

Pensionnews

2017

www.spfo.org.uk



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SPFOnline
Your pension account

Did you know that on SPFOnline you can:

- Change your bank account details
- View your P60 and individual pension payments
- Amend your nomination and contact details

To sign up for SPFOnline, just click on SPFOnline on our website's homepage.

WELCOME TO PENSIONNEWS



Audrey Boyce
Payments Service Manager
Strathclyde Pension Fund Office

As usual this year's Pensionnews has items about us and about you. About us: the last year has been one of the most successful years in our history

- Gains of £3.7 billion took the Fund to a new high of £19.7 billion
- Our pensioner numbers reached an all-time high of 74,000 with 15,000 registered for SPFOne

About you: some reminders to make sure you

- Contact HMRC with any tax questions
- Keep your nominations up to date
- Tell us if you return to local government work
- Consider arranging a power of attorney

More details inside or on our website at www.spfo.org.uk

2018 PAYDAYS

- 15 January 2018
- 15 February 2018
- 15 March 2018
- 13 April 2018
- 15 May 2018
- 15 June 2018
- 13 July 2018
- 15 August 2018
- 14 September 2018
- 15 October 2018
- 15 November 2018
- 14 December 2018

YOUR 2018 PENSION INCREASE

The pension increase for 2018 will be 3.0%.

This follows increases of 1.0% for 2017, 0.0% for 2016, 1.2% for 2015, 2.7% for 2014 and 2.2% for 2013.

The increase is payable once you are 55 or if you retired on ill health.

The increase takes effect from Monday 9 April 2018, not from 1 April. So your April 2018 payment will reflect about 70% of the increase.

Your May payment will reflect the increase in full.



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.

FINANCIAL CONSEQUENCES OF RE-EMPLOYMENT

We recommend that you check back with us before becoming re-employed, so that we can make you aware of any financial consequences.



A 55% TAX BILL COULD BE DUE ON YOUR BENEFITS

Your retirement benefits already paid can become subject to “unauthorised payment” tax charges at 55% if you are under 55 and become re-employed within 6 months in a local government job.



YOUR PENSION COULD BE REDUCED

If you retired on redundancy or efficiency grounds with additional service granted by your employer and you return to local government work, your additional service pension may need to be reduced and / or permanently suspended.

TELL US IF YOU RETURN TO WORK

If your new employer is not an LGPS employer, your pension will not be affected.

But, if you retired on redundancy or efficiency of service grounds and become re-employed by an organisation that participates in the Local Government Pension Scheme (LGPS), there could be implications even if you do not re-join the LGPS.

Our **Notes of guidance for pensioners** that is available in the Pensioners area of our website has more information about the financial consequences of going back to work.



Under the current law, the state pension age is due to increase to 68 between 2044 and 2046.

The government announced plans to bring this timetable forward. The state pension age would therefore increase to 68 between 2037 and 2039.

These proposed changes would not affect any LGPS pension already in payment and would have to be approved by Parliament before they are implemented. The Government has no plans to put its proposals before Parliament before 2022.

COPE

If you ask the DWP for a State Pension Forecast, you may come across the term COPE, Contracted Out Pension Equivalent.

If you were a member of the LGPS between 1978 and 2016, you will have paid less National Insurance (NI) contributions than had you not joined the LGPS.

A consequence of paying less NI is that you are entitled to less state pension.

The amount of state pension that you are not entitled to is called COPE.

Your benefits from the LGPS will be more than COPE.

In other words the total of your state and LGPS pensions will be higher as a result of joining the LGPS.

PERSONAL TAX ACCOUNT

Your pension is taxable.

We do not set your tax code: all we can do if you question your tax code with us is to suggest that you contact HMRC (0300 200 3300).

HM Revenue & Customs (HMRC) sets or amends your tax code based on where you live and your total income, including the state pension and any other income you have.

HMRC uses real time data to make adjustments to people's tax codes throughout the year, so they are

more likely to pay the right amount of tax on their income as they earn it.

Scottish tax codes have a letter S before the tax code.

You can check your tax code online or notify HMRC of your correct address by setting up a Personal Tax Account.

To do this, go to www.gov.uk/personal-tax-account after setting up a Government Gateway account.



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 will allow us to participate in the Tell Us Once DWP initiative. Until this is in place we need to be advised of all deaths of pensioners.

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>

POWER OF ATTORNEY

Anyone who is worried about whether they will be able to continue to manage their affairs in the future might find the Power of Attorney information provided by the Office of the Public Guardian (Scotland) of use.

Please note that their staff cannot:

- provide an LGPS nomination form (these are available from SPFO)
- assist in drafting a POA
- provide legal advice

Their primary function is to register POAs once they have been drafted.

Their contact details are:

01324 678300

<http://www.publicguardian-scotland.gov.uk>

PROTECTION FOR YOUR FAMILY

SPOUSE'S / CIVIL PARTNER'S / CHILDREN'S PENSIONS

After we have been notified of your death, we will confirm if any further pensions are payable.

These pensions are based on your pay and service as an employee member.

If you marry after retiring, not all of your service may be used in calculating your spouse's / civil partner's pension.

A child's pension is only payable to a child who is eligible under the LGPS regulations.

LUMP SUM DEATH GRANT

Death grants depend on how long you have been on pension. There may be no lump sum payable on your death.

If you die when aged under 75 and before you have received 5 years of pension (10 years of pension if you were an employee member of the LGPS after 31 March 2009), the balance is paid out as a lump sum in addition to any pensions that are payable.

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.

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

Your current nomination is shown on SPFOonline and you can change your nomination using SPFOonline.

Our nomination form is also available from the Publications > Members > Forms area of our website,

Our **Guide to the LGPS** is available from our website and details what is payable if you die on pension.

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

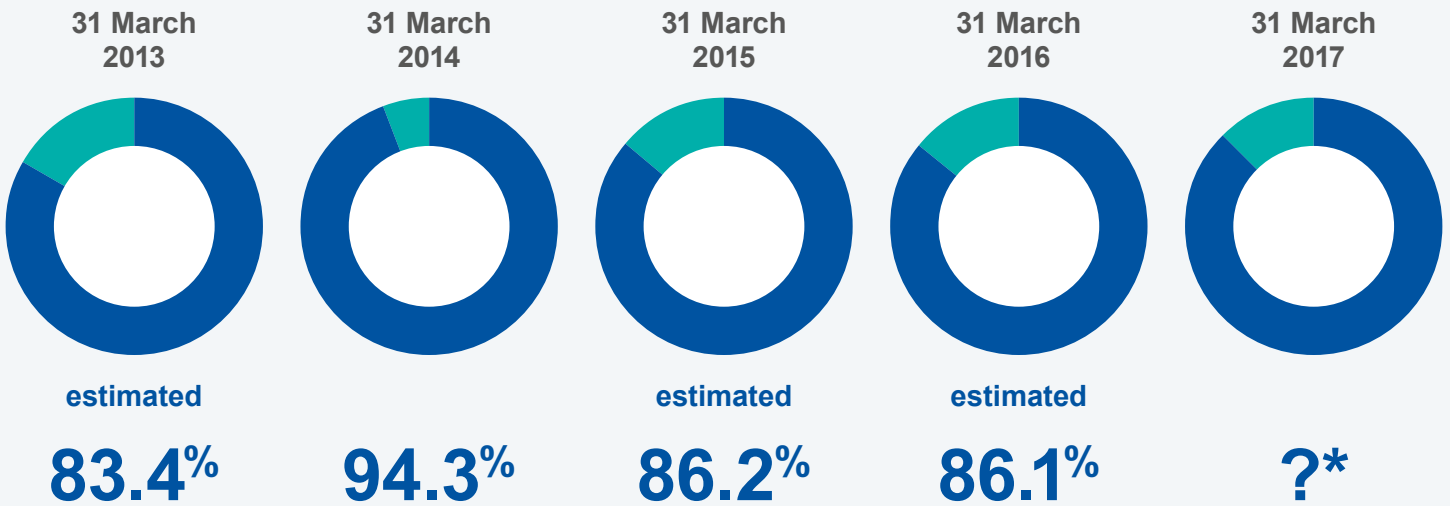
If you ceased to be an active (employee) member before 1 April 2009, we do not pay a cohabiting partner's pension.



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. We will have draft results in December and will publish them in the **News** area of our website.

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 our AGM 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 +26.3% to +48.2% for the year
- An emerging market equity return of +31.9%
- Private equity portfolio returns of +21.2% and +21.5%
- A global real estate portfolio return of +21.2%

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.

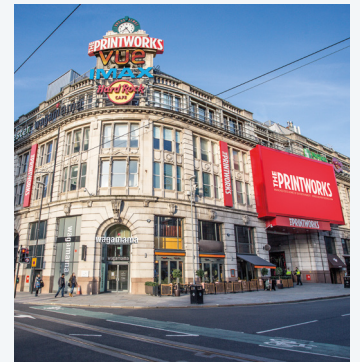


PROPERTY

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.



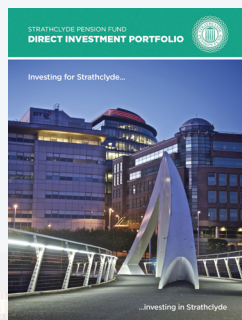
DIRECT INVESTMENT PORTFOLIO

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.

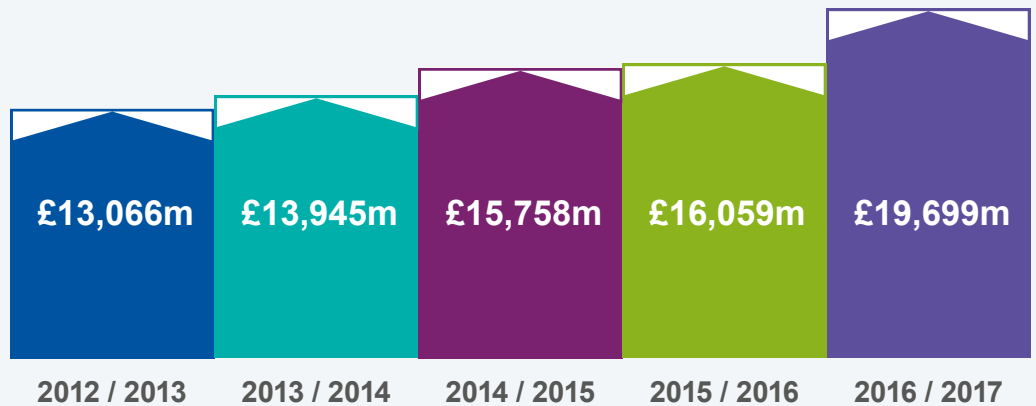
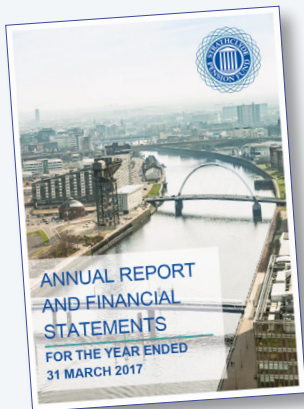


FUND ACCOUNTS

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.

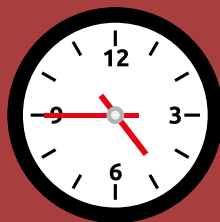
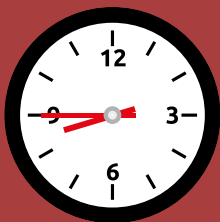
Scheme year	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017
Contributions received	£490m	£479m	£486m	£508m	£520m
Pensions paid	£347m	£371m	£389m	£397m	£411m
Tax free lump sums paid	£106m	£96m	£99m	£104m	£121m
Other payments	£34m	£121m	£148m	£109m	£121m
Investment income	£168m	£194m	£200m	£229m	£252m
Investment growth	£1,444m	£794m	£1,763m	£174m	£3,521m

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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Email: spfo@glasgow.gov.uk



Tel: 0345 890 8999



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Glasgow G2 9EW