

LGSS Pensions Employer Newsletter

Issue 12

Autumn 2019

**Valuation
update**

Inside this issue...

News in brief

2 minutes with . . .
Mio Yewman

Dates for your diary



Welcome to the autumn edition of our employer newsletter.

The seasons certainly seem to be coming round quickly for us at LGSS this year, as we move into the season of valuation results. As most of you will be aware, 2019 is a valuation year and that is the main focus of our newsletter for this edition. You can find out about progress so far, on page 4 and for those less familiar with the valuation process, we have provided a short explainer on page 5, which we hope you'll find helpful.

Make sure you check out the dates for the Employers Forum on page 3, we will be talking about the latest employer valuation results and our new Funding Strategy Statement which forms the basis of how we set your contribution rates. You will also have the chance to book on to an actuarial surgery to discuss your results individually. Myself and the team are very much looking forward to meeting as many of you as possible on what we hope will be an interesting and helpful day.

We also have an update on the McCloud and Sargent case on page 3 in our News in Brief section, and we'll continue to keep a watchful eye on the outcomes of this case and what this means for you and your members.

We still have our usual features, and in this edition you can find out a little bit more about Mio Yewman on page 6. Mio has been with us for some time but has recently joined the employer services team as an employer liaison officer. We'd also like to welcome Nick Percival who is also a new employer liaison officer and Janette Hirst who's just started as our new systems team leader.

I hope you find this edition of the newsletter useful and interesting. As always, we value your feedback and would love to know your thoughts.

C. Blose

Employer Services and Systems Manager

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Mio Yewman
Employer Liaison Officer



Nick Percival
Employer Liaison Officer



Louise Hogan
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Ana NealGonzalez
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Sharon Grimshaw
Communications Officer

News in brief

Government appeal denied in McCloud and Sargent case

The McCloud and Sargent cases concern the transitional protections given to members of the Fire Fighters and Judges Pension schemes, who in 2012 were within 10 years of their normal retirement age, as part of public service pensions reform.

These protections were challenged at an employment tribunal where they were deemed to be unlawful on grounds of age discrimination.

The Government applied to the Supreme Court for a further appeal and on 27 June 2019 it was confirmed that the Supreme Court has denied the Government's request for a further appeal.

This means that the cases have been returned to the employment tribunal for a decision about how to remedy the situation. It has also been confirmed that this ruling will apply to all public sector schemes and will therefore affect protections in place within the LGPS, with the likely result being a widening of those protections to more members.

Further news will follow once we can confirm the next steps in the process.

Dates for your Diary

Nov/Dec	Employer valuation results
4 Dec	Employer Forum — Cambridgeshire
5 Dec	Ill-health retirement webinar
9 Dec	Employer Forum Northamptonshire

Employer forums

We're looking forward to seeing you all at our next Employer Forum in December. We'll be using this forum to update you on the results of the latest valuation and our Funding Strategy Statement. You'll have the chance to ask Hyman, our actuaries, any questions you may have about the valuation process and there'll also be the opportunity to book individual appointments in the afternoon, if you'd like to discuss your contribution rates with them.

Team update



You may have noticed from the welcome page that we've a few new faces in the employers team. We introduced you to Sharon Grimshaw, our new communications officer in our last edition, and Mio Yewman and Nick Percival have joined us as our new employer liaison officers. Mio and Nick have both worked for LGSS Pensions for a number of years and look forward to using their knowledge and experience to assist employers. Finally, we're delighted to welcome Janette Hirst who's just started as our new systems team leader. Janette is new to pensions but has extensive IT experience.

It's valuation time!

We've been working hard throughout 2019 to complete the latest valuation of the Pension Fund and set your employer contribution rates for the next 3 years.

The valuation provides a health check of the Fund as at 31 March 2019 and sets the contributions required from employers for the next three years.

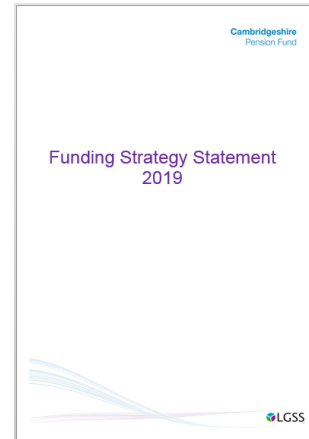
Lots of work goes on behind the scenes leading up to your new rates kicking in from 1 April 2020. The following is a short update on some of the work we've carried out so far.



The team worked extremely hard over the summer to process all of your year end returns, validating the membership data provided and sending this to the actuary so they can work out your results. This has allowed them to calculate the whole Fund and they are now working hard on your individual results.

During this time we have also been reviewing our employer database, including a risk assessment of each employer, have consulted relevant employers on the future of our employer pools and agreed the assumptions to be used for the valuation, with our Actuary.

All of these things feed into our Funding Strategy Statement which sets out how we will set contributions rates for each type of employer. A draft statement has now been prepared and will be released for consultation alongside your individual results.



Next Steps

- End of Nov/Early Dec we'll issue individual employer valuation results including your draft contribution rates for April 2020 to March 2023.
- At the same time, we'll also issue the draft Funding Strategy Statement for consultation so you can assess the impact of the draft policy on your rates.
- The Employer Forum will take place in December (see page 3 for dates). We will be providing more detail about the valuation, discussing the changes in our draft Funding Strategy Statement and an overview of the results of the valuation.
- You'll also have the chance to book on to an actuarial surgery at the forum.
- Once your draft results are issued, you will have until January to discuss these with us before they are finalised.

Valuation explainer

What is a valuation?

The valuation is a health check of the Fund to make sure we're able to pay members benefits, as they fall due. As part of this we work out:

- The assumed cost of providing the benefits built up by members at the valuation date, plus the assumed cost of future benefits building up (the 'liabilities'). This is your "funding target"
- We also work out the current level of assets each employer has, plus how much we think these will grow over your time horizon, thanks to investment returns. This gives us your current funding level.

How do we work out employer contribution rates?

We follow a 3 step approach considering:

- 1) your funding target (value of your liabilities)
- 2) how long the employer has to reach full funding (time horizon)
- 3) how much confidence we want to have in reaching that target (probability of success)

Based on this, we set a contribution strategy with the appropriate probability of successfully reaching your funding target by the end of the time horizon. We take into account roughly 5,000 different possible economic futures when setting your contribution strategy.

Our valuation timetable

Jan-Feb 19 – data review and reconciliation

Apr-May 19 - year end returns submitted

Jun-Jul 19 - year end data uploaded and checked

Jul-Sep 19 - data submitted and reviewed by the actuary

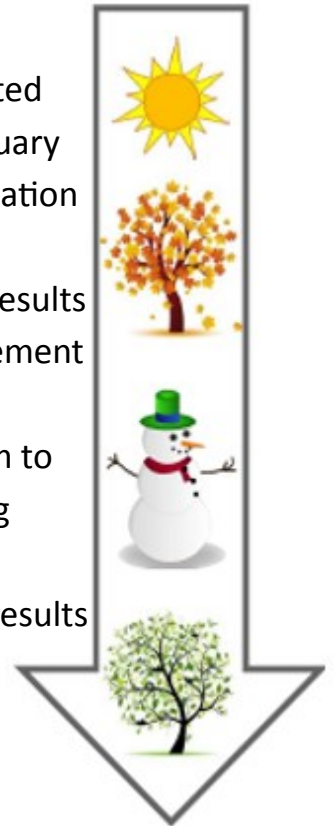
Oct 19 - whole fund valuation results

End Nov 19 - employer results & Funding Strategy Statement issued

Dec 19 - Employer Forum to discuss results & Funding Strategy Statement

Jan 20 - Final employer results & Funding Strategy statement agreed

Mar 20 - Final valuation report signed off



How can you help?

The best way for employers to help make sure this process runs smoothly, from this point, is to engage with us as much as possible. Come along to the employer forum and review the draft funding strategy statement alongside your results.

Once the valuation results are signed off on 31 March, it is very difficult to change your contribution rates. If you wish to discuss your draft rates with us, the best time to do so is before the end of January 2020 and even better, book a surgery session with the actuary at the Employer Forum. This will ensure we have enough time to consider any additional factors before finalising your new rates.

2 minutes with... Mio Yewman



Mio is one of our employer liaison officers. As well as being one of your main day-to-day contacts, she's also responsible for moving employers over to

monthly data collection and will be one of your key contacts once valuation results have been issued.

How long have you worked in pensions?

14 years. I've had various roles within LGSS Pensions, including casework, maintaining our pensions database and I've actually worked in the employers team before.

What's your favourite part of your job?

I really enjoy interacting with our employers and members.

What's the most challenging part of your job? I love talking to people but I'm not a natural public speaker - I'm getting lots of practice though which is good!

What's your greatest achievement?

I was never any good at sport at school but started running 3 years ago and can now run 16km which I'm amazed at!

What's the one thing in the world you couldn't live without? Although parenting can be challenging at times, I couldn't live without my children!

If you could go anywhere in the world, where would it be?

When I was younger I wanted to visit lots of different places but now I like to go back to Japan to visit my family.

And now for something completely different...

Autumn's known for back-to-school excitement, turning leaves and nights drawing in. Here's some fun facts about autumn that you might not know:

- People born in autumn live longer - a study in the Journal of Aging Research found they're more likely to live to 100 than those born during the rest of the year.
- Carving vegetables into candlelit faces started in Ireland, using turnips or potatoes. When Irish people emigrated to the USA and found pumpkins, a new Halloween ritual was born.
- Heart attacks decrease after the autumn equinox: researchers at the University of Michigan believe it's because we get an extra hour of sleep and so are less stressed.
- During World War I and II, no one was allowed to set off fireworks. But, up until 1959, it was illegal NOT to celebrate Bonfire Night in Britain, so people celebrated the event indoors!



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