



West Yorkshire Pension Fund

Lincolnshire  
Pension Fund



London Borough  
of Hounslow

# Pension

AUTUMN 2018 • ACTIVE WYPF MEMBER NEWSLETTER



- ⦿ 2018 annual meeting
- ⦿ 2018 fund report
- ⦿ Regulators launch Scamsmart campaign

Corporate member of  
Plain English Campaign  
Committed to clearer  
communication  
**119** 

# A n n u a M e e t i

## Book now

We are now taking bookings for our 2018 annual meeting in Bradford.  
Book your place online now at [www.wypf.org.uk/meeting](http://www.wypf.org.uk/meeting)  
Places are limited and for members only

## When

Wednesday 31 October 2018 • 2.00pm–3.30pm (doors open 1.30pm)

## Where

City Hall (Banqueting Suite), Bradford.



**Book your place online**  
at [www.wypf.org.uk/meeting](http://www.wypf.org.uk/meeting)  
Or phone 01274 434999  
(please have your WYPF  
member number or  
NI number handy when  
you phone). Once you've  
booked we'll send you  
more information. For  
building access details visit  
[www.disabledgo.com](http://www.disabledgo.com)

## The programme

- 1.30pm Doors open for registration and tea or coffee
- 2.00 pm Introduction by Councillor Andrew Thornton,  
Chair of the WYPF Joint Advisory Group
- 2.10 pm WYPF update by Director Rodney Barton
- 2.30 pm General Economic and Market Investments  
and WYPF Investments by our external  
investment advisers
- 3.10pm Questions and answers
- 3.30pm Meeting ends

## London Borough of Hounslow Pension Fund joins WYPF

We're very pleased to welcome members of the London Borough of Hounslow Pension Fund, which has joined our shared-service arrangement from 1 August 2018. We look forward to offering Hounslow's members the high-quality service already enjoyed by West Yorkshire and Lincolnshire members.



## London Borough of Hounslow

## Government says no to freedom and choice for AVCs

Following consultation, the government has now confirmed that it will not offer those paying **AVCs** (additional voluntary contributions) the chance to access them while still working and paying into the LGPS, since this would create 'substantial administrative complexities'.

Your existing options are still available however. You can use your AVC 'pot' at retirement either to buy scheme pension in the LGPS or take tax-free cash.

Read more about your AVC options at [www.wypf.org.uk/payingextra](http://www.wypf.org.uk/payingextra)

## Transfer time limits

If you're thinking about leaving the pension scheme and transferring your LGPS pension to another provider, please remember that to be entitled to transfer your pension you must leave this scheme and choose to transfer your pension at least one year before your normal pension age (NPA).

# Don't let a scammer enjoy your retirement!

**Regulators warn public of pension scammer tactics as victims report losing an average of £91,000 in 2017**

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) have launched a new **ScamSmart** advertising campaign targeting pension holders aged 45 to 65, the group most at risk of pension scams. This comes as a new poll commissioned by the regulators reveals that almost a third of pension holders aged 45 to 65 would not know how to check whether they are speaking with a legitimate pensions adviser or provider.

The regulators have urged the public to be on their guard when receiving unexpected offers about your pension and to check who you are dealing with. Scammers design attractive offers to persuade you to transfer your pension pot to them or release funds from it. Your money is then often invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units – or simply stolen outright.

If you are contacted about your pension, visit ScamSmart before going any further, so that you don't end up becoming the victim of a scammer.

FCA and TPR are part of Project Bloom, a multi-agency taskforce which is working to combat pension scams. The taskforce includes the DWP, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, The Pensions Advisory Service, and the National Crime Agency.

**Pension scams can cause victims significant harm – both financially and mentally. If you are ever in doubt about a pension offer, visit the ScamSmart website at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)**

# 2018 fund report

## Introduction by Rodney Barton, Director of WYPF

Following a substantial increase in value of more than 22% in 2016/17, the fund decreased slightly in 2017/18 by 0.48% (£65.6m) to £13.56 billion, mainly due to a substantial sum paid to transfer First Group West Yorkshire's liabilities to Greater Manchester Pension Fund. The government requires LGPS funds to pool assets in order to achieve cost efficiencies on investments, though as the fund with the lowest investment cost of all LGPS funds, we will benefit less than the average fund from the process. We continue to work with our pooling partners – Greater Manchester Pension Fund and Merseyside Pension Fund – to develop the Northern Pool, and we have already achieved lower costs in some areas without compromising anticipated returns.

Our pension administration teams deliver a high-quality service at very low cost through system efficiencies mostly developed in-house. Other schemes recognise our quality and value and as a result our shared-service administration provision has grown. Last year we provided administration for Lincolnshire Pension Fund and eight fire authorities. This has now risen to thirteen, and in 2018 the London Borough of Hounslow joined our shared-service arrangements.

I would like to thank members of the Joint Advisory Group, the Investment Advisory Panel and our external advisers, as well as the administration and investment staff, for all their efforts and commitment.

This summary gives a flavour of our draft Report and Accounts, which we have published on [www.wypf.org.uk](http://www.wypf.org.uk)

## Environmental, social and governance obligations

WYPF takes environmental, social and governance investment obligations seriously, and is a leader in the engagement with companies on the necessary transition to a low-carbon emission future, which has included sponsoring the 'Aiming for A' resolutions passed in the 2016 AGM season.

In addition WYPF makes a positive contribution towards the transition to a low-carbon future by investment in alternative energy and green technology. Over a number of years particular effort has been made to support the generation and storage of sustainable sources of energy.

## Fund account

<b>Opening assets of the fund at 1 April 2017</b>	<b>£13,632m</b>
<b>Investment return and income</b>	
Return on investments	£75m
Investment income	£388m
<b>Dealing with members</b>	
Benefits paid (including bulk transfer paid of £450m and administrative expenses of £10m)	-£977m
Contributions (including transfers received of £42m)	£449m
<b>Closing net assets of the fund at 31 March 2018</b>	<b>£13,567m</b>
Closing net assets made up of:	
Market value of fund investment portfolio	£13,806m
Net current assets (debtors, overdraft and creditors)	-£239m
<b>Total (closing assets of WYPF fund at 31 March 2018)</b>	<b>£13,567m</b>

As can be seen above, the fund had a negative cashflow of £65m, mainly due to a large one-off bulk transfer of assets (£450m) for First Group West Yorkshire.

## Performance

Our positive investment return of 3.3% for 2017/18 placed us in the third quartile, which is disappointing though we remain above median over three years. Our asset strategy, with a relatively high commitment to equities and underweighting of other assets, is very different to the average LGPS fund. In the past reporting period (2017/18) this would have had a positive impact on the fund's performance relative to its peers because returns on equities were considerably ahead of bonds.

The latest (2016/17) results reveal that our total cost per member of £38.03 was the lowest compared to a national average of £214.87.

Cost per member 2016/17	Position	West Yorkshire Pension Fund	LGPS Lowest	LGPS Highest
Admin cost per member	7th	£14.35	£10.92	£86.43
Investment cost per member	1st	£20.58	£20.58	£476.36
Oversight & Governance	9th	£3.10	£0.00	£78.62
<b>Total cost per member</b>	<b>1st</b>	<b>£38.03</b>	<b>£38.03</b>	<b>£531.84</b>

# Investments

Investments held at 31 March 2018 by asset classification

	Book Cost	Book cost %	Market value	Market value	No. of holdings
	£m	%	£m	%	
Government bonds	814.25	9.59%	872.14	6.32%	57
Corporate bonds	466.57	5.49%	502.63	3.64%	119
Equity – basic materials	139.98	1.65%	238.57	1.73%	65
Equity – consumer goods	505.45	5.95%	1,445.02	10.47%	155
Equity – consumer services	460.17	5.42%	863.75	6.26%	160
Equity – financial	1,501.11	17.99%	2,241.79	16.44%	292
Equity – health care	329.11	3.87%	768.58	5.57%	76
Equity – industrial	712.47	8.39%	1,417.79	10.27%	246
Equity – oil and gas	398.02	4.69%	687.87	4.99%	74
Equity – technology	214.80	2.53%	438.61	3.18%	63
Equity – telecommunications	224.94	2.65%	276.24	2.00%	41
Equity – utilities	148.91	1.75%	256.09	1.86%	49
Convertible bonds	2.91	0.03%	2.38	0.02%	2
Private equities	764.63	9.00%	1,183.00	8.57%	116
Listed alternatives	216.71	2.55%	210.12	1.52%	27
Index linked bonds	511.21	6.02%	659.87	4.78%	30
Pool properties	418.81	4.93%	606.44	4.40%	33
Unit trusts and OEICS	40.89	0.48%	185.90	1.35%	12
Hedge funds	326.52	3.84%	644.16	4.67%	41
Direct properties	6.41	0.08%	7.25	0.05%	1
Cash deposits	263.63	3.10%	263.63	1.91%	38
<b>Totals</b>	<b>8,467.50</b>	<b>100.00%</b>	<b>13,771.84</b>	<b>100.00%</b>	<b>1,697</b>



# Membership trends

There were 286,471 members and beneficiaries from 443 employers in the fund at 31 March 2018

Membership	At 31 March 2018	At 31 March 2017
Active members	102,017	101,881
Pensioners	75,363	74,630
Beneficiaries	11,504	11,704
Deferred members	87,414	83,763
Undecided leavers	2,623	5,768
Frozen refunds	7,550	7,074
<b>Total membership</b>	<b>286,471</b>	<b>284,820</b>

Joiners	2017/18	2016/17
Employees joining with no previous membership	21,692	19,366
Employees with transfers from:		
Other local government funds	25	26
Other pension schemes	329	143
<b>Total joiners</b>	<b>22,046</b>	<b>19,535</b>

Leavers	2017/18	2016/17
Members awarded immediate retirement benefits	2,865	2,897
Benefits awarded on 'death in service'	88	105
Members leaving with entitlement to deferred benefits, pension transfer rights, or a refund	9,192	6,206
<b>Total leavers</b>	<b>12,145</b>	<b>9,208</b>

# Getting to know your pension

## The LGPS at-a-glance

- a build up rate of 1/49th of your pay a year
- Your pension revalued yearly by treasury order
- A build up rate for survivor benefits of 1/160th
- Pensions in payment go up yearly by CPI

### ***What pay counts towards my pension?***

Your **actual pay** including overtime, and additional hours if you're part time

### ***Can I reduce my contributions?***

Yes. You can temporarily pay 50% contributions to get 50% pension (see [www.wypf.org.uk/5050](http://www.wypf.org.uk/5050))

### ***What's my normal pension age?***

It's your state pension age (which is a minimum of age 65)

### ***Can I trade pension for lump sum?***

Yes. If you do, you'll get £12 lump sum for every £1 pension you trade

### ***What death grant's paid if I die 'in service'?***

A lump sum of at least three times your pensionable pay (see [www.wypf.org.uk/deathgrant](http://www.wypf.org.uk/deathgrant))

### ***How is my pension enhanced if I retire because of ill health?***

It depends if it's tier ①, ② or ③...

- ① ... enhancement to normal pension age
- ② ... 25% enhancement to normal pension age
- ③ ... temporary payment of pension for up to three years

### ***How long do I have to pay in to be entitled to a pension?***

Two years





## Have you checked your 2018 pension statement?

You will by now have received your 2018 pension statement. You should check your statement carefully every year and if anything looks wrong – especially if it's your pay – tell your employer straightaway.

If you're not sure what to look for, watch a short video that shows you at [www.wypf.org.uk/pensionstatement](http://www.wypf.org.uk/pensionstatement)

# National Fraud Initiative

We have for many years taken part in the Cabinet Office's National Fraud Initiative (NFI), a data matching exercise that helps prevent and detect fraud. Taking part means we regularly provide particular sets of data to the Minister for the Cabinet Office. See <https://www.gov.uk/government/collections/national-fraud-initiative> for more about this.

The NFI compares information held by and between around 1,300 organisations like councils, police, hospitals and private sector companies. This helps to identify fraud, errors and overpayments. Under the General Data Protection Regulations we have to tell you that your data will be processed in this way.

## Privacy and your data

You can read in full how we use the data we hold about you in our privacy notice at

[www.wypf.org.uk/privacy](http://www.wypf.org.uk/privacy)

# Moving house?

If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information doesn't go to your old address, putting you at risk of identity fraud.

So when you move, please let us know about it as soon as you can.

Please also tell your employer you've moved, and if you're paying AVCs, tell your AVC provider.



## Contact us

**Phone** 01274 434999  
Monday to Friday  
8.45am to 4.30pm

**Email** [pensions@wypf.org.uk](mailto:pensions@wypf.org.uk)

**Postal Address** WYPF  
PO Box 67  
Bradford BD1 1UP

### Visiting us in person

Our offices at **Aldermanbury House, 4 Godwin Street, Bradford BD1 2ST** are open weekdays 8.45am to 4.30pm.

## What do you think of our service?

We'd love to know what you think of our service so we can keep on making it better.

Please fill in our online survey at [www.wypf.org.uk/survey](http://www.wypf.org.uk/survey)

 [facebook.com/westyorkshirepensionfund](https://www.facebook.com/westyorkshirepensionfund)  @WYPF\_LGPS

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