



Strathclyde  
Pension Fund

# IN TOUCH 2023 YOUR NEWSLETTER

From Strathclyde Pension Fund  
[www.spfo.org.uk](http://www.spfo.org.uk)

# IN TOUCH 2023

**This year's In Touch includes:**

## **A reminder of who we are and what Strathclyde Pension Fund (SPF) does**

See Fund Facts, Investments, Funding.

## **An update on how we got on in 2022/23**

Fund value fell a little, but overall funding level improved.

Long-term returns remain very strong.

Membership increased.

Members received a **+10.1%** increase just after the year end.

And we published a Climate Action Plan.

Not a bad year for SPF.

## **Some important information about your deferred pension**

This year, the most important thing is probably to remind you that your pension is fully protected against inflation – see opposite. You'll also find information about FAQs, avoiding pension scams, protecting your family, and how much money you might need in retirement.

## **IF YOU NEED INFORMATION:**

- Our website has lots of general information. Our Frequently Asked Questions ([FAQs](#)) section for deferred members is a good starting point. You should be able to find most answers there.
- You can use [SPFOnline](#) to view your own pension updates, carry out calculations and update your personal details.
- The news area of our website [www.spfo.org.uk](http://www.spfo.org.uk) is updated regularly with any important changes.

## **KEEPING PACE WITH INFLATION**

Your pension is fully protected against inflation by an annual increase. This is added every April. The amount is based on the rate of inflation (CPI) the previous September.

- April 2023's inflation increase was **+10.1%**
- CPI was **7.9%** in June 2023, so inflation seems to be falling but not very quickly
- Inflation is likely to still be relatively high come September
- So, April 2024's increase is likely to be another fairly big one
- The annual increase ensures that your pension keeps its value until it comes into payment and then for all the years it remains in payment
- Your increase depends on the date your benefits were deferred
- Your pension update shows your yearly pension when you became a deferred member as well as the current value

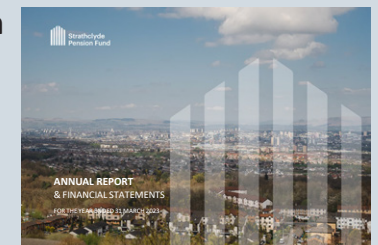


## **IF YOU NEED TO CONTACT US:**

Email us at [spfo@glasgow.gov.uk](mailto:spfo@glasgow.gov.uk) or phone us on **0345 890 8999**

## **WHO MANAGES THE STRATHCLYDE PENSION FUND?**

Glasgow City Council's **Strathclyde Pension Fund Committee** is the main decision-making body for the Fund. But a lot of other people are involved. You can find out more in the Governance section of our website or [Annual Report](#).



## FUND FACTS

- Strathclyde Pension Fund (SPF) is part of the Local Government Pension Scheme (LGPS)
- The (LGPS) is the largest defined benefit (DB) pension scheme in the UK, and one of the biggest in the world. Recent figures show that it has over **7 million members**, over **15,000 employers**, and assets totalling over **£400 billion**
- SPF is one of **11 LGPS** funds in Scotland and around **100** in the UK
- SPF is the biggest Scottish fund and the second biggest of the UK LGPS funds
- The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013. That means your scheme benefits are set out and protected by law
- The scheme rules take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs)
- There are separate sets of regulations to set out the scheme benefits, investment arrangements and governance requirements
- The LGPS is a multi-employer, defined benefit scheme. The benefits are based on final salary for all service to 31st March 2015 and career average earnings for benefits from 1st April 2015
- The Strathclyde Pension Fund was created in 1975. It has been managed by Glasgow City Council since 1996
- The Fund is a pool into which member and employer contributions are paid. The money is invested so that pension benefits can be paid as they fall due
- Participating employers include the 12 local authorities in the west of Scotland; Police Scotland, Scottish Fire and Rescue, and Scottish Water; a number of universities and colleges; local authority subsidiary companies and contractors; and a wide range of other organisations with funding or service links to the local government sector
- As at 31st March 2023 the Strathclyde Pension Fund had **277,000 members**, **152 participating employers** and investment assets of **£27.9 billion**

## FAQs

When will my deferred benefits be paid?

I want to take my benefits between age 55 and 60. How do I inform Strathclyde Pension Fund Office?

Can I give up pension for lump sum?

Can I convert my lump sum to annual pension?

What is my State Pension Age?

Answers to these and many other Frequently Asked Questions are provided in the [FAQs](#) area of our website.

# ANNUAL REPORT 2023

## Some key figures and messages from this year's report:

- **-1.6%** investment return for the year
- **£495 million** investment loss for the year
- **£27.9 billion** closing value as at 31st March 2023
- **+8.2% p.a.** investment return over last 10 years
- **£729 million** total pensions and lump sums paid over the year
- Total membership increased to **277,000**
- **+10.1%** inflation increase applied to all members shortly after the year end
- **£200 million** of new investments by our Direct Impact Portfolio (DIP)
- DIP investments now produce enough green energy to fuel over **277,000** homes

## Other key developments included:

- **A+** rating for responsible investment (PRI)
- Signatory of the **UK Stewardship Code** 2021 and 2022
- Signatory of the **Paris Aligned Investment Initiative (PAII)**
- In spite of the small loss on investments and the cost of the inflation increase, SPF's funding level is expected to have improved significantly over the year
- This will be confirmed in the actuarial valuation as at 31st March 2023 which will be completed over the coming months

Our unaudited **Annual Report and Financial Statements for the Year to 31st March 2023** is available [here](#)

SCHEME YEAR	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
CONTRIBUTIONS RECEIVED	569	632	644	684	722
PENSIONS PAID	452	479	507	523	560
TAX FREE LUMP SUMS PAID	138	170	135	158	169
OTHER PAYMENTS	156	127	231	161	162
INVESTMENT INCOME	282	332	327	378	408
INVESTMENT GROWTH	1,025	-1,185	5,315	1,792	-733
CLOSING VALUE	21,936	20,941	26,354	28,366	27,872

# PICTURE YOUR FUTURE

Your annual pension update shows how much your pension from **Strathclyde Pension Fund** will be.

You will also have a state pension and you might have other pension arrangements.

But how much will you need? What's the minimum you can get by on in retirement? How much would make you comfortable?

If you don't know, you're not alone. Research shows that 77% of savers don't know how much they'll need in retirement.

The PLSA provide the Retirement Living Standards website to help answer those questions: [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

The standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

They are designed to help everyone to plan ahead for their retirement.

## WHAT STANDARD OF LIVING COULD YOU HAVE?

- **MINIMUM** – Covers all your needs, with some left over for fun
- **MODERATE** – More financial security and flexibility
- **COMFORTABLE** – More financial freedom and some luxuries

#PICTUREYOURFUTURE

[www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

## REJOINING

If you have the option to join the LGPS again now or in the future, that might be a great way to increase your retirement income. Rejoining could enable your deferred pension to be linked to your final pay before you retire. If you do rejoin the LGPS, it is important that you contact us and also any other LGPS fund that you become a member of. There are rules that we have to apply to your deferred benefits if you do not give us any instructions. Applying these rules may not be to your advantage.

## 50/50

If you have the chance to rejoin, you could consider the 50/50 option. It offers half pension for half contributions, but with full death and ill-health protection for you and your loved ones.



# 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 view the pension consumer leaflet [here](#). Please also visit the Pensions Regulator's website for more information at: [www.thepensionsregulator.gov.uk/en/pension-scams](http://www.thepensionsregulator.gov.uk/en/pension-scams)

## McCLOUD JUDGEMENT

When the LGPS changed from a final salary to a career average pension scheme in 2015, protections for older scheme members were introduced. Similar protections were provided in other public-sector pension schemes.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

The Government had confirmed that there will be changes to all main public-sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgement'.

The Government had consulted on the proposed changes required to remove the discrimination from the LGPS. Draft regulations were then published in June 2023 for a further consultation. Once that is complete, we will need to wait for the final legislation to come into force. This means it has not been possible to reflect the impact of the judgement in your annual benefit statement this year.

If you qualify for protection it will apply automatically - you do not need to make a claim. For more information, see the [frequently asked questions on the national LGPS website](#).

Note that career average benefits apply from April 2015 in Scotland.

**Don't let a scammer enjoy your retirement**

Find out how pension scams work, how to avoid them and what to do if you suspect a scam.

Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

**Scam tactics include:**

- contact out of the blue
- promises of high / guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly

**If you suspect a scam, report it**

- Report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on 0800 111 8788 or using the reporting form at [www.fca.org.uk](http://www.fca.org.uk)
- Report to Action Fraud on 0300 122 3333 or at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)
- If you're in the middle of a transfer, contact your provider immediately and then get in touch with MoneyHelper at: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

# PROTECTING YOUR FAMILY

Our [Brief Guide](#) to the LGPS is available from our website. It details what we would pay if you die before receiving your deferred benefits.

## WHO WOULD WE MAKE A PAYMENT TO?

The LGPS regulations do not specify who a lump sum is paid to on death, and the lump sum does not form part of your estate even if you have a will. By completing a nomination form you can help us pay any lump sum quickly in line with your wishes. Your current nomination is shown on your 2023 pension update.

Remember to update it if your circumstances change or have already changed. You can change your nomination using [SPFOnline](#) or the nomination form which is available from the Publications area of our website.

## HOW MUCH?

- If you left service before 1 April 2009 and die before we start to pay your deferred benefits, we will pay a lump sum, equal to three times your deferred pension.
- If you left service after 31 March 2009, the lump sum is five times your deferred pension. If you are also an employee member of the LGPS in Scotland, the two death grants will not be added together. Only one death grant will be paid, and it will be whichever is higher.



## COHABITING PARTNERS' PENSIONS

If you stopped being 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. At your date of death, you and your partner must have been free to marry or form a civil partnership. In addition your partner will need to provide evidence for at least 2 continuous years prior to your date of death that:

- You were living together as husband and wife or civil partners
- Your partner was financially dependent on you or you were financially interdependent

## THE TYPES OF DOCUMENTARY EVIDENCE THAT WE WOULD ACCEPT ARE:

- Joint tenancy or mortgage arrangement
- Joint council tax bill
- Joint utilities
- Joint bank accounts or proof of a transfer of funds between your individual bank accounts
- Joint savings accounts or investments
- Joint credit arrangements
- You are the beneficiary of your partners will or life insurance

## 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.

# ACCESSING YOUR BENEFITS FROM 55

Deferred members can access their benefits from age 55. However, if you access your benefits before normal pension age, your benefits are reduced for being paid longer. When you do access your benefits, you will still have the option to take tax-free cash. Being signed up for [SPFOnline](#) will allow you to calculate your potential benefits to a chosen date. Pensions are still index linked with continuing pensions for your spouse/eligible partners after your death.

## FREEDOM & CHOICE AVCs

With our AVC provider 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](#) 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. Members must elect for a transfer to proceed at least 12 months before their normal pension age (NPA) in the LGPS (their earliest NPA if they have more than one period of membership).

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. It needs careful consideration and can only be done after taking advice. We suggest that any members considering this course of action should first read our Freedom and Choice Q&A for LGPS members from the [FAQ](#) area on the homepage of our website.

## GDPR

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 visit our [website's privacy notice](#).**



# MEMBERSHIP

Members	2018/19	2019/20	2020/21	2021/22	2022/23
Employee Members	100,441	107,677	109,359	111,804	114,178
Deferred Members	62,599	64,677	65,334	67,744	72,811
Pensioners	79,234	80,668	83,685	87,052	90,102
<b>Total Members</b>	<b>242,274</b>	<b>253,022</b>	<b>258,378</b>	<b>266,600</b>	<b>277,091</b>
Employers	172	168	164	159	152

Membership has increased in each of the last 5 years to a new high of **277,091**.

## FUNDING

Our [Funding Strategy](#) makes sure we always have enough money in the Fund to pay all pensions as they become due. We check this every 3 years with an Actuarial Valuation of the Fund.

The most recent fund valuation was carried out as at 31st March 2020. Our [Funding Strategy](#) and [Valuation Reports](#) are published in the [Publications](#) area of our website.

The funding target is 100% (assets/liabilities).

### Summary results are:

<b>31st March 2020</b>	<b>106%</b>
<b>31st March 2021</b>	<b>126%</b>
<b>31st March 2022</b>	<b>128%</b>
<b>31st March 2023</b>	<b>&gt;120%*</b>

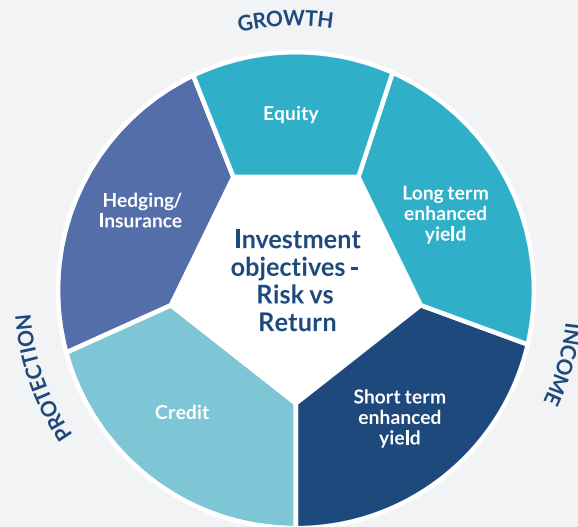
\* Estimate. Will be confirmed over the next few months when the 2023 actuarial valuation is completed

The funding level doesn't affect the level of your pension, but it provides further reassurance that it is completely secure.



# INVESTMENTS

The Fund's strategy uses many different types of investment to generate returns and spread risk.



## Our investments include:

787

Shares in different companies in more than 50 countries

181

Pooled funds which own shares in thousands more companies

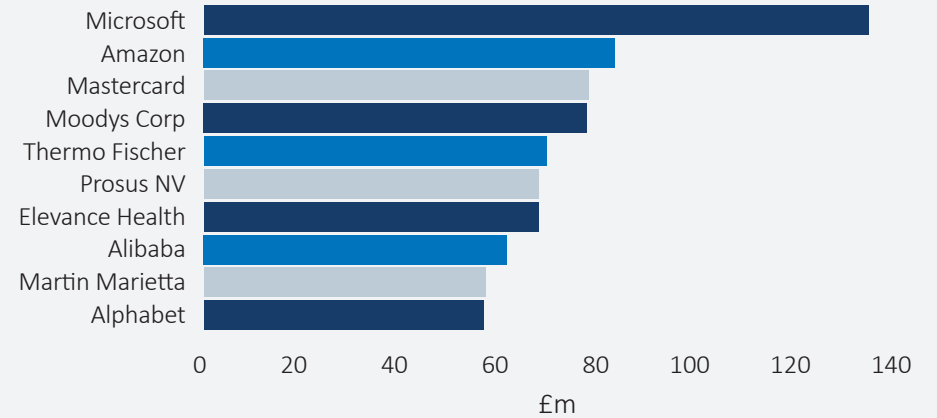
56

UK properties including shops, offices, warehouses, housing and leisure

And our Strathclyde Direct Impact Portfolio which targets Scottish and UK investments with a positive local, environmental, social or governance impact.

## Largest Shareholdings

As at 31st March 2023



## Investment Performance to 31st March 2023



## RESPONSIBLE INVESTMENT

SPF is a signatory to the United Nations Principles for Responsible Investment (PRI) and has adopted the principles as its responsible investment policy.

Signatory of:



**We continue to perform in the top tier of global PRI signatories and received the maximum A+ score in the latest PRI survey.**

## STEWARDSHIP

In September 2021, the Financial Reporting Council (FRC) published a list of successful signatories to the UK Stewardship Code.

SPF was one of only 23 asset owner signatories.

One third of applicants were unsuccessful.



In 2022 we were again confirmed as a signatory after FRC assessment. Read our Stewardship Report [here](#).

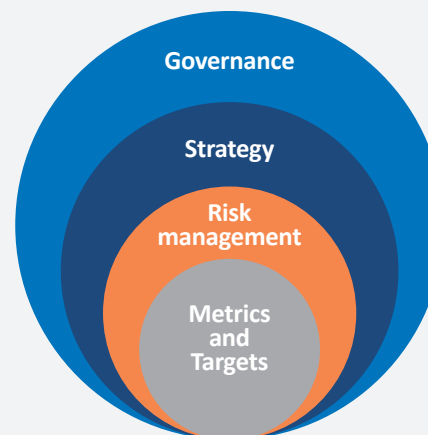
## CLIMATE CHANGE

We believe that Climate Change is a systemic risk and a material long-term financial risk.

We support the recommendations of the **Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)**.



Our Climate Change strategy sets out our approach in the format recommended by the TCFD.



We have set a target of net-zero carbon emissions across our portfolios by 2050.

In 2022 we became a signatory of the **Paris Aligned Investment Initiative (PAII)**

More details of SPF's [responsible investment](#) and [climate change](#) strategies are available on our website and in our [Annual Report](#).

In March 2023 we published our [Climate Action Plan](#).

The plan sets out the most immediate priorities for us to ensure that Climate Change is addressed across all our investments and portfolios.



## SPFOnline

Your pension account

**Would you like to manage your pension online? Register for SPFOnline to be able to:**

- View your pension updates online
- View your retirement calculation documents online
- Calculate your benefits at your chosen retirement date
- See how much pension you could exchange for extra tax-free cash at retirement
- Update your contact and nomination details



### **CONTACTING US**

Our switchboard opening hours are Monday to Friday 10:00 to 15:30.

**Web:** [www.spfo.org.uk](http://www.spfo.org.uk)

**Email:** [spfo@glasgow.gov.uk](mailto:spfo@glasgow.gov.uk)

**Tel:** 0345 890 8999

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

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