

The newsletter for members of



West Yorkshire Pension Fund

Lincolnshire
Pension Fund



Pension

NEWSLETTER



AUTUMN 2016 • LINCOLNSHIRE PENSIONER MEMBERS

**Annual
meeting**

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fund report**

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Plain English Campaign
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Book now for our first ever



We invite you to attend our first ever annual meeting for members in Lincoln on 23 November 2016. The Chairs of the Pensions Committee and the Pension Board, and the Pension Fund Manager will present at the meeting, and we'll have a guest speaker with a topic that's of general interest to our members.

Jo Ray will chair the meeting. After the presentations our panel will answer your questions.

Book now!

If you book by phone, please have your member number or your National Insurance number handy so we can help you quickly.

When and where

The meeting is on Wednesday 23 November 2016 starting at 10.15am.

It's at **The Alive Conference Centre, Newland, Lincoln.**

Visit www.aliveconferences.org.uk for more information about the venue.

How to book

Book online at www.wypf.org.uk/lincsmeeting

Or phone 01274 434999.

We'll send you more information about the meeting once you've booked. Places are limited and it's first-come, first-served so please book early.

Book online at www.wypf.org.uk/lincsmeeting

Who pays GMP and COPE increases?

Depending on when you reach State Pension age and whether you have something called a GMP or a COPE, increases to your pension may be split between us and the DWP.

GMP – If you reached State Pension age before 6 April 2016 and you were contracted out, part of your pension is what's called a **Guaranteed Minimum Pension (GMP)**. Increases paid on it are split between us and the DWP.

COPE – If you reach State Pension age after 5 April 2016 but before 6 December 2018 and you were contracted out, part of your pension is a **Contracted-out Pension Equivalent (COPE)**. We pay the increases on this. If you reach State Pension age after 5 December 2018, we're still waiting for a government decision on who pays the increase on the COPE element of your pension.

Death grants and retirement

You may remember nominating somebody to get your death grant while you were working, but did you know you can do this in retirement too, as long as you retired on or after 1 April 2008?

A death grant is a one-off tax-free lump sum that's on top of any pension your husband, wife, partner – even your children – would be due if you died. Different conditions apply depending on when you retired and what options you chose, but the grant is usually ten times your yearly pension less any pension already paid.

It's up to you to decide who gets your death grant and if you nominate it can save time and trouble at a difficult time, and help those you leave behind avoid paying inheritance tax.

If you haven't made a nomination, or want to change one, download an 'expression of wish' form now at www.wypf.org.uk/deathgrant

Lincolnshire fund report 2016

Introduction by Jo Ray – Pension Fund Manager, LPF

At the end of 2015/16 our net asset value was £1.759 billion – an increase of £2.8 million from the previous year-end.

Our Pensions Committee meets quarterly and reviews asset allocations and our strategic benchmark, based on expected investment returns. It also monitors administration performance, and provides governance across all aspects of the fund. The Lincolnshire Pension Board began to assist the committee and oversee fund governance and administration from 1 April 2015 when our shared-service partnership with West Yorkshire Pension Fund also began, following the end of the Mouchel contract. Despite some big

challenges over the year, we are starting to see the benefits we hoped for, namely improving the quality of service for members while also improving resilience and bringing efficiency savings to the Lincolnshire fund. The government's requirement for funds to pool assets has kept us very busy working with 12 other funds to form the **Border to Coast Pensions Partnership**. Much more work is required to meet the April 2018 deadline.

This summary gives a flavour of our draft **Report and Accounts**, which we will publish on lincolnshire.gov.uk and wypf.org.uk in October 2016.

Lincolnshire Pension Fund performance

Our investment return was 1.0% in 2015/16, 0.8% below the return for the fund's strategic benchmark of 1.8%. It was a mixed year for managers' performance, with returns ranging from -12% to +12%.

Actual investment performance against the fund's strategic benchmark performance is set out in the table below. Our annual return of 1.0% (as measured by the fund's performance measurement provider, J.P.Morgan) compares well to the average Local Authority return of 0.2%. The longer-term return, whilst behind the benchmark, is ahead of the long-term required return set by our actuary of 4.6%.



Fund account

Opening assets of the fund at 1 April 2015	£1,756.3m
Investment return and income	
Return on investments	-£23.1m
Investment income	£27.9m
Dealing with members	
Benefits paid	-£83.4m
Contributions (including transfer in £7.1m)	£92.4m
Management expenses (including administration, manager fees and governance)	-£11.0m
Closing net assets of the fund at 31 March 2016	£1,759.1m
Closing net assets made up of	
• Market value of fund investment portfolio	£1,744.2m
• Net current assets (debtors, overdraft and creditors)	£14.9m
Total (closing assets of the fund at 31 March 2016)	£1,759.1m

Ten biggest equity holdings at 31 March 2016

	Company	Market value	Percentage of total fund
1	Royal Dutch Shell	£25.1m	1.4%
2	British American Tobacco	£20.9m	1.2%
3	Reckitt Benckiser	£17.4m	1.0%
4	Microsoft	£17.2m	1.0%
5	Apple	£16.9m	1.0%
6	HSBC	£16.2m	0.9%
7	Unilever	£15.4m	0.9%
8	Alphabet	£14.0m	0.8%
9	GlaxoSmithKline	£12.6m	0.7%
10	Vodafone	£11.8m	0.7%
Total		£167.5m	9.6%

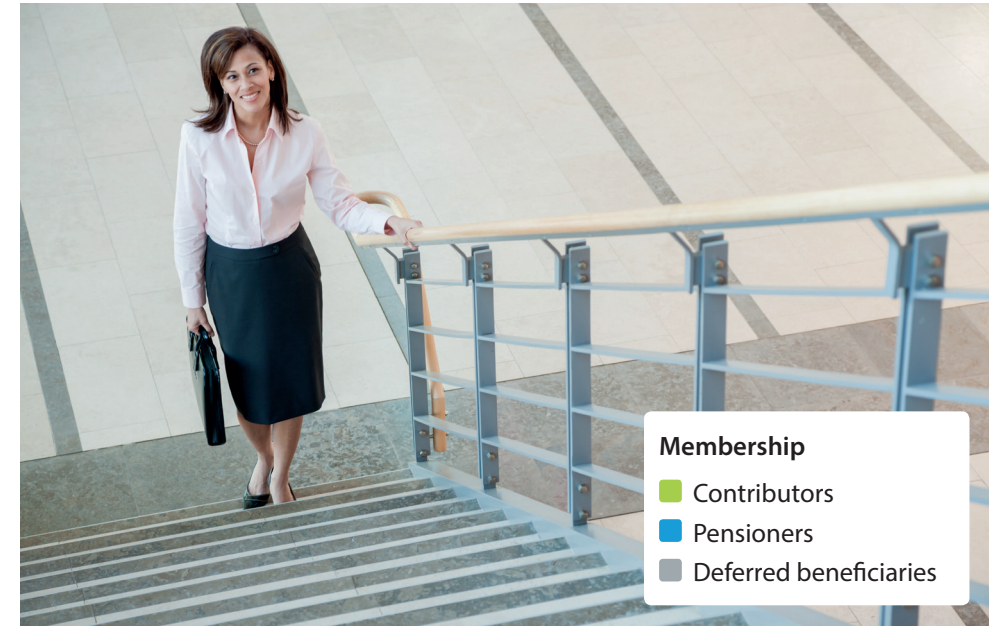
LPF investment management arrangements

The arrangements for segregated management of the fund's assets, in place at 31 March 2016, are set out below. Portfolio values include cash at the balance sheet date.

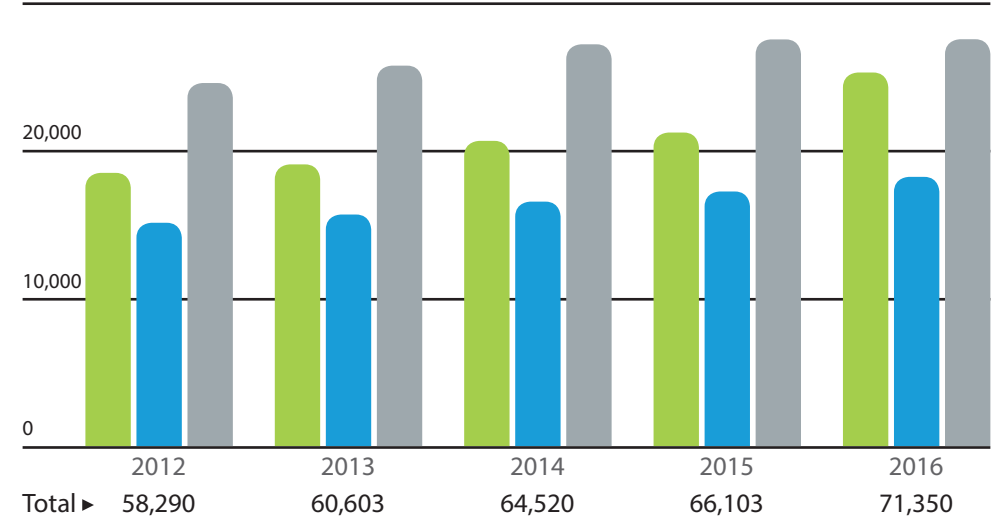
Segregated investment management mandates				
Asset class	Manager	Market value £m	% of the fund	
UK equities	Lincolnshire County Council	332.9	18.9	
Global equities – (Ex UK)	Invesco	365.3	20.8	
Global equities – all countries	Neptune	81.7	4.6	
Global equities – all countries	Schroders	88.5	5.0	
Global equities – all countries	Threadneedle	94.7	5.4	
Total segregated equities		963.1	54.8	
Pooled funds				
The fund also invests in a number of asset classes by means of collective investment vehicles, also known as pooled funds.				
Asset class	Manager	Market value £m	% of the fund	
Property and infrastructure	Franklin Templeton	8.9	0.5	
	Igloo	4.4	0.3	
	Innisfree	27.4	1.6	
	Aviva	41.8	2.4	
	Royal London	21.2	1.2	
	Rreef	3.2	0.2	
	Blackrock	20.4	1.2	
	Standard Life	72.1	4.1	
	Total UK property		199.3	11.3
	Private equity	Capital Dynamics	15.8	0.9
Pantheon		27.2	1.5	
Standard Life		12.1	0.7	
EIG		1.2	0.1	
Total private equity		56.3	3.2	
Alternatives	Morgan Stanley	183.4	10.4	
Total alternatives		183.4	10.4	
Global equities	Morgan Stanley	99.0	5.6	
Total global equities		99.0	5.6	
Fixed interest	Blackrock	119.6	6.8	
	BMO	108.0	6.1	
	Total fixed interest		227.6	13.0

Local Government Pension Scheme membership

There were 71,350 members and beneficiaries from 225 employers at 31 March 2016. The fund is reasonably mature, with deferred members (those no longer in the scheme but entitled to a pension at some point in the future) making up 39% of the overall membership, and pensioner members 26%.



30,000



Useful to know

Moving house?

Don't forget to tell us!
Call 01274 434999 or
Email pensions@wypf.org.uk

Tax questions?

Please contact HMRC if you have a question about tax on your pension. Phone 0300 200 3300 and quote your National Insurance number and tax office reference 072/W6. Their address?
Pay As You Earn
HM Revenue and Customs
BX9 1AS

New bank account?

If you change the account we pay your pension into, please write to us with the details at least three weeks before payday to avoid any delays.

We continue to take part in the National Fraud Initiative (NFI) that matches data between public and private sector bodies to prevent and detect fraud. This helps protect the pension fund's money.

Time to go online

Want to view your pension details the easy way online? You'll be able to see your pension payslip every month, get your P60 instantly, change your address and more.

We're inviting our pensioner members to express an interest in the new service first by signing up for it now on our website. When the service is ready, we'll be in touch with some more details about how to use it.

To express your interest, please visit www.wypf.org.uk/SignUp

Life Certificates

We're continuing to send out 'life certificates' to some pensioner members.

Please don't worry if you get one of these. It's as simple to deal with as signing a form and getting somebody who's not a family member or lives at your address to witness it.

We give you two months to return your signed certificate so you have plenty of time and we only stop pensions in extreme cases.

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The information in this newsletter relates to Lincolnshire pensioner 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 CD or in another language

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