

Issue 15

Pensions employer newsletter

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2022 is

valuation year!

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and how you can help



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Welcome to the latest edition of our employer newsletter. I hope you're well and looking forward to the lighter days as we head into spring and hopefully put the storms behind us. These extreme weather conditions reinforce the importance of assessing the risk of climate change on our investments and you can read about our responsible investment policy on page 3.

Climate change is also a factor that can impact our valuation assumptions around investment returns, financial and economic conditions, and demographic factors like life expectancy. It's hard to believe that it's been 3 years already since our last valuation, but you can find out what to expect from this year's valuation on page 4, with a valuation timeline and how you can help on page 5.

Unfortunately, there's been a sharp rise in scams during the latest pandemic and you can find out how you can help your employee's reduce the risk of being scammed on page 3. We also have articles on page 3 about how to avoid the Ombudsman and what's happening with the pensions dashboard project.

We're always looking for ways to improve the service we provide to you and your feedback helps us to make sure we're communicating with you in the right way and providing you with the right training and information. We will be shortly releasing this year's employer survey and would be extremely grateful if you could take the time to respond and let us know about the service we have provided over the last year and any improvements you would like to see.

Finally, we're delighted to welcome Lester Graham to the employers team who's joining us as a Pensions Officer. You can find out more about Lester on page 6 in our 2 minutes with feature along with some dates for your diary. I hope you find this edition of our newsletter useful and interesting.

As always, we value your feedback and would love to know your thoughts.

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Lester Graham

Pensions Officer

News in brief

Responsible investment

We've worked hard to develop an enhanced responsible investment (RI) policy, which forms part of our overall investment strategy statement. The new RI policy will help us to better manage the carbon and climate risks impacting our investments.

The RI policy was agreed following a consultation that was open to scheme members as well as each scheme employer. You can find a summary of the consultation responses we've received and an updated investment strategy statement on our [key documents page](#).



How to avoid the Ombudsman

In October 2021, the Pensions Ombudsman (TPO) launched a new page on its website called '[How to avoid the Ombudsman](#)'. It has 'top tips', links to case studies with examples of how disputes have been settled, and new frequently asked questions. TPO also published a guidance note on communicating with pension scheme members. The note sets out simple steps that can be taken to resolve pension disputes and complaints without the need for TPO to be involved.

Pensions dashboards

The Pensions Schemes Act 2021 sets up the legal structure for pensions dashboards which will give people access to all their different pensions information in one place. Next year we'll be required by law to connect to the dashboard, so it's vital that you continue to check the accuracy of the data you send us to make sure that members get to see their correct pension details.

Avoiding scams

Citizens Advice found that more than two thirds of adults were targeted



by a scammer in the first five months of last year. A scammer will often pretend to be someone they're not, like an unexpected trader at the door, or a phone call from someone pretending a bank card has been cloned; so help your employees to reduce the risk of being scammed with the following five steps:

- Stop** Never do anything you don't want to or make any decisions on the spot
- Check** Always check their credentials
- Ask** Always ask someone you trust for a second opinion
- Mine** Do not give away personal information
- Share** your experience with others to lower their risk of being scammed

The [FCA's scam smart website](#) has some useful advice for people worried about pension scams.

2022 is valuation year!

It's hard to believe it has already been 3 years since the last valuation, but time certainly does fly by. We are currently preparing everything behind the scenes so we can complete the valuation and set your contribution rates from 1 April 2023 to 31 March 2026. We wanted to take this opportunity to provide you with some information of what to expect over the next 12 months.



Why we do a valuation

The valuation is a health check carried out by the Fund every 3 years. The aim is to make sure that there's enough money to pay your employees' pensions. Our actuary reviews the actual experience of the Fund against the assumptions that were made at the last valuation. In doing so it can recommend appropriate contribution rates for employers for the next three years.

What's happened since 2019?

Investment returns have been higher than expected over the last 3 years which means many employers should be in a better position than last time (assuming no major changes in investment markets or your employee membership profile). This means that your secondary contribution rate, which is an adjustment to reflect your circumstances including any deficit or surplus is likely to be lower.

Issues affecting 2022 valuation results

Inflation – we've all been impacted by the rise in energy prices and with inflation now at over 5% it's at its highest level in almost 30 years. This may only be a short term upward pressure, but it could still result in a small increase to pension costs.

Climate change – whether it's the impact of rising temperatures, or the measures taken to avoid them, we could see an impact on investment returns, financial and economic conditions, and demographic factors like life expectancy.



McCloud remedy - following the McCloud court case about age discrimination in pension schemes, the Government proposed extending the final pay 'underpin' to everyone who was an active member of the LGPS on 31 March 2012. The underpin is a calculation to check whether your employees' pension benefits would be higher if they were calculated under the old scheme rules or when calculated under the new scheme rules. Implementing the McCloud remedy will ultimately impact pension costs and result in a small upward pressure on contribution rates.

Future investment returns – are expected to be lower, which will put an upward pressure on 'primary contribution rates' and partly offset investment returns. The primary rate is set to cover the build-up of pensions for the next 3 years 2023-2026.

The valuation process timeline 2022/2023

April 22 – we'll agree the key assumptions to be used in the valuation process.

July – August 22 - we'll upload an extract of the membership data that you give to us to our actuary.

September – October 22 – our actuary will calculate and report the initial whole Fund results.

October – November 22 – individual employer results will be prepared.

November – December 22 our funding strategy statement (FSS) will be presented at the employer forum and our actuary will discuss the Fund's overall performance.

November – January 22/23 we'll consult with you on your new proposed employer contribution rates.

January 23 – FSS and contribution rates agreed after discussion with employers.

March 23 – final valuation report signed off and the rates and adjustments certificate is published on our website which shows employer's new contribution rates for the next three years.

April 23 – new employer contribution rates start to be paid.

How you can help

Our actuary uses all the employee information you give us, like leavers, joiners, year-end, changes in salaries data and so on to work out your contribution rates. This information needs to be extremely accurate. If it isn't or if elements are missing, they'll make assumptions and err on the side of caution, which could mean a higher contribution rate for you. So, it's in your best interest to:

- provide your data on time
- check to make sure it's accurate and complete
- respond quickly to any queries
- actively engage with us and read all our communications.



2 minutes with... Lester Graham



Lester joined the Employers team in December last year but has dealt with pensions in previous organisations that offered the Local

Government Pension Scheme whilst supporting HR.

What's the favourite part of your job?

Being new to the team, I'm enjoying learning new things and the variety that comes with the job.

What's the most challenging part of your job?

Getting to know all the different systems and applications that the team use every day has been quite a challenge!

What's your greatest achievement?

It's more a claim to fame rather than achievement, but I played young scrooge in the school production opposite Daniel Radcliffe's dad who was the star!

What's the one thing in the world you couldn't live without?

Not being able to watch Ulster play rugby in the URC.

If you could go anywhere in the world, where would it be?

It would have to be New Zealand not only for the country and its' beauty but to go there on a Lions tour as a fan someday.



Employer survey – have your say!

We love to hear your views on what we do well and areas where we can improve. Look out for an email from SurveyMonkey and please spare some time to fill it in so we can make sure we're communicating with you in the right way and providing you with the right training and information.

Dates for your diary

- Ill health retirement webinar
15 March at 10am (1.5 - 2 hours)
- Employer responsibilities webinar
21 April at 10am (1.5 - 2 hours)
- Pensionable pay webinar
12 May 10am approx. (1.5 hours)
- Outsourcing and TUPES webinar
26 May 10am approx. (1.5 hours)



Contact details

Here's the best way to get in touch for queries related to:

General employer issues

penemployers@westnorthants.gov.uk

General member issues

pensions@westnorthants.gov.uk

Online pension account login

MyPension@westnorthants.gov.uk