

IN TOUCH 2019

THE NEWSLETTER OF THE
STRATHCLYDE PENSION FUND



*Strathclyde
Region*

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KEEPING PACE WITH INFLATION

- April 2019's full-year inflation increase for deferred benefits was 2.4%
- Your increase depends on the date your benefits were deferred
- Your pension update shows your yearly pension when you became a deferred member as well as the current value

SPFONLINE

As a result of member feedback we are launching a new version of [SPFOnline](#), our member self-service platform.

Being signed up allows you to:

- *View your pension updates online*
- *Calculate your benefits at your chosen retirement date*
- *Make/Update nomination*
- *Update address*

It is essential that you keep us informed of any changes in personal details to allow us to pay your benefits when they become due.

SPFOnline
Your pension account

ACCESSING YOUR BENEFITS FROM

55

Scheme changes effective from 28th June 2019 allow all deferred members to access their benefits from age 55.

However, if you access your benefits before normal pension age, your benefits are reduced for being paid longer.

When you do access your benefits, you will still have the option to take tax free cash.

Being signed up for [SPFOnline](#) will allow you to calculate your potential benefits.

Pensions are still index linked with continuing pensions for spouse/eligible partners after your death.

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>

Don't let a scammer enjoy your retirement

Be ScamSmart with your pension.

Check who you're dealing with: www.fca.org.uk/scamsmart



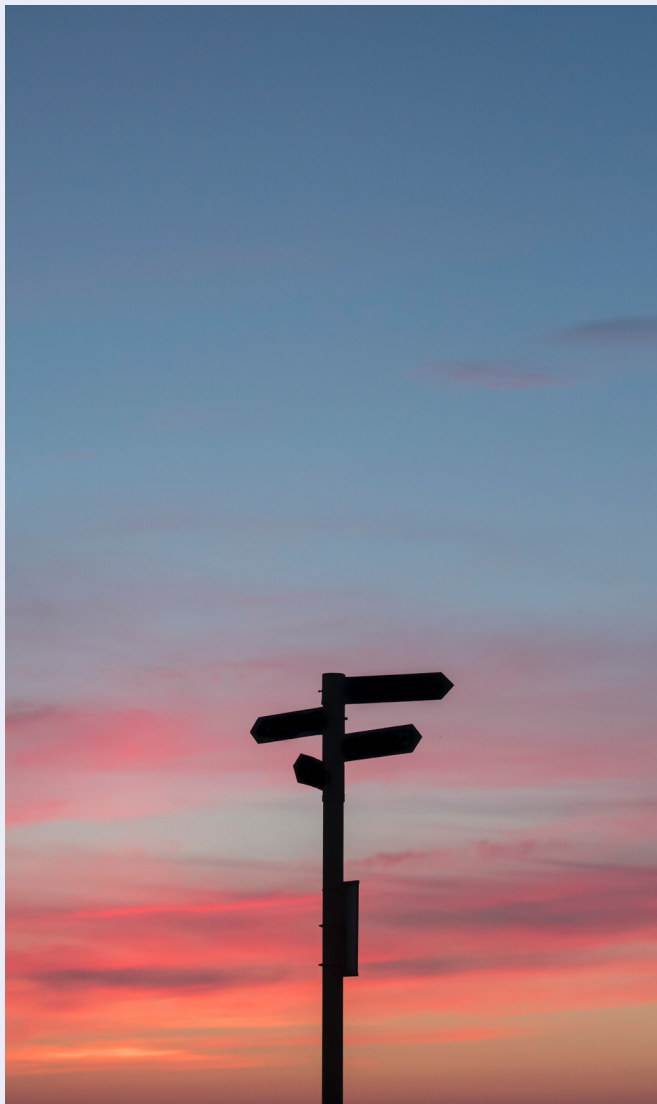
FCA
FINANCIAL
CONDUCT
AUTHORITY



The Pensions
Regulator

Pension scams often include:

- contact out of the blue
- promises of high / guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly



FREEDOM & CHOICE

AVCs

In conjunction with the Prudential we have added flexibility to our in-house 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 the Prudential on 0345 6000 343 about this. Only 25% of such lump sum withdrawals are likely to be tax-free.

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 members 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.



FOR
YOUR
FUTURE



REJOINING

If you have the option to join the LGPS again, we suggest that you consider re-joining right away to build up further benefits for your future.

Rejoining could enable your deferred benefits to be linked to the final pay in your new job.

It is important that you contact us and also the fund that you become an active member of if you rejoin the LGPS.

There are LGPS rules that we have to apply to your deferred benefits if you do not provide us with any instructions and applying these rules may not be to your advantage.



You may like to consider the 50/50 option.

It offers half pension for half contributions with full death and ill-health protection for you and your loved ones.

GDPR

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](#)



PROTECTING YOUR FAMILY

Our Guide to the LGPS is available from our website. It details what is payable if you die before receiving your deferred benefits.



LUMP SUM PAID ON DEATH

The LGPS regulations do not specify who a lump sum is paid to on death. By completing a nomination form 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 2019 pension update.

Our nomination form is available from the **Publications > Members > Forms** area of our website and you can change your nomination using [SPFOnline](#).

If you left service before 1 April 2009, die before becoming a pensioner and are not an active member on your death, we pay out 3 times your deferred pension as a lump sum death grant.

If you left service after 31 March 2009, die before becoming a pensioner and are not an active member on your death, we pay out 5 times the annual pension you have built up.

If you are also an employee member of the LGPS in Scotland, the death grant payable is the higher of your death grants. These amounts will not be added together.

AUTOMATIC SPOUSE'S / CHILDREN'S PENSIONS

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

COHABITING PARTNERS' PENSIONS

If you ceased to be an active (employee) member before 1 April 2009, we do not pay a cohabiting partner's pension.

If you were an active member after 31 March 2009 and are living with someone that you are not married to, we may pay a cohabiting partner's pension.

At your date of death, you and your partner must have been free to marry or form a civil partnership.

In addition your partner will need to provide evidence for at least 2 continuous years prior to your date of death that:

- You were living together as husband and wife or civil partners
- Your partner was financially dependent on you or you were financially interdependent

The types of documentary evidence that we would accept are:

- Joint tenancy or mortgage arrangement
- Joint council tax bill
- Joint utilities
- Joint bank accounts or proof of a transfer of funds between your individual bank accounts
- Joint savings accounts or investments
- Joint credit arrangements
- Beneficiaries of your partner's will or life insurance

MEMBERS

31 MARCH	2015	2016	2017	2018	2019
TOTAL MEMBERS	210,877	216,274	222,860	233,312	242,274
EMPLOYEE MEMBERS	90,057	92,717	94,647	98,870	100,441
DEFERRED MEMBERS	49,215	50,545	53,465	57,759	62,599
PENSIONERS	71,605	73,012	74,748	76,683	79,234

FUNDING POSITION

31ST MARCH 2014

94.3%

31ST MARCH 2017

105%

31ST MARCH 2018

ESTIMATED 105.6%

31ST MARCH 2019

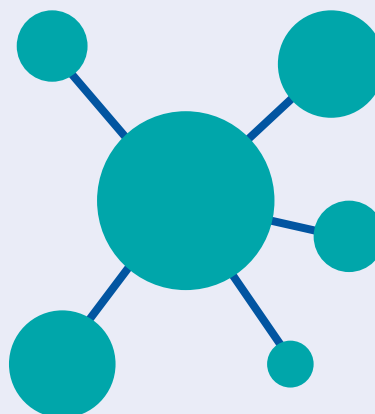
ESTIMATED 108.7%

The funding target is **100% or more**.

Our 2017 valuation report is available from the **Publications > Reports > Actuarial Valuation Reports** area of our website.

AGM 2019

A full set of the slides used at our 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 this 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

The Fund's total investment return for the year was +5.9% (2017/18 +6.0%). This represented a remarkable 10th consecutive year of growth.

Returns were again largely driven by equity market performance. The FTSE all share index returned over +6% for the year, global market indices over +10%. The Fund's benchmark return was +5.9%, so relative performance for the year was flat overall as positive and negative contributions from individual portfolios summed to zero.

Longer term relative performance remains good. 3 and 5 year annualised return figures are +11.5% p.a. and +9.9% p.a. respectively, both +1% ahead of benchmark and significantly better than the actuary's long-term investment assumption which is now +3.5% p.a.

As shown in the Fund Accounts, investment income from dividends, rents and interest was £288 million for the year. Investment growth – change in market value of investments – was £1,025 million.

Closing net assets of the Fund were £21.936 billion, another new high and an increase of £1.1 billion from 31st March 2018.

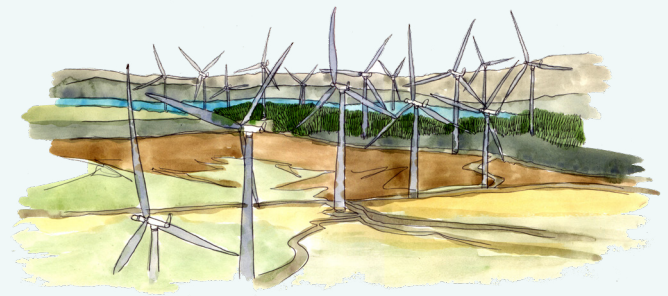
1 YEAR	3 YEARS	5 YEARS	10 YEARS
5.9%	11.5% p.a.	9.9% p.a.	11.3% p.a.

INVESTMENT STRATEGY

Our investment strategy has clearly worked very well to deliver these returns. Markets can't go up for ever so we continued to make changes this year to give us more certainty and some protection for the future. New investments included:

- **£200m** in an absolute return fund with a view to providing balanced growth and capital protection;
- **£500m** in global infrastructure to broaden the infrastructure strategy beyond the existing UK investments;

- And Extending the private debt programme to 4.5% of total Fund (close to **£1bn** at current valuation)



DIRECT INVESTMENT PORTFOLIO

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

It made 7 new investments this year with a total value of **£205m**. These span UK social infrastructure, small company lending, venture capital in the Scottish life sciences sector, community power and renewable energy infrastructure.

- The portfolio's renewable energy investments now
- generate **254,000 MW** of energy each year;
 - (enough to power **61,000** homes); and
 - save **87,000** tonnes of carbon annually

More than **30%** of this is in Scotland.

INVESTING RESPONSIBLY

We are committed to the UN Principles for Responsible Investment.



We work with companies, managers and other like-minded investors to improve the environmental, social and governance performance of our portfolios.

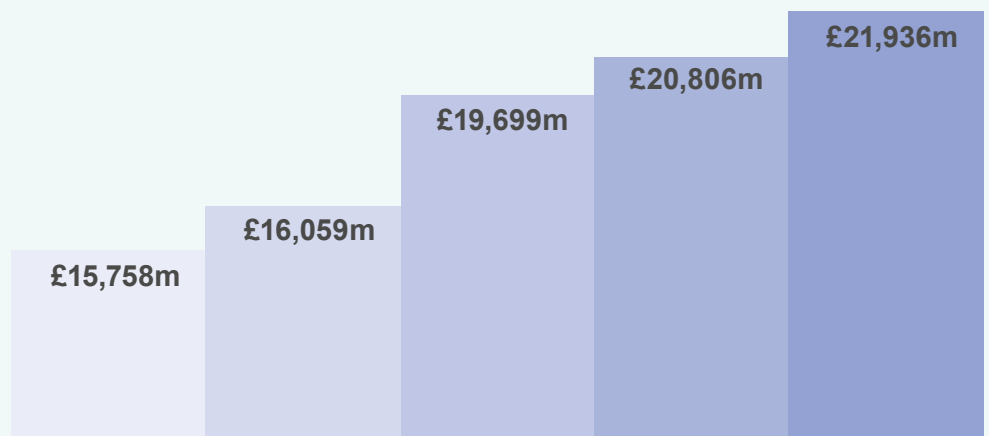
You can find more information on all aspects of our investments from the **Investments** area of our website.

FUND ACCOUNTS

Our annual report provides detailed financial information about our scheme year 2018/2019 and is available from the **Publications > Reports > Annual Reports** area of our website.

SCHEME YEAR	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
CONTRIBUTIONS RECEIVED	£486m	£508m	£520m	£542m	£569m
PENSIONS PAID	£389m	£397m	£411m	£423m	£452m
TAX FREE LUMP SUMS PAID	£99m	£104m	£121m	£125m	£138m
OTHER PAYMENTS	£112m	£109m	£120m	£139m	£156m
INVESTMENT INCOME	£200m	£229m	£252m	£285m	£282m
INVESTMENT GROWTH	£1,727m	£174m	£3,520m	£967m	£1,025m

NET ASSETS AT YEAR END



CONTACTING US

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



Web: www.spfo.org.uk



Email: spfo@glasgow.gov.uk



Phone: 0345 890 8999



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