

Report of the Director, West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 26 July 2018.

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Subject: 2019 Actuarial Valuation

Summary statement:

The next triennial actuarial valuation of the Fund is due at 31st March 2019, which will determine employer contribution rates from April 2020 onwards.

An initial meeting with the Actuary will be arranged in the autumn, when issues relating to the valuation and investment markets will be explored in some depth.

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Portfolio:

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Overview & Scrutiny Area:

1. Background

- 1.1 In accordance with the Regulations the Fund is subject to an actuarial valuation by its appointed consulting actuary, Aon, at 31 March 2019.
- 1.2 The last actuarial valuation took place at 31 March 2016, where the change in the funding level resulted in limited increases to employer contributions.

2. Valuation at 31 March 2016

- 2.1 The first stage of the valuation process will be to arrange an initial meeting with Aon in the autumn. At this meeting the actuary will present the issues to be addressed in order to complete the valuation.
- 2.2 The issues will include the following:-
 - Pension Fund data, quality and availability
 - Cost of the new scheme
 - Investment markets, and assumptions for the future
 - Pay and inflation increases, and assumptions for the future
 - Changes to mortality
 - The need for stable employer contributions
 - The strength of employer covenants.
- 2.3 The discussions at the meeting will provide a basis for the actuary to prepare some indicative assumptions that could be used to generate an acceptable result.
- 2.4 In early 2019 a training session with the funds actuary about the valuation process and decisions for Investment Advisory Panel, Joint Advisory Group and Pension Board member will be arranged.
- 2.5 The Funds Funding Strategy Statement will also be reviewed as part of the work for the 2019 valuation (see separate report on this agenda). Employers will be formally consulted prior to the actuary issuing their initial results.
- 2.6 Employers will be reminded that meeting the deadline for year-end returns at 31 March is essential, as this ensures the data submitted to the actuary is as accurate as possible.

3. Recommendation

- 3.1 It is recommended that the Joint Advisory Group note this report.