

**Local Government Pension Scheme  
Employer Forum 7<sup>th</sup> March 2019**



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**Hackney**

# Agenda

- 10:00 - 10:20 - Welcome and Fund Overview
- 10:20 - 10:40 - Discretion Policies and PAS
- 10:40 - 11:00 - 2018/19 Year End Data & Timetable
- 11:00 - 11:30 - Employer and Member Self-Service
- 11:30 - 11:50 – Coffee & Tea
- 11:50 - 12:30 - Triennial Valuation 2019
- 12:30 – 13:00 – Hot Topics
- 13:00 – 13:30 – Close and Lunch



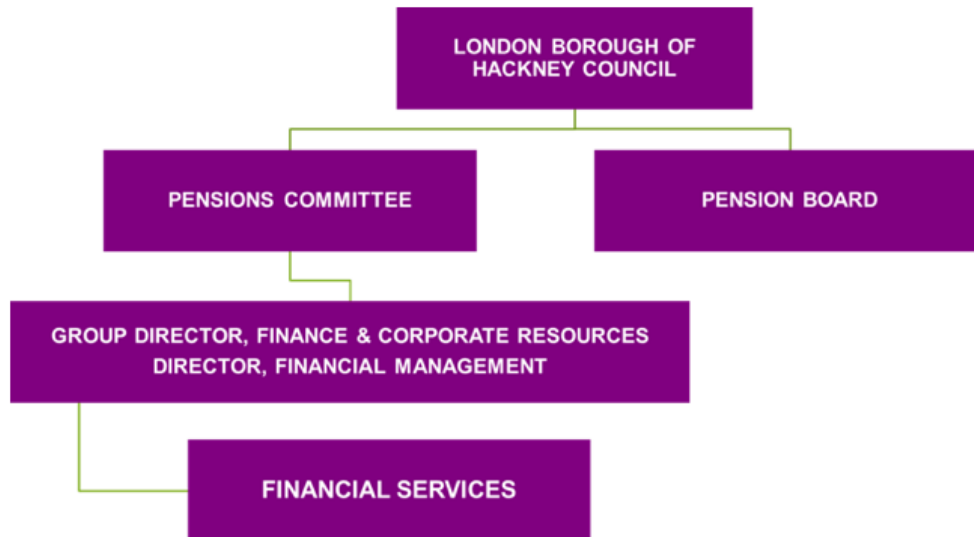
Good morning, welcome (etc!)

After a short introduction to the Fund, we will kick off with a session on discretions policies and the Pensions Administration Strategy from Karen Chenery, Liaison Officer Pensions. This will be followed by a presentation from Equiniti our third party administrators on year end data and the planned timetable for submission of data.

Equiniti will then also present a session on the new Employer and member self-service facilities being introduced. The introduction of the new facilities is a significant opportunity for us to improve the quality of service we offer to both you as employers and members of the fund.

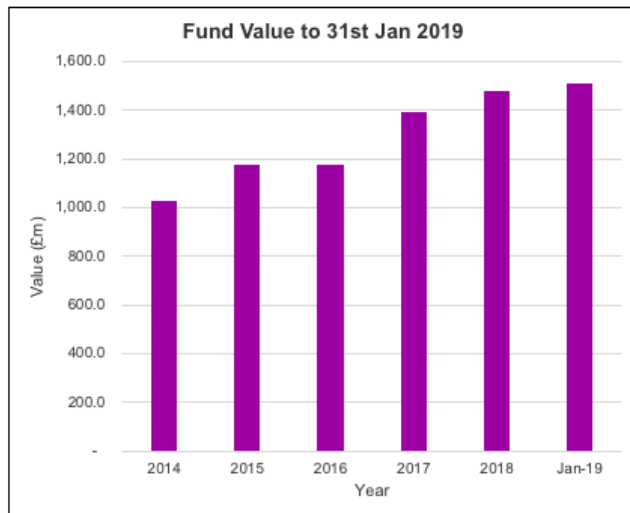
After tea and coffee at 11:30, the Fund's actuary will present a session on the 2019 valuation and what this means for you; the forum will conclude with a presentation from Aon's, the Fund's benefit consultants, on hot topics within the LGPS.

## How the Fund is Governed



I thought it would be useful to provide an overview of how the Fund is managed. The Council, as the Scheme Manager has ultimate responsibility for administering the Fund; this is delegated to the Pensions Committee with the Group Director (Finance & Corporate Resources) overseeing the management and Financial Services doing the day to day. The Pension Board assists in the Governance of the Fund, by helping to ensure that the Council as Scheme Manager is meeting regulatory requirements.

# Fund Value



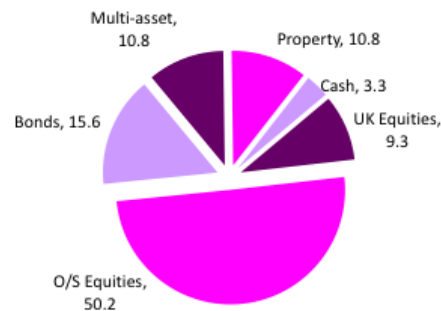
- Fund valued at just over £1.5bn at 31<sup>st</sup> January 2019.
- Asset values have increased steadily over the medium term – but have seen considerable market volatility during 2018.
- Funding level steady at 77% - asset values have increased but so have liabilities



As of January 2019, the Fund was valued at just over £1.5bn. Although asset values have increased considerably over the last 5 years, the Fund's estimated liabilities have also grown through changes in economic conditions, such as gilt yields and inflation.

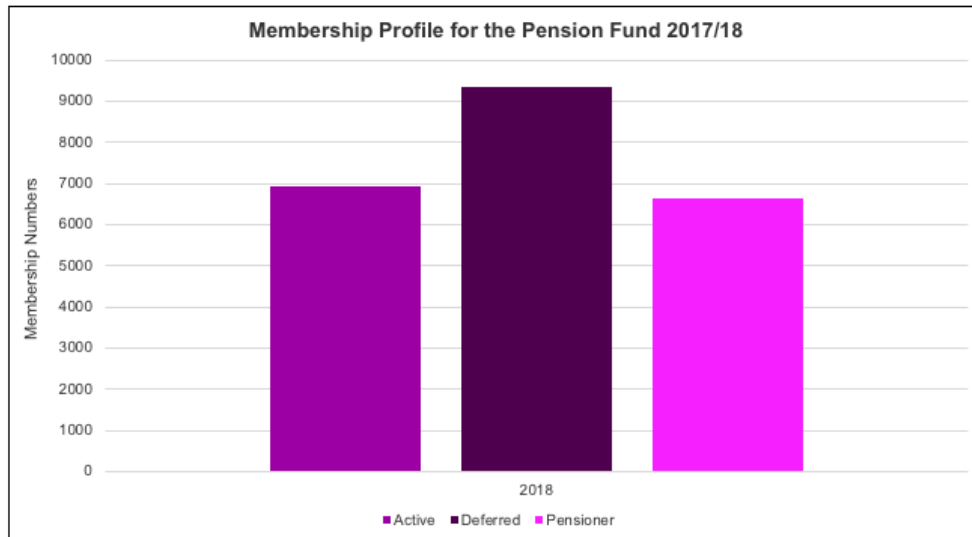
# Asset Allocation

- Diverse portfolio of investments
- Decisions taken by Pensions Committee with support from officers and Investment Consultant
- Allocation to equities reduced in Feb from 60% to 55% (and will reduce further to 50%) - the Fund has made a new investment in private debt.
- Full review of strategy at least every 3 years – next review in 2020.



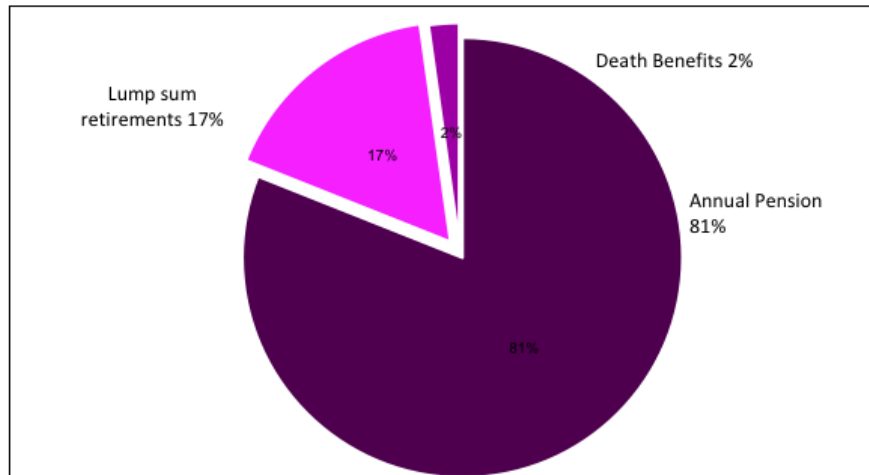
The Fund is invested in a diversified portfolio of investments ranging from equities to bonds and property. Decisions on the Fund's strategic asset allocation are taken by the Pensions Committee, with support from officers and after taking advice from Fund's investment consultant. The Fund carries out a formal review of its investment strategy at least every 3 years, with the next review due to take place in 2020. A number of changes were proposed, including a reduction in exposure to equities to help preserve recent gains in asset values, and these are now being implemented by Fund officers. The changes will result in equity exposure reducing to 50%.

# Membership Profile



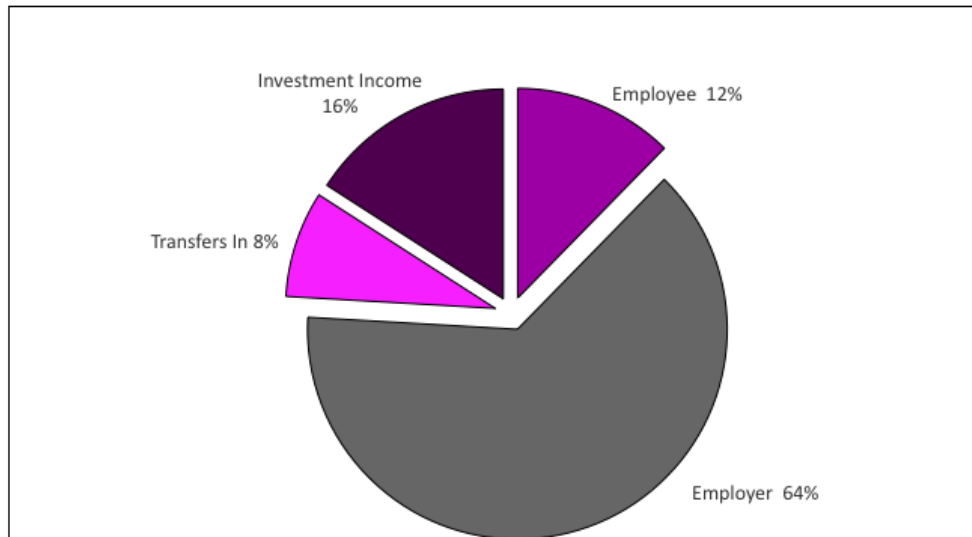
Membership of the Fund at the end of March last year was 22,913. The active membership of the Fund has, however, declined slightly relative to other groups and now represents 30% of scheme members compared to 40% for those scheme members whose pensions are currently deferred awaiting payment. 30% of the membership are pensioners or dependents of former scheme members.

## Benefits Paid



Last year the Fund paid out £51.3m in benefits to scheme members, with annual pensions amounting to £42.6m paid to over 6,500 pensioners. This represents an average pension of £6,422 per annum.

## Income Received



Last year the Fund collected £62.7m in contributions from employers and £12m from scheme members contributions. It received £15.7m in investment income with a further £8.0m coming from scheme members transferring in pension benefits from previous employers.