



London Borough of Enfield Pension Fund

Funding Update Report as at 31 December 2017

Prepared for London Borough of Enfield

Prepared by Laura Caudwell FIA

Date 08 February 2018

Risk. Reinsurance. Human Resources.

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Funding update as 31 December 2017

Overall View

At 31 Dec 2017



Your funding level has fallen since the last update, and the Total Employer Contribution Rate has increased.

This is due to the fall in the real discount rate which has put a higher value on the liabilities, which has only partially been offset by the better than expected asset returns

At 31 Dec 2017

Funding Level

95%

At 31 Dec 2017

Deficit

£53.4M

Compared to
at 30 Sep 2017

Funding Level

97%

Compared to
at 30 Sep 2017

Deficit

£29.7M

Compared to
at valuation date

Funding Level

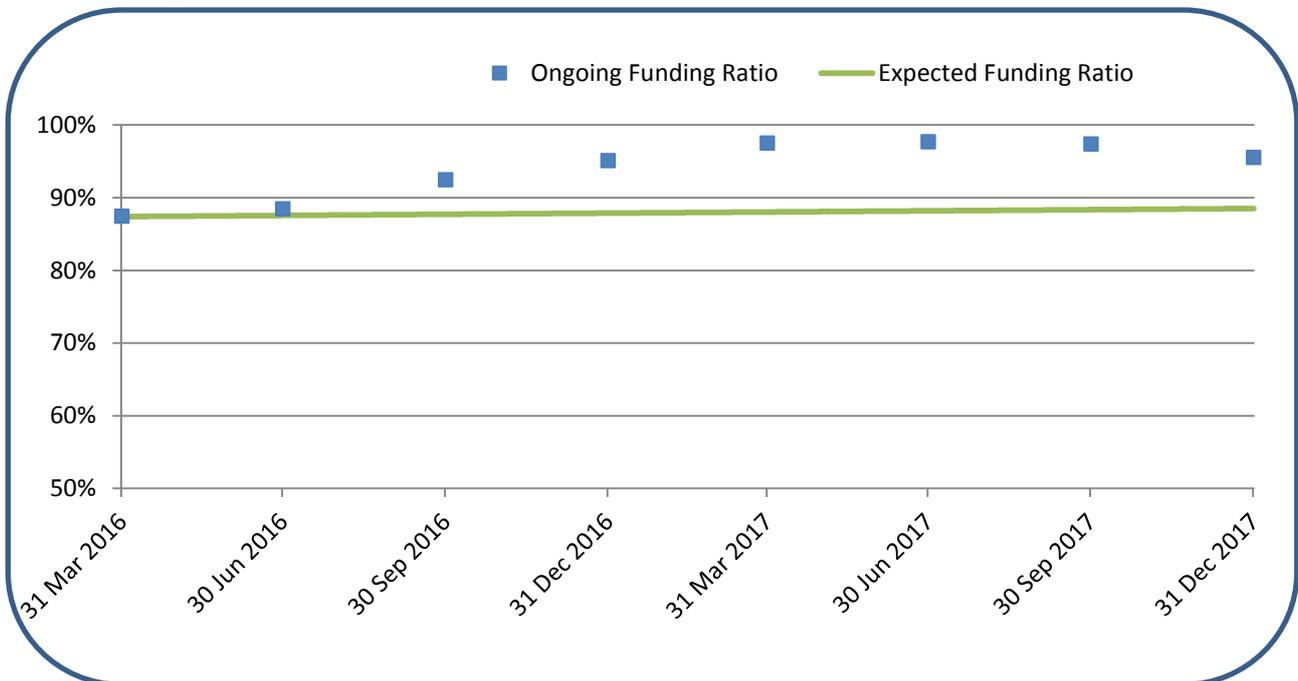
87%

Compared to
at valuation date

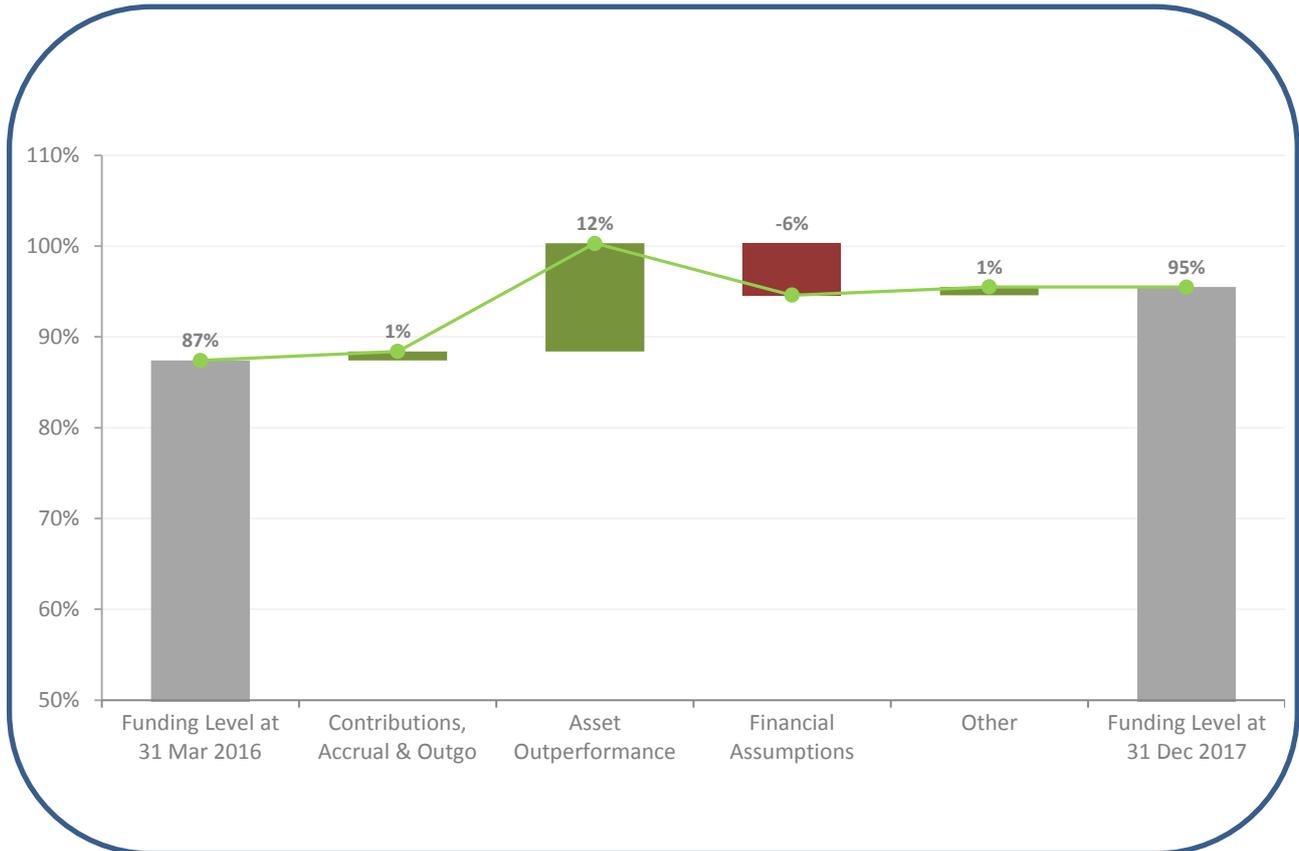
Deficit

£131.9M

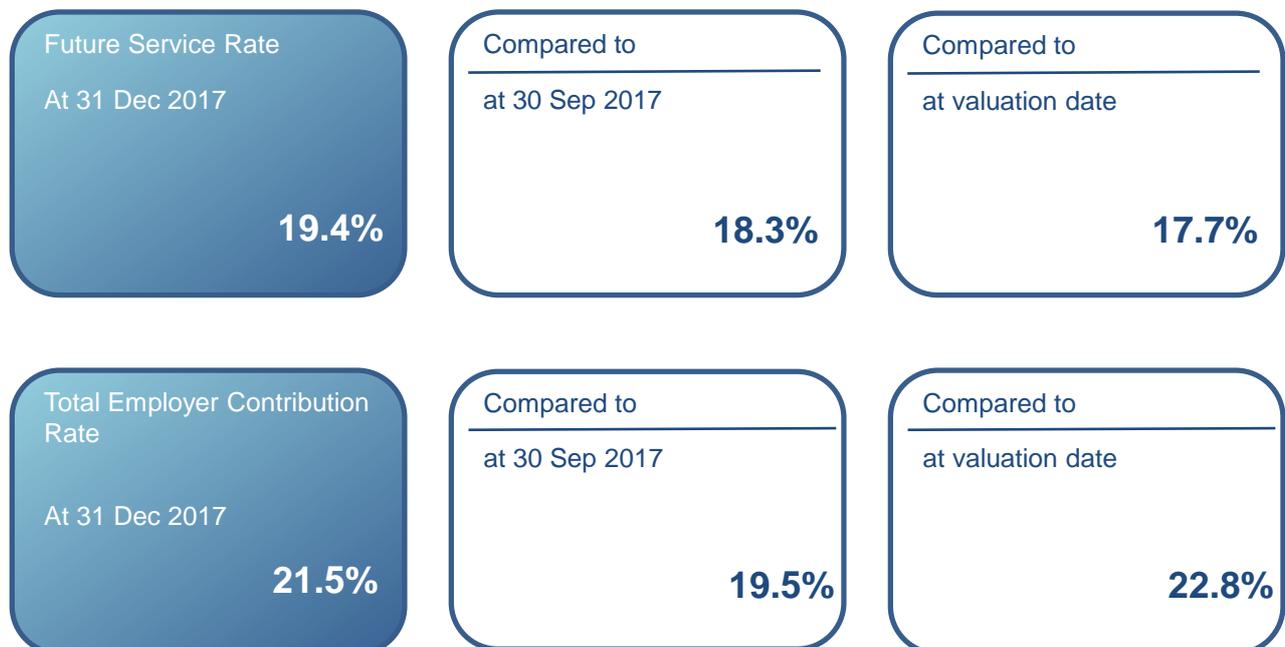
Funding Ratio



Analysis



Employer contributions



Background information

Assumptions and Data

	31 December 2017	30 September 2017	31 March 2016
Discount rate	4.20%	4.40%	4.50%
Pay growth	3.50%	3.50%	3.50%
Revaluation of pension accounts	2.00%	2.00%	2.00%
Pension increases	2.00%	2.00%	2.00%
Salary roll (£M)*	148.1	146.8	140.8
Recovery period ending	31/03/2036	31/03/2036	31/03/2036

* assumed annual Salary roll from the effective date (2014 Scheme definition)

Method

The approximate funding update is for information only, and is consistent with the calculations for the actuarial valuation as at 31 March 2016, provided to the Administering Authority in the actuarial valuation report dated 27 March 2017. The assumptions used have been modified only insofar as is necessary to maintain consistency with the valuation, reflecting the change in the effective date and in relevant market conditions. The liabilities have been rolled forward taking account of changes in the key assumptions used for Scheduled Bodies in the 2016 valuation only. As the liabilities in respect of Scheduled Bodies represent almost all of the total Fund liabilities, this is a reasonable approximation.

The estimated total contribution rate is shown as an overall percentage of pay for ease of comparison. This is based on the pensionable pay figures shown above. In practice, individual employer rates could be very different based on their own circumstances. This update is not formal actuarial advice and does not contain all the information you need to make a decision on the contributions payable or investment strategy. The information shown is approximate, and becomes more approximate as the projection period lengthens. It reflects changes in market conditions, but not client-specific factors such as material changes in membership numbers or profile. It is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

Assets

For the purpose of this funding update, we have estimated the value of the assets at 31 December 2017, based on the quarterly returns, provided by the Fund's investment manager Northern Trust. The latest asset value provided was as at 31 March 2016 and was £916.3M.

Glossary

Funding ratio is the ratio of the value of assets to the value of liabilities.

Contributions and Accruals displays the expected increase in assets and liabilities due to employer contributions and new benefit accruals, respectively.

Asset Outperformance displays the actual change in the funding level due to actual returns achieved on the assets differing from assumed interest.

Financial Assumptions displays the actual change in the funding ratio due to the impact of a change in the actuarial valuation basis.

Other displays the change in funding ratio due to experience.

Making decisions

You should not rely on this update when making any decision about scheme funding or the investment strategy, without first talking to your usual consultants.

Actuarial compliance and terms of reference

Requirement for report

This report has been requested by the London Borough of Enfield as Administering Authority of the London Borough of Enfield Pension Fund. It has been prepared under the terms of the agreement between the London Borough of Enfield and Aon Hewitt on the understanding that it is solely for the benefit of the addressee.

TAS compliant

This report and the work relating to it comply with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work'.

This report should be read in conjunction with:

- The report on the most recent actuarial valuation of the Scheme dated 27 March 2017

The compliance is on the basis that the Administering Authority is the addressee and the only user of this report and that the report is for information only and is not to be used to make any decisions on the contributions payable or investment strategy.

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