

Comments received from the May 2020 FSS consultation exercise

- 1) I don't think the comments regarding exit credits, where there is a subsumption guarantee in place, are in anyway strong enough. The FSS should simply state that in no circumstances can an exit credit be paid for a surplus, when that body is gaining advantage from a subsumption guarantee being in place.

Response

The Fund is consulting on an approach which we feel is fair to all exiting employers and employers remaining in the Fund. As part of determining the amount of exit credit the Fund will consider representations made by both the subsuming body and the exiting body.

- 2 More evidence needs to be provided around the assumptions for the investment mix and assumption of a return above CPI. Please can the FSS set out the investment returns of different asset classes (excluding unrealised changes in value). i.e an appendix is needed which summarises the actual & realised investment returns achieved by the WYPF over the last 20 years.

Response

The FSS is not the place for this information to be recorded. Fund performance and investment returns are shown in the Funds report and account.

3. I'm concerned about the amount of discretion allowed in setting the solvency target. The alternative solvency levels being proposed, alongside the required criteria should be set out in the FSS.

Response

Any changes to the Funding Strategy Statement including solvency target are consulted on and subsequently approved by the Joint Advisory Group.

4. Please can an appendix be included in the FSS setting out the solvency target used by the WYPF over the last 20 years. Also please the justification for setting a solvency target of 75% be set out. i.e there is a 25% chance that solvency will not be achieved over the maximum 22 year period.

Response

The probability of funding success was increased from 69% to 75% in 2019 following a consultation exercise. In reality the Fund undertakes a valuation every three years therefore adjustments to assumptions can, and are made every three years to ensure the Fund maintains its trajectory.

5. Please can the FSS set out a table clearly showing the different investment mixes used to fund the liabilities of the different types of bodies? Please can this table also show risks and sensitivities that apply to each class of investment?

Response

Details of the Funds Investment strategy are shown in the Investment Strategy Statement which can be found on the funds website.

6. Please can a data summary be included in the FSS setting out all the different assumptions (e.g. salary increases) set out in the main narrative.

Response

All the assumptions are shown in a table format in Appendix A to the Funding Strategy Statement.