

Fundnews

2017



IN THIS ISSUE:

02 – Welcome to Fundnews 02 – Your 2017 pension update 02 – A hat-trick of awards
03 – Protection for your family 04 – State pension age 04 – Tax 04 – Your data 05 – Don't gamble
your financial future 05 – Freedom and Choice 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



Linda Welsh
Pension Scheme Manager,
Strathclyde Pension
Fund Office

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

About us: the last year has been one of the most successful years in our history

- Gains of £3.7 billion took the Fund to a new high of £19.7 billion
- Our membership reached an all-time high of 222,000 with 52,000 registered for SPFOonline

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

- Check your 2017 pension update
- Keep your nominations up to date
- Beware of pensions fraudsters
- Consider AVCs and APCs

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

YOUR 2017 PENSION UPDATE

Your 2017 Pension Update is available from **SPFOonline**.

Your pension update shows the pension you earned in 2016 / 2017. You should check this, as this is the amount that we will adjust for inflation until you retire.

Did you know that on SPFOonline you can:

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

To sign up for SPFOonline, just click on **SPFOonline** on our website's homepage.



A HAT-TRICK OF AWARDS

We are delighted to have won three of this year's Pension Scheme of the Year awards:

- DB Scheme of the Year (over £500m)
- Best DB Communications (public)
- Best Use of Alternatives



PROFESSIONAL PENSIONS PENSION SCHEME OF THE YEAR AWARDS 2017

The judges recognised:

- our very successful 'For your Future' membership campaign
- our outstanding investment performance and
- our innovation in areas including investment strategy, responsible investment and digital communications.

PROTECTION FOR YOUR FAMILY



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.

LUMP SUM PAID ON DEATH

If you die while you are still working, 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 highest 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 2017 pension update.

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

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



HIGHER STATE PENSION AGE FOR ALL THOSE UNDER 48?

The State Pension Age is regularly reviewed to make sure that the State Pension is affordable and fair. People are living longer, and spending a larger proportion of their adult life in retirement than in the past. On 19 July the UK Government presented its latest **review**.



Under the current law, the State Pension Age is due to increase to 68 between 2044 and 2046. The government announced plans to bring this timetable forward. The State Pension age would therefore increase to 68 between 2037 and 2039.

These proposed changes would have to be approved by Parliament before they are agreed.

Any increase in State Pension Age would also increase normal pension ages for LGPS benefits earned after 31 March 2015.



TAX

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.

YOUR DATA

LGPS NATIONAL INSURANCE DATABASE

We are participating in a data sharing project with all other LGPS Funds in the UK.

We are doing this as we need to see if our members have LGPS benefits with another LGPS Fund in order for us to pay death in service benefits.

This also allows us to participate in the Tell Us Once DWP initiative.

You cannot opt out of us sharing your data, as it is being undertaken to comply with a legal requirement.

The data being shared is NI number, membership status, the last calendar year that membership status changed and the LGPS fund.

More information about the database and its security, retention and location is available from our website's [privacy policy](#).

NATIONAL FRAUD INITIATIVE (NFI)

We also share your data with other public bodies, as we have a statutory obligation to participate in the NFI.

NFI in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole.

It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

A fair processing notice that provides further information on data matching is on Glasgow City Council's website at: <https://www.glasgow.gov.uk/index.aspx?articleid=17133>

DON'T GAMBLE YOUR FINANCIAL FUTURE



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.



Don't gamble your financial future



The Hook

The HUSTLE

The Truth

The Outcome

For more information about the dangers of pension scams visit:
<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

Reforms offering greater flexibility in the way that individuals aged 55 and over can access their defined contribution (DC) pensions became effective on 6 April 2015.

The reforms do not mean that Local Government Pension Scheme (LGPS) members can release funds directly from the LGPS.

Before retiring, members do have the right to transfer their pension rights out of the LGPS to a DC arrangement offering 'flexible benefits'.

If you are contacted by a legitimate pensions company, don't give up your benefits lightly.

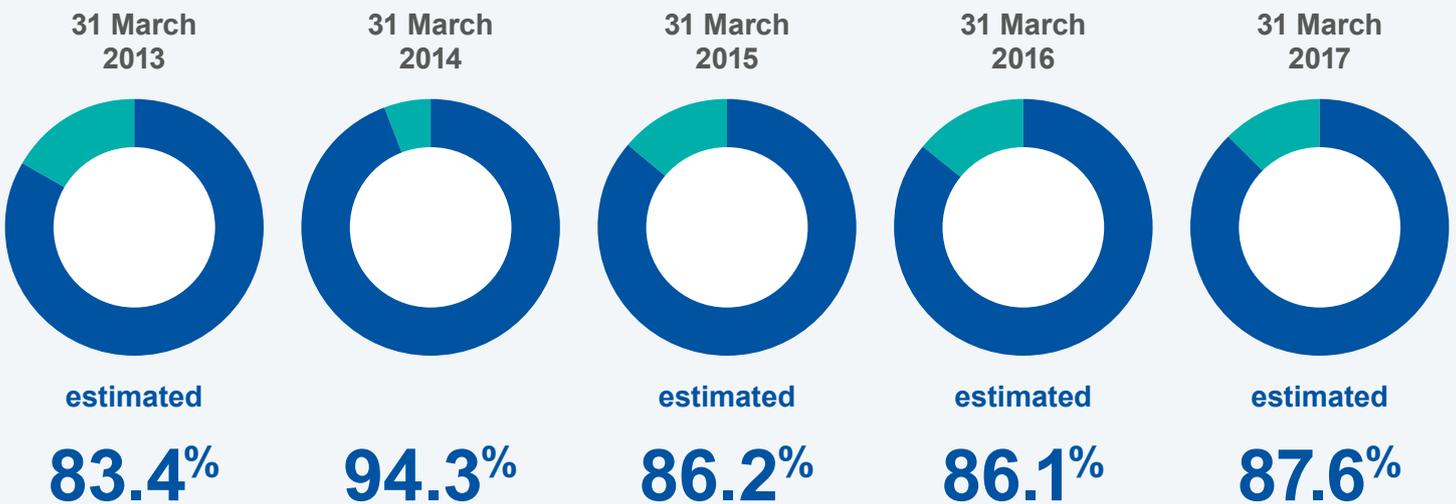
A transfer out of the LGPS is a major financial decision requiring careful consideration and can only be done after taking advice.

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

MEMBERS

31 March	2013	2014	2015	2016	2017
Total Members	197,125	204,844	210,877	216,274	222,860
Employee Members	81,994	87,197	90,057	92,717	94,647
Deferred Members	46,274	47,243	49,215	50,545	53,465
Pensioners	68,857	70,404	71,605	73,012	74,748

FUNDING POSITION



We are currently working on completing the actuarial valuation as at 31 March 2017.

Our 2014 valuation report is available from the **Publications > Reports > Actuarial Valuation Reports** area of our website.

AGM 2017

A full set of the slides used at our AGM on June 23 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

OUTSTANDING INVESTMENT PERFORMANCE

2016 / 2017 was one of the most successful years in our 40+ year history:

- our investments grew by over 23% and
- total gains of £3.6 billion took the Fund value to a new high of £19.7 billion.

This was our 8th consecutive year of Fund growth.

Performance highlights included:

- Global equity portfolio returns ranging from +22.8% to +42.3% for the year
- An emerging market equity return of +33.1%
- Private equity portfolio returns of +25.3% and +30.5%
- A global real estate portfolio return of +27.9%

INVESTMENT RETURNS TO 31 MARCH 2017

1 Year

23.1%

3 Years

12.6% p.a.

5 Years

11.8% p.a.

10 Years

7.2% p.a.

INVESTMENT STRATEGY

Our investment performance this year was exceptional, but our investment strategy looks ahead to future years.

We expect our pensions payroll to continue to grow and we spent the year making changes to our strategy to target future pension payments.

We reduced our equity portfolios from 72.5% to 62.5%, locking in some of the gains we had made. We used the proceeds to add a broader mix of new investments – mainly company and government loans with a fixed income return.



PROPERTY

We completed our biggest single UK property purchase – we bought the Printworks in Manchester city centre, our first £100m property.

The “heart of Manchester’s entertainment scene,” this landmark site is anchored by a 20-screen Odeon cinema housing the only IMAX screen in Manchester.

There are also 17 food and drink venues and a health club. The venue has an annual footfall of over seven million people.



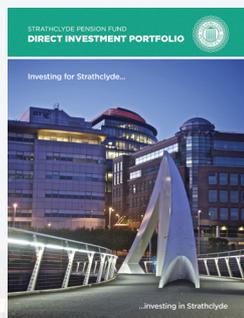
DIRECT INVESTMENT PORTFOLIO

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

It made 6 new investments over the year in:

- new or growing companies in Scotland and across the UK
- windfarms and other renewable energy sources and
- UK infrastructure.

The portfolio now has 31 investments with a total value of over £700 million.



INVESTING RESPONSIBLY

In 2016 / 2017 we:

- Joined the Institutional Investor Group on Climate Change.
- Completed our first carbon foot-printing of portfolios. Results were very good.
- Actively supported campaigns by the Living Wage Foundation, RE100 (Renewable Electricity), FAIRR (Farm Animal Investment Risk and Return)

You can find more information on all aspects of our investments from the **Investments** area of our website.

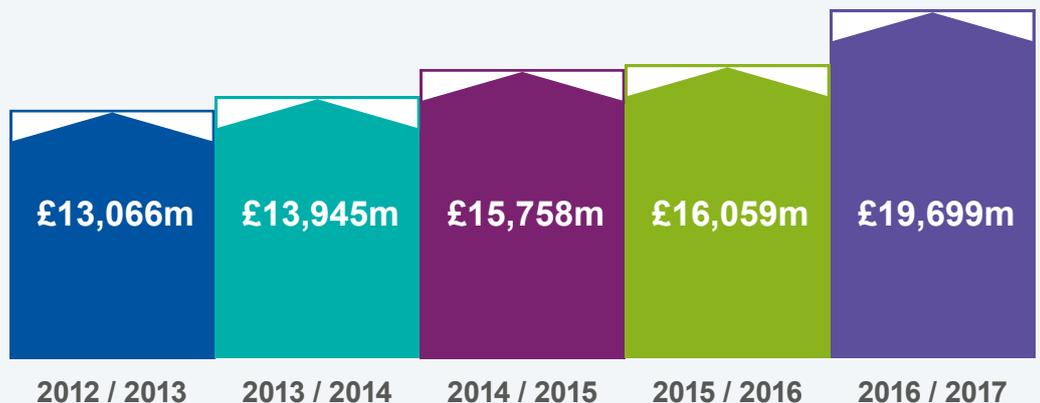
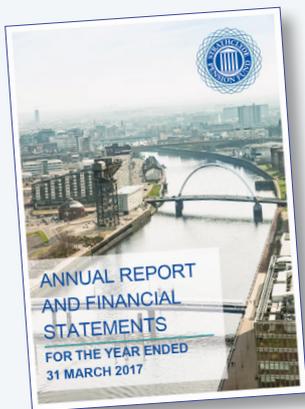


FUND ACCOUNTS

Our annual report provides detailed financial information about our scheme year 2016 / 2017 and is available from the **Publications > Reports > Annual Reports** area of our website.

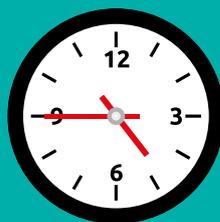
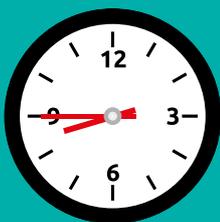
Scheme year	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017
Contributions received	£490m	£479m	£486m	£508m	£520m
Pensions paid	£347m	£371m	£389m	£397m	£411m
Tax free lump sums paid	£106m	£96m	£99m	£104m	£121m
Other payments	£34m	£121m	£148m	£109m	£120m
Investment income	£168m	£194m	£200m	£229m	£252m
Investment growth	£1,444m	£794m	£1,763m	£174m	£3,520m

NET ASSETS AT YEAR END



CONTACTING US

Our normal office hours are weekdays (ex holidays) 08:45 to 16:45 (15:55 on Fridays).



Web: www.spfo.org.uk



Email: spfo@glasgow.gov.uk



Tel: 0345 890 8999



Write to:
Strathclyde Pension Fund Office,
P.O. Box 27001,
Glasgow G2 9EW