15 November 2016 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks
Despatched: 15.11.16

Finance Advisory Committee

Supplementary Agenda

		Pages	Contact
10.	**Pension Fund valuation - additional information**	(Pages 1 - 2)	Adrian Rowbotham Tel: 01732 227153

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PENSION FUND VALUATION

Finance Advisory Committee – 15 November 2016

Valuation Results

A summary of the results for the triennial valuation of the pension fund have been provided by the actuaries, Barnett Waddingham.

The figures below are the Sevenoaks DC part of the Kent County Council Pension Fund:

Latest Valuation (2016)

2016 Funding Level	2016 Future Service Rate (% of pay)	2017/18 Future Service Ctbn	2017/18 Deficit Ctbn	2017/18 Total Ctbn	Increase compared to 2013 valuation
78%	15.9%	£1.52m	£1.43m	£2.95m	nil

The deficit contribution is based on a 17 year payback period and there will be a 3.9% in both 2018/19 and 2019/20.

Previous Valuation (2013)

2013 Funding Level	2013 Future Service Rate (% of pay)	2016/17 Future Service Ctbn	2016/17 Deficit Ctbn	2016/17 Total Ctbn
72%	14.2%	£1.36m	£1.61m	£2.96m

The deficit contribution is based on a 20 year payback period.

Explanation of changes

"The future service contribution rate is the employer's calculated annual cost of funding the future benefits accruing over the coming year by the current active members. This rate is sensitive to the active membership profile of each employer as well as the assumptions used to calculate the rate. For most of the employers in the Fund their rate will have increased when compared to the rates certified following the 2013 triennial valuation. Membership profiles have tended to stay stable in terms of average ages over the period and so the increase is mainly attributable to the decrease in the discount rate. By adopting a lower discount rate assumption, we are assuming that we will not achieve the same level of investment returns assumed in 2013 and so will

require more money now to pay the future benefits accruing as essentially we cannot rely as much on investment returns in the future to fund the benefits.

Any employers with a past service deficit i.e. less than 100% funded are likely to notice an improvement in their individual funding position and as a result, a reduction in the amount of contributions required to fund the shortfall. This is as a result of better than assumed experience in several areas over the intervaluation period including; better than assumed investment returns, lower than assumed pension increases, lower than assumed salary increases and more deaths than assumed. The deficit contributions paid have also improved the funding position. This good experience has been offset in part by the deterioration in market conditions and therefore the change in assumptions proposed for 2016, including a lower discount rate assumption. In monetary terms the increase in the future service rate is likely to be offset by the reduction in deficit contributions resulting in little or no change in the total monetary amount required by each employer."