

Cumbria County Council

**Cumbria LGPS  
Pensions Forum**

21<sup>st</sup> November 2019

Cumbria County Council

**Welcome**

**Julie Crellin - Director of Finance**  
**(s151 Officer)**

# Housekeeping



Toilets



Mobile Phones



Fire Alarms

# Agenda

09:45	<i>Registration &amp; refreshments</i>	
10:00	Informal Welcome	Julie Crellin
10.05	1. Election of Chair	Daniel Hamilton
10.10	2. Terms of Reference 3. Membership 4. Apologies for absence 5. Minutes of previous Forum (30 <sup>th</sup> October 2018)	Chair
10.20	6. Pension Fund Overview and Performance	Ali Clark
10:35	7. Pensions Administration Policy	Julie Dole
10:45	8. Triennial Valuation 2019	John Livesey & Mark Wilson
11:30	9. Date of next meeting and close	Chair

Cumbria County Council  
**Pension Fund Overview &  
Performance**

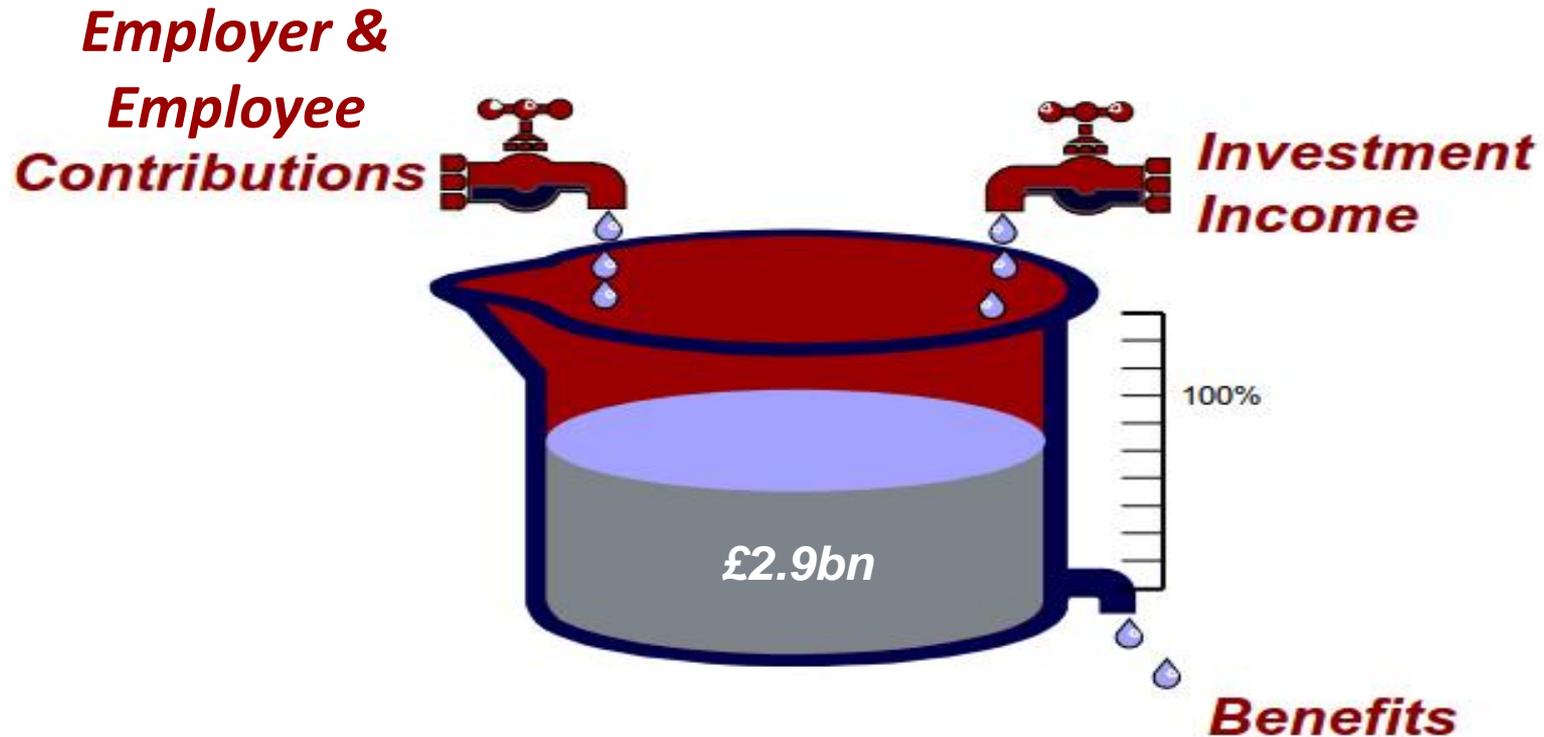
Ali Clark –  
Senior  
Manager

# Cumbria LGPS - Key Stats

- 58,000+ Scheme Member records
- 128 Employers
- £2.9bn assets invested to fund future liabilities
- Out-performing investment benchmarks
- Top quartile LGPS Fund based on funding Level (i.e. assets ÷ liabilities)



# How does the LGPS Work?



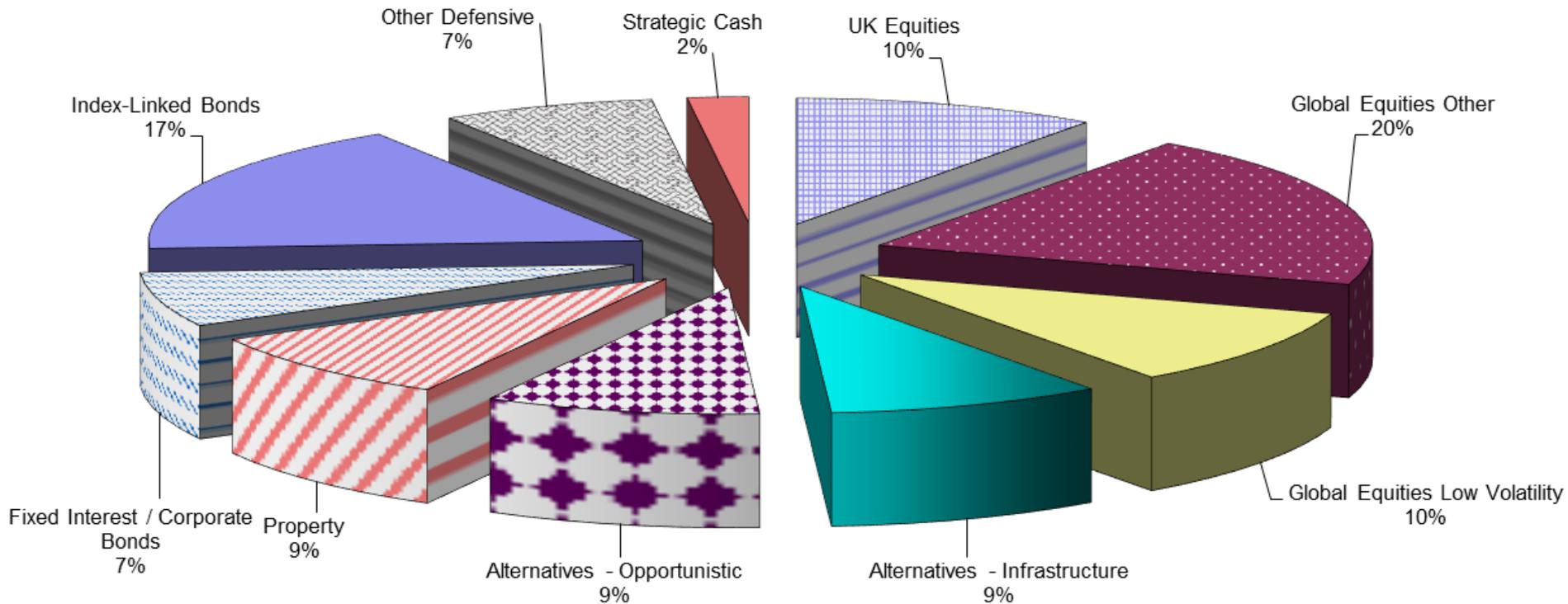
# Market Performance



# Managing Asset Performance

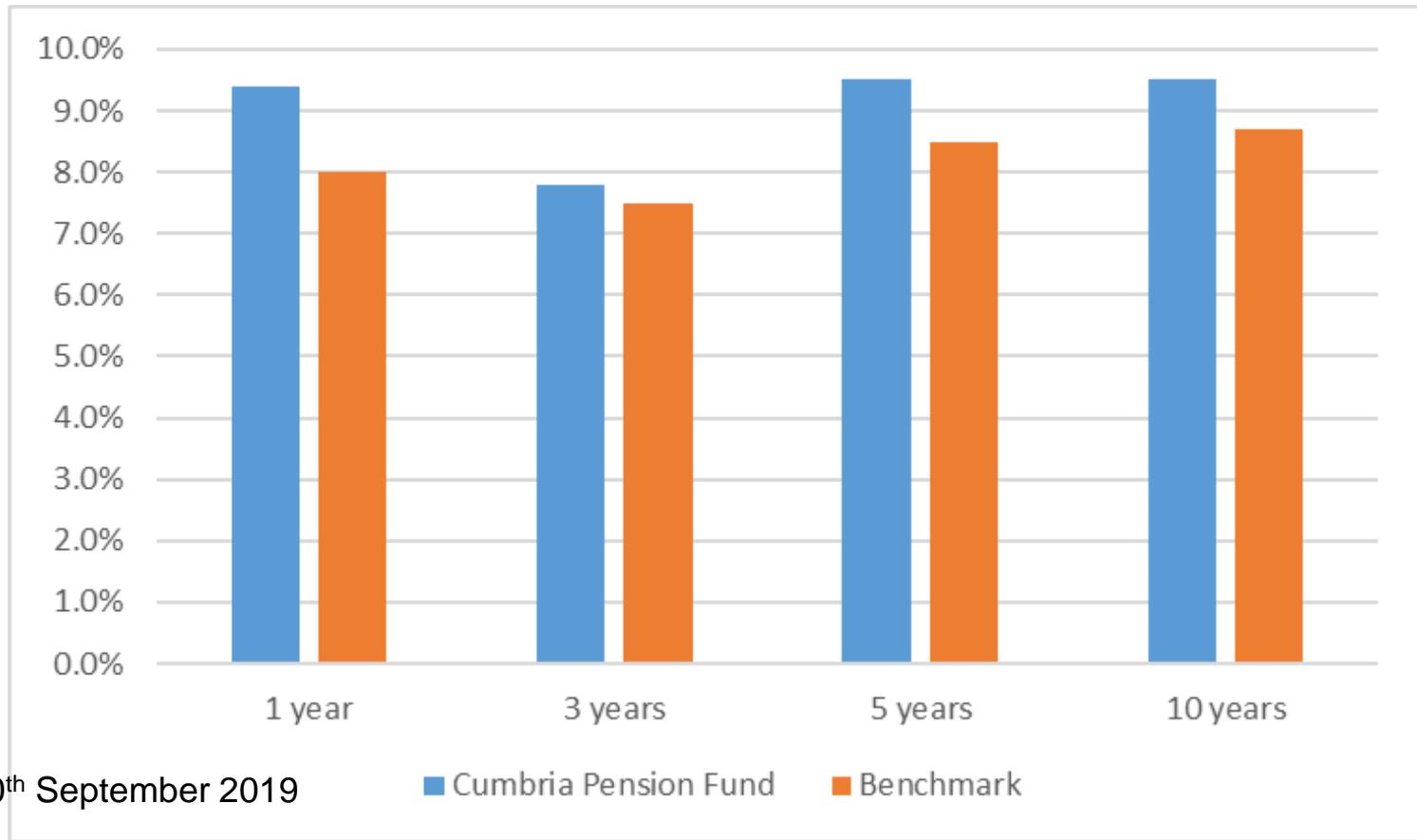
- Diverse portfolio
- Global investments
- Scrutiny of new investments (“due diligence”)
- Investment Manager performance reviews
- Equity Protection (short-term insurance product on equity values)

# Investment Asset Allocation Strategy



- UK Equities
- Alternatives - Infrastructure
- Fixed Interest / Corporate Bonds
- Strategic Cash
- Global Equities Other
- Alternatives - Opportunistic
- Index-Linked Bonds
- Global Equities Low Volatility
- Property
- Other Defensive

# Annual Fund Investment Performance\*



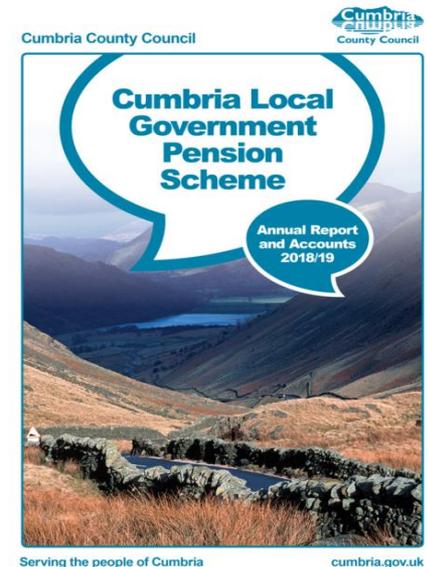
# LGPS investment pooling: Border to Coast

- Cumbria LGPS is one of 12 partners within Border to Coast
- Fund is influencing development of investment opportunities in the company
- Currently transitioning assets to Border to Coast
- No change to investment strategy
- No direct impact to employers or members



# Accounts and Annual Report

- Unqualified opinion on the financial accounts of the Pension Fund & no significant control weaknesses identified
- Grant Thornton: *“The Accounts have been produced to a very high standard and the finance team have produced good working papers and have been responsive to our audit queries.”*
- Available at: [www.cumbria.gov.uk](http://www.cumbria.gov.uk)



# Key Challenges Ahead

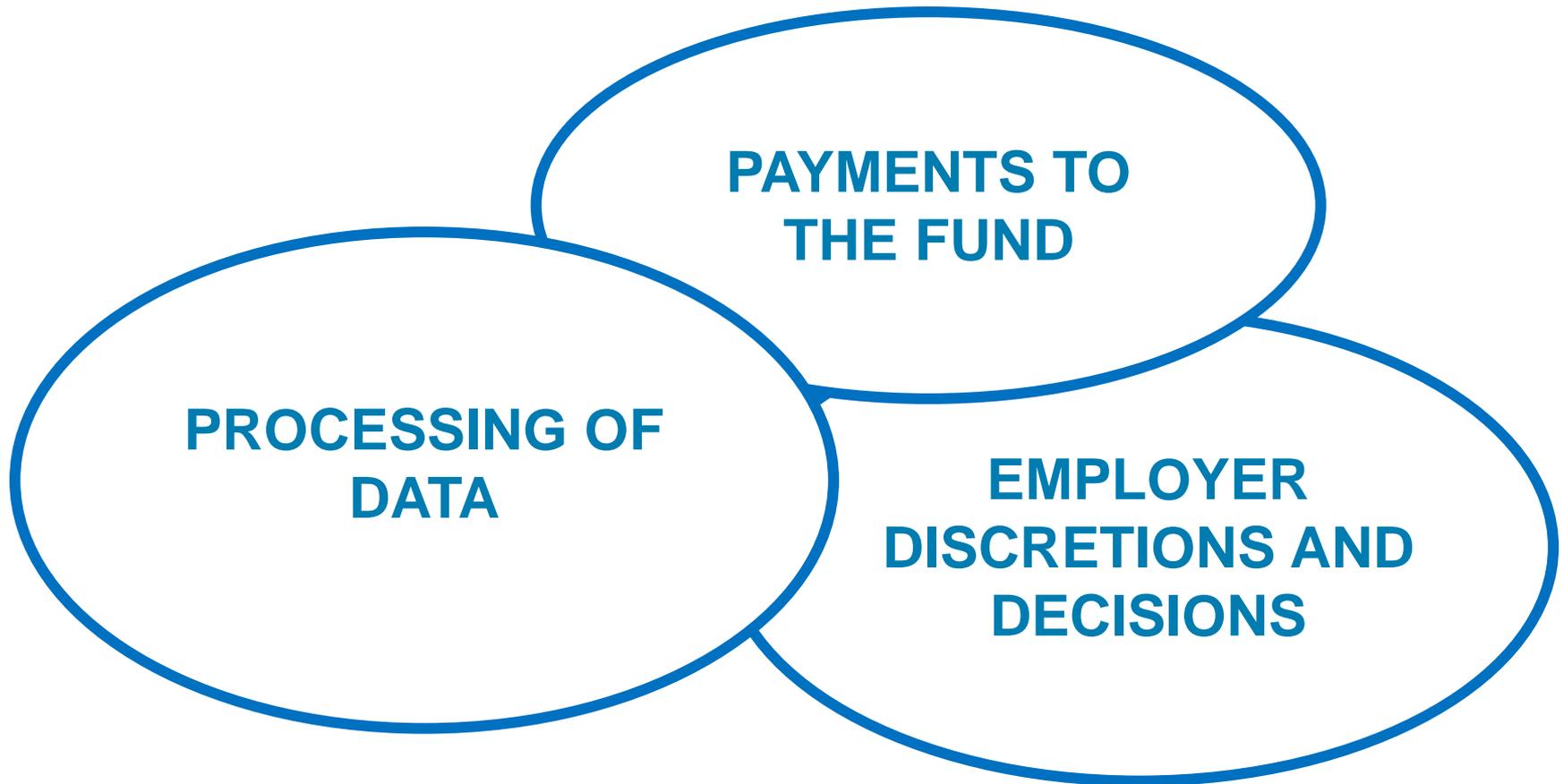
- Changes to Scheme Regulations
- Impact of McCloud
- Finalisation of 2019 Valuation
- Focus on data quality improvement
- Investment Strategy Review including implementation

Cumbria County Council  
**Any Questions?**



**Cumbria County Council**  
**Data Quality – the role of**  
**the Fund and Employers**  
**Nov 2019**

# Main Employer Responsibilities



# Employer responsibilities – Data Processing

## Data, data, data, data, data..... (part 1)

**Need to nominate a primary contact within your organisation for pension administration and authorise signatory/ies for all documents/instructions.**

**If you use third party payroll or HR provider please note this does not delegate responsibility for the performance of any required actions.**

Regular Data Required	Frequency
Data Collection File (EPIC file) – to YPS	By 6 <sup>th</sup> of month following pay period
Monthly Remittance Advice – to Cumbria CC (Sharepoint)	By 19 <sup>th</sup> of month following pay period
Annual Contribution Return – P9A via Sharepoint	By mid April each year

# Employer responsibilities

## Data, data, data, data, data..... (part 2)

The monthly Data Collection File which you send to YPS by the 6<sup>th</sup> of the following month is **critical** in ensuring your employees records are accurate and up to date.

Your monthly EPIC file updates all of this member record data, and more:

New starters	Change of address	Change of hours	Change of Pensionable Pay
Employee contributions	Employer contributions	Contribution rate	Employee Additional Contributions
50/50 scheme contributions	Opt out Date	Change to contractual hours	Updates up to 62 data points each month

# Payments to the Fund – Pension Contributions

## Deadlines

Payment and Data must be received by:

Admin Policy states -  
19th of month following  
deduction

Regulations state – 19th of  
month following deduction  
(22nd if paid electronically)

**SO IN PRACTICE WE MUST RECEIVE THE CONTRIBUTIONS BY THE 19th OF THE MONTH FOLLOWING DEDUCTION**

**OR IT IS A BREACH OF EITHER FUND POLICY AND/OR REGULATIONS**

**We will notify you each time you breach the Regulations or the Fund Admin Policy**



# Employer Discretions and Decisions

- **Employer Discretions Policy\*** – employers must ensure that policies are formulated, kept under review and publicised in accordance with the scheme regulations.
- **Employer Decisions** – need to be notified to the member within 10 working days and must include a statement in respect of their right of appeal

**\*Within the LGPS Pension Regulations employers are able to exercise discretion over some elements of the pension scheme which enable them to choose how or if they apply certain provisions.**

# What is the Fund doing in terms of data quality?

- **Member Tracing Exercise**
- **Data Improvement Plan**
- **Pending Leavers Exercise**

# Summary

- Data quality is your responsibility
- Good quality data = lower employer contribution rates
- Not providing timely and accurate data is a breach that may be reportable to the Pension Regulator
- Pension contributions must be paid by the 19<sup>th</sup> of the month

# Where can you get further help and information?

- Employer section of the YPS website for the Employer guide and forms:

<https://www.yourpensionservice.org.uk/employers>

- YPS Helpdesk Tel: 0300 323 0260

- CLGPS documents, including Fund Policy document:

<https://www.cumbria.gov.uk/Finance/finance/cumbrialgps.asp>

- The Pension Regulator:

<http://www.thepensionsregulator.gov.uk/>



Cumbria County Council  
**Any Questions?**



HEALTH WEALTH CAREER

Agenda item 8

# CUMBRIA LOCAL GOVERNMENT PENSION SCHEME 2019 ACTUARIAL VALUATION

WHOLE FUND RESULTS

NOVEMBER 2019

MAKE TOMORROW, TODAY



# AGENDA

1

## WHERE HAVE WE BEEN?

– a recap on 2016 and our existing funding strategy

2

## INVESTMENT STRATEGY & DISCOUNT RATE

– consider impact of the Fund's maturity and objectives on strategy

3

## WHAT ELSE HAS CHANGED?

– other key factors affecting contributions and funding level since 2016

4

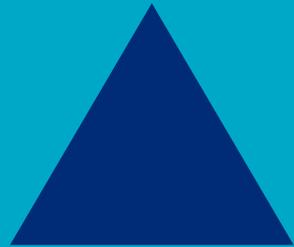
## WHERE ARE WE NOW?

– the 2019 valuation results

5

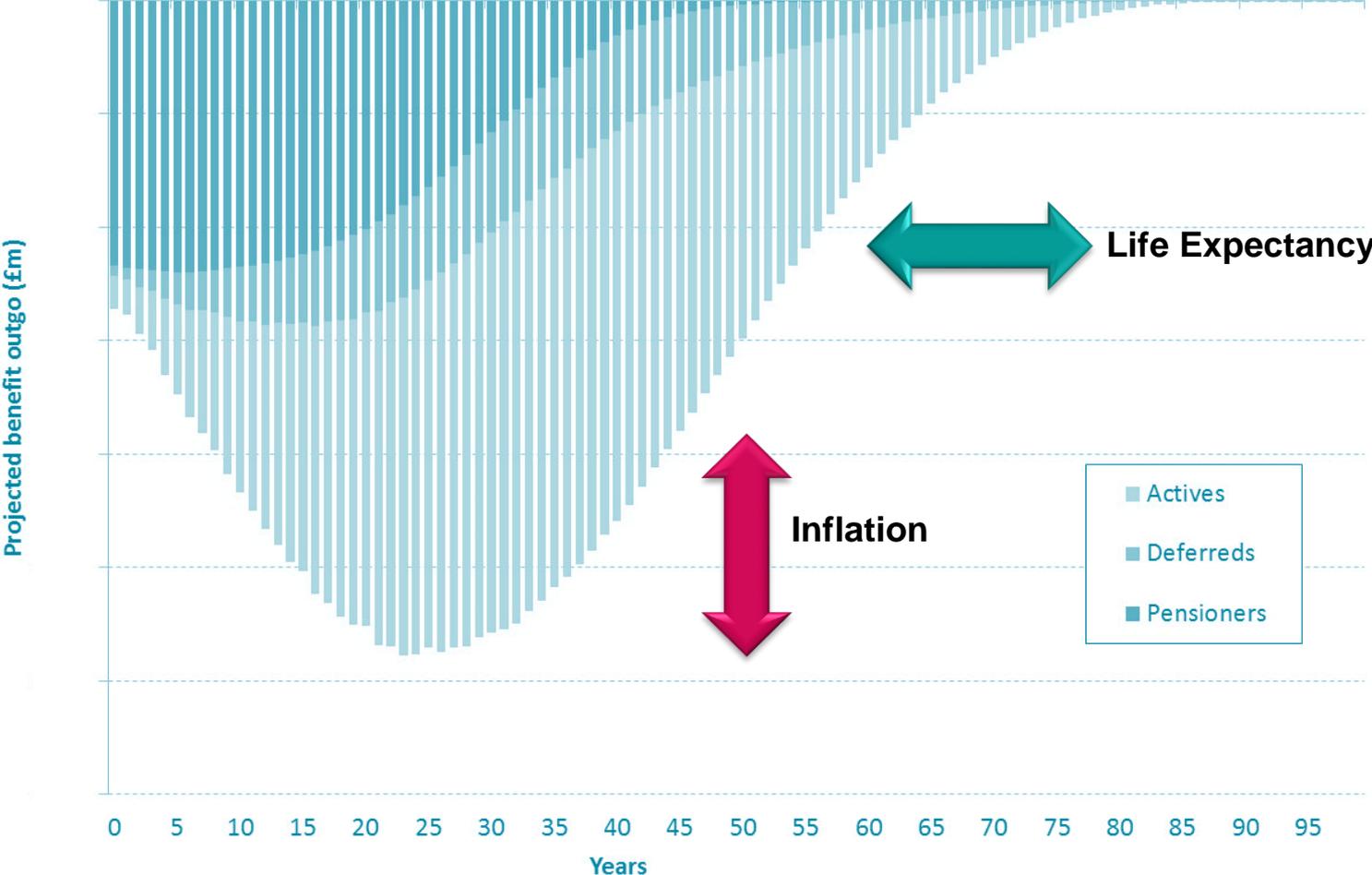
## OTHER ISSUES TO CONSIDER

# WHERE HAVE WE BEEN?



# INTRODUCTION

## IT'S ALL ABOUT THE BENEFIT CASH FLOWS

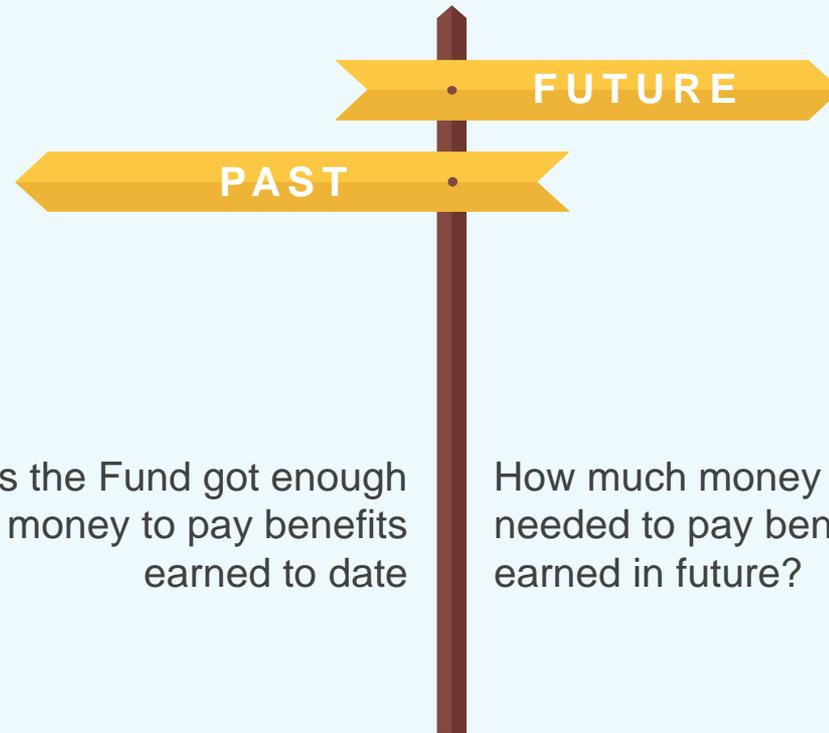


# PURPOSE OF AN ACTUARIAL VALUATION

## WHY DO A VALUATION?



Regulations say you have to...



Has the Fund got enough money to pay benefits earned to date

How much money is needed to pay benefits earned in future?

# INTRODUCTION

## VALUATION OUTCOMES

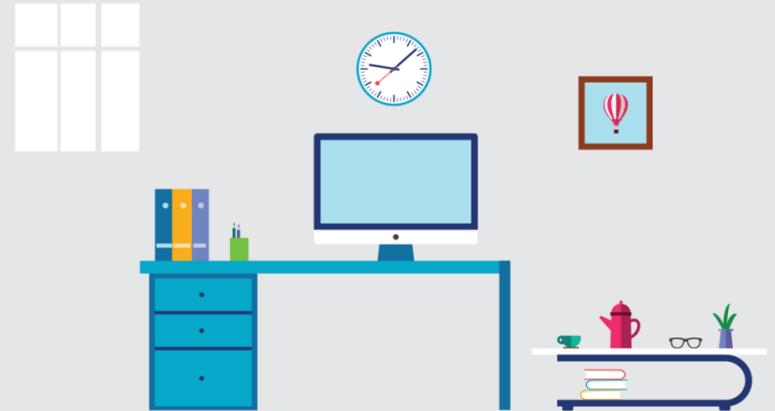
### PAST SERVICE BENEFITS



#### CONTRIBUTION IMPACT

Deficit spread over agreed "Recovery Period"

### FUTURE SERVICE BENEFITS



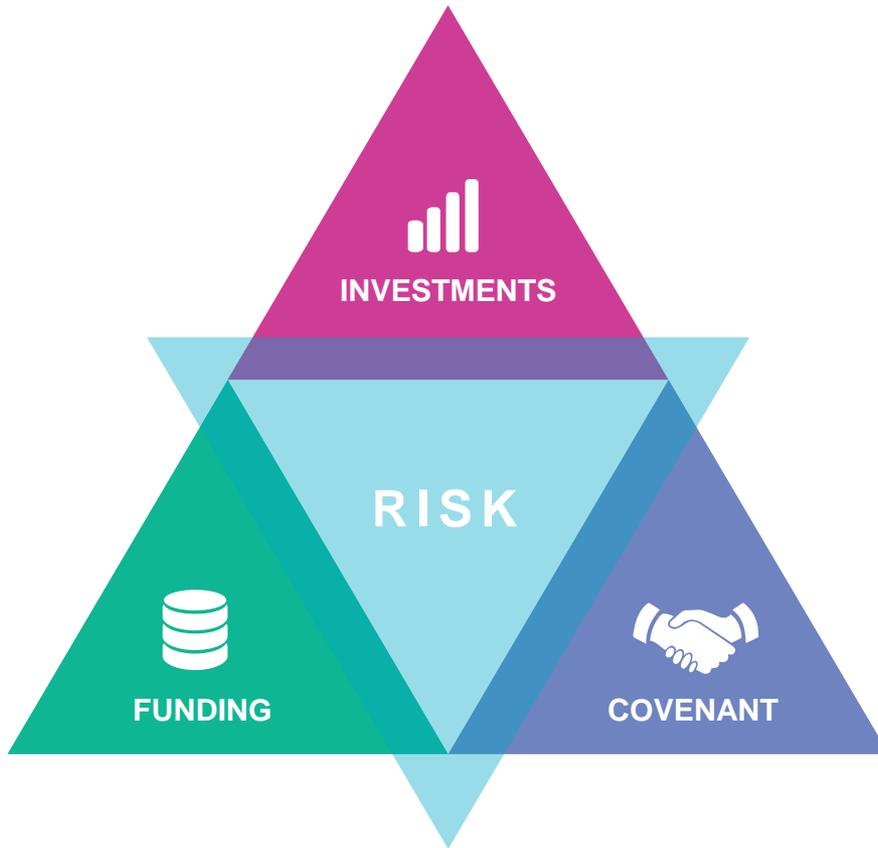
#### CONTRIBUTION IMPACT

Cost of 1 year's service

"Future service contribution rate"

# INTRODUCTION

## VALUATION OBJECTIVES

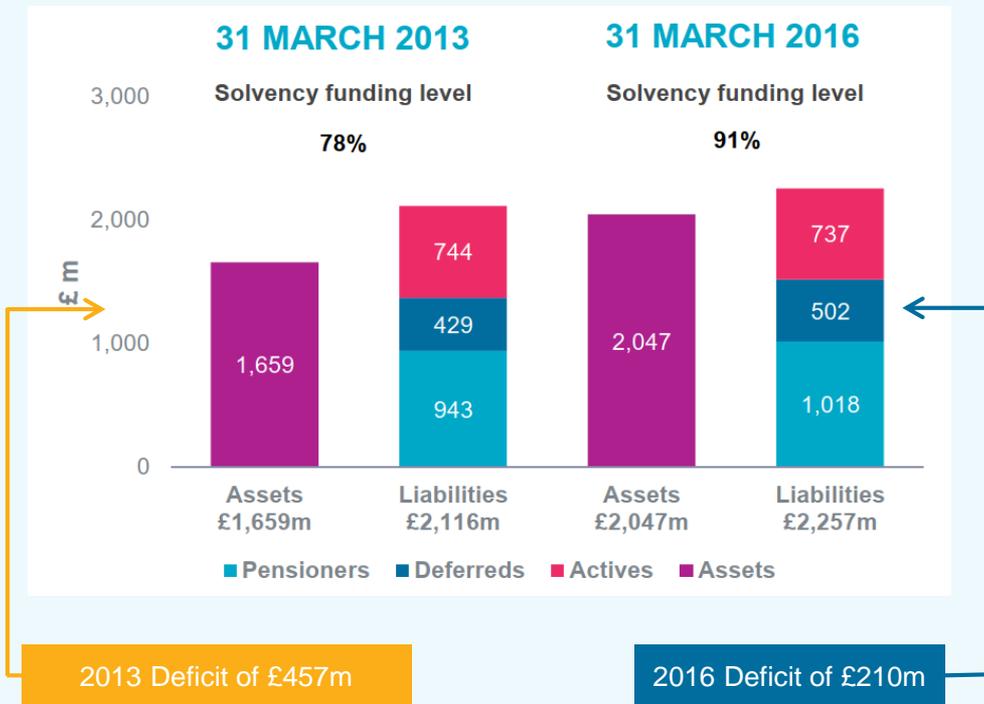


### KEY AIMS AND OBJECTIVES

- All LGPS Funds have two mandated objectives:
  - Stable employer contributions
  - Secure solvency and cost efficiency of the Fund
- Good Fund performance over the inter-valuation period will allow the Fund to pursue these objectives by:
  - Targeting stable or reduced contributions overall (although there will be variability by employer)
  - Reduce the target investment return, further increasing the prospects for long term contribution stability...
  - ...and allowing the Fund to consider de-risking options

# WHERE HAVE WE BEEN?

## RECAP OF FUND RESULTS AS AT 31 MARCH 2016



PRIMARY CONTRIBUTION RATE	% OF PENSIONABLE PAY	
	31 <sup>st</sup> Mar 2016	31 <sup>st</sup> Mar 2013
Normal contribution rate for retirement and death benefits	21.0	20.0
Allowance for administrative expenses	0.6	0.5
Total normal contribution rate	21.6	20.5
Average member contribution rate	6.3	6.3
Primary contribution rate	15.3	14.2

# WHERE HAVE WE BEEN?

## KEY FUNDING STRATEGY PARAMETERS



Investment return/discount rate explicitly linked to real returns versus CPI  
CPI plus 2% (more recently 1.5%) for past service and CPI plus 2.75% for future service



Fund implemented a strategy to protect equity gains



Other assumptions: short term pay (employer dependent)  
demographics (life expectancy, ill health etc)



Reduced the deficit recovery period (subject to affordability),  
average of 15 years across the Fund



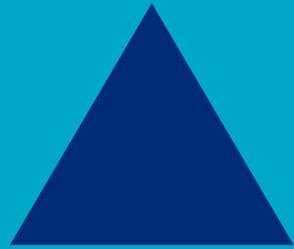
Employers were given options (phasing and prepayments) to manage  
cashflow requirements

# WHERE HAVE WE BEEN? EVERY EMPLOYER IS DIFFERENT



EMPLOYERS

# INVESTMENT STRATEGY AND DISCOUNT RATE



# INVESTMENT STRATEGY AND DISCOUNT RATE RETURN EXPECTATIONS

## Comments

- Significant over performance since 2016
- However, expect lower returns going forward (lower growth, lower yield environment, exacerbated by economic and political factors)

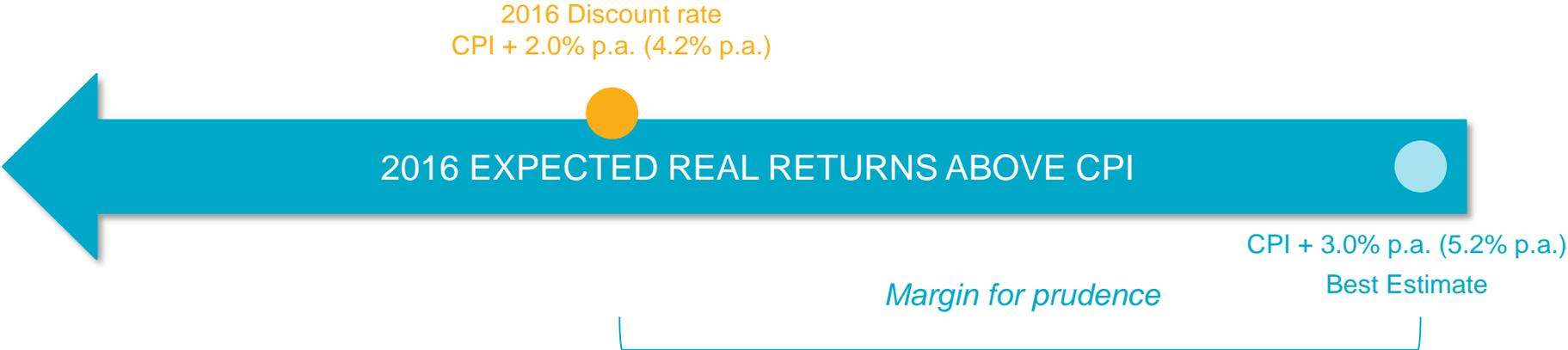
Chance of achieving return	Expected return 2016 (p.a.)*	Expected return 2019 (p.a.)*	Expected return 2019 (p.a.)**
50%	CPI +3.0%	CPI +2.0%	CPI +2.3%
60%	CPI +2.4%	CPI +1.4%	CPI +1.7%
70%	CPI +2.0%	CPI +0.8%	CPI +1.0%
80%	CPI +1.4%	CPI +0.1%	CPI +0.3%



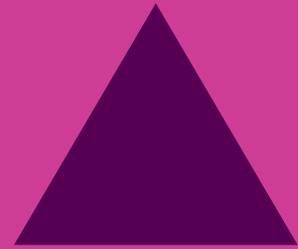
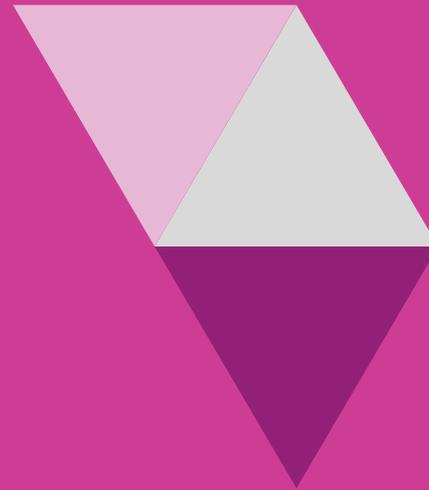
\*Using investment strategy at 2016 to illustrate change in expected returns

\*\*Allowing for current strategy

# INVESTMENT STRATEGY AND DISCOUNT RATE RANGE AND LEVEL OF PRUDENCE



# WHAT ELSE HAS CHANGED?



# WHAT ELSE HAS CHANGED? INVESTMENT PERFORMANCE

2016/17... **19%**

2017/18... **4%**

2018/19... **7%**

Total... **32%** vs target of ... **13%**

- Very positive investment returns – significantly outperformed the 2016 valuation assumption
- Result is a significant funding gain
  - ⇒ Lower deficits and
  - ⇒ Lower contributions
- Some employers will benefit more than others though. In particular, for the less well funded employers at the 2016 valuation, the gain from investment performance may not be enough to offset the change in discount rate

# WHAT ELSE HAS CHANGED?

## DEMOGRAPHIC ASSUMPTIONS UPDATE

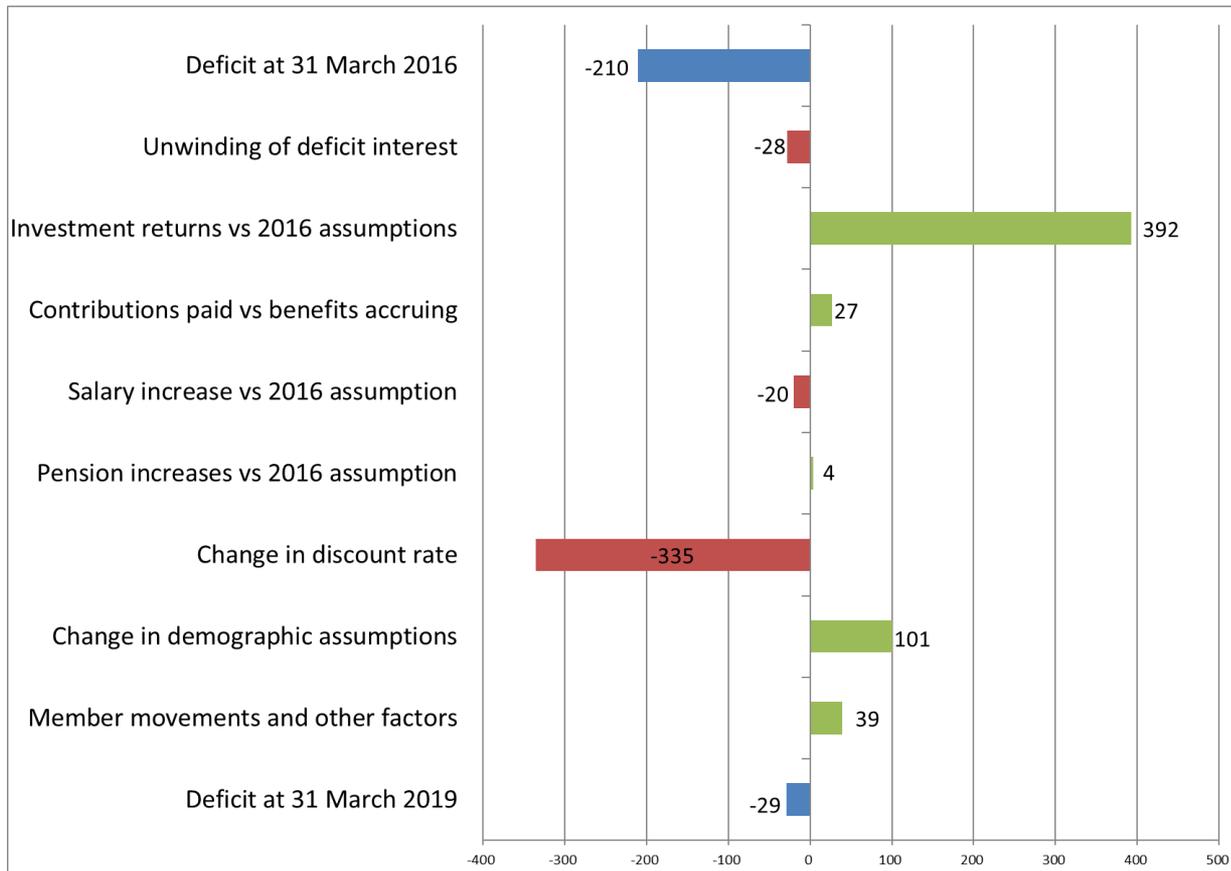
Analysis	Effect on Deficit (Whole Fund)	Effect on Future Service Rate (Whole Fund)	Comment in relation to Fund
Life Expectancy			Analysis indicates reductions from last time. Build in some prudence for rates to reverse?
Ill-Health Retirement			Small increase in numbers observed (perhaps 10-20% more than assumption). Discuss whether to change assumption?
Withdrawal			No material change so maintain assumption
Retirement Rates (pre 14 benefits)			Some changes in observed retirement patterns. Not significant from a liability point of view (maintain assumption).
Commutation			Slight trend upwards in terms of commutation. Possibly increase average assumption.
Proportions Married / Dependants			No material change so maintain assumption.

# WHERE ARE WE NOW?



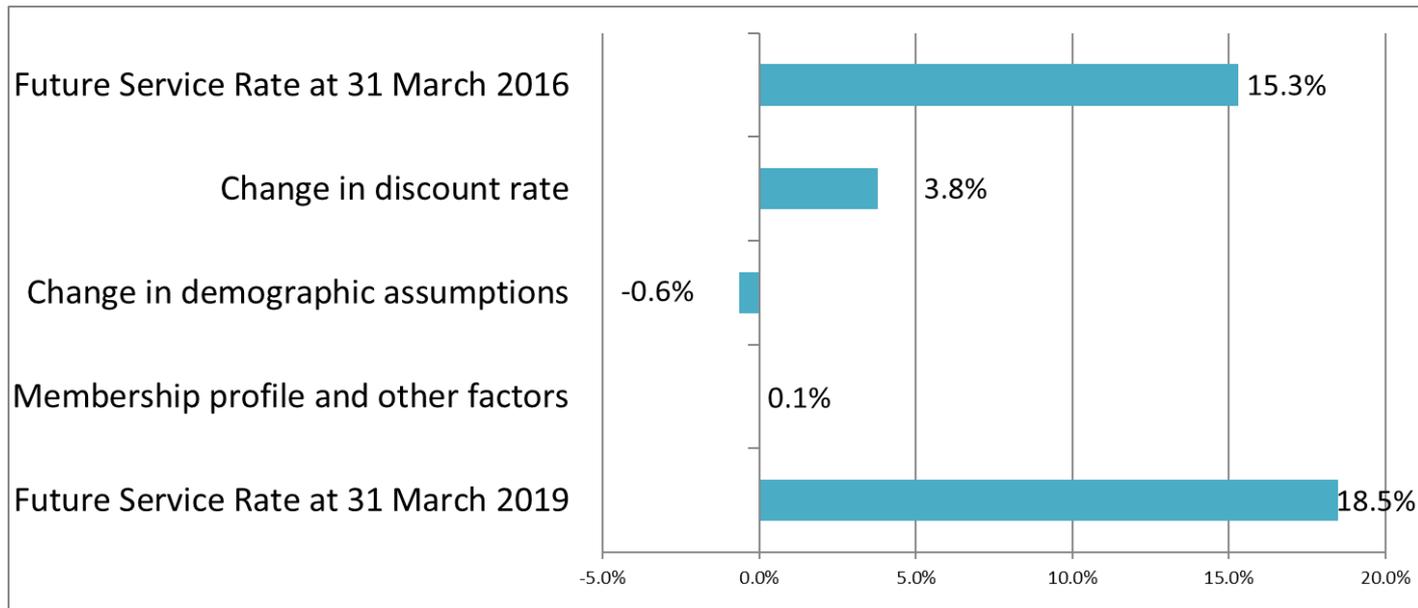
# WHERE ARE WE NOW?

## MOVEMENT IN DEFICIT FROM 2016 TO 2019



# WHERE ARE WE NOW?

## MOVEMENT IN FUTURE SERVICE FROM 2016 TO 2019



# WHERE ARE WE NOW?

## 2019 WHOLE FUND RESULTS – HEADLINES

2

	2016 Valuation	2019 Valuation
Assets	£2,047m	£2,703m
Liabilities	£2,257m	£2,732m
Surplus / Deficit	-£210m	-£29m
Funding Level	91%	99%
Average Future Service Rate (% of pay)	15.3%	18.5%
Deficit Recovery Period	15 years	12 years
Real Discount Rate (Past)	2.00% p.a.	1.25% p.a.
Real Discount Rate (Future)	2.75% p.a.	2.00% p.a.
Short Term Pay	2% pa for 4 years	No separate allowance
Life Expectancy Assumption	CMI 2015 1.5%	CMI 2018 1.75%

**Note:**

- The above numbers ignore the potential impact of McCloud

# WHERE ARE WE NOW?

## 2019 WHOLE FUND RESULTS – CONTRIBUTIONS

	2016 Valuation	2019 Valuation
Payroll (2020/21 estimate)	£290m	£290m
Average Service Rate (% of pay)	15.3%	18.5%
Surplus / Deficit	-£210m	-£29m
2020/21 Average Future Service Amount	£44m	£54m
2021/22 Average Future Service Amount	£46m	£56m
2022/23 Average Future Service Amount	£48m	£58m
2020/21 Deficit Recovery Amount	£18m	£1m
2021/22 Deficit Recovery Amount	£19m	£1m
2022/23 Deficit Recovery Amount	£20m	£1m
Total 2020/21 Contributions	£63m	£55m
Total 2021/22 Contributions	£65m	£57m
Total 2022/23 Contributions	£68m	£59m
<b>Total Contributions (3 year)</b>	<b>£195m</b>	<b>£171m</b>

- Contributions are based on a payroll of £260m for 2018/19, and ignore any prepayment
- The above figures ignore the potential impact of McCloud.

# LESS MATURE EMPLOYERS

## 2019 RESULTS (EXCLUDING MCCLOUD)

	2016 Valuation	2019 Valuation
Assets	£39.5m	£72.2m
Liabilities	£62.5m	£97.0m
Surplus / (Deficit)	-£22.0m	-£24.8m
Funding Level	63%	74%
Average Future Service Rate (% of pay)	16.1%	19.6%
Deficit Recovery Period	16 years	13 years

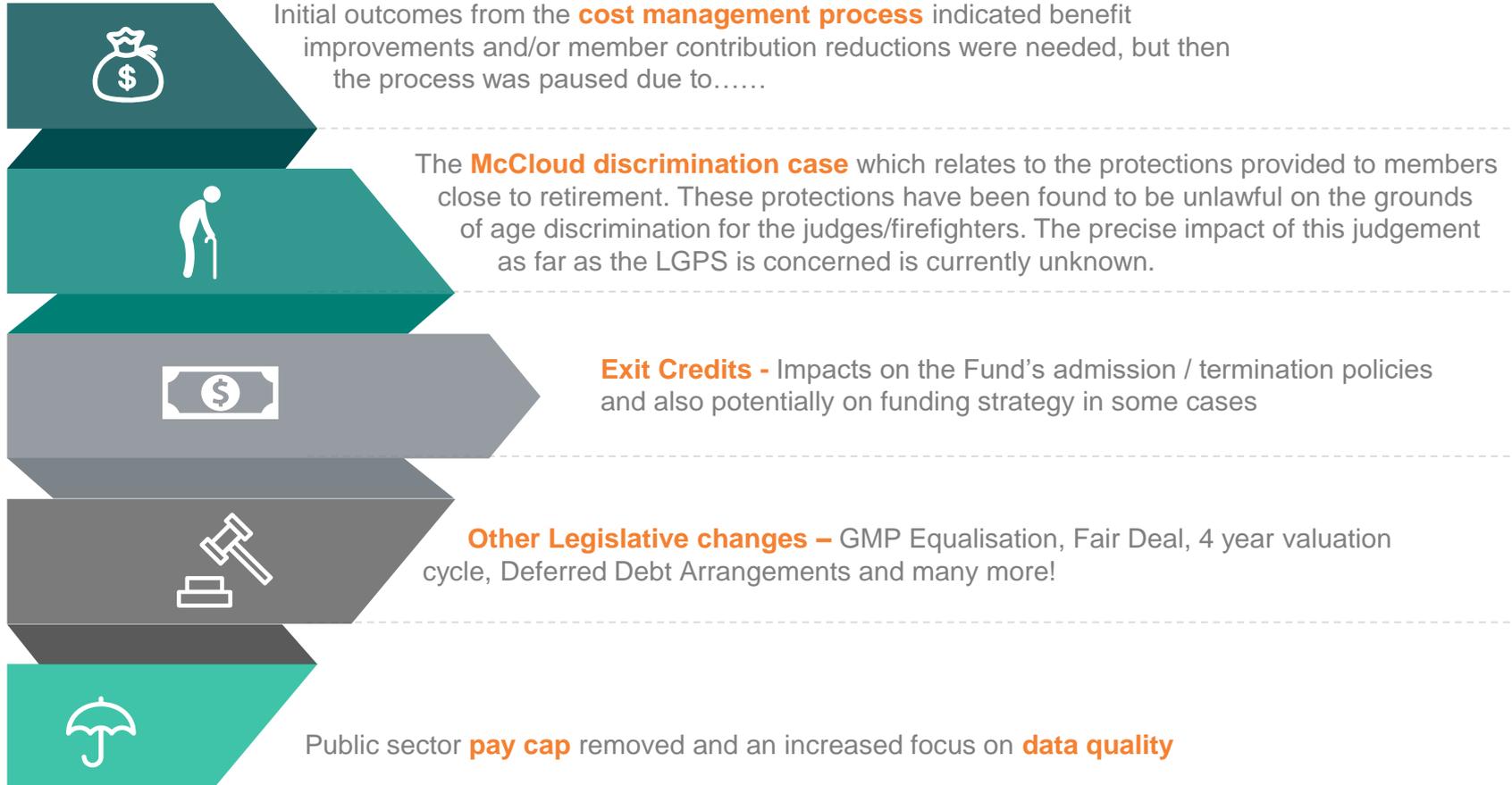
	2016 Valuation	2019 Valuation
Payroll (2020/21 estimate)	£21.55m	£21.55m
Average Future Service Rate (% of pay)	16.1%	19.6%
Surplus / (Deficit)	-£22.0m	-£24.8m
2020/21 Average Future Service Amount	£3.47m	£4.22m
2020/21 Deficit Recovery Amount	£1.68m	£2.01m
<b>Total 2020/21 Contributions</b>	<b>£5.15m</b>	<b>£6.23m</b>

Figures are based on a sample of academies present at both the 2016 and 2019 valuations

# OTHER ISSUES TO CONSIDER?



# CURRENT NATIONAL ISSUES OTHER KEY CONSIDERATIONS



# TERMINATING EMPLOYERS / EXIT CREDITS



Key distinction between employers with/without a guarantor

Appropriate treatment of exit credits

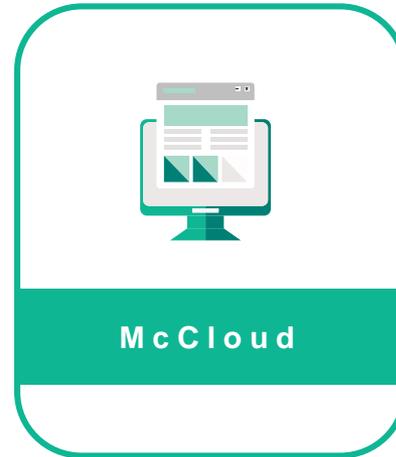
Fairness between employers

Protection of other Fund employers



Move from least risk to corporate bond assumptions for non-guaranteed employers

Protects Fund & employers, but prevents employers becoming trapped by unmanageable deficits



Instigated policy to include McCloud allowance on termination

Done on a “reasonable worst case” basis, to be corrected when the remedy is agreed

Protects Fund employers from potential costs



Look to put terminations with risk sharing on hold

Will protect Fund employers with outsourcings from unfair surplus refunds being paid

# COST CAP

- With the introduction of the 2014 scheme, Government introduced a cost cap process – benefits would change if costs moved outside of a given range
- However, the mechanism only considered “member” costs – life expectancy, salary increase, while excluding other costs, such as investment performance / economic conditions...
- ...and while designed to limit costs, on first review it actually produced an increase in benefits!
- To increase the overall value of benefits in line with the cost cap requirements a range of benefit improvements were proposed:
  - ✓ Removal of lowest ill-health tier
  - ✓ Improved death benefits
  - ✓ Enhanced early retirement factors
  - ✓ Some reduction in member contributions

Net cost increase **0.5%** of pay

CLGPS **£1.4m** pa

Employer cost **0.9%** of pay

CLGPS **£2.6m** pa

# MC CLOUD – WHAT IS IT?



The case concerns the transitional protections given to scheme members, who in 2012 were within 10 years of their normal retirement age, in the judges and firefighters schemes as part of public service pensions reform.



On 20th December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified.



If the protections are unlawful then those members who are found to have been discriminated against will need to be offered appropriate remedies to ensure they are placed in an equivalent position to the protected members



Such remedies will need to be 'upwards' - that is the benefits of unprotected members will need to be raised rather than the benefits of protected members being reduced.



Whilst the case was in relation to the judges and firefighters schemes, the principles are accepted to apply to all public sector schemes

# MC CLOUD – IMPACT FOR THE LGPS



Government has therefore agreed that, on the back of the McCloud judgment, LGPS benefits will need to be adjusted to remove potential age discrimination



Outcome to be agreed via tribunal – so the remedy, and resulting cost, is currently unknown



However, it is likely to feature an amendment to benefits accrued since 2014, and for benefits going forward

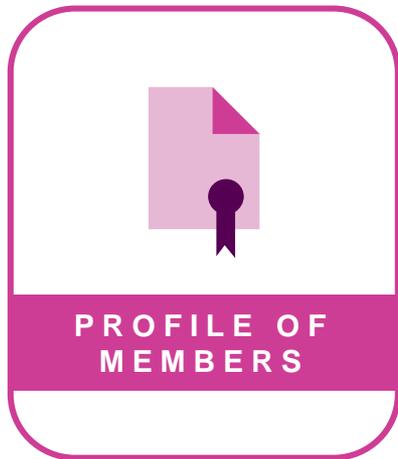


Remedy unlikely to be available in time to incorporate formally into the 2019 valuation results but SAB guidance is for funds to consider the risk and potential costs



Cost cap on hold pending the remedy – if costs exceed those required by the cap requirements then no further adjustment may be needed, but still some uncertainty on how the two will interact

# MC CLOUD – POTENTIAL IMPACT EVERY EMPLOYER IS DIFFERENT



COSTS WILL VARY SIGNIFICANTLY BY EMPLOYER

# MCCLLOUD COSTS POLICY FOR EMPLOYERS



Employer funding positions and contribution rates will not include any allowance for McCloud costs, on the basis that these costs are unknown at this time



However, estimates of the possible costs will be provided to employers. This is to ensure that employers are aware of the potential issue for budgeting and risk purposes.



Employers will be notified that once the remedy is known, the Fund will review the potential costs, and will reserve the right to change contributions where it is deemed necessary



In practice, the Fund may choose not to change contributions in many cases, and review the costings as part of the next valuation



The exception to this may be higher risk employers, and those with a limited lifespan in the Fund

# FUNDING STRATEGY

## CONTRIBUTION SETTING

- In general, attempt to maintain same recovery end point as in 2016 for open employers – some adjustments where resultant period very short
- More recognition of termination positions – generally only allow surplus offset if in surplus over and above termination position
- Surplus offset nevertheless allowed if sufficient guarantee or security
- Phasing of increases likely to be allowable
- Prepayment of contributions generally allowed, in line with 2016 policy

# PRELIMINARY NUMBERS

## 2019 ACTUARIAL VALUATION HEADLINE FIGURES

### ABC Housing Ltd



NEW TODAY

This sheet shows the overall results of the 2019 actuarial valuation for this employer

### HEADLINE RESULTS

#### FUNDING SUMMARY POSITION

Surplus / (Deficit)	(£2,000,000)
Funding Level	95%

Employer Information	
Open/Closed	Open to new members
Termination basis	Corporate bond

#### EMPLOYER FUTURE SERVICE COST

Employer Future Service Rate (% pay p.a.)	22.6%
-------------------------------------------	-------

#### EMPLOYER CONTRIBUTION REQUIREMENTS

Contributions:	Future Service Rate	Deficit Contributions
2020/21	16.0%	£100,000
2021/22	16.0%	£104,000
2022/23	16.0%	£108,000

McCloud Estimated Costs	
Increase in Total Liabilities (% of liabilities)	1.3%
Increase in Total Liabilities	£500,000
Increase in Future Service Rate (% of pay)	0.5%
Increase in Annual Deficit Contributions	£25,000

#### TERMINATION POSITION

Surplus / (Deficit) including Estimated McCloud Cost	(£18,500,000)
------------------------------------------------------	---------------

Illustrative figures - potential McCloud costs are uncertain at this stage - employers can choose whether to pay them now or wait until position is clarified

The "Funding Summary Position", "Employer Future Service Cost" and "Employer Contribution Requirements" figures above exclude the

This schedule should be read in conjunction with the Funding Strategy Statement 2019 and the Funding Report of the Actuarial Valuation as part of the 2022 Actuarial Valuation and new contributions will be payable from 1 April 2023.

Whilst reasonableness checks on the data provided by the Fund have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently, we do not accept any liability in respect of our advice where we have relied on data which is incomplete or inaccurate.



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# PRELIMINARY NUMBERS

## 2019 ACTUARIAL VALUATION FURTHER INFORMATION ABC Housing Ltd



### DETAILED RESULTS

	2016 results	2019 results	2019 results incl McCloud
	Final results at 31 March 2016	Actuarial Valuation Results at 31 March 2019	Results at 31 March 2019 including estimated McCloud cost
Assets	£24,000,000	£37,000,000	£37,000,000
Liabilities	£27,500,000	£39,000,000	£39,500,000
Surplus / (Deficit)	(£3,500,000)	(£2,000,000)	(£2,500,000)
Funding Level	87%	95%	94%
Employer Future Service Rate (% pay)	14.0%	16.0%	16.5%
Implied Recovery Period	17 years	14 years	14 years

Headline results

### "LIKE-FOR-LIKE" comparison using "BASE" results (i.e. before adjustments such as prepayment)

2020/21 Projected Payroll*	£8,000,000		£8,000,000		£8,000,000	
2020/21 Future Service Amount	14.0%	£1,120,000	16.0%	£1,280,000	16.5%	£1,320,000
2020/21 Deficit Recovery Amount	£200,000		£100,000		£125,000	
2020/21 Total Contributions	£1,320,000		£1,380,000		£1,445,000	

Contribution outcomes

\*This is an estimate of your 2020/21 payroll (based on your valuation date membership) to enable like-for-like comparison of what you would pay if the 2016 valuation results were rolled forward and applied to this membership compared with the 2019 valuation results (before any adjustments, e.g. prepayment).

### FINAL RESULTS (allowing for employer options and prepayments)

2020/21 Future Service Amount		16.0%	£1,280,000	16.5%	£1,380,950
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\*\*The £ amounts are illustrative (they are based on your projected payroll figure). The actual amount payable will be your future service rate (the % amount above) multiplied by your actual payroll for each of the 3 years.

2020/21 Deficit Recovery Amount		£100,000	£125,000
2021/22 Deficit Recovery Amount		£104,000	£130,000
2022/23 Deficit Recovery Amount		£108,000	£135,200

Year by year contribution outcomes

### Employer prepayment options

Employer options	Future service	Deficit
Deficit Prepayment Options:	None	None
Saving (over 3 years):	£0	£0

Effect of savings if employer has chosen to pay contributions early (approx 4% p.a. discount)

Overall change in contributions

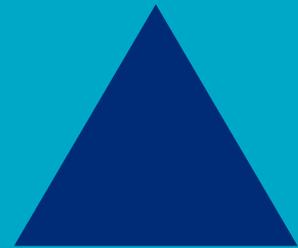
Potential McCloud costs are uncertain at this stage - employers can choose whether to pay them now or wait until position is clarified



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# APPENDIX



# FUND MEMBERSHIP

## MEMBERSHIP ANALYSIS FROM THE DATA RECEIVED

	31 MARCH 2016	31 MARCH 2019
<b>ACTIVE MEMBERS</b>		
Number	16,261	16,558
Total Pensionable Salaries (£000s p.a.)	253,689	259,540
Average Pensionable Salary (£ p.a.)	15,601	15,675
Average age (weighted by pension)	49.8	50.4

<b>DEFERRED PENSIONERS (INCLUDING UNDECIDEDS)</b>		
Number	23,346	24,980
Total deferred pensions revalued to valuation date (£000s p.a.)	27,051	30,062
Average deferred pension (£ p.a.)	1,159	1,203
Average age (weighted by pension)	49.9	50.9

<b>CURRENT PENSIONERS AND DEPENDANTS</b>		
Number	14,887	16,273
Total pensions payable (£000s p.a.)	64,080	72,629
Average Pension	4,304	4,463
Average age (weighted by pension)	70.6	71.3

# NOMINAL FINANCIAL ASSUMPTIONS

Market yields	31 March 2016	31 March 2019
Fixed interest gilt yield	2.20% p.a.	1.50% p.a.
Index-linked gilt yield	-1.00% p.a.	-1.90% p.a.
Assumed CPI price inflation (derived by differencing yields on fixed-interest and index-linked gilts less 1% p.a.)	2.20% p.a.	2.40% p.a.
<b>Assumptions used for Liabilities</b>		
Derivation of Discount Rate/Expected Return	CPI plus 2.00% p.a. (past) CPI plus 2.75% p.a. (future)	CPI plus 1.25% p.a. (past) CPI plus 2.00% p.a. (future)
Discount rate:	4.20% p.a. (past) 4.95% p.a. (future)	3.65% p.a. (past) 4.40% p.a. (future)
Inflation: Consumer Prices Index (CPI)	2.20% p.a.	2.40% p.a.
Long term pay growth assumption	3.70% p.a.	3.90% p.a.
Pension increases	2.20% p.a.	2.40% p.a.
Short term pay growth assumption (for two years to 31 March 2020)	2% per annum	2% per annum

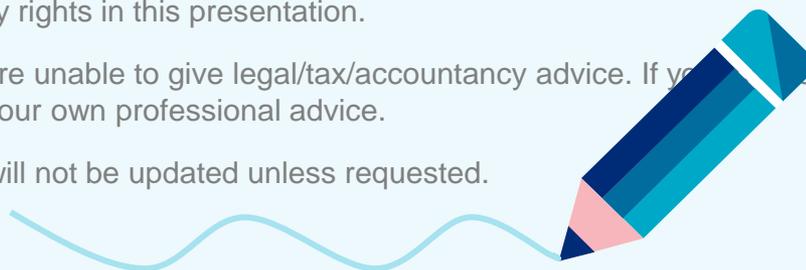
# DEMOGRAPHIC ASSUMPTIONS

Demographic assumptions	31 March 2016	31 March 2019
Post retirement mortality tables:	CMI S2PA tables (S2DA for female dependants)	CMI S3PA tables (S3DA for female dependants)
Adjustments - active (MF):	Members: 93%/84% Future dependants: 101%/96% Ill-health: 93%/84% +4 years	Members: 105%/90% Future dependants: 101%/96% Ill-health: 121%/139%
Adjustments - deferred (MF):	Members: 115%/96% Future dependants: 101%/96%	Members: 127%/105% Future dependants: 134%/113%
Adjustments - pensioners (MF):	Members: 94%/88% Dependants: 119%/102% Future dependants: 111%/108% Ill-health: 94%/88% +3 years	Members: 99%/88% Dependants: 135%/90% Future dependants: 129%/105% Ill-health: 118%/127%
Future improvements:	CMI 2015 with 1.5% p.a. improvements	CMI 2018 with 1.75% p.a. improvements
Other demographic assumptions*:	As detailed in 2016 valuation report	

\*Note that Cumbria CC's ill-health retirement assumption is 40% of the assumption for the Fund as a whole

# ACTUARIAL ADVICE

- We have prepared this document for the Administering Authority for the purpose of updating the funding position of the Fund
- “Technical Actuarial Standard 100: Principles for Technical Actuarial Work” issued by the Financial Reporting Council applies to this presentation and the associated work, and we confirm compliance with this standard. This presentation should be read in conjunction with our report on the actuarial valuation of the Fund as at 31 March 2016.
- Unless otherwise stated, we have relied on the information and data supplied to us in preparing the information, without independent verification. We will not be responsible for any inaccuracy in the advice that is a result of any incorrect information provided to us.
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- This presentation is correct as at 21 November 2019. It will not be updated unless requested.





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# Provisional date of next meeting



**Monday 26<sup>th</sup>  
October 2020  
10am**

*The End*

**Thank you for coming**