

# Pension

WINTER 2023 • ACTIVE MEMBER NEWSLETTER

## Fund report 2023

The McCloud  
judgement  
and remedy

Transfer  
time limits

It's time to  
go online!

Free retirement  
courses for 2024

# ★ ENGAGE

with your LGPS

## PENSION

FREE ONLINE EVENTS

[CLICK HERE TO BOOK](#)



- HOW MUCH PENSION WILL I GET?
- HOW CAN I INCREASE MY PENSION?
- CAN I GET TAX-FREE CASH?
- WHAT WILL MY FAMILY GET IF I DIE?

Choose session **1**, **2** or **3** (see below) depending on when you joined the scheme and the subject you're interested in.

Course dates – [Click here](#) for session start times (morning and afternoon available) and to book a place

### 1. Pre April 2014 Joiners

Thursday January 18  
Monday February 12  
Monday March 18  
Monday April 15  
Monday May 13  
Monday June 17

### 2. Post April 2014 Joiners

Thursday January 18  
Monday February 12  
Monday March 18  
Monday April 15  
Monday May 13  
Monday June 17

### 3. Increasing Your Benefits

Friday January 19  
Tuesday February 13  
Thursday March 21  
Tuesday April 16  
Thursday May 16  
Thursday June 20

Plus

## Retirement courses 2023/24

If you're starting to think more seriously about your retirement plans, why not join Affinity Connect, our pre-retirement partner, for an informative **online retirement planning session**. Keeping your retirement plans on track is really important, so it's always best to start planning early! Feedback tells us that members who have

attended past courses wished that they would have attended sooner. This course is perfect for you if you are within up to ten years of retirement and want more information about how to maximise retirement savings.

Workshops cover **estate planning, managing change, income in retirement, state pension and other benefits, personal taxation, money management, budgeting in retirement, making your money last, wellbeing, lifestyle** and more.

### Course dates (more coming)

[Click here to book online](#)

2024	11 January	9:30am - 12:00pm
	13 February	1:00pm - 3:30pm
	29 February	9:30am - 12:00pm
	20 March	1:00pm - 3:30pm
	27 March	9:30am - 12:00pm
	8 April	1:00pm - 3:30pm
	3 May	9:30am - 12:00pm

*These workshops provide information only and will not include or constitute financial advice.*

# Lincolnshire fund report 2023



## Introduction by Jo Kempton, Head of Pensions, LPF

At the end of 2022/23, the value of the Fund was £3.1 billion – a small decrease of £10.6 million from the previous year.

Our Pensions Committee worked hard over the year, and details of the meeting agendas and attendance can be found in the main report. The Pension Board continued to provide oversight of the governance of the Fund and of the administration function, and concluded that the Fund remained well run, as set out in the Annual Report of the Local Pension Board. Our shared service administration provider, West Yorkshire Pension Fund (WYPF), maintained its usual high level of service to scheme members and employers in the Fund, and paid over £114 million in pension benefits over the year.

The government's requirement for local government pension funds to pool assets has continued to keep us very busy, with Lincolnshire working closely with the other ten Partner Funds within Border to Coast Pensions Partnership Ltd. The Company has continued to grow as the Partner Funds have transferred assets, with £28.3bn of assets under management across nine collective investment vehicles and a further £12billion of Private Markets commitments as at 31 March 2023. LPF has transferred £1.59billion, or 52.6% of the Lincolnshire Pension Fund's assets across to the management of Border to Coast.

Stewardship and responsible investment are an integral part of the Fund's investment strategy and decision making, and the Fund works closely with Border to Coast to ensure that it invests in a sustainable way. Through Border to Coast, and also in its membership with the Local Authority Pension Fund Forum (LAPFF), the Fund engages with companies on key environmental, social and governance issues, such as carbon reduction, executive pay, human rights and fair accounting. We were again successful in meeting the requirements of the Financial Reporting Council (FRC) in submitting our Stewardship Code Statement for 2021/22, which can be found on our website at Lincolnshire pension fund Stewardship code 2021–22.

The Fund is always keen to hear its members' views on stewardship and responsible investment, or on any other matters about the pension fund, so please contact us at [LGPSpensions@lincolnshire.gov.uk](mailto:LGPSpensions@lincolnshire.gov.uk) with any comments you may have. Please note – this email address is NOT for any pension benefit queries – please use the normal contact email of [pensions@wypf.org.uk](mailto:pensions@wypf.org.uk).

This summary gives a flavour of our full Annual Report and Accounts, which will be published on our website at [Lincolnshire pension fund – reports and accounts – Lincolnshire County Council](#). Please do take a look, and let me have any feedback.

# Fund account

Draft fund account for the year ended 31 March 2023\*

<b>Opening assets of the fund at 1 April 2022</b>	<b>£3,070.9m</b>
Investment return and income	
• Return on investments	(£42.7m)
• Investment income	£15.2m
Dealing with members	
• Benefits paid (including transfers out and refunds of £8.7m)	(£114.5m)
• Contributions (including transfers in of £10.0m)	£145.2m
Management expenses (including administration, manager fees and governance)	(£13.7m)
<b>Closing net assets of the fund at 31 March 2023</b>	<b>£3,060.3m</b>
Closing assets made up of	
• Total net investments	£3,034.8m
• Net current assets (debtors, creditors and cash)	£25.5m
<b>Total closing assets of Lincolnshire Pension Fund at 31 March 2023</b>	<b>£3,060.3m</b>

\*Accounts awaiting auditor's opinion at the time of publishing

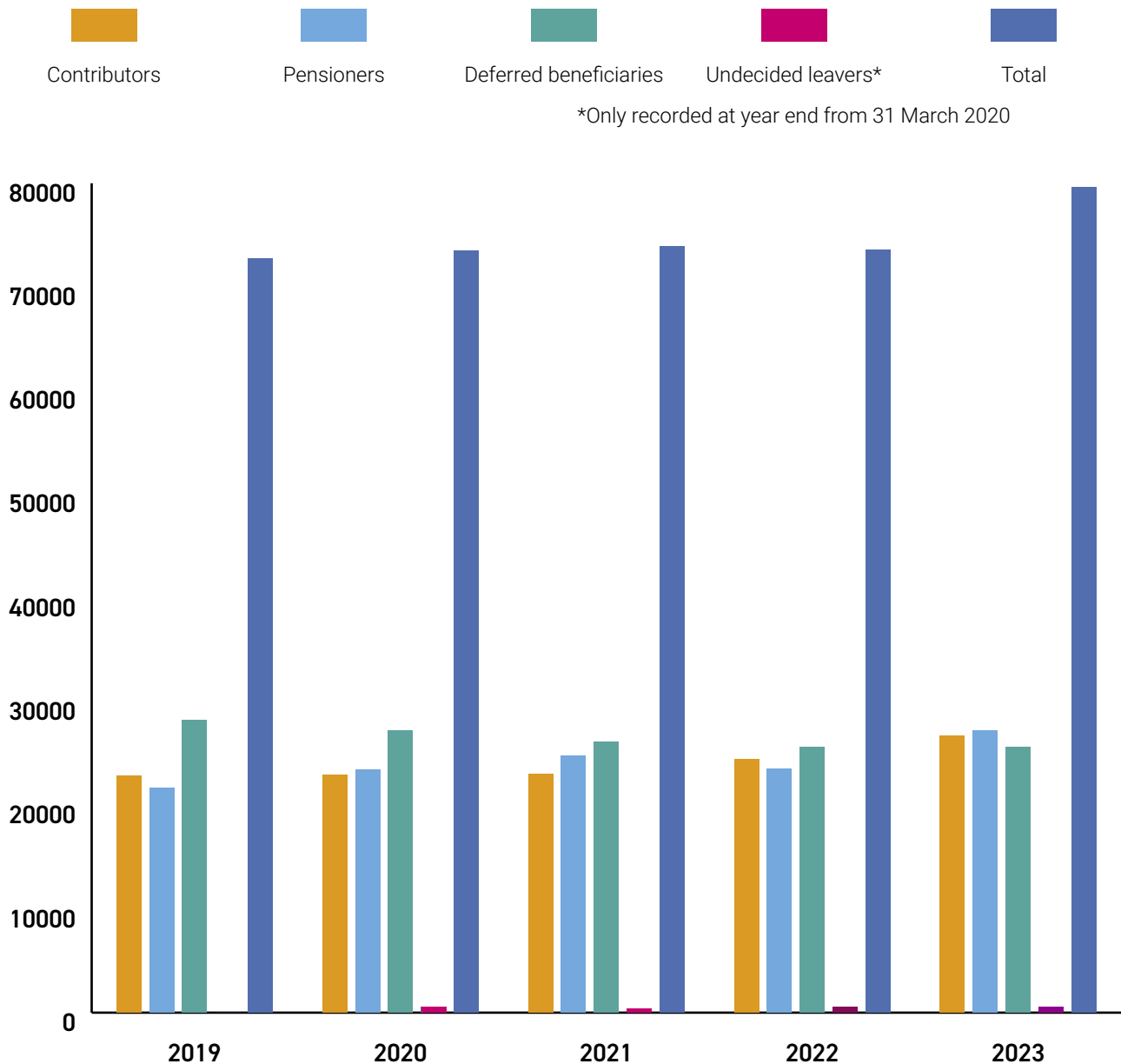
## Ten biggest investments in the fund at 31 March 2023

	Market Value £m	Proportion of fund %
Border to Coast Global Equity Alpha Fund	763.8	25
Legal and General Future World Fund	463.9	15.2
Border to Coast UK Listed Equity Fund	462.1	15.1
Morgan Stanley Alternative Investments	466.6	15.2
Border to Coast Investment Grade Credit Fund	219.3	7.2
Border to Coast Multi-Asset Credit Fund	146.2	4.8
Abrdn Property Fund	66.6	2.2
Blackrock Aquila Corporate Bond Fund	61.0	2.0
Abrdn European Property Growth Fund	45.5	1.5
Blackrock Aquila Life >5 Year ILG Fund	39.2	1.3
	<b>2,734.2</b>	<b>89.5</b>

# LGPS membership

There were 79,573 members and beneficiaries (plus 524 undecided leavers) and 256 contributing employers at 31 March 2023. The Fund is reasonably mature, with pensioner and deferred members (those no longer in the Scheme but will be entitled to a pension at some point in the future) making up 66.5% of the overall membership.

## Membership trends over a five-year period



## Performance

The overall investment return of  $-0.77\%$  was ahead the Fund's specific benchmark return of  $-0.96\%$ . Over the last ten years, the Fund's annualised investment performance of  $7.48\%$  is slightly ahead of the benchmark return of  $7.45\%$ .

Actual investment performance against the Fund's strategic benchmark performance is set out in the table below. The longer-term return is well ahead of the long-term required return of  $4.0\%$ , set by the Fund's Actuary (as per the March 2022 Triennial valuation).

Period	Fund return	Benchmark return
1 year	(0.8)	(1.0)
3 years annualised	10.7	9.7
5 years annualised	6.7	6.5
10 years annualised	7.5	7.5



# Investment management arrangements

The Fund invests in a number of asset classes by means of collective investment vehicles, also known as pooled funds.

## Pooled funds

Asset Class	Manager	Market value £m	% of the fund
<b>Fixed Interest</b>	Blackrock	124.9	4.1
	Border to Coast	219.3	7.2
	<b>Total Fixed Interest</b>	<b>344.2</b>	<b>11.3</b>
<b>UK Equities</b>	Border to Coast	462.1	15.1
<b>Global Equities</b>	Border to Coast	763.8	25.0
	Legal and General	463.9	15.2
	<b>Total Equities</b>	<b>1,689.8</b>	<b>55.3</b>
<b>Property</b>	ABRDN	112.1	3.7
	Allianz	23.5	0.8
	Aviva	9.3	0.3
	Blackrock	39.1	1.3
	Franklin Templeton	0.2	0.0
	Hearthstone	17.2	0.6
	Igloo	0.2	0.0
	Royal London	25.5	0.8
	<b>Total UK Property</b>	<b>227.1</b>	<b>7.5</b>
<b>Infrastructure</b>	Infracapital	16.8	0.6
	Innisfree	36.4	1.2
	Pantheon	15.2	0.5
	<b>Total Infrastructure</b>	<b>68.4</b>	<b>2.3</b>
<b>Private Equity</b>	Abrdn	1.7	0.1
	Capital Dynamics	0.1	0.0
	Pantheon	4.3	0.1
	<b>Total Private Equity (legacy)</b>	<b>6.1</b>	<b>0.2</b>
<b>Alternatives</b>	Morgan Stanley	466.6	15.2
<b>Multi Asset Credit</b>	PIMCO	146.2	4.8
<b>Total Pooled Vehicles</b>		<b>2,948.4</b>	<b>96.5</b>

# The McCloud judgement and remedy



The Court of Appeal 'McCloud' judgment on age discrimination we've reported on before means changes to the Local Government Pension Scheme (LGPS) were needed. The changes, effective from 1 October 2023, are called the **McCloud remedy** and remove the age discrimination found in the court case.

**Not all members are affected by the changes and even those affected will see either no increase to their pension or just a small change. Pensions will not decrease.**

You may be affected if:

- you were paying into the LGPS or another public service pension scheme before 1 April 2012
- you were paying into the LGPS between 1 April 2014 and 31 March 2022, and
- you have been a member of a public service pension scheme without a continuous break of more than five years.

## Background

In 2014, the LGPS changed from a final salary scheme to a career average scheme – a pension that builds up based on what you earn each year. Older members who were closer to retirement were protected from the changes by comparing the pension from their career average scheme with the pension they would have built up in the final salary scheme. The member received the higher amount on retirement. This protection is called the **underpin**.

To remove the McCloud age discrimination, qualifying younger members will now receive underpin protection too. But underpin protection only applies to pensions built up between 1 April 2014 and 31 March 2022, or sooner if you left the LGPS or reached your final salary normal retirement age (usually 65) before 31 March 2022.

From 1 April 2022, there is no underpin protection. Pensions built up after this date are based on the career average scheme only.

## What do I need to do?

**You don't need to do anything and there's nothing we can tell you at this stage.** If you qualify for underpin protection, we will give you an estimate of how it may affect your pension in your **2025** pension statement.

## Will my pension increase?

**Most members won't see an increase** because the pension they build up in the career average scheme is higher than the pension they would have built up in the final salary scheme. If there is an increase, it is likely to be a small increase and we will contact you – **please take no action now.**

For more comprehensive information about the judgement and who the changes are likely to affect, visit the McCloud section of the national LGPS website on [www.lgpsmember.org/McCloud-Remedy](http://www.lgpsmember.org/McCloud-Remedy)

# Transfer time limits matter

If you're thinking about leaving the pension scheme and transferring your LGPS pension to another provider, don't leave it too late. You would have to leave this scheme and choose to transfer your pension at least one year before your normal pension age (NPA). That's most likely your state retirement age, but some members have a protected NPA of age 60 or 65.

Always be aware of pension scams and don't make rash decisions. Fall foul of a scam and you could lose some or all of your money.

See [pension-scams.com](http://pension-scams.com) or [fca.org.uk/scamsmart](http://fca.org.uk/scamsmart)

# Have you checked your online pension statement?

You can see your latest statement and your previous statements online by signing in to your online MyPension account.

Always check your statement carefully and if anything looks wrong – especially if it's your pay – tell your employer straightaway.

Watch our short video on this at [www.wypf.org.uk/pensionstatement](http://www.wypf.org.uk/pensionstatement)

# Would you like a bigger pension?

Paying extra with AVCs or APCs can be an effective way to increase your income in retirement. Always consider taking independent financial advice.

Read all about it at [www.wypf.org.uk/payingextra](http://www.wypf.org.uk/payingextra)





## It's time to go online

View your pension record and your statements with our online My Pension service. **NEW FEATURE** – get an instant estimate of your pension for your chosen retirement date.

Register today at [www.wypf.org.uk/register](http://www.wypf.org.uk/register)

## Moving house?

If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information going to your old address doesn't put you at risk of identity fraud. So when you move, please tell your employer your address as soon as you can; they will then tell us. If you're paying AVCs, tell your AVC provider.

## Pension scams and how to take action

Pension scams continue to be a very real threat. They can take many forms and could be about insurance policies, pensions transfers, or high-return investment opportunities. Scammers are sophisticated and opportunistic and will try many things. They're very likely to target the vulnerable. As always, beware of investments that seem too good to be true.

Report suspected scams to Action Fraud straightaway on **0300 123 2040** or with the online reporting tool at [www.actionfraud.police.uk/reporting-fraud-and-cyber-crime](http://www.actionfraud.police.uk/reporting-fraud-and-cyber-crime)



We self-certify that we follow the principles of the pledge to combat pension scams



## Who gets your death grant?

If you die while you're paying into the scheme we pay a death grant of at least three times your pay (actual amount may be different if you have other LGPS pensions). You can choose who should get this money by making a nomination, so if you haven't done it yet, [download a form from our website](#) now.

## Privacy and your data

Read how we use the data we hold about you at [www.wypf.org.uk/privacy](http://www.wypf.org.uk/privacy)

## Your LGPS pension is protected

In an uncertain world it's reassuring to know that your future pension is fully protected and unaffected by market changes. We are part of the LGPS, the Local Government Pension Scheme, a **defined benefit** scheme in which benefits are set out in law and therefore fully protected from the impact of short-term market instability. Like all LGPS pension funds we are diversified long-term investors, securely managed to protect our members' pensions from short-term fluctuations in market values. You can be assured that the pension you are building up is safe and sound.

## Contact us

Phone 01274 434999

Monday to Friday 8.45am to 4.30pm

Email [pensions@wypf.org.uk](mailto:pensions@wypf.org.uk)

Our postal address is PO Box 67 Bradford BD1 1UP

If you'd like to visit us in Lincoln, please call first to make an appointment.