



Medical  
Research  
Council

# Staff Bulletin 601

Date: 18 October 2022

## Pensions Update

### **Scheme funding**

Following investment market reaction to the mini budget that took place on 23 September, there has been considerable press coverage on the disruption caused to some funded UK pension schemes.

Liability Driven Investment, known as LDI, is a popular strategy and involves the use of financial instruments known as derivatives to help match assets and liabilities in order to ensure there is sufficient cash flow to pay scheme pensions. When UK bond yields rose significantly in only a few days, it triggered emergency collateral calls for pension schemes to cover their LDI derivatives, forcing some to sell assets in order to improve their cash position.

Unlike the vast majority of funded defined benefit schemes, the MRC Pension Scheme is open to new entrants and future accrual for existing members. This means that it is able to take a broad approach to asset allocation and it is the well-diversified investment portfolio which has enabled it to withstand the worst of the recent impact felt by other funded UK pension schemes. The MRC Pension Scheme continues to be well funded and has sufficient liquidity to meet cash flow needs.

The financial strength of the Scheme is a timely reminder of the protection afforded to all members and their dependents as part of the communal fund through which members do not bear financial risk individually.

### **Annual report & accounts**

The annual report and accounts for the year to 31 December 2021 was audited by KPMG and approved by the Trustee Board on 21 June. A copy has been posted to the member website at [www.mrcps.co.uk](http://www.mrcps.co.uk).

A summarised version of the annual report, including an interim funding update, was sent to all members in September. It also contains a simple breakdown of the different asset classes the Scheme is invested in at total portfolio level.

### **Member Nominated Trustees**

Four candidates stood for election in August, to contest two Member Nominated Trustee (MNT) positions on the Trustee Board.

Kelvin Cain was re-elected, for a third and final term, and David Brittain was elected to fill a vacant position on the Board. Both will serve for a term of four years, with effect from 1 December 2022.

Thank you to all who took the trouble to vote, and particular thanks to Tom Frenkiel and Allan Maclean, who also stood for election, but were unsuccessful on this occasion.

There will be another opportunity to become an MNT in 2023, when a long-standing trustee comes to end of his final term of office.

### **Pension savings statements**

Pension savings statements for 2021/2022 tax year were sent out by Mercer to those affected by the £40,000 Annual Allowance on pension contributions during September.

Mercer produces these statements based on information provided to the Scheme by your employer. If you have taxable income from other sources, it is possible that you could be affected by tapering of the annual allowance if your total taxable earnings during the last tax year exceeded £240,000. It is anticipated that those with earnings of less than £200,000 will not be affected, even after pension contributions are taken into consideration.

If you think you might be affected by tapering, or have benefits with other pension schemes, further guidance should be sought from HMRC or from an Independent Financial Adviser (IFA).

### **Contacting Mercer**

Members are encouraged to make use of the new online portal available for contacting Mercer at: [www.contact.mercer.com](http://www.contact.mercer.com).

### **Mercer – post handling**

The new address to send all post for Mercer is:

**Mercer Post Handling Centre**  
**Maclaren House**  
**Talbot Road**  
**Stretford**  
**Manchester**  
**M32 0FP**

**Jim Clerkin FPMI FCII DipIEB**  
**Director of MRC Group Pensions**