

COMMITTEE: PENSION BOARD

DATE: 24 SEPTEMBER 2019

TITLE: TRIENNIAL ACTUARIAL VALUATION 2019

PURPOSE: FOR INFORMATION

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Reason for this Report

1. The triennial actuarial valuation of the Gwynedd Pension Fund will identify the value as at 31 March 2019. This report provides an overview of the ongoing valuation process and timetable.

Background

2. Regulation 62 of the Local Government Pension Scheme (LGPS) Regulations 2013 requires an administering authority to obtain an actuarial valuation of the assets and liabilities of its pension fund every three years. The current valuation will therefore be as at 31 March 2019.
3. The results of each valuation must be reported to the authority within twelve months of the valuation date.

Issues

4. To carry out the valuation the actuary must confirm the total value of the Fund's assets as at the valuation date. The asset value is normally taken from the Fund's audited statement of accounts.
5. The actuary must also estimate the present value of the Fund's liabilities i.e. the pension benefits which are due to the members of the Fund and their spouses, partners and other beneficiaries as defined by the LGPS Regulations. The process uses the relevant data from the Fund's administration system and financial accounts, together with demographic and financial assumptions (e.g. life expectancy, incidence of ill health retirements, inflation and interest rates, returns on investments) to calculate the liabilities. If the Fund's assets exceed its liabilities, there is a funding surplus as at the valuation date; if the liabilities exceed the assets there is funding deficit.

6. The actuary will advise the contribution rates that will be required from Fund employers in order to meet the costs of pension benefits accruing in the future. Any funding surplus or deficit for an individual employer will be repaid or recovered either through an adjustment to the contribution rate, or as monetary amounts due each financial year.
7. The key governance document for the valuation is the Fund's Funding Strategy Statement (FSS). Each LGPS administering authority is required by the LGPS Regulations to prepare, publish and maintain a FSS. The FSS sets out the processes by which the authority aims to meet the Fund's pension liabilities, complying with the regulatory requirements to maintain stable contribution rates whilst ensuring the solvency and long-term cost efficiency of the Fund. It includes the authority's approach to matters such as notional apportionment of Fund assets to each employer, and recovery of funding deficits. The FSS is normally reviewed during the valuation process in consultation with the Fund actuary and employers. Approval of the FSS falls within the remit of the Pensions Committee.
8. The working timetable for the 2019 Valuation is shown in the Appendix.
9. The Pensions Manager will provide a verbal update on progress to date during the administration update item.
10. The Funding Strategy Statement will be presented to the Committee for approval following the consultation period on 16 January 2020. The Fund Actuary has been invited to present the initial valuation results to the employers' meeting on the same day as the Fund's AGM on 24 October.

Recommendation

- 11. That the Board notes the report.**