



West Yorkshire Pension Fund

Funding Update Report as at 31 March 2017

Prepared for City of Bradford Metropolitan District Council, Administering Authority of the
West Yorkshire Pension Fund

Prepared by Alison Murray FFA

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Risk. Reinsurance. Human Resources.

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Funding update as 31 March 2017

Overall View

At 31 Mar 2017



Your funding level has improved since the valuation date, and the Total Employer Contribution Rate has fallen.

This is due to the asset return experienced over the period being better than expected. This has been partially offset by a decrease in the real discount rate, which has put a higher value on the liabilities.

At 31 Mar 2017

Funding Level

107%

At 31 Mar 2017

Surplus

£838.3M

Compared to

at valuation date

Funding Level

94%

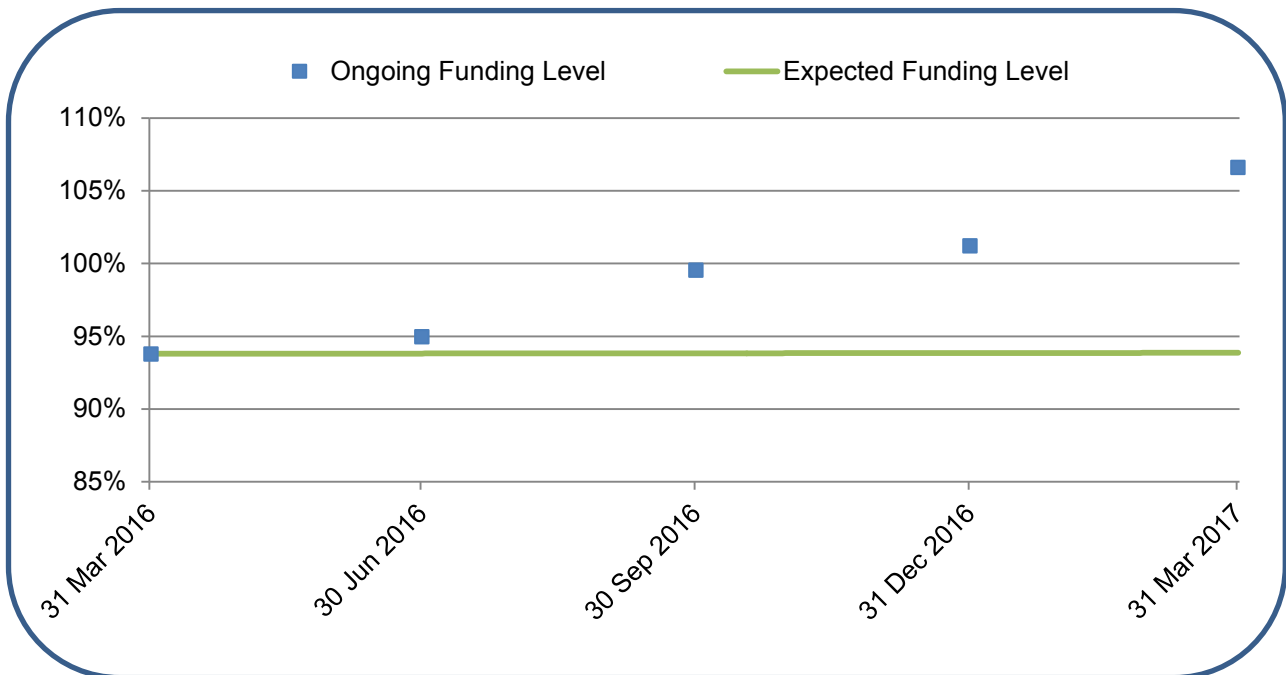
Compared to

at valuation date

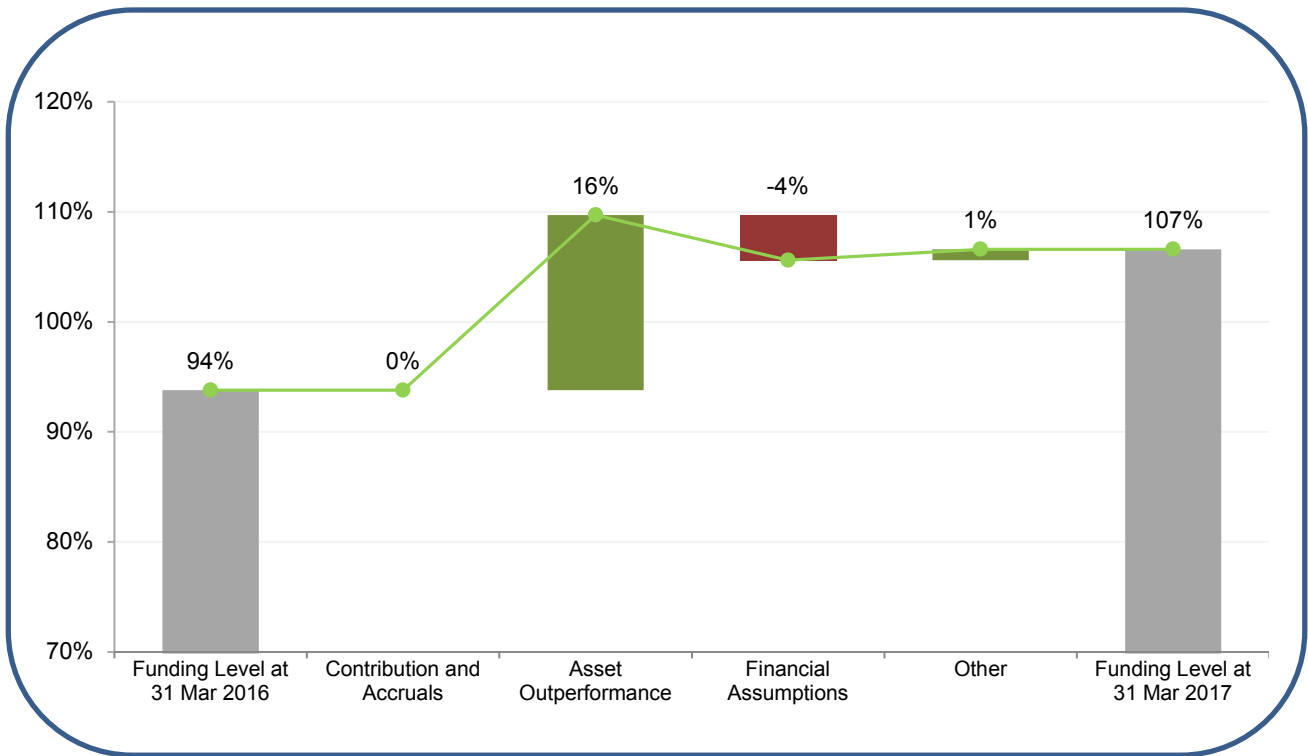
Deficit

£743.3M

Funding Level



Analysis



Employer contributions

Future Service Rate
At 31 Mar 2017

17.3%

Compared to
at valuation date

16.2%

Total Employer Contribution Rate
At 31 Mar 2017

14.8%

Compared to
at valuation date

18.6%

Background information

Assumptions and Data

	31 March 2017	31 March 2016
Discount rate	4.50%	4.70%
Pay growth	3.25%	3.25%
Revaluation of pension accounts	2.00%	2.00%
Pension increases	2.00%	2.00%
Salary roll (£M)	1,742.5	1,704.0
Recovery period	22	22

Method

The approximate funding update is for information only, and is consistent with the calculations for the actuarial valuation as at 31 March 2016, provided to the Administering Authority in the actuarial valuation report dated 31 March 2017. The assumptions used have been modified only insofar as is necessary to maintain consistency with the valuation, reflecting the change in the effective date and in relevant market conditions. The liabilities have been rolled forward taking account of changes in the key assumptions used for Scheduled Bodies in the 2016 valuation only. As the liabilities in respect of Scheduled Bodies represent a large proportion of the total Fund liabilities, this is a reasonable approximation. The estimated total contribution rate is shown as an overall percentage of pay for ease of comparison. This is based on the pensionable pay figures shown above. In practice, individual employer rates could be very different based on their own circumstances and shortfall contributions are expressed as monetary amounts for a large number of employers in the Fund.

This update is not formal actuarial advice and does not contain all the information you need to make a decision on the contributions payable or investment strategy. As such it does not fall within the scope of the Pensions Technical Actuarial Standard (Pensions TAS). The information shown is approximate, and becomes more approximate as the projection period lengthens. It reflects changes in market conditions, but not client-specific factors such as material changes in membership numbers or profile. It is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

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Assets

For the purpose of this funding update, we have estimated the value of the assets at 31 March 2017, based on the quarterly returns.

Glossary

Funding ratio is the ratio of the value of assets to the value of liabilities.

Contributions and Accruals displays the expected increase in assets and liabilities due to employer contributions and new benefit accruals, respectively.

Asset Outperformance displays the actual change in the funding level due to actual returns achieved on the assets differing from assumed interest.

Financial Assumptions displays the actual change in the funding ratio due to the impact of a change in the actuarial valuation basis.

Other displays the change in funding ratio due to experience.

Making decisions

You should not rely on this update when making any decision about scheme funding or the investment strategy, without first talking to your usual consultants.