

Fundnews

2018



IN THIS ISSUE:

02 – Welcome to Fundnews 02 – Your 2018 pension update 02 – Retiring from 55
03 – Protection for your family 04 – Working after a redundancy retirement
04 – Tax 04 – GDPR 05 – Freedom and Choice 05 – Pension scams destroy lives
06 – Members 06 – Funding position 07 – Investments 08 – Fund accounts
08 – Contacting us: please tell us if you move

FOR
YOUR
FUTURE



WELCOME TO FUNDNEWS

As usual this year's Fundnews has items about us and about you.

About us:

- Gains of £1,107 million took the Fund to a new year-end high of £20,806 million
- Our membership reached an all-time high of 233,000 with 63,000 registered for SPFOonline

£20,806m



YEAR-END HIGH

About you: to make the most of your pension make sure you:

- Check your 2018 pension update
- Beware of pension scams
- Keep your nominations up to date
- Consider AVCs and APCs

More details inside or on our website at www.spfo.org.uk

YOUR 2018 PENSION UPDATE

SPFOonline

Your pension account

Your 2018 Pension Update is available from SPFOonline.

Your pension update shows the pension you earned in 2017 / 2018. You should check it, as this is the amount that we will adjust for inflation until you retire.

Use SPFOonline to:

- estimate your retirement benefits
- see how much pension you could exchange for extra tax free cash when you retire
- update your contact and nomination details

RETIRING FROM 55

You may have read the News story on our website announcing that you can retire from your 55th birthday onwards without needing your employer's permission.

However, if you access your benefits:

- before 60 or
- after 60, but before normal pension age or being protected by the rule of 85

your benefits are reduced for being paid for longer.

When you do access your benefits, you'll be able to take tax-free cash at retirement.

You will also receive an index-linked pension for life that usually continues to spouses and eligible cohabiting partners after your death.

To find out what your benefits would be at any date, just use the Benefit Projector on SPFOonline.

Flexible retirement is an alternative to full



retirement. **With your employer's consent** it allows you to reduce your hours and / or your pay grade when aged 55 or over and draw some or all of your pension whilst remaining in work.

PROTECTION FOR YOUR FAMILY

LUMP SUM PAID ON DEATH

If you die in service, a lump sum death grant of three times your pensionable pay is paid out.

If you are also a pensioner member or a deferred member (or both) of the LGPS in Scotland, the death grant payable is the higher of your death grants. These amounts will not be added together.

The LGPS regulations do not spell out who a lump sum is paid to on death. By making

a nomination you can help us to make quick and accurate payment of the lump sum paid on your death.

Your current nomination is shown on your 2018 pension update.

You can change your nomination using SPFOne or our nomination form is available from the **Publications > Members > Forms** area of our website.

AUTOMATIC SPOUSE'S / PARTNER'S / CHILDREN'S PENSIONS

There is no need to nominate your husband, wife, eligible partner or dependent children for a pension payable on your death, but you should still make a nomination for the lump sum death grant.

Our Guide to the LGPS is available from our website and details what is payable if you die.



WORKING AFTER A REDUNDANCY RETIREMENT

If you are under 55 and retire from one post on redundancy grounds and have another post with a scheme employer, you will become subject to “unauthorised payment” tax charges.

Returning to work within local government or with another organisation that participates in the LGPS after retiring on redundancy grounds may also have significant implications for you.

In other words you must contact us if either may apply to you.



TAX

Pension savings are generally tax-free, but HM Revenue & Customs imposes two limits on the amount of tax free pension savings you can make.

These limits are known

as the Annual Allowance and the Lifetime Allowance.

These limits do not affect the vast majority of LGPS members.

If you want more information about how these limits work, our website’s HELP area has an **FAQ** about them.



Strathclyde Pension Fund is administered by Glasgow City Council.

Glasgow City Council is a Data Controller under the General Data Protection Regulation (GDPR).

We store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services.

To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances.

To find out more about:

- what information we hold about you
- what we do with it
- who we share it with
- how long we keep it for
- your rights in relation to the data
- why we are allowed to collect it

visit our website’s privacy notice at <https://www.spfo.org.uk/index.aspx?articleid=14527>

If you would like a hard copy, please contact us and we will post one to you.



FREEDOM

AVCs

In conjunction with Prudential we have added flexibility to our in-house Additional Voluntary Contributions (AVC) facility.

It is now possible to take all or part of your AVC fund from age 55 as a lump sum without taking your LGPS benefits at the same time. You can contact Prudential on 0345 6000 343 about this. **Only 25% of such lump sum withdrawals are likely to be tax-free.**

To find out how AVCs could provide a boost to your benefits, just visit our appointed AVC provider, Prudential's, website at: <https://www.pru.co.uk/rz/localgov/>

& CHOICE

TRANSFERS

Before retiring, members usually have the right to transfer all of their pension rights out of the LGPS to a DC arrangement offering 'flexible benefits' to then access their benefits from 55.

If you are contacted by a legitimate pensions company about taking more of your benefits as a lump sum, don't give up your benefits lightly.

A transfer out of the LGPS is a major financial decision requiring careful consideration and can only be done after taking advice.

We suggest that any member contemplating this course of action first read our **Freedom and Choice Q&A** for LGPS members from the FAQ area on the homepage of our website.

**Pension
scams
destroy
lives**

Fraudsters are singling out people like you and claiming that they can:

- help you access your pension fund
- offer immediate access to cash
- provide a pension loan

Keep your pension safe.

If you are cold-called or text messaged with a deal to unlock or review your pension, don't touch it.

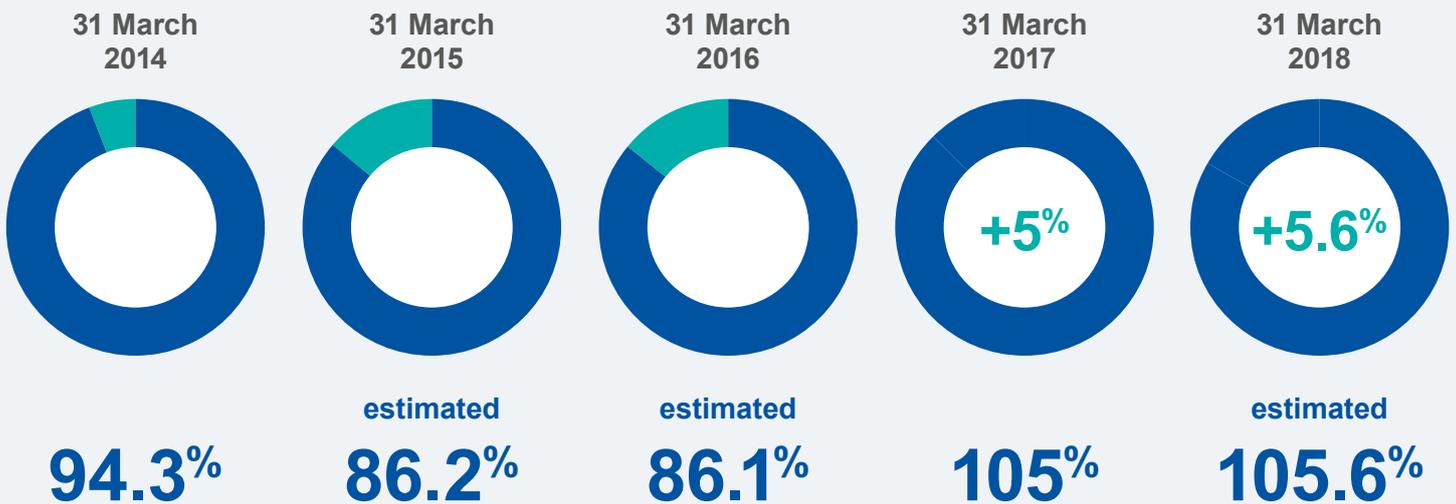
For more information about the dangers of pension scams visit:

<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

MEMBERS

31 March	2014	2015	2016	2017	2018
Total Members	204,844	210,877	216,274	222,860	233,312
Employee Members	87,197	90,057	92,717	94,647	98,870
Deferred Members	47,243	49,215	50,545	53,465	57,759
Pensioners	70,404	71,605	73,012	74,748	76,683

FUNDING POSITION



Our 2017 valuation report is available from the [Publications > Reports > Actuarial Valuation Reports](#) area of our website.

AGM 2018

A full set of the slides used at the meeting in June is available in the **News** area of our website.



GOVERNANCE

Given our scale and level of activity, a robust governance structure is essential. You can find out more about our governance structure in the **About us** area of our website. Our latest decisions are summarised in our Quarterly Committee meeting stories in the **News** area of our website.



INVESTMENTS

INVESTMENT PERFORMANCE

2017/18 was our 9th consecutive year of positive returns, achieving our highest ever Fund value at year-end. We spent the year developing strategy and actively de-risking and diversifying our investments.

The Fund's total investment return for the year was **+6.0%**.

This may pale in comparison to the exceptional return of over +23% the previous year, but is still remarkable, as:

- it consolidated 2016 / 2017's gains in another consecutive year of growth, rather than paying them back which is always a possibility in investment markets

- market returns were quite modest. The FTSE all share index returned a little over +1% for the year, global market indices a little over +2% but our strategy and managers added a lot of value on top of this.

The Fund value at 31 March 2018 was a new high of **£20,806 million**, with performance highlights including:

- global small companies +17.2%
- UK property +11.2%
- private equity +11.0%
- emerging market equity +10.2%

INVESTMENT RETURNS TO 31 MARCH 2018

1 Year	3 Years	5 Years	10 Years
6.0%	10.0% p.a.	10.1% p.a.	8.1% p.a.

INVESTMENT STRATEGY

Our investment strategy has clearly worked very well to deliver these returns. Markets can't go up for ever so we spent much of the year adjusting the strategy to give us more certainty and some protection for the future. Changes included:

- Selling £2 billion of growth assets (equities). We are investing the proceeds in income-producing assets including property, corporate lending, and emerging market debt

- Agreeing and implementing a currency hedging programme to lessen our exposure to foreign currency markets
- Agreeing a 3-year plan which will see new investments in areas including global infrastructure, absolute return (capital protection) strategies, and real estate debt



DIRECT INVESTMENT PORTFOLIO

This is our portfolio for local, environmental, and social investments.

It made 6 new investments in the year including £180m in UK infrastructure, £50m in UK renewable energy and £30m in UK regional lending to small companies.

This took the total number of investments by the portfolio to 35, and capital committed to over £900 million.

INVESTING RESPONSIBLY

In 2017 / 2018 we engaged on a wide range of topics including executive remuneration and cyber security. You can find more information on all aspects of our investments from the **Investments** area of our website.

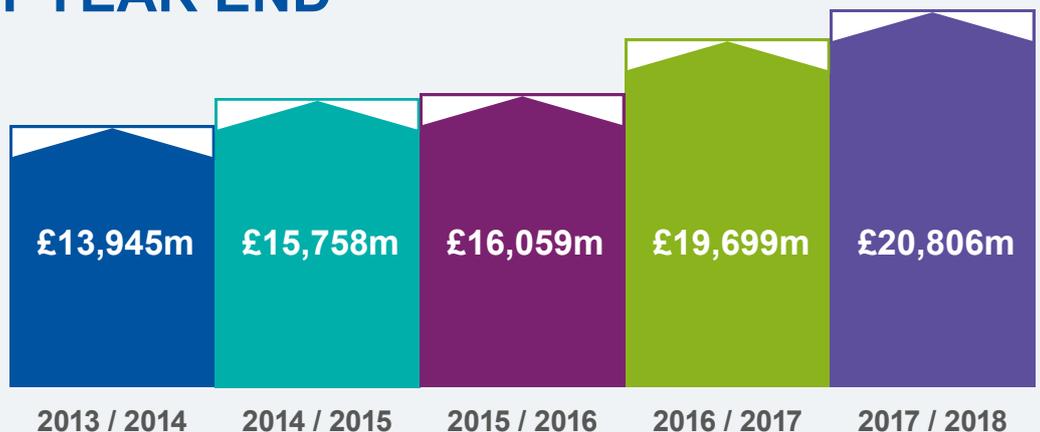


FUND ACCOUNTS

Our annual report provides detailed financial information about our scheme year 2017 / 2018 and is available from the **Publications > Reports > Annual Reports** area of our website.

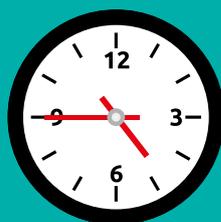
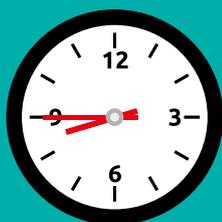
Scheme year	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018
Contributions received	£479m	£486m	£508m	£520m	£542m
Pensions paid	£371m	£389m	£397m	£411m	£422m
Tax free lump sums paid	£96m	£99m	£104m	£121m	£125m
Other payments	£121m	£148m	£109m	£120m	£139m
Investment income	£194m	£200m	£229m	£252m	£285m
Investment growth	£794m	£1,763m	£174m	£3,520m	£966m

NET ASSETS AT YEAR END



CONTACTING US

Our normal office hours are weekdays 8:45 to 16:45 (15:55 on Fridays).



Web: www.spfo.org.uk



Email: spfo@glasgow.gov.uk



Tel: 0345 890 8999



Write to:
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Glasgow G2 9EW