

In Touch

2017



The newsletter of the Strathclyde Pension Fund

IN THIS ISSUE:

02 – Keeping pace with inflation 02 – Accessing your benefits 02 – A hat-trick of awards
03 – Freedom and choice 03 – Don't gamble your financial future 04 – Rejoining 04 – Your data
05 – Protection for your family 06 – Members 06 – Funding position 07 – Investments
08 – Fund accounts 08 – Contacting us

FOR
YOUR
FUTURE



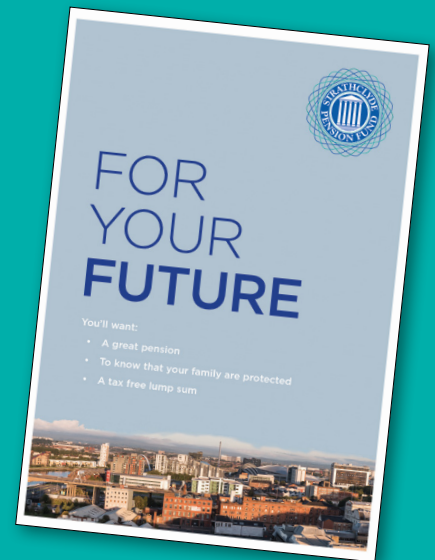
ACCESSING YOUR BENEFITS

Your deferred benefits can usually be paid from your 60th birthday onwards.

We currently contact our deferred members as they approach 60 to arrange payment of their 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.



KEEPING PACE WITH INFLATION



April 2017's full-year inflation increase for deferred benefits was 1.0%.

Your increase depends on the date your benefits were deferred.

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



A HAT-TRICK OF AWARDS

We are delighted to have won three of this year's Pension Scheme of the Year awards:

- DB Scheme of the Year (over £500m)
- Best DB Communications (public)
- Best Use of Alternatives



PROFESSIONAL PENSIONS PENSION SCHEME OF THE YEAR AWARDS 2017

The judges recognised:

- our very successful 'For your Future' membership campaign
- our outstanding investment performance and
- our innovation in areas including investment strategy, responsible investment and digital communications.

DON'T GAMBLE YOUR FINANCIAL FUTURE



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.



Don't gamble your financial future



The Hook

The HUSTLE

The Truth

The Outcome

For more information about the dangers of pension scams visit:

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

FREEDOM

Reforms offering greater flexibility in the way that individuals aged 55 and over can access their defined contribution (DC) pensions became effective on 6 April 2015.

The reforms do not mean that Local Government Pension Scheme (LGPS) members can release funds directly from the LGPS.

Before retiring, members do have the right to transfer their pension rights out of the LGPS to a DC arrangement offering 'flexible benefits'.

& CHOICE

If you are contacted by a legitimate pensions company, 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 FAQs area on the homepage of our website.

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.



YOUR DATA



LGPS NATIONAL INSURANCE DATABASE

We are participating in a data sharing project with all other LGPS Funds in the UK.

We are doing this, as we need to see if our members have LGPS benefits with another LGPS Fund in order for us to pay death in service benefits.

This also allows us to participate in the Tell Us Once DWP initiative.

You cannot opt out of us sharing your data, as it is being undertaken to comply with a legal

requirement.

The data being shared is NI number, membership status, the last calendar year that membership status changed and the LGPS fund.

More information about the database and its security, retention and location is available from our website's **privacy policy**.

NATIONAL FRAUD INITIATIVE (NFI)

We also share your data with other public bodies, as we have a statutory obligation to participate in the NFI.

NFI in Scotland is a

counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole.

It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

A fair processing notice that provides further information on data matching is on Glasgow City Council's website at: <https://www.glasgow.gov.uk/index.aspx?articleid=17133>

50
50

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.

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



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.

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 2017 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.

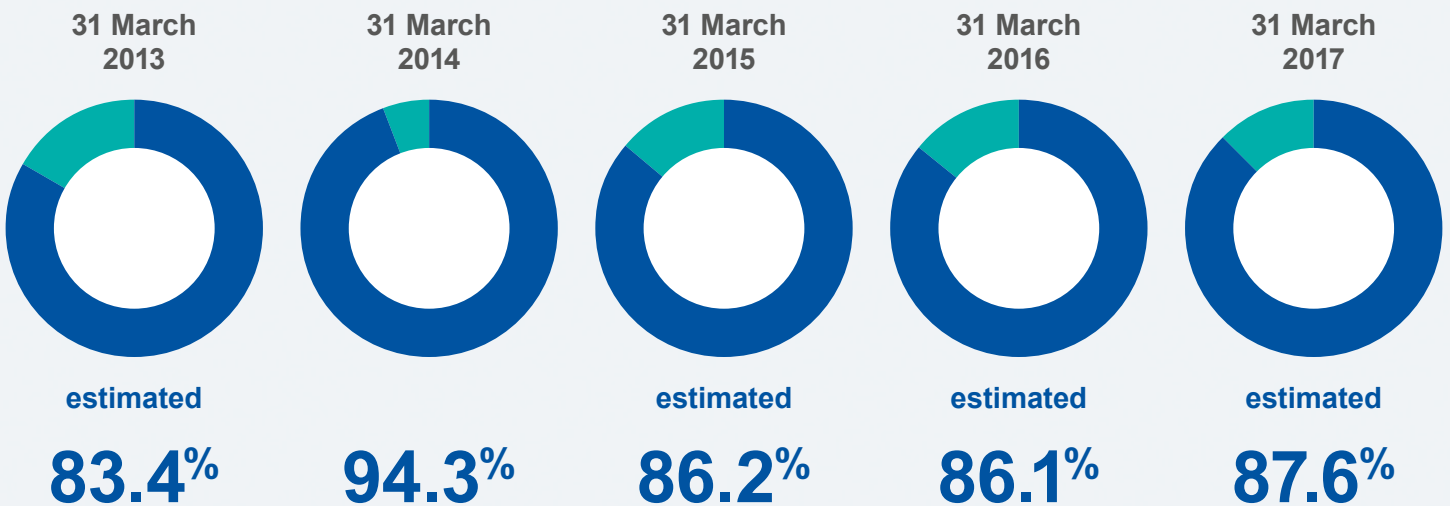
If you are also an employee member of the LGPS in Scotland, the death grant payable is the higher of your death grants. These amounts will not be added together.

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 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|---------|---------|---------|---------|---------|
| Total Members | 197,125 | 204,844 | 210,877 | 216,274 | 222,860 |
| Employee Members | 81,994 | 87,197 | 90,057 | 92,717 | 94,647 |
| Deferred Members | 46,274 | 47,243 | 49,215 | 50,545 | 53,465 |
| Pensioners | 68,857 | 70,404 | 71,605 | 73,012 | 74,748 |

FUNDING POSITION



We are currently working on completing the actuarial valuation as at 31 March 2017.

Our 2014 valuation report is available from the **Publications > Reports > Actuarial Valuation Reports** area of our website.

AGM 2017

A full set of the slides used at the meeting on June 23 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

OUTSTANDING INVESTMENT PERFORMANCE

2016 / 2017 was one of the most successful years in our 40+ year history:

- our investments grew by over 23% and
- total gains of £3.6 billion took the Fund value to a new high of £19.7 billion.

This was our 8th consecutive year of Fund growth.

Performance highlights included:

- Global equity portfolio returns ranging from +22.8% to +42.3% for the year
- An emerging market equity return of +33.1%
- Private equity portfolio returns of +25.3% and +30.5%
- A global real estate portfolio return of +27.9%

INVESTMENT RETURNS TO 31 MARCH 2017

1 Year

23.1%

3 Years

12.6% p.a

5 Years

11.8% p.a

10 Years

7.2% p.a

INVESTMENT STRATEGY

Our investment performance this year was exceptional, but our investment strategy looks ahead to future years.

We expect our pensions payroll to continue to grow and we spent the year making changes to our strategy to target future pension payments.

We reduced our equity portfolios from 72.5% to 62.5%, locking in some of the gains we had made. We used the proceeds to add a broader mix of new investments – mainly company and government loans with a fixed income return.

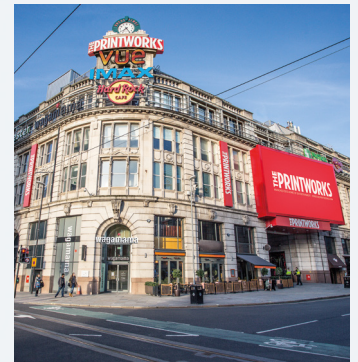


PROPERTY

We completed our biggest single UK property purchase – we bought the Printworks in Manchester city centre, our first £100m property.

The “heart of Manchester’s entertainment scene,” this landmark site is anchored by a 20-screen Odeon cinema housing the only IMAX screen in Manchester.

There are also 17 food and drink venues and a health club. The venue has an annual footfall of over seven million people.



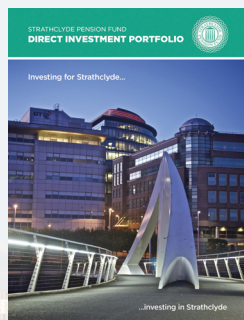
DIRECT INVESTMENT PORTFOLIO

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

It made 6 new investments over the year in:

- new or growing companies in Scotland and across the UK
- windfarms and other renewable energy sources and
- UK infrastructure.

The portfolio now has 31 investments with a total value of over £700 million.



INVESTING RESPONSIBLY

In 2016 / 2017 we:

- Joined the Institutional Investor Group on Climate Change.
- Completed our first carbon foot-printing of portfolios. Results were very good.
- Actively supported campaigns by the Living Wage Foundation, RE100 (Renewable Electricity), FAIRR (Farm Animal Investment Risk and Return)

You can find more information on all aspects of our investments from the **Investments** area of our website.

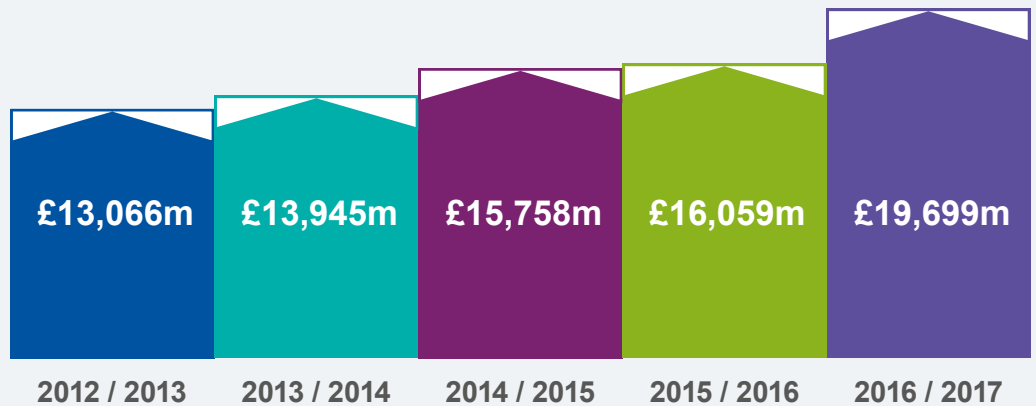


FUND ACCOUNTS

Our annual report provides detailed financial information about our scheme year 2016 / 2017 and is available from the **Publications > Reports > Annual Reports** area of our website.

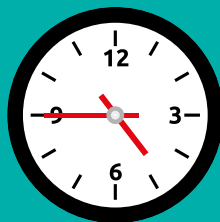
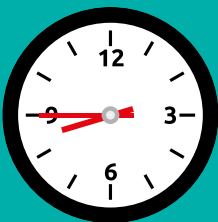
| Scheme year | 2012 / 2013 | 2013 / 2014 | 2014 / 2015 | 2015 / 2016 | 2016 / 2017 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Contributions received | £490m | £479m | £486m | £508m | £520m |
| Pensions paid | £347m | £371m | £389m | £397m | £411m |
| Tax free lump sums paid | £106m | £96m | £99m | £104m | £121m |
| Other payments | £34m | £121m | £148m | £109m | £120m |
| Investment income | £168m | £194m | £200m | £229m | £252m |
| Investment growth | £1,444m | £794m | £1,763m | £174m | £3,520m |

NET ASSETS AT YEAR END



CONTACTING US

Our normal office hours are weekdays (ex holidays) 08:45 to 16:45 (15:55 on Fridays).



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