

In Touch

2018



The newsletter of the Strathclyde Pension Fund

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FOR
YOUR
FUTURE





KEEPING PACE WITH INFLATION

April 2018's full-year inflation increase for deferred benefits was 3.0%.

Your increase depends on the date your benefits were deferred.

Your pension update shows your yearly pension when you became a deferred member.

ACCESSING YOUR BENEFITS FROM 55

You may have read the News story on our website announcing that deferred benefits can now be paid from your 55th birthday onwards if you became a deferred member after 31 May 2018.

However, if a member accesses their benefits:

- before 60 or
- after 60, but before normal pension age or being protected by the rule of 85

their benefits are reduced for being paid for longer.

When you do access your benefits, you'll be able to take tax-free cash at retirement.

You will also receive an index-linked pension for life that usually continues to spouses and eligible cohabiting partners after your death.



RECORD ASSETS OF £20,806M



The Fund's assets reached a new year-end high of £20,806 million on 31 March 2018. This was an increase of £1,107 million from 31 March 2017. Strong investment returns have been key to the

Fund being in surplus for the first time since 2002. These are being safeguarded with a programme of risk reduction and diversification.



FREEDOM

& CHOICE

AVCs

In conjunction with Prudential we have added flexibility to our in-house AVC facility. It is now possible to take all or part of your AVC fund from age 55 as a lump sum without taking your LGPS benefits at the same time. You can contact Prudential on 0345 6000 343 about this. **Only 25% of such lump sum withdrawals are likely to be tax-free.**

TRANSFERS

Before retiring, members usually have the right to transfer all of their pension rights out of the LGPS to a DC arrangement offering 'flexible benefits' to then access their benefits from 55.

If you are contacted by a legitimate pensions company about taking more of your benefits as a lump sum, don't give up your benefits lightly.

A transfer out of the LGPS is a major financial decision requiring careful consideration and can only be done after taking advice.

We suggest that any members contemplating this course of action first read our **Freedom and Choice Q&A** for LGPS members from the FAQ area on the homepage of our website.

**Pension
scams
destroy
lives**

Fraudsters are singling out people like you and claiming that they can:

- help you access your pension fund
- offer immediate access to cash
- provide a pension loan

Keep your pension safe.

If you are cold-called or text messaged with a deal to unlock or review your pension, don't touch it.

For more information about the dangers of pension scams visit:

<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

REJOINING

If you have the option to join the LGPS again, we suggest that you consider re-joining right away to build up further benefits for your future.

Rejoining could enable your deferred benefits to be linked to the final pay in your new job.

It is important that you contact us and the fund that you become an active member of if you rejoin the LGPS.

There are LGPS rules that we have to apply to your deferred benefits if you do not provide us with any instructions and applying these rules may not be to your advantage.



You may like to consider the 50/50 option.

It offers half pension for half contributions with full death and ill-health protection for your loved ones.



Strathclyde Pension Fund is administered by Glasgow City Council.

Glasgow City Council is a Data Controller under the General Data Protection Regulation (GDPR).

We store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services.

To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances.

To find out more about:

- what information we hold about you
- what we do with it
- who we share it with
- how long we keep it for
- your rights in relation to the data
- why we are allowed to collect it

visit our website's privacy notice at <https://www.spfo.org.uk/index.aspx?articleid=14527>

If you would like a hard copy, please contact us and we will post one to you.

PROTECTION FOR YOUR FAMILY

COHABITING PARTNERS' PENSIONS

If you ceased to be an active (employee) member before 1 April 2009, we do not pay a cohabiting partner's pension.

If you were an active member after 31 March 2009 and are living with someone that you are not married to, we may pay a cohabiting partner's pension.

Partners will need to evidence that for at least 2 continuous years at the time of your death:

- you were living together
- whilst being free to marry
- in a state of financial interdependence

LUMP SUM PAID ON DEATH

The LGPS regulations do not specify who a lump sum is paid to on death. By completing a nomination form you can help us to make quick and accurate payment of the lump sum paid on your death.

Your current nomination is shown on your 2018 pension update.

Our nomination form is available from the **Publications > Members > Forms** area of our website and you can change your nomination using **SPFOnline**.

If you left service before 1 April 2009, die before becoming a pensioner

and are not an active member on your death, we pay out 3 times your deferred pension as a lump sum death grant.

If you left service after 31 March 2009, die before becoming a pensioner and are not an active member on your death, we pay out 5 times the annual pension you have built up.

If you are also an employee member of the LGPS in Scotland, the death grant payable is the higher of your death grants. These amounts will not be added together.

AUTOMATIC SPOUSE'S / CHILDREN'S PENSIONS

There is no need to nominate your husband, wife, civil partner or dependent children for a pension payable on your death, but you should make a nomination for the lump sum.

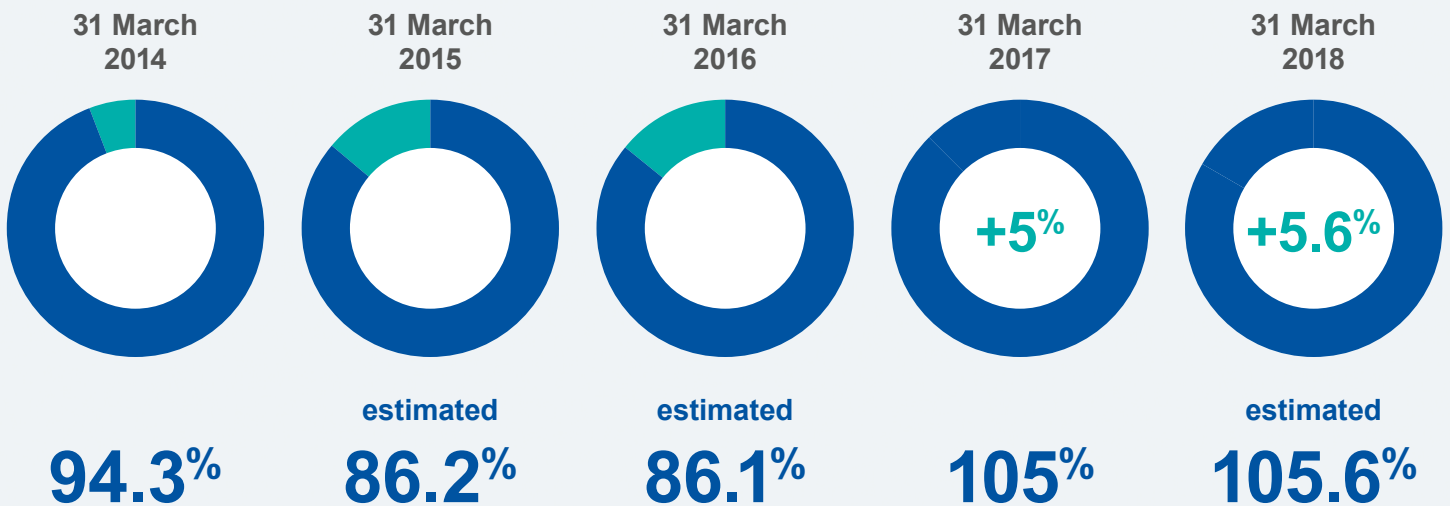
Our **Guide to the LGPS** is available from our website. It details what is payable if you die before receiving your deferred benefits.



MEMBERS

31 March	2014	2015	2016	2017	2018
Total Members	204,844	210,877	216,274	222,860	233,312
Employee Members	87,197	90,057	92,717	94,647	98,870
Deferred Members	47,243	49,215	50,545	53,465	57,759
Pensioners	70,404	71,605	73,012	74,748	76,683

FUNDING POSITION



Our 2017 valuation report is available from the [Publications > Reports > Actuarial Valuation Reports](#) area of our website.

AGM 2018

A full set of the slides used at the meeting in June is available in the **News** area of our website.



GOVERNANCE

Given our scale and level of activity, a robust governance structure is essential. You can find out more about our governance structure in the **About us** area of our website. Our latest decisions are summarised in our Quarterly Committee meeting stories in the **News** area of our website.



INVESTMENTS

INVESTMENT PERFORMANCE

2017/18 was our 9th consecutive year of positive returns, achieving our highest ever Fund value at year-end. We spent the year developing strategy and actively de-risking and diversifying our investments.

The Fund's total investment return for the year was **+6.0%**.

This may pale in comparison to the exceptional return of over +23% the previous year, but is still remarkable, as:

- it consolidated 2016 / 2017's gains in another consecutive year of growth, rather than paying them back which is always a possibility in investment markets

- market returns were quite modest. The FTSE all share index returned a little over +1% for the year, global market indices a little over +2% but our strategy and managers added a lot of value on top of this.

The Fund value at 31 March 2018 was a new high of **£20,806 million**, with performance highlights including:

- global small companies +17.2%
- UK property +11.2%
- private equity +11.0%
- emerging market equity +10.2%

INVESTMENT RETURNS TO 31 MARCH 2018

1 Year	3 Years	5 Years	10 Years
6.0%	10.0% p.a.	10.1% p.a.	8.1% p.a.

INVESTMENT STRATEGY

Our investment strategy has clearly worked very well to deliver these returns. Markets can't go up for ever so we spent much of the year adjusting the strategy to give us more certainty and some protection for the future. Changes included:

- Selling £2 billion of growth assets (equities). We are investing the proceeds in income-producing assets including property, corporate lending, and emerging market debt

- Agreeing and implementing a currency hedging programme to lessen our exposure to foreign currency markets
- Agreeing a 3-year plan which will see new investments in areas including global infrastructure, absolute return (capital protection) strategies, and real estate debt



DIRECT INVESTMENT PORTFOLIO

This is our portfolio for local, environmental, and social investments.

It made 6 new investments in the year including £180m in UK infrastructure, £50m in UK renewable energy and £30m in UK regional lending to small companies.

This took the total number of investments by the portfolio to 35, and capital committed to over £900 million.

INVESTING RESPONSIBLY

In 2017 / 2018 we engaged on a wide range of topics including executive remuneration and cybersecurity. You can find more information on all aspects of our investments from the **Investments** area of our website.

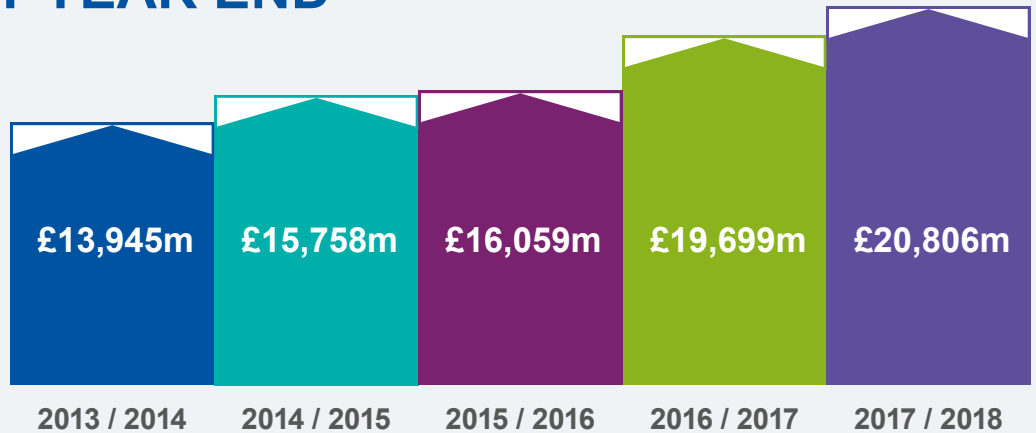


FUND ACCOUNTS

Our annual report provides detailed financial information about our scheme year 2017 / 2018 and is available from the **Publications > Reports > Annual Reports** area of our website.

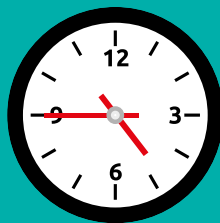
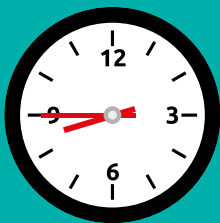
Scheme year	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018
Contributions received	£479m	£486m	£508m	£520m	£542m
Pensions paid	£371m	£389m	£397m	£411m	£422m
Tax free lump sums paid	£96m	£99m	£104m	£121m	£125m
Other payments	£121m	£148m	£109m	£120m	£139m
Investment income	£194m	£200m	£229m	£252m	£285m
Investment growth	£794m	£1,763m	£174m	£3,520m	£966m

NET ASSETS AT YEAR END



CONTACTING US

Our normal office hours are weekdays
8:45 to 16:45 (15:55 on Fridays).



Web: www.spfo.org.uk



Email: spfo@glasgow.gov.uk



Tel: 0345 890 8999



Write to:
Strathclyde Pension Fund Office,
P.O. Box 27001,
Glasgow G2 9EW