



THE UNIVERSITY OF THE WEST INDIES

**The Federated Superannuation
System for Universities
(the FSSU)**

for

**The University of the West Indies Members
(the Scheme)**

**MEMBERS' EXPLANATORY
BOOKLET**

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1. INTRODUCTION

This booklet is intended to give a broad outline of the operations of the Federated Superannuation System for Universities (the FSSU Scheme) and the options available to **Members of the FSSU** employed in the **University of the West Indies** (the UWI). Every attempt has been made to ensure that the information which it contains is accurate as at September 2017. Members should be mindful that the UWI, after taking appropriate advice, may make changes to the list of available options.

The FSSU Scheme is regulated by the 1946 Rules of the FSSU, and all matters relating to the Scheme will be determined by the Rules rather than by this booklet. The Rules may be inspected at any suitable time on a request being made to one of the Campus Bursar's Office.

The FSSU oversight is with Capita Pensions Secretariat Limited, a subsidiary of Capita Trust Company Limited, part of the Capita Fiduciary Group all located in the United Kingdom (the UK).

The Scheme is administered by Capita Employee Benefits located in the UK.

The investment managers are BlackRock UK, London Life, Equitable Life and Standard Life - all located in the UK.

The UWI is the Trustee for the Scheme.

This booklet is to be read in conjunction with other relevant materials. Should there be any point not covered by this booklet, or any dispute as to meanings, or any clarification needed as to the rules, the provisions of the FSSU Rules will prevail.

1.1. THE FSSU

The FSSU was established in the United Kingdom in 1913 to provide a centralised system of rules for the establishment of defined contribution pension schemes for academic staff, senior administrative staff and professional staff within universities.

The UWI joined the FSSU in 1957 and remains the largest active participant in the FSSU.

1.2. Capita

Capita is one of the largest companies in the UK, globally employing over 73,000 people providing business process management and professional services to a wide range of public and private sector organisations.

Capita Pensions Secretariat Limited is the management company of the FSSU and provides support and guidance to the institutions and members participating in the FSSU. Being part of Capita Fiduciary Group the Secretariat is provided by an entirely separate part of Capita Group.

Capita Employee Benefits are the administrators to the UWI's current arrangements under the FSSU, and are one of the largest employee benefits firms in the UK looking after pension benefits for over 4 million employees and scheme members.

1.3. BlackRock

BlackRock is the world's largest asset manager with US\$4.72 trillion of funds under its management (as at June 2015) and is also the largest index tracking fund manager.

BlackRock provides a wide range of funds and the Trustee has selected a number of BlackRock funds for members to invest in as described in Sections 14 and 15 of this booklet.

2. FURTHER INFORMATION

Enquiries should be addressed to the Pensions Manager at your Campus Bursar's Office and/or Capita Employee Benefits.

The contact details are as follows:

Mr Dan Hemingway
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2 Cutlers Gate
Sheffield
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Please ensure that you quote your Payroll Number (Staff ID No.).

Please take account of any time difference when using the telephone.

3. HOW DOES YOUR MEMBER'S ACCOUNT WORK?

On joining the Scheme, a Member's Account is set up in your name within the Scheme. Contributions from yourself and the UWI your employer are invested in your Member's Account until you retire, terminate service or become deceased. The proceeds of your Member's Account are then used to provide you, your beneficiary or estate with retirement benefits which is a tax free cash sum.

You can monitor and maintain your pension information via the internet by way of the UWI FSSU pensions web portal – HartLink Online. Using the HartLink website, you will be able to initiate voluntary contributions, view fund values, initiate investment changes, update beneficiaries, and change address or personal information.

4. MEMBERSHIP CONDITIONS

Q.1. Who is eligible to join the pension scheme?

- (a) All academic staff, senior administrative staff and professional staff of the UWI on full-time contracts of employment in excess of two years who are under the age of 65 are eligible to join the scheme.
- (b) Staff not eligible as defined in (a) above might be admitted to membership with the consent of the UWI.

Q.2. When do I join?

On the date you enter employment. Membership is compulsory for all eligible staff.

Q.3. How do I join?

You will be provided with an **Application Form** and a **Beneficiary Nomination Form**, which you should complete and return to the payroll department of your campus. Deduction of contributions will be made from the next convenient pay date.

Q.4. Can I choose to cease participating in the Scheme?

Not while still permanently employed by the UWI.

5. CONTRIBUTIONS

Q.1. Who must contribute to the Scheme?

On joining the scheme you must make monthly **Compulsory Contributions** of 5% of your basic monthly salary.

The UWI will make monthly **Employer's Contributions** of 10% of your basic monthly salary.

These contributions will cease at retirement, death or on leaving the UWI whichever happens first.

You can **Self Select** to invest the contributions (accumulated or future), in one or more of the investment fund options and the investment mix can be different for each type of contribution (normal contributions – employer regular and employee regular; or Additional Voluntary Contributions) If you do not make a decision your contributions will be invested automatically in the **Lifestyle investment** strategy (Default Fund).

Q.2. May I make Additional Voluntary Contributions?

You may contribute **Additional Voluntary Contributions** of up to a further 5% of basic monthly salary.

You can start or stop making **Additional Voluntary Contributions** by giving instructions at any time during the year. Such instructions will become operative at the next convenient pay date. These contributions will be held and shown separately in the **Member's Account**.

You can **Self Select** to invest the **Additional Voluntary Contributions** in one or more of the investment fund options and the investment mix can be different from that of the **Normal Contributions**.

6. CHARGES

Q.1. How much does it cost me?

The charge for administration is US\$10 per month which is deducted from the contributions prior to investment.

Q.2. Are there any other investment charges?

The annual management charge is between 0.20% and 0.25% of the value of your investment with the exception of the Ultra Short Fund which has a 0.15% charge built into the unit price.

The charge is calculated at the end of each quarter and is apportioned across the funds in which you have investments and is collected by selling units from the funds. The Ultra Short Fund will have no deductions as the charge is accounted for in the unit price.

Q.3. Is there anything else that I have to pay?

Two (2) investment switches are allowed per annum. Thereafter a charge is applicable.

7. RETIREMENT AGE AND DATE

Q.1. What is meant by retirement age?

The date at which you are required to cease employment due to your age, health or request. The **Normal Retirement Age** for the UWI is 65 unless existing contractual provisions dictate otherwise.

Q.2. Can I retire earlier or later than my Normal Retirement Age?

Late Retirement is not an option within the Scheme.

Early Retirement between age 60 and age 65 is available only to Members who had opted to change their **Normal Retirement Age** from age 65 to age 60.

Early Retirement is also available on the grounds of ill health at the option of the UWI.

8. BENEFITS ON RETIREMENT

Q. What benefits are paid on retirement?

The benefits payable are based on the amount realised (the Fund Value) on disinvestments of the investments in your Member's Account.

At retirement, the proceeds realised from your Member's Account will be paid over to you on receipt of your instructions as to where the proceeds of the Member's Account is to be paid.

You should make yourself aware of any existing applicable tax obligations.

9. BENEFITS ON LEAVING SERVICE OTHER THAN BY RETIREMENT

Q. What options do I have on leaving the service of the UWI?

If you leave the UWI before retirement, you may request the UWI as the Trustee and the administrator of the FSSU to transfer your Fund Value to another pension scheme that you might join. Otherwise, the funds will be disinvested and/or encashment of policies as applicable.

10. BENEFITS ON DEATH BEFORE RETIREMENT

Q. What benefits are payable on my death before retirement?

When you commence employment with the UWI you will receive a **Beneficiary Nomination Form**. On your death the Fund Value will be payable in accordance with the provisions of the Rules and your nomination.

If, in 1998, you elected to remain in the old scheme (See 'SCHEME STRUCTURE' below) your death benefits will be as described in the respective policies.

How can beneficiary nomination be changed?

Q.

Your beneficiary information can be changed using the **HartLink Online** website.

11. SCHEME STRUCTURE

Q.1. What is the Old Scheme?

FSSU contributions by and in respect of members before April 1998 were invested in With Profit Endowment and/or Deferred Annuity policies underwritten by various U.K. Insurance Companies. There was no investment choice other than With Profit policies. The Endowment policy values are based on a mixture of a basic sum assured payable on death before maturity and attaching bonuses. The basic sum assured was a decreasing life assurance. Once the investment portion exceeded the basic sum assured the former became payable on death or maturity.

Deferred annuities are investment only policies with usually only a return of contributions on death before maturity. On maturity a pension is payable but there is an option to take a cash lump sum instead.

The investment earnings on the life insurance funds that back these policies may attract UK income tax.

Q.2. What Benefits are payable from the Old Scheme Endowment Assurance and/or Deferred Annuity Policies?

Members joining before April 1998 whose old scheme policies are maintained will be entitled on retirement or earlier termination to the contractual benefits provided under these policies. These will be processed through the UWI, as Trustee, with available options being presented for members' information and decision. Death benefits that will be payable under these policies will be disposed of according to **Letters of Administration** as presented.

Q.3. What are the Post 1998 Investment Options?

From October 1998, members had the option of investing their current contributions and their then existing policy values into a mixture of Offshore Investment Funds with Equitable Life Assurance Society. The offshore investments do not attract UK taxation on investment returns.

For those members who had old Endowment Policies the improved return by switching to offshore was on average 20% by way of the improved tax treatment of the funds.

Q.4. What is the Post 1998 Scheme Structure?

In the period October 1998 to October 2001 the bulk of the assets of the

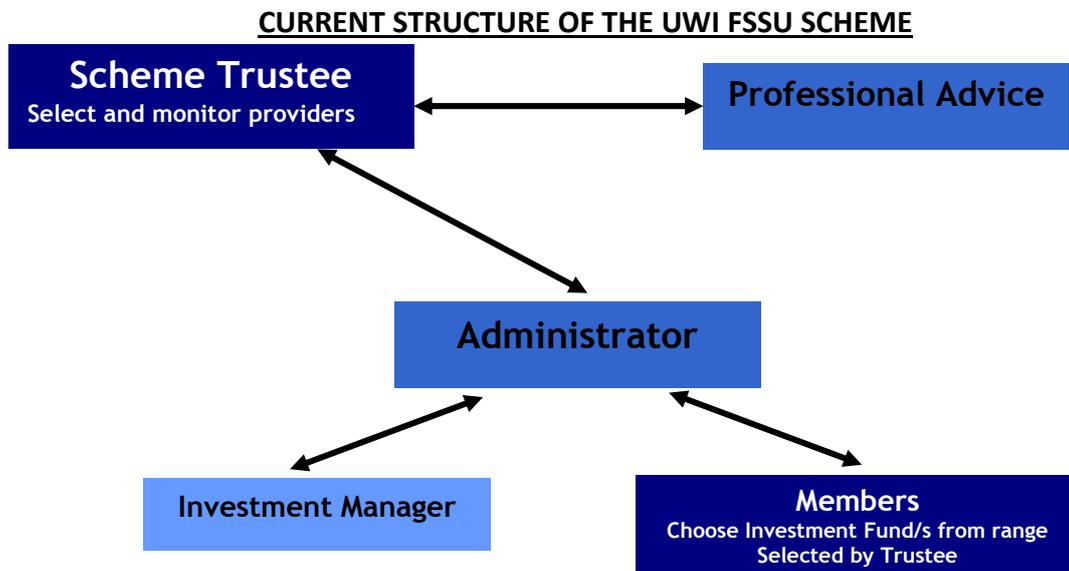
Scheme was invested in a group pension contract with Equitable Life in Offshore Funds through its Guernsey branch.

This provided a package of services including investment and administration.

The operation of the Scheme was restructured from October 2001 and the administration and investment services are now provided separately. **Capita Employee Benefits** currently provides the administration and the investment management is currently provided by **BlackRock** in the main. The principle is that by spreading these services the Trustee of the Scheme can replace the providers of these services as circumstances dictate, e.g. if an Investment Manager fails to perform or a new and/or more attractive type of investment becomes available.

The website to which you have direct access (HartLink Online) does not include any assets that remain invested in the Equitable Life Offshore Funds or the **Old Scheme** policies.

The current structure also uses offshore funds that do not attract UK taxation.



Q.5. Can the investment funds be changed?

Upon professional advice and with the approval of the Secretariat, investment funds may be changed or added to by the UWI from time to time.

12. INVESTMENT OPTIONS

Q.1. What are my investment choices?

You can choose the Fund(s) into which you wish the contributions to be invested.

Your Fund Value and therefore the value of your benefit when you leave the Scheme depend on how your contributions were invested. It is therefore very important that you choose the appropriate investments during your contributory years.

The Scheme offers members a choice of different investment funds. Members may **Self Select** the mix of funds for their **Member's Accounts** to be invested from time to time.

The UWI as Trustee, with the approval of the Secretariat, appoints the Investment Managers and selects the suite of investment funds for you to invest the contributions and Member's Account. The UWI monitors the investment managers on an ongoing basis. Over time, the UWI may:

- Add new Fund Managers
- Add new Funds
- Replace Fund Managers
- Replace Funds

The UWI, with the approval of the Secretariat, also has the discretion to replace managers and funds as circumstances and investment requirements dictate.

Q.2. Who are the Fund Managers?

The Scheme currently offers Investment Funds managed by **BlackRock UK**.

In the period between October 1998 and August 2001, the main assets of the UWI FSSU Scheme were invested with **Equitable Life**.

Funds invested in the old scheme before 1998 were held with a number of life insurance companies on the FSSU panel.

For a few months (December 2000 to October 2001) current contributions were invested in sterling deposits with Barclays Bank Global while the Trustee studied the consequences of Equitable Life closing to new business and prepared to widen the list of Investment Managers and to restructure the administration of the Scheme.

The range of current Funds is described later (See Section 14).

Q.3. What are the types of investment funds?

The Funds available are investment linked pooled funds, sometimes known as unit linked funds. This means that the return on your investment in any selected Fund is directly related to the performance of the assets of which that Fund consists. Your pension contributions are used to buy units in the selected Fund. The price of the units, valued daily, may go down as well as up.

The Administrator updates the Member's Accounts as the prices are applied to the Scheme. The website will show real time prices that have been applied to the Scheme.

Each Fund has a different investment objective and risk profile.

Q.4. How do I make an investment decision?

The **Application Form** asks you to make a decision about how you wish your pension contributions to be invested. Your selection depends upon how involved you want to be in the investment process and how much risk you want to take.

If you do not make an investment decision your contributions will be invested in the **Lifestyle** option. The "**Lifestyle**" option is explained later.

You can change your investment decision over time. You can achieve this in two ways:

- You can leave existing funds invested where they are and choose for future contributions to be invested in different Investment Fund/Funds
- You can switch existing funds from one Fund to another.

At your own cost, you may take professional investment advice to help you in the decision/modification of your selection. The University is not authorised to provide investment advice to the members of the Scheme.

Important Note

Some members' conditions of employment may entitle them to participation in a supplementation arrangement. In order to benefit from this arrangement, members must make investment choices according to the stipulations laid down by the UWI. These members should consult with their Campus Bursar in writing, to ensure that the investment choices they wish to make does not invalidate their continued participation in this arrangement.

Q.5. What happens if I do not make an investment choice?

If you do not indicate the Funds, and the proportions, in which you would like your **Member's Account** invested, then all contributions will be invested in the **Lifestyle** option (see 14 Investment Funds) until you choose otherwise by completing an **Allocation Change or Investment Switch Form (online or at your local Campus Bursar's office)**. The Trustee may choose a different default, as circumstances dictate, over time.

13. INVESTMENT RISK

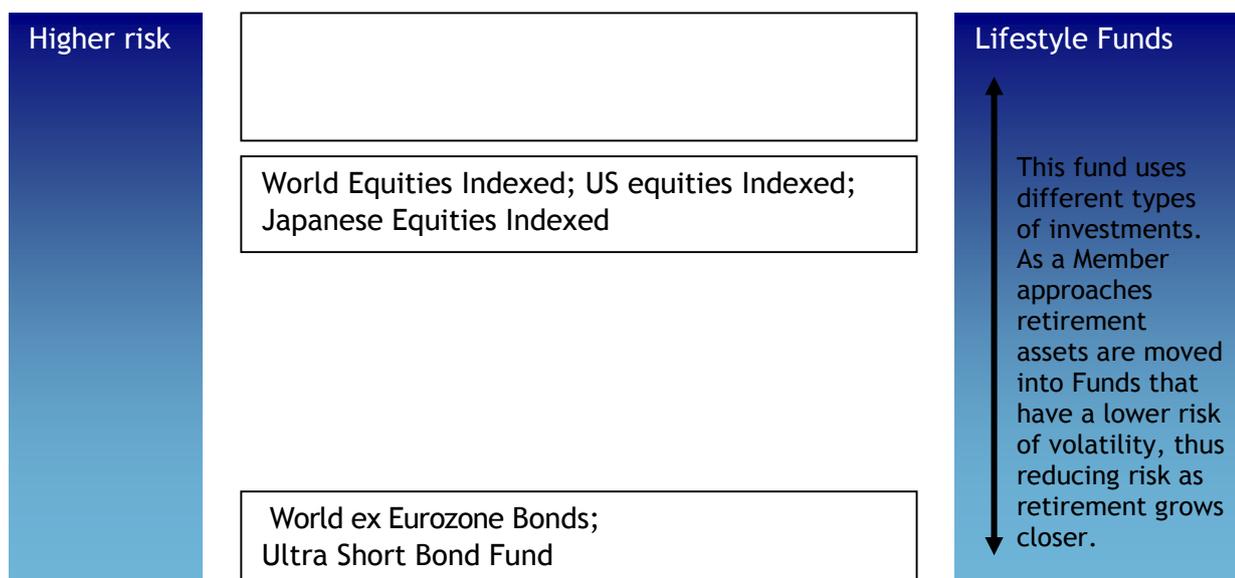
Q.1. What is meant by risk in the context of my pension fund investments?

For many, risk means the possibility that the value of the underlying assets of a Fund may go down and consequently the value of your units will decrease.

The different funds available under the Scheme have different investment objectives and different levels of risk.

Q.2. What is the Comparative risk of the Investment Funds available for my FSSU account?

The table below shows you the fund choices available under the Scheme, as a result of the Scheme structure, and the relative levels of risk.



You may wish to take professional investment advice before making your investment decision. You may have to pay for this advice.

14. INVESTMENT FUNDS

Q.1. What are the details of the Default Fund?

The **Lifestyle** option is the default investment option selected by the Trustee. This means that if you do not **Self Select** an investment mix, your pension contributions and those made by the **UWI** on your behalf will automatically be invested in the **Lifestyle** option.

You can also specifically select the **Lifestyle** option if you wish.

Lifestyle is different from the other investment options. Its aim is to try and make sure that your contributions are invested in line with an investment strategy predetermined by the Trustees and their advisors.

As you approach retirement your **Member's Account** is gradually moved from higher risk funds into lower risk funds. The **Lifestyle** option is not designed to give the highest possible investment return but to manage the risk as you get nearer to retirement.

If you are in **Lifestyle** option, switches will occur in line with your age as you get nearer to retirement.

To begin with, if you are 10 or more years younger than your **Normal Retirement Age**, your total joint pension scheme contributions will be invested in the **World Equities Indexed Fund**. Then when you have less than 10 years until your target retirement age, your investments are gradually switched into lower risk funds in order to preserve the value of your **Member's Account**.

The distribution will be as below:

Years to Target Retirement Date	ASSET CLASS PROPORTIONS – LIFESTYLE		
	World Equities Indexed	World ex- Eurozone Bonds	Ultra Short Bonds
More than 10 yrs.	100%	0%	0%
8 to 10 yrs.	80%	20%	0%
6 to 8 yrs.	60%	40%	0%
4 to 6 yrs.	50%	50%	0%
3 to 4 yrs.	40%	60%	0%
2 to 3 yrs.	30%	60%	10%
1 to 2 yrs.	15%	45%	40%
Under 1 yr.	0%	0%	100%

(See Q.3., this section, for list of selected Funds)

The **Lifestyle** option cannot protect you entirely from investment risk as all of the fund values are likely to fluctuate, but the lower risk funds are less subject to this risk. See **Investment Risk**, Section 13.

Q.3. What are the Investment Funds currently available?

The table below shows the current range of investment funds that are available under the scheme.

INVESTMENT FUND OPTIONS

Index Selection US Equity
Index Selection Japan Equity
Index Selection World Equity
Ultra Short Bonds
World ex-Eurozone Govt Bond Index

Q.4. Are the Fund Values guaranteed?

No. These are unitised funds, with unit values changing with the value of the underlying assets.

Past performance is not necessarily a guide to the future. The value of units can go down as well as up. The rate of unit growth cannot be guaranteed.

Q.5. How do I switch Investments or change the allocation of my current joint pension scheme contributions?

If you wish to switch funds or redirect future contributions you can do this online via the HartLink Online website.

The **Allocation Change or Investment Switch Form** will ask you to:

- Select the contribution type (**Compulsory** or **Additional Voluntary**) from which you wish to switch monies.
- Decide the new percentages that you require to be invested in each Fund. Please make sure that these new percentages total 100%
- Decide how you wish to have future contributions invested.

Alternatively you can trigger the switch of funds or change of future contribution allocation by using the website. In this case an email will be sent to your Campus Bursar requesting the change and detailing the funds in which you wish to invest.

The unit prices shown on the website are the amounts last advised by the Investment Managers.

If a switch is already being processed you cannot request a new switch until the last switch has been completed.

Q.6. How does the investment switch process operate?

If you request an investment switch the process will take some time to complete. Also, in very exceptional circumstances, beyond the control of either the Trustee or the Fund Manager, realisations of units may have to be delayed in the interest of all members.

The switching process can take up to 10 working days to be displayed online from receipt by Capita of instructions from you.

The switch process requires that investment units be disinvested and reinvestments made to realign the investments to your instructions.

This normally takes several days.

15. DETAILS OF INVESTMENT FUNDS FOR UWI FSSU SCHEME

The FSSU Scheme allows you the Member to **Self Select** your investment mix from a suite of funds, for the voluntary contributions, the University's contributions, your contributions and the accumulated contributions.

The suite of funds currently available from which you can determine your investment mix are with **BlackRock** UK, the Investment Managers. There are three equities index tracking passive funds, one bond index passive tracking fund and one liquidity fund.

Details of the **BlackRock Funds** together with the ratings provided by BlackRock are:

1. BlackRock US Index Sub-Fund

A Dublin based fund denominated in US\$ that is passively managed by Blackrock.

The fund aims to shadow the US equity market by tracking the S & P 500 Net Dividends Reinvested Index (Net USD) and contains a holding of approximately 48 stocks.

Risk rating: High/Medium

2. BlackRock Japan Index Sub-Fund

A Dublin based fund denominated in US\$ that is passively managed by Blackrock.

The fund aims to shadow the Japanese equity market by tracking the MSCI Japan Index which contains approximately 319 stocks.

Risk rating: High/Medium

3. BlackRock World Index Sub-Fund

A Dublin based fund denominated in US\$ that is passively managed by Blackrock.

The fund invests in other BGI funds that track the UK, US, Japan, Europe, Pacific Rim and North America equity markets.

The fund aims to shadow world equity markets as measured by the MSCI World Index containing approximately 1650 stocks.

Risk rating: Medium

4. BlackRock World ex-Eurozone Govt Bond

A Dublin based fund denominated in US\$ that is passively managed by Blackrock.

The fund aims to shadow the world government bond markets, excluding the European markets, by tracking the City Group World Government Bond Index (ex-EMU Bonds). There is a total holdings of 570.

Risk rating: Low

5. BlackRock Ultra Short Bond Fund

A Dublin based fund that is managed by Blackrock.

The fund invests in cash with the objective of maximizing current income consistent with the preservation of principal and a reasonable degree of liquidity through the maintenance of a portfolio of high quality short to medium-term fixed income instruments. .

Risk rating: Low

16. FINANCIAL ADVICE

During the course of reading this booklet you will have seen several references to obtaining financial advice.

You must research, identify, select and appoint your own financial adviser or advisors.

Q.1. What is financial advice?

Financial advice is advice given by a suitably qualified and regulated person or firm to an individual relevant to that individual's specific financial needs.

Q.2. Why do I need financial advice?

Your pension is a valuable asset and it is important that if you need to discuss your personal financial circumstances when making a decision that you take appropriate advice. Not everyone will need to take financial advice and many members will feel they are able to make informed decisions based on the information provided.

Q.3. How can I get financial advice?

If you do require advice, Financial Advisors are now registered and regulated and therefore only licensed Financial Advisors are authorised to provide financial advice.

Financial Advisors are usually accessible through licensed financial institutions.

Q.4. When should I get financial advice?

You may feel that you need financial advice at any time but some of the most likely times are:

- * On joining the scheme,
- * To help with your fund selections at any time,
- * At a time of change in your personal circumstances,
- * When you are leaving or retiring from any form of employment.

17. ASSISTANCE

Q.1. What help will I be given?

Assistance is available at various stages as a new or existing member of the Scheme. New and existing members will have access via the HartLink Online web portal, to instructional material which will provide guidance when navigating through the portal. Additionally, members should in the first instance contact their respective Bursary pension support personnel with specific queries relating to their account (See Section 2 - Further Information). Further assistance is available from the Scheme's Administrator (Capita Employee Benefits).

Information regarding contact with Capita is also provided in Section 2 of this Handbook.

Information will be provided from time to time in relation to the investment returns and other points affecting the scheme. Your Campus Bursar's office will tell you when this information is available.

