

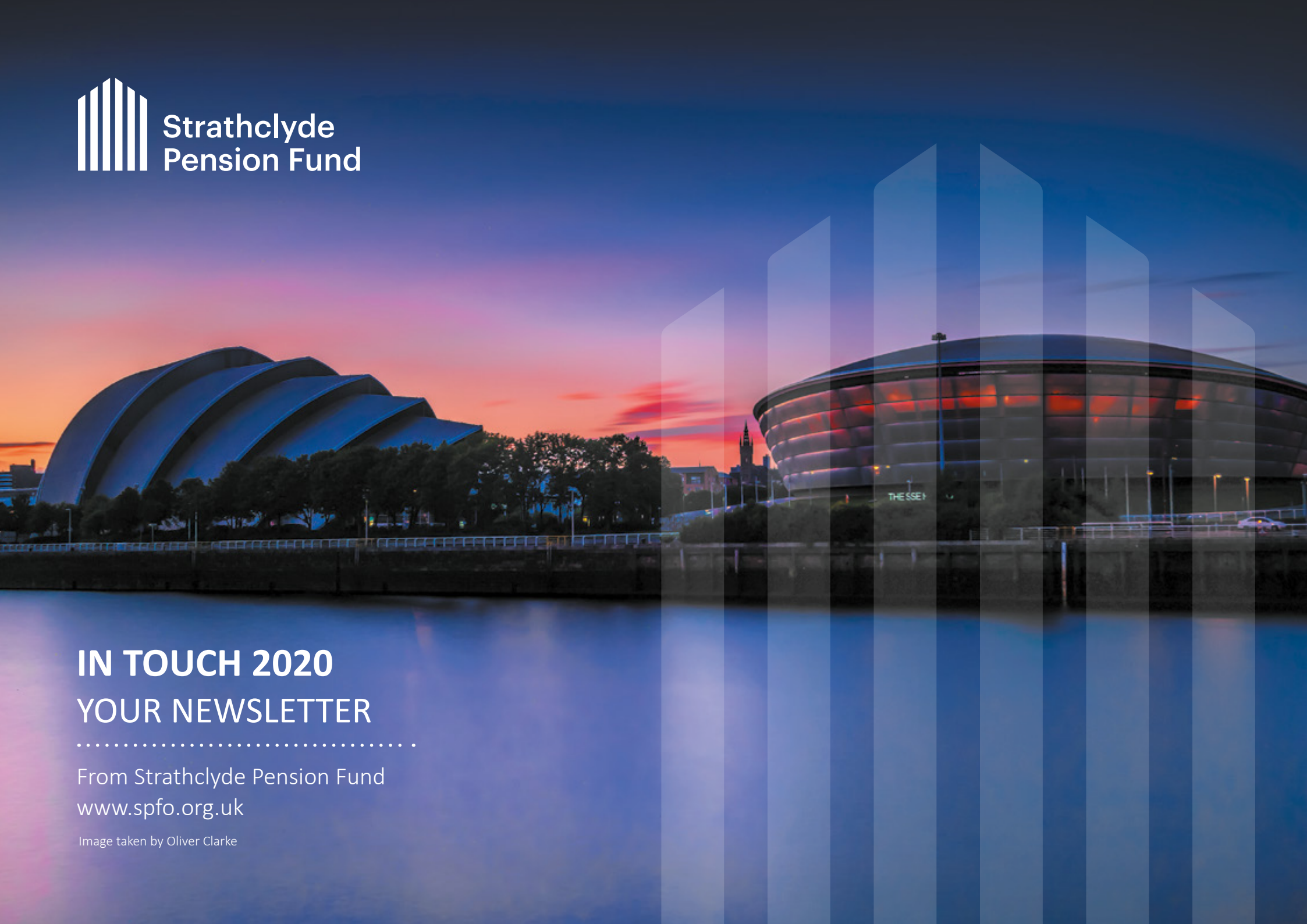


Strathclyde
Pension Fund

IN TOUCH 2020 YOUR NEWSLETTER

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From Strathclyde Pension Fund
www.spfo.org.uk

Image taken by Oliver Clarke



Like everyone else, SPFO has been very much affected by COVID-19. Our normal working routines have had to change completely. We closed the office for a few weeks at the start of lockdown and worked from home to deliver our service to members. We then re-opened with a minimal staffing presence.

Our first priority, especially at this time, is to make sure our 90,000 current pensioners are paid on time each month. We can do that without difficulty even with the office closed.

We are also still processing new transactions and dealing with enquiries. But both of these might take longer than usual.

Some form of disruption looks set to continue for the foreseeable future. Our arrangements will change with changes to government and other guidance.

IF YOU DO NEED TO GET IN TOUCH:

- The News area of our website www.spfo.org.uk will be updated regularly with our current service status.
- Our website also has lots of other information. We've just added a Frequently Asked Questions [\(FAQs\)](#) section to the Deferred Members area. You might be able to find your answer there.
- You can use [SPFOonline](#) to view your pension updates, carry out calculations and update your personal details.

IF YOU STILL NEED TO CONTACT US:

- Email us at spfo.glasgow.org.uk
- or phone us on 0345 890 8999 (but a limited call centre service may apply at some times because of restrictions.)

IN TOUCH 2020

In this edition you'll find:

- Some reminders about your pension
- Some ideas about your retirement planning and
- Some highlights from our 2020 Annual Report.



- Strathclyde Pension Fund (SPF) is part of the **Local Government Pension Scheme (LGPS)**
- It is one of **11 LGPS funds in Scotland** and around 100 in the UK.
- Strathclyde is the **second largest** of the UK LGPS funds.
- The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013. That means **your scheme benefits are set out and protected by law.**
- The **scheme rules** take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs). There are separate sets of regulations to set out the scheme benefits, investment arrangements and governance requirements.
- The LGPS is a multi-employer, **defined benefit** scheme. The benefits are based on final salary for all service to 31st March 2015 and career average earnings for benefits from 1st April 2015.
- The Strathclyde Pension Fund was created in 1974. It has been managed by **Glasgow City Council** since 1996.
- The Fund is a pool into which member and employer contributions are paid. The **money is invested** so that pension benefits can be paid as they fall due.
- Participating employers include the **12 local authorities** in the west of Scotland; Police Scotland, Scottish Fire and Rescue, and Scottish Water; a number of universities and colleges; local authority subsidiary companies and contractors; and a wide range of other organisations with funding or service links to the local government sector.
- As at 31st March 2020 the Strathclyde Pension Fund had **253,000** members, **168** participating employers and investment assets of **£20.9 billion.**

WHO MANAGES THE STRATHCLYDE PENSION FUND?

Glasgow City Council’s **Strathclyde Pension Fund Committee** is the main decision-making body for the Fund. But a lot of other people are involved. You can find out more in the Governance section of our website or Annual Report.

FAQs

When will my deferred benefits be paid?	I want to take my benefits between age 55 and 60. How do I inform Strathclyde Pension Fund Office?	Can I give up pension for lump sum?	Can I convert my lump sum to annual pension?	What is my State Pension Age?
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Answers to these and many other [Frequently Asked Questions](#) are provided in the Deferred Members area of our website.

Some key figures and messages from this year's report:

- Closing fund value was **£20.9 billion**. That was **£995** million less than last year. Fund value dropped as investment markets fell in February and March because of Coronavirus.
- SPF's total investment return for the year was **-3.5%**
 - Fund Benchmark return was **-4.1%**
 - FTSE All Share return was **-18.5%**
- 3 and 5 year return figures are **+2.7%** and **+6.4%** per annum.
- Closing cash balance was **£172m**- unusually high, to ensure funds available to pay pensions.
- Membership exceeded **250,000** for the first time in the course of the year.
- SPF was named among the **Principles for Responsible Investment Leaders Group** during the year.
- Delivery of **2019/20 business plan** had largely been completed before Coronavirus disruption started.
- Our **risk register** has been reviewed in light of Covid-19. Most risks are long-term and have remained unchanged.
- SPF is well positioned for the aftermath and recovery from **Covid-19**, but there can be no doubt that there will be difficult times ahead.

Our unaudited **Annual Report and Financial Statements for the Year to 31st March 2020**

is available at: <https://www.spfo.org.uk/index.aspx?articleid=26032>

SCHEME YEAR	2015/2016	2016/2017	2017/2018	2018/2019	2019/20
CONTRIBUTIONS RECEIVED	£508m	£520m	£542m	£569m	£632m
PENSIONS PAID	£397m	£411m	£423m	£452m	£479m
TAX FREE LUMP SUMS PAID	£104m	£121m	£125m	£138m	£170m
OTHER PAYMENTS	£109m	£120m	£139m	£156m	£127m
INVESTMENT INCOME	£229m	£252m	£285m	£282m	£332m
INVESTMENT GROWTH	£174m	£3,520m	£967m	£1,025m	-£1,185m
CLOSING VALUE	£16,059m	£19,699m	£20,806m	£21,936m	£20,941m



Your annual pension update shows how much your pension from Strathclyde Pension Fund will be.

You will also have a state pension and you might have other pension arrangements.

But how much will you need? What's the minimum you can get by on in retirement? How much would make you comfortable?


If you don't know, you're not alone. Research shows that 77% of savers don't know how much they'll need in retirement.

Last year the PLSA launched the Retirement Living Standards to help answer those questions. <https://www.retirementlivingstandards.org.uk/>

The standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

They are designed to help everyone to plan ahead for their retirement.

WHAT STANDARD OF LIVING COULD YOU HAVE?

	<p>MINIMUM</p> <p>A week and a long weekend in the UK every year.</p>	<p>MODERATE</p> <p>2 weeks in Europe and a long weekend in the UK every year.</p>	<p>COMFORTABLE</p> <p>3 weeks in Europe every year.</p>
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#PICTUREYOURFUTURE

WWW.RETIREMENTLIVINGSTANDARDS.ORG.UK

REJOINING

If you have the option to join the LGPS again now or in the future, that might be a great way to increase your retirement income. Rejoining could enable your deferred pension to be linked to your final pay before you retire. If you do rejoin the LGPS, it is important that you contact us and also any other LGPS fund that you become a member of. There are rules that we have to apply to your deferred benefits if you do not give us any instructions. Applying these rules may not be to your advantage.

50/50

If you have the chance to rejoin, you could consider the 50/50 option. It offers half pension for half contributions, but with full death and ill-health protection for you and your loved ones.

KEEPING PACE WITH INFLATION

Your pension is fully protected against inflation by an annual increase.

- April 2020's inflation increase was **+1.7%**
- 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.

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.

Don't be scammed.
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>

MCCLLOUD JUDGEMENT

When the LGPS changed from a final salary to a career average pension scheme in 2015, protections for older scheme members were introduced. Similar protections were provided in other public-sector pension schemes.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

The Government has confirmed that there will be changes to all main public-sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment'.

The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS. This means it has not been possible to reflect the impact of the judgment in your annual benefit statement this year.

If you qualify for protection it will apply automatically- you do not need to make a claim. For more information, see the frequently asked questions on the national [LGPS website](#).

Note that career average benefits apply from April 2015 in Scotland.



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

WHO WOULD WE MAKE A PAYMENT TO?

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 pay any lump sum quickly and in line with your wishes. Your current nomination is shown on your 2020 pension update. Remember to update it if your circumstances change or have already changed. Our nomination form is available from the [Publications > Members > Forms](#) area of our website and you can change your nomination using [SPFOnline](#).

HOW MUCH?

- 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.

COHABITING PARTNERS' PENSIONS

If you stopped being 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

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.

Scheme changes effective from 28th June 2019 allowed 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 your spouse/eligible partners after your death.

FREEDOM & CHOICE AVCs

With our AVC provider 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. It needs careful consideration and can only be done after taking advice. We suggest that any members considering this course of action should first read our Freedom and Choice Q&A for LGPS members from the [FAQ](#) area on the homepage of our website.

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](#)

MEMBERSHIP	2015/16	2016/17	2017/18	2018/19	2019/20
Employee Members	92,717	94,647	98,870	100,441	107,677
Deferred Members	50,545	53,465	57,759	62,599	64,677
Pensioners	73,012	74,748	76,683	79,234	80,668
Total Members	216,274	222,860	233,312	242,274	253,022
Employers	200	183	178	172	168

Our membership continues to grow.

One of the highlights of 2019/20 was when it passed **250,000** for the first time.

FUNDING

Our Funding Strategy makes sure we always have enough money in the Fund to pay all pensions as they become due. We check this every 3 years with an Actuarial Valuation of the Fund.

The next valuation will be carried out as at 31st March 2020 and will be completed by 31st March 2021. Valuation reports are published in the Publications area of our website.

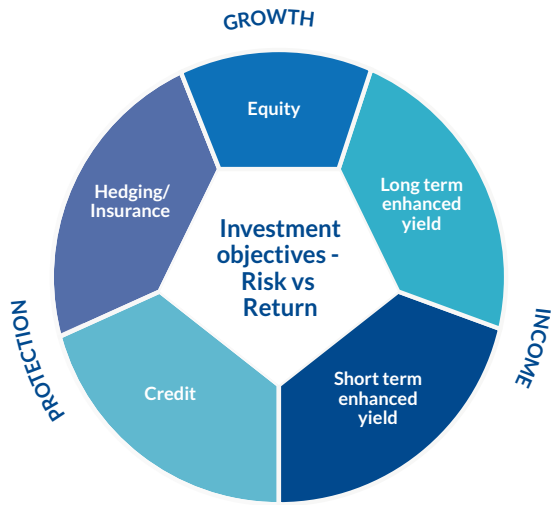
The funding target is 100% (assets/liabilities).

Recent results are:

31st March 2014	94%	
31st March 2017	105%	
31st March 2020	???	(estimate 95%)

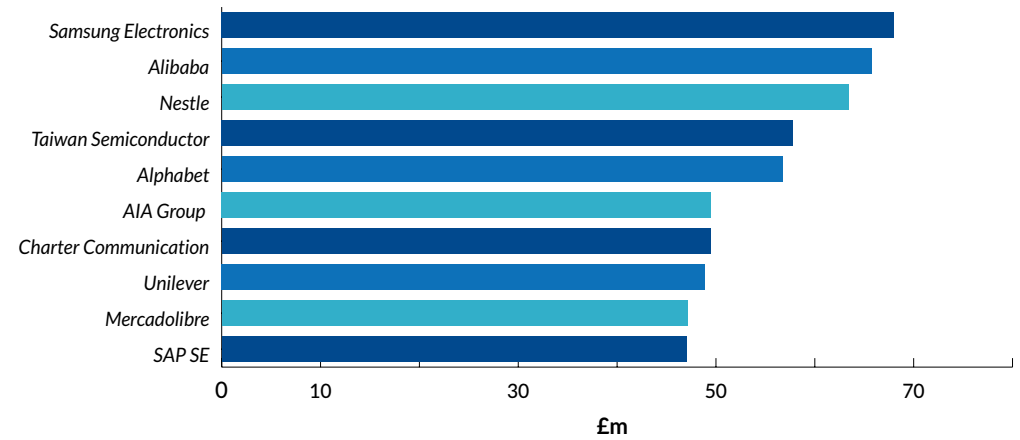


The Fund's strategy uses many different types of investment to generate returns and spread risk.



LARGEST SHAREHOLDINGS

As at 31st March 2020



OUR INVESTMENTS INCLUDE:

1,390
Shares in different companies in more than 50 countries

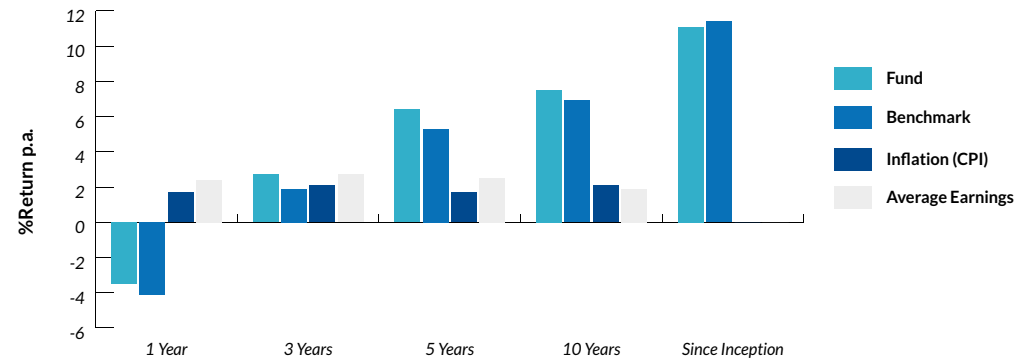
132
Pooled funds

57
UK properties

And our Strathclyde Direct Investment Portfolio which target Scottish and UK investments with a positive environmental, social or governance impact.

INVESTMENT PERFORMANCE

To 31st March 2020





The Fund is a signatory to the United Nations Principles for Responsible Investment (PRI) and has adopted the principles as its responsible investment policy.



Strathclyde Pension Fund was included in the 2019 PRI Leaders' Group which consists of 47 asset owners – roughly equivalent to the top 10% of PRI asset owner signatories.

SPF believes that Climate Change is a systemic risk and a material long-term financial risk. The Fund's climate change strategy includes significant investment in renewable energy.

More details of SPF's responsible investment and climate change strategies are available on our website and in our Annual Report.



As a result of member feedback, last year we launched 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 is a good way of doing that so we keep in touch.

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

Write: Strathclyde Pension Fund

STRATHCLYDE PENSION FUND OFFICE

P.O. Box 27001,

Glasgow

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