

The newsletter for members of



West Yorkshire Pension Fund

Lincolnshire
Pension Fund



Pension

NEWSLETTER

AUTUMN 2016 • LINCOLNSHIRE DEFERRED MEMBERS

Book
now!

**First Annual
Meeting**

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**2016
fund report**

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communication

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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!



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

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/lincsmeting

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.

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



Have you nominated somebody to get your death grant?

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.

The amount payable depends when you left your job. If it was before 1 April 2008, we'd pay your deferred lump sum, including cost of living increases, as a death grant. Otherwise, we would pay 5x your deferred annual pension. The amount may be affected if you have active membership elsewhere in the LGPS.

It's up to you who gets your death grant and nominating somebody 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

Freedom and Choice

Pension freedom for some, but what about LGPS members?

If you follow the news you're bound to have noticed the widespread coverage of the government's pension reforms under the slogan 'Freedom and Choice'. The reforms now offer some people greater flexibility in the way they can access their defined contribution pension savings. You may be wondering if these new freedoms include you – the short answer is that as a member of the LGPS, they don't.

As an LGPS member, you're a member of a **defined benefit** pension scheme. Freedom and Choice is for members of **defined contribution** schemes so it doesn't apply to your LGPS deferred pension at all.

Having said that, there are some indirect changes that could affect you if you're thinking about leaving the LGPS and transferring your deferred pension to a defined contribution arrangement with flexible benefits.

What is Freedom and Choice?

From 6 April 2015 members of **defined contribution** pension schemes have had more freedom over how they take money from their pension pot.

Freedom and Choice allows members of those schemes to use their pensions in several ways once they're age 55, from buying an annuity to taking their entire pension pot as cash in one go. But people doing this may end up with a surprise tax bill.

Does Freedom and Choice impact on LGPS members at all?

These new flexibilities don't apply to your LGPS pension. However, as a deferred member of the LGPS, you have the right to transfer your deferred LGPS pension.

If you use that right, you will be able to use the Freedom and Choice flexibilities under the scheme you transfer to. Note that you can't transfer your LGPS benefits if you leave with less than one year to go to your normal pension age.

Do these freedoms affect my scheme AVCs?

They might. The government is considering changing the rules to allow you to take all of your AVCs (additional voluntary contributions) in a cash lump sum (less income tax) once you reach the age of 55.

Freedom and Choice already lets you transfer your AVCs to an approved



scheme, but you should always consider taking financial advice before doing this.

Always take advice

You should always take the best advice you can when making such important decisions. And if your pension pot is more than £30,000 you will be obliged by law to take independent advice.

This is especially true when you consider the many benefits of your deferred LGPS pension.

Where can I find out more?

Check out our Q&A on Freedom and Choice at

www.wypf.org.uk/FreedomAndChoice

www.pensionwise.com is a free and impartial government service to help you understand your pension options.

Taking part in the National Fraud Initiative



We've been taking part in the National Fraud Initiative (NFI) for many years to protect your money in the pension fund.

The NFI helped trace almost £203 million in fraud, error and overpayment in England in 2012/13 – a UK total since its launch in 1996 of £1.17 billion.

The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. We have to submit data to them on a regular basis and the last check took place in September 2015.

Under the Fair processing and the Data Protection Act we have to tell you that your data will be processed in this way and submit a declaration to NFI confirming that we are following fair processing notification requirements.

When can I claim my pension?

Change proposed for leavers before 1 April 2014

Do nothing and we will pay your deferred pension benefits from your Normal Pension age. But you can choose to take them earlier at a reduced rate, or later at an enhanced rate.

At the moment the age you can do this depends on the date you left your job:

- If you left on or after 1 April 2014 you can claim your benefits any time between age 55 and 75, but
- If you left before 1 April 2014 you can only claim your benefits between age 60 and 75.

The government is looking at getting rid of this age difference and proposes to allow claims from age 55 no matter when you left your job. We'll keep you updated on this through our newsletters and our website.

If you're thinking about claiming your deferred pension benefits early, you can phone us on 01274 434999 and ask for an estimate of how much you would get.

Pension scams

Don't be a victim!

A joint pensions industry and government operation is working to stamp out pension scams, also known as pension liberation fraud.

Pension scammers use incentives to entice members to transfer their pension savings. For most people the offers will be bogus.

They claim they can help members access their pension before the legal minimum age of 55. But it's normally only in rare circumstances, such as ill health, that you can take retirement benefits before age 55.

If you are taken in by a pension scam and agree to transfer, you will probably lose most, if not all, of your pension savings. You could also receive tax charges of over half the value of your pension.

Transfer time limit warning

If you do decide to transfer your pension after taking appropriate advice, please bear in mind that except for transfers to 'Club' schemes, you must leave the scheme and choose to transfer your pension at least one year before your Normal Pension age. You can read more about all the issues on our website and at the official scams site –

www.pension-scams.com

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

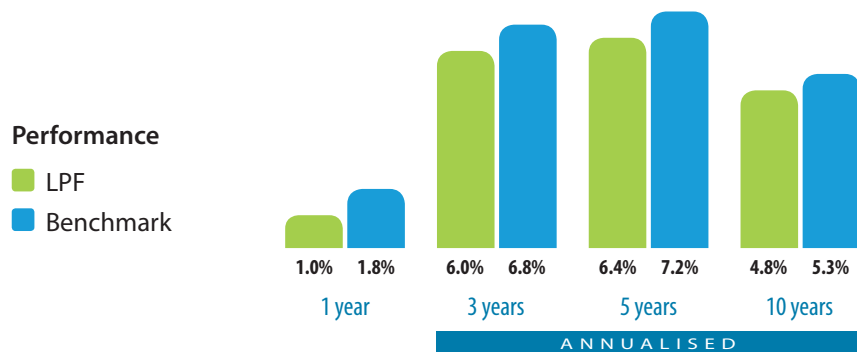
challenges over the year, we are starting to see the benefits we hoped for, namely improving the quality of service for members while also improving resilience and bringing efficiency savings to the Lincolnshire fund. The government's requirement for funds to pool assets has kept us very busy working 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.

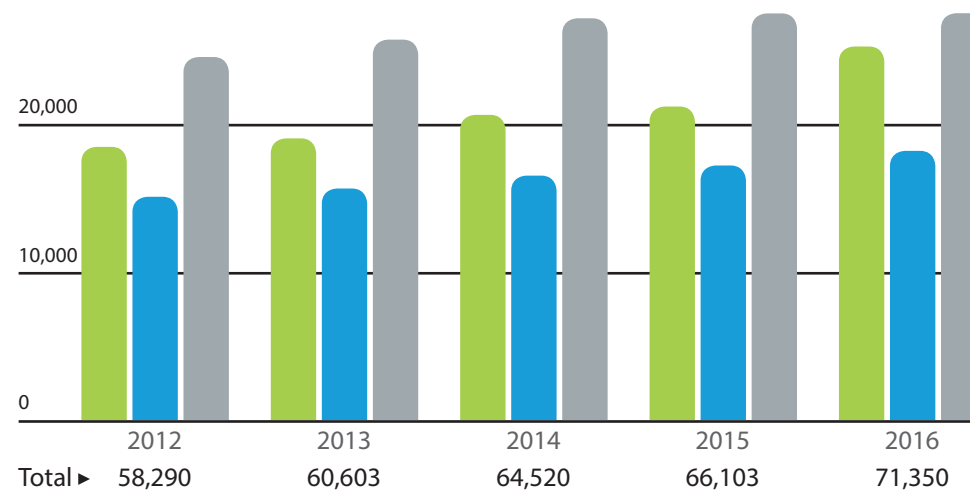
Segregated investment management mandates				
Asset class	Manager	Market value £m	% of the fund	
UK equities	Lincolnshire County Council	332.9	18.9	
Global equities – (Ex UK)	Invesco	365.3	20.8	
Global equities – all countries	Neptune	81.7	4.6	
Global equities – all countries	Schroders	88.5	5.0	
Global 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?

Please don't forget to call us on **01274 434999** or email **pensions@wypf.org.uk** with your new address. If you email please remember to tell us your member number or National Insurance number and your previous address.

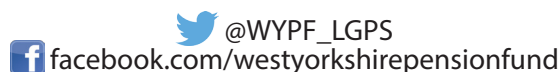
If you don't tell us you've moved, we could send confidential information to your old address.

Are we addressing you correctly?

Every home in the UK has a 'complete postal address' that helps Royal Mail deliver mail quickly, accurately and cost effectively. We checked your address against the Royal Mail's **Postcode Address File** database to make sure we're using your complete postal address.

What if my address is wrong?

In a very few cases, Royal Mail may list your address differently to the way you think it should be. We can't change this for you, but Royal Mail will correct their database if you e-mail your full address details to **addressmaintenance@royalmail.com**



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The information in this newsletter relates to Lincolnshire deferred 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 tape or in another language.

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