



West Yorkshire Pension Fund

Lincolnshire
Pension Fund



London Borough
of Hounslow

Pension

AUTUMN 2018 • DEFERRED WYPF MEMBER NEWSLETTER



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Committed to clearer
communication

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London Borough of Hounslow

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.

Transfer time limits

If you're thinking about transferring your deferred LGPS pension to another provider, please remember that to be entitled to transfer your pension you must have both left the scheme and chosen to transfer your pension at least one year before your Normal Pension Age. Your Normal Pension Age is shown on your deferred benefit statement as the date your benefits are payable. It falls between your 60th birthday and your State Pension Age, depending on when you left and possibly what membership you have in the scheme.

Don't let a scammer enjoy your retirement!

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.

The regulators have urged you to be on your 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.

If you are ever in doubt about a pension offer, visit the ScamSmart website at www.fca.org.uk/scamsmart


 The logo for the Annual Meeting 2018 is composed of two rows of teal, rounded rectangular tiles. The top row contains the letters 'A', 'n', 'n', 'u', 'a', 'l' in white, with the year '2018' written vertically in white on a slightly taller teal tile to the right. The bottom row contains the letters 'M', 'e', 'e', 't', 'i', 'n', 'g' in white.

Book online now at
www.wyppf.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.

We are now taking bookings for our 2018 annual meeting. Councillor Andrew Thornton, Chair of the WYPF Joint Advisory Group, will chair the meeting and there will be a WYPF update by WYPF Director Rodney Barton as well as presentations on general economic and market investments and WYPF investments by our external investment advisers.

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

Where – City Hall (Banqueting Suite), Bradford

New rules for early payment of deferred benefits

We reported last year that the government was looking at allowing payment of deferred benefits from age 55 instead of age 60 for members who left before 1 April 2014. This would bring the rules into line with those for members who left on or after this date. The change was agreed this year and the LGPS regulations updated on 14 May 2018 to allow payment from age 55 for all members.

If you choose to take your deferred benefits early, you should be aware that they will be reduced to take account of the early payment, and the reductions at age 55 are quite significant. We've put some examples on our website at www.wyppf.org.uk/earlydeferred to give you an idea.

(Please note that at the moment we are only able to provide an immediate estimate of your early payment of benefits if you are nearing retirement age and they currently take up to three months to process.)

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

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

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

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
Total cost per member	1st	£38.03	£38.03	£531.84

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
Totals	8,467.50	100.00%	13,771.84	100.00%	1,697



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
Total membership	286,471	284,820

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
Total joiners	22,046	19,535

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
Total leavers	12,145	9,208

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 Fair Processing and the Data Protection Act we have to tell you that your data will be processed in this way.

Data protection

You can read about how our policy on data protection covers the proper management of personal data privacy at www.wypf.org.uk/data

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Don't forget to tell us if you move house!

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[@WYPF_LGPS](https://twitter.com/WYPF_LGPS)

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The information in this newsletter relates to WYPF deferred members only and can't be treated as a statement of law.

Please contact us if you would like this newsletter in large type, Braille, on tape or in another language.