,188,192
Employee contributions	4	618,850	613,152
Transfers in from other plans	5	-	73,915
Other income		196,309	-
		<b>1,963,159</b>	<b>1,875,259</b>
Benefits payable	6	2,640,126	1,862,917
Administrative expenses	7	178,865	163,238
		<b>2,818,991</b>	<b>2,026,155</b>
<b>Net withdrawals from dealings with members</b>		<b>(855,832)</b>	<b>(150,896)</b>
<b>Returns on investments</b>			
Change in market value of investments	8	12,774,317	(1,062,318)
<b>Net returns on investments</b>		<b>12,774,317</b>	<b>(1,062,318)</b>
<b>Net increase / (decrease) in the fund</b>		<b>11,918,485</b>	<b>(1,213,214)</b>
<b>Net assets at beginning of the year</b>		<b>58,633,871</b>	<b>59,847,085</b>
<b>Net assets at end of the year</b>		<b>70,552,356</b>	<b>58,633,871</b>

The notes on pages 21 to 27 form part of these financial statements.



## The Trinity College Pension Scheme

### Statement of Net assets available for benefits as at 30 June 2021

		2021	2020
	Note	£	£
<b>Investment Assets</b>			
Pooled investment vehicles	8	69,937,621	57,163,304
<b>Total net investments</b>		<b>69,937,621</b>	<b>57,163,304</b>
<b>Current assets and liabilities</b>			
Current assets	9	3,270,424	1,988,823
Current liabilities	10	(2,655,689)	(518,256)
<b>Net Current Assets</b>		<b>614,735</b>	<b>1,470,567</b>
<b>Total Net assets available for benefits</b>		<b>70,552,356</b>	<b>58,633,871</b>

The notes on pages 21 to 27 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme which does take account of such obligations is dealt with in the report of Actuarial Liabilities on page 8 of the Trustees' report and these financial statements should be read in conjunction with them.

These financial statements on pages 19 to 27 were approved by the Trustees' on 28 January 2022

and were signed on behalf of the Trustees by:



Mr R Turnill



Mr P Nicholson

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021

### 1 Identification of the financial statements

The Scheme is a UK occupational defined benefit pension scheme established under English trust law. The address for enquiries to the Scheme is:

Scheme Administrator, Trinity College, Trinity Street, Cambridge, CB2 1TQ

Prior to 11 November 2020 the Scheme was known as Trinity College Staff Pension Scheme.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004.

### 2 Principal accounting policies

#### Basis of preparation of financial statements

The individual financial statements of The Trinity College Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Financial statements and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised June 2018) (“the SORP”).

#### Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the schedule of contributions, the Scheme rules and the recommendations of the actuary.

Additional voluntary contributions from the members are accounted for in the month deducted from the payroll.

#### Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

#### Transfers to and from other plans

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis or where Trustees have agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

#### Administrative expenses

Administrative expenses paid by the Scheme are accounted for on an accruals basis.

# **The Trinity College Pension Scheme**

## **Notes to the financial statements for the year ended 30 June 2021 (continued)**

### **General information and accounting policies (continued)**

#### **Investments**

Pooled investment vehicles are valued at the closing bid price if both bid and offer price are published, or, if single priced, at the closing single price.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

#### **Investment returns**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised change in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

#### **Taxation**

The Scheme is registered for tax purposes with Her Majesty's Revenue and Customs (HMRC) in accordance with the Finance Act 2004.

Where the Trustees agree or are requested to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in the members benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

#### **Currency**

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 3 Employer contributions

The College pays the balance required to fund the benefits and to meet the Scheme's administration and management costs.

	2021	2020
	£	£
Normal	1,148,000	1,188,192

### 4 Employee contributions

	2021	2020
	£	£
Normal	554,224	557,917
Additional voluntary contributions	64,626	55,235
	618,850	613,152

Additional voluntary contributions are used to purchase additional service and are therefore invested within the main managed fund.

### 5 Transfers in from other plans

	2021	2020
	£	£
Individual transfers in from other plans	-	73,915

### 6 Benefits payable

	2021	2020
	£	£
Pensions	1,636,844	1,465,759
Commutation and lump sum retirement benefits	610,143	397,158
Death in service benefits	393,139	-
	2,640,126	1,862,917

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 7 Administrative expenses

	2021	2020
	£	£
Actuarial fees	96,996	77,119
Legal fees	2,199	4,053
Administrative charges paid to Trinity College	464	19,866
Audit fees	19,668	15,552
PPF Levy	59,538	45,309
Other professional fees	-	1,339
	<b>178,865</b>	<b>163,238</b>

All expenses were borne by the Scheme. Investment management fees are deducted at source by the investment manager from the value of the Scheme's holdings in unit trusts.

### 8 Investment assets

Fair Value Level	Value at 1 July 2020	Purchases at cost	Sales at market value	Change in market value	Value at 30 June 2021	
	£	£	£	£	£	
<b>Pooled Investment Vehicles</b>						
UK unit-linked life fund	2	57,163,304	-	-	12,774,317	69,937,621

This is the sole investment of the Scheme and therefore is above 5% of net assets.

The Investment Manager operating the managed fund is registered in the United Kingdom. The fund is a Life managed balanced fund. Indirect transaction costs are incurred through the bid-offer spread on pooled Investment vehicles, as and when these transactions are made. It has not been possible for the Trustees to quantify such indirect transaction costs.

The fund gives a balanced exposure to UK and overseas equities and fixed income securities through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes. The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits and money market instruments.

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### Risk Disclosures

The following risks are applicable to this fund.

**Credit/default** – The Scheme has a direct credit risk as a result of holding units in a Unit linked Insurance contract with Schroders. The Scheme is also exposed to indirect credit risk as the underlying bond investments are exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the maturity date). The risk of this happening is usually higher with bonds classified as ‘sub-investment grade’. These may produce a higher level of income but at a higher risk of default than investments in ‘investment grade’ bonds. In turn, this may have an adverse impact on funds that invest in such bonds.

The legal nature of the pooled investment held by the Scheme is a Unit Linked Insurance contracted valued at £69,910,836 (2020: £57,163,304)

### Market Risks

**Currency risk** – The fund in which the Scheme invest is sterling priced and so the Scheme has no direct currency risk. There is some indirect currency risk as certain underlying funds may have exposures to securities in foreign currencies.

**Interest risk** – with funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of bonds is likely to fall, and vice versa

**Other Price Risk** – The Scheme invests in a single pooled fund and has no direct other price risk. The underlying funds may invest in return seeking securities and therefore may have some indirect other price risk.

### Other risks

**Index unconstrained/reference benchmark** – the fund is not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only.

**Emerging markets** – Investments in emerging markets can involve a higher degree of risk. Less developed markets are generally less well regulated than the UK, investments may be less liquid and there may be less reliable arrangements for trading and settlement of underlying holdings.

**Derivatives for investment purposes** – The fund may invest in collective investment schemes that use derivatives and forward transactions for investment purposes. These instruments can be more volatile than investments in equities or bonds and can lead to more extreme movements in investment performance.

The Pooled investment component of the Scheme’s fund is invested exclusively in the Schroders Life Managed Balanced Fund. This was the Scheme’s only investment which exceeded 5% of its net assets at 30 June 2020.

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### Fair value of investments

The fair value of investments has been determined using the following fair value hierarchy.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The designations for the assets of the Scheme are denoted by the appropriate number within the table on page 25.

### 9 Current assets

	2021	2020
	£	£
Cash at bank	3,268,884	1,987,283
Debtors	1,540	1,540
	3,270,424	1,988,823

### 10 Current liabilities

	2021	2020
	£	£
Accrued expenses	24,855	44,162
Amounts due to College (Junior Bursar's Account)	2,630,834	474,094
	2,655,689	518,256

The amount due to the College (Junior Bursar's Account) is pensions paid by the College for the 15 months to the end of June 2021, and a lump sum retirement benefit paid by the College on behalf of the Scheme. This has been repaid in January 2022.

# The Trinity College Pension Scheme

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 11 Contingent liabilities

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women.

The Trustees are now reviewing with their advisors, the implications of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability. As soon as the review is finalised and any liability quantified then members will be communicated with. On 20 November 2020, the High Court handed down a further judgment on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements, it is not possible to estimate the value of any such adjustments at this time.

The Trustees are not aware of any other contingent liabilities or contractual commitments as at 30 June 2021 (2020: nil).

### 12 Related party transactions

#### Key management personal

During the year contributions were received in respect of 4 Trustees who are active members of the Scheme (2020:4)

#### Employer and other related parties

Accountancy and administration services are provided by the principal employer, Trinity College. A charge of £464 (2020: £19,866) was made in the year.

Other than those items disclosed above and elsewhere in the financial statements, there were no other related party transactions.

### 13 Employer related investments

There were no Employer related investments at the year end. (2020: nil)



## The Trinity College Pension Scheme

# Independent auditors' statement about contributions to the trustees of The Trinity College Pension Scheme Statement about contributions

### Opinion

In our opinion, the contributions required by the schedule of contributions for the Scheme year ended 30 June 2021 as reported in The Trinity College Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme actuary on 18 June 2019.

We have examined The Trinity College Pension Scheme's summary of contributions for the Scheme year ended 30 June 2021 which is set out on the following page.

### Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions, and the timing of those payments.

### Responsibilities for the statement about contributions

#### Responsibilities of the trustees in respect of contributions

As explained more fully in the statement of trustees' responsibilities, the Scheme's trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

#### Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

#### Use of this report

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

[Date] 28 January 2022

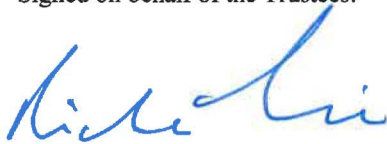
## The Trinity College Pension Scheme

### Trustees' summary of contributions payable for the year ended 30 June 2021

During the year, the contributions payable to the Scheme were as follows:

	Member	Employer
	£	£
<b>Required by the schedules of contributions</b>		
Normal contributions	536,286	1,112,124
<b>Other contributions payable</b>		
Normal contributions	17,938	35,876
AVCs	64,626	-
<b>Total (as per Fund Account)</b>	<b>618,850</b>	<b>1,148,000</b>

Signed on behalf of the Trustees:



Mr R Turnill



Mr P Nicholson

Date 28 JANUARY 2022

# The Trinity College Pension Scheme

## Actuary's Certification of Schedule of Contributions

# ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

## TRINITY COLLEGE STAFF PENSION SCHEME

### Adequacy of Rates of Contributions

I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 1 July 2021 continue to be met for the period for which the Schedule is to be in force.

### Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 22 December 2021.

The Certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signed: 

Date: 22 December 2021

Name: R J SWEET

Qualification Fellow of the Institute and Faculty of Actuaries

Address: Mill Pool House

Employer: Cartwright Group Limited

Mill Lane

Godalming

Surrey GU7 1EY