

Pension

AUTUMN 2022 • PENSIONER MEMBER NEWSLETTER

Annual Meeting 2022

WEDNESDAY 26 OCTOBER 2022 – 2.00 PM

Join us live and online at 2.00 pm on Wednesday 26 October. Managing Director of WYPF Rodney Barton will update you on WYPF's performance, and our external investment advisers will give a detailed assessment of the investments scene today.

WYPF's home city of Bradford was recently named UK City of Culture for 2025 and to tell us more about the city's plans our guest speaker this year will be presenter and artist Shanaz Gulzar, Bradford City of Culture's Creative Director.

If you need help booking your online place at the meeting please call us on 01274 434999. If you're not able to join us on the day you can watch a recording of the meeting on our website which will be available shortly afterwards.

Click here to book or go to www.wypf.org.uk/meeting



New WYPF Managing Director appointed

Euan Miller has joined WYPF to take up the role of Managing Director, succeeding **Rodney Barton** who is retiring after 12 years leading the organisation.

Euan joins us in November 2022 from Greater Manchester Pension Fund (GMPF) where he was Assistant Director of Pensions, Funding and Business Development.

'The West Yorkshire Pension Fund based in Bradford Council administers pensions for a great number of organisations nationally. I am delighted to welcome Euan Miller into our organisation to fulfil this important and high profile role.'

Kersten England, Chief Executive Bradford Council

'Euan Miller brings with him wide-ranging experience of pensions, scheme funding, risk management and pooling of investments, with GMPF being part of the Northern LGPS Pool. He has a deep understanding of the DB market in which we operate. Along with his background in Local Government he has the right credentials to lead WYPF in the next stage of its evolution.'

Rodney Barton, Managing Director WYPF

'West Yorkshire Pension Fund has built a great reputation for achieving consistently strong investment returns and delivering first-class administration for its own members, employers and shared service administration partners. I feel honoured to be selected for the role of Managing Director and look forward to working with the WYPF team and all the wider stakeholders to build on the excellent work to date.'

Euan Miller

Euan worked as a consulting actuary for KPMG and PwC advising the trustees and sponsors of a range of private sector defined benefit schemes prior to joining GMPF in 2014. Euan contributes to a number of industry groups, both in the LGPS and wider pensions market. These include the PLSA Local Authority Committee and previously chairing the Institute of Actuaries' In-house Pensions Actuaries group.

TPR launches strategy to combat scams

The Pensions Regulator (TPR) has set out its strategy on how it will try to keep savers' money secure.

TPR says that criminals who steal people's pensions ruin lives. They use psychological deception and professional-looking materials to trick people out of their savings and if they can will take every penny and devastate savers' financial futures.

Over many years, the TPR has worked to prevent savers' losses and put fraudsters in prison. It has helped to implement new protections brought in by the Pensions Schemes Act 2021, which it believes will be a game-changer in the fight against fraud. Industry, TPR says, must 'act to deliver good outcomes for savers by being proactive in their pension scam warnings, innovative in driving improvements in protection standards, and reporting potential crimes to the authorities'.

TPR wants to prevent people falling victim to scammers and will educate savers, encourage higher standards and fight fraud.

You can read more about this on the [TPR website](#).

Your LGPS pension is fully protected

When the news reports instability in the world of stock and bond markets it's reassuring to know that your pension is fully protected and unaffected by market changes. We are part of the LGPS, the Local Government Pension Scheme, which is 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 receiving is safe and sound.





FUND REPORT

2022

Introduction by Rodney Barton, Managing Director of WYPF

As at 31 March 2022 we had 307,797 members and 463 active employers across the UK. Our largest employers are the five West Yorkshire Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield. In total within our shared service administration arrangements we serve 479,574 members and over 950 active employers.

All aspects of our operations have felt the impact of the Covid-19 pandemic. Our staff have adopted hybrid working and most are now working two days in the office and three days remotely. In addition to Covid-19, the war in Ukraine, started by Russia, has increased investment markets volatility.

Our asset valuation rose by over 10.5% to £17.84 billion at the end of March, leaving WYPF very well funded. Investment market performance was strong up to February 2022, until the Russian invasion of Ukraine, resulting in 1% loss of value in our investment performance for the last quarter of the financial year.

We continued our asset allocation shift to increase infrastructure, property and credit strategies, and reductions in

equities and government bonds, all of which is designed to improve diversification within the portfolio. This is being delivered in the context of our Environmental, Social and Governance policies, which have been considered in detail and further developed by the Investment Advisory Panel during the year.

Our collaborative engagements with companies on a range of issues through the Local Authority Pension Fund Forum (LAPFF) have met with increasing success this year, helped by the increasing number of asset managers taking a positive stance on a range of issues.

Our administration teams whilst working in a hybrid way due to the pandemic have continued to deliver the service to a very high standard throughout the year. Not only has the service been maintained, but they have also successfully taken on the administration of a further four Fire and Rescue Authority pension funds in the year. We continue to deliver exceptional results.

This summary gives a flavour of our draft report and accounts, which we publish on www.wypf.org.uk.

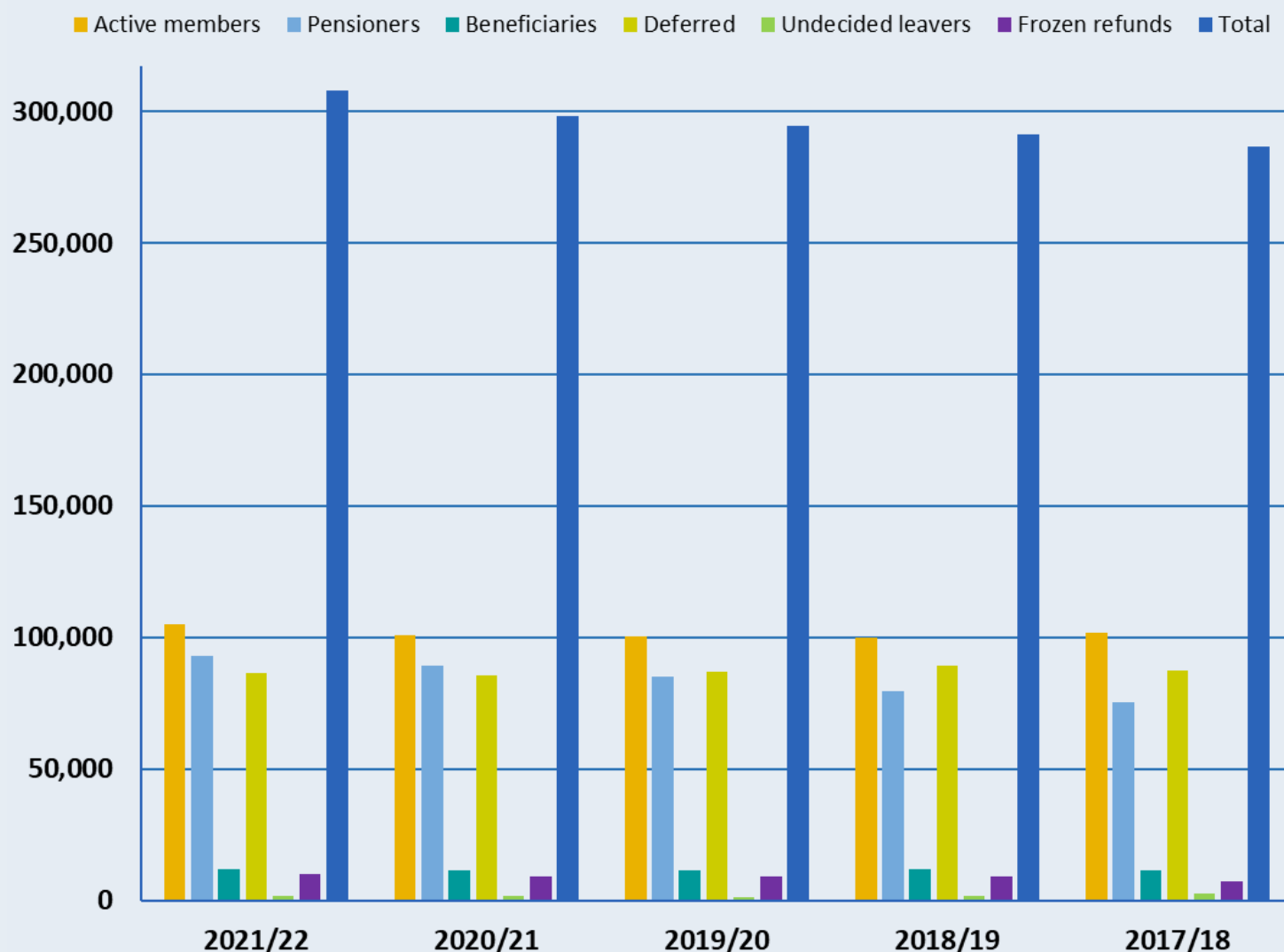
Fund account

For the year ended 31 March 2022

	2022	2021
	£000	£000
Dealings with members, employers and others directly involved in the fund		
Contributions receivable	475,463	480,170
Transfers in	32,012	26,934
Non-statutory pensions and pensions increases recharged	20,171	21,019
	527,646	528,123
Benefits payable	-591,305	-550,077
Non-statutory pensions and pensions increase	-20,171	-21,019
Payments to and on account of leavers	-19,993	-23,373
	-631,469	-594,469
Net additions/(withdrawals) from dealing with members	-103,823	-66,346
Management expenses	-10,455	-10,002
Net additions / (withdrawals) including management expenses	-114,278	-76,348
Returns on investments		
Investment Income	425,221	361,159
Taxes on income	-9,143	-7,919
Profit and losses on disposal and changes in value of investments	1,348,594	2,833,734
Stock lending	1,871	2,278
Net return on investments	1,766,543	3,189,252
Net Increase/(decrease) in net assets available for benefits during the year	1,652,264	3,112,904
Fund opening net assets	16,327,202	13,214,298
Fund closing net assets	17,979,466	16,327,202

Membership trends

Fund membership continues to grow, with a total membership, including undecided leavers and frozen refunds, of 307,797 as at 31 March 2022. Active members are employed by 463 separate organisations.



Admissions to the fund

	2021/22	2020/21	2019/20	2018/19	2017/18
Employees joining with no previous service	21,007	20,306	21,153	21,283	21,692
Employees with transfers from other local government funds	20	23	42	31	25
Employees with transfers from other pension schemes	248	249	415	245	329
Total	21,275	20,578	21,610	21,559	22,046

Withdrawals from the fund

	2021/22	2020/21	2019/20	2018/19	2017/18
Members awarded immediate retirement benefits	3,298	3,151	2,801	2,754	2,865
Benefits awarded on death in service	106	117	94	106	88
Members leaving with entitlement to deferred benefits, transfer of pension rights or a refund	6,465	5,602	7,560	9,875	9,192
Total	9,869	8,870	10,455	12,735	12,145

Performance

In 2021/22 our investments made a positive return of 10.5%. This continues the fantastic performance of 23.2% achieved in 2020/21. Whilst we have recovered all the financial losses of the 2019/20 financial year brought about by Covid-19, the pandemic is still in the background. We are also operating with added risks of the Russian war in Ukraine and extreme climate conditions, with increased focus on ESG.

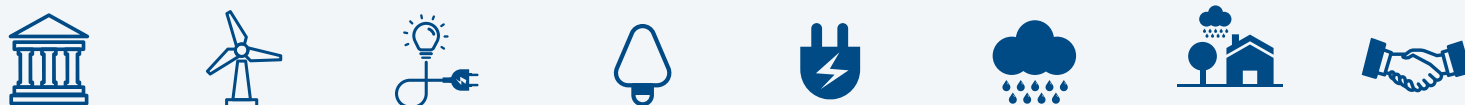
The fund is focused on long-term investment performance and strategy. We have a very different asset strategy to that of the average LGPS fund: the key difference is our relatively high commitment to equities and the commensurate underweighting of other assets. During recent years this would have had a positive impact on the fund's performance relative to its peers because equities returns were considerably ahead of bonds.

Medium- to long-term performance		
3 years	7.7%	(72nd percentile)
5 years	6.7%	(71st percentile)
10 years	8.6%	(61st percentile)
20 years	7.5%	(28th percentile)
30 years	8.7%	(20th percentile)

2021/22 WYPF cost per member

The 2021/22 annual cost of administering the West Yorkshire Pension Fund per member is £13.73, investment management is £17.97, and oversight and governance £2.27, giving a total management cost per member of £33.97. These figures compare favourably with the average cost for authorities in the Government – SF3 data collection results for the previous year shown in the table above.

Cost per member	West Yorkshire Pension Fund	Position	West Yorkshire Pension Fund	LGPS lowest	LGPS highest	LGPS average
	2021/22	2020/21	2020/21	2020/21	2020/21	2020/21
Admin cost per member	£13.73	5th	£13.46	£1.08	£158.29	£24.16
Investment cost per member	£17.97	1st	£17.25	£17.25	£1029.58	£238.43
Oversight and governance	£2.27	4th	£2.93	£0.00	£53.00	£11.74
Total cost per member	£33.97	1st	£33.63			



Responsible investment

WYPF is committed to both being a diligent investor of the contributions it receives to secure the pensions of its members and also to be a careful custodian of the funds it manages. How this is achieved will be described in a soon to be published document – Approach to Responsible Investing.

In pledging to be a responsible investor, WYPF embraces two core ideas:

1. We commit to be appropriately informed about the investments we make, engage with the managers of the companies we invest in, and use our voting rights.

2. We recognise that Environmental, Social and Governance (ESG) factors can profoundly impact an individual company's long-term sustainability. The ESG profile of individual companies reflects a significant number of characteristics ranging from the nature of its supply chains, the composition of its board, management's attitude toward unionisation and the carbon intensity of its business. Our approach to ESG includes our efforts to help avert climate change. WYPF has long recognised our climate related responsibilities and continues to urge investee companies to present swift and plausible plans to slash carbon emissions.



UPDATE

October 2022

The work of the WYPF Investment Advisory Panel

A 2022 update by Chris Greaves, your pensioner member representative

What a year! Just as it seemed that the worst of covid was over the world turned upside down. Russia invaded Ukraine, and as well as the dreadful loss of life and destruction the economic effects have hit us all. The price of energy and inflation have both shot up. There is a new Prime Minister and a new economic policy. As I write this the 'fiscal event' has just happened and the immediate reaction in the financial world has been unfavourable. The important message is that our scheme is a defined benefit scheme. Our benefits are set out in statute, and protected from the impact of short-term market instability. Our pensions are safe and unaffected. We are long-term investors and our investments are diversified.

As I said last year, we are adjusting our investment strategy, reducing equity and increasing long-term alternatives. This will reduce volatility while maintaining returns. The difficulty is that whilst we can sell publicly listed shares quickly we can only buy private market alternatives when good opportunities arise. Proposals must be carefully evaluated, and investment limited to the best. We retained cash inflows ready to invest as and when appropriate. As a result we are holding more cash than usual. Normally we hold around 2% in cash. In March 2021 cash was £465m; by June 2022 this had increased to £828m, nearly 5%. This will return to more normal levels as new investments are made. The upside is that after some years of cash providing no income we are now earning interest on the money.

Our assets have continued to grow. In the year to March 2022 they increased from £16.1bn to £17.8bn. Since the year-end there has been a fall in value for the reasons

I stated earlier, but again I must stress that our pensions are safe and protected.

The investment panel has met quarterly, plus additional meetings with private equity managers, and for in-house training. Members have also attended conferences and external training events to ensure we keep up-to-date with best practice and are aware of opportunities and challenges.

The actuary has nearly completed the calculation of our funding level and it is anticipated that WYPF will be more than fully funded. This buffer is particularly important at the moment when markets are so volatile.

Our investment teams have faced a very difficult time. They have risen to the challenge, beating the benchmarks and targets we set. On your behalf I thank them for all their hard work. We also thank the administration team who ensure we get the right pension on the right day.

The biggest change to the team for a long time is happening soon as Rodney Barton, the fund's Managing Director, is retiring after leading us for the last 12 years. We thank him for all his work ensuring the fund has been well run, has grown and expanded into new areas such as managing the administration of other funds. We wish him a long and happy retirement. We are welcoming Euan Miller, from the Greater Manchester Pension Fund, as our new Managing Director. We look forward to working with him as the fund continues to thrive.

Stay safe everyone, and I wish you all a happy 2023!

Chris Greaves
October 2022

It's time to go online

Our online **My Pension** service is the fast way to view your pension record, pay advices and P60s.

Register today at
www.wypf.org.uk/register

Death grants in retirement

You may have nominated somebody to get your death grant when you were working, but you can do it in retirement too – as long as you are under age 75 at date of death and left employment on or after 1 April 2008.

A death grant is a one-off tax-free lump sum on top of any pension due to your husband, wife, partner or children if you die. Conditions apply depending on when you retired and the options you chose, but the grant is usually ten times your yearly pension less any pension already paid (only up to age 75). It's up to you to decide who gets your death grant and if you nominate it can help those you leave behind avoid paying inheritance tax.

For more information about death benefits in retirement visit www.wypf.org.uk/deathbenefits

If you would like to make a nomination, or change one you've already made, you can download a form at www.wypf.org.uk/deathgrant

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 let us know your new address as soon as you can.

Privacy and your data

Read how we use your data at www.wypf.org.uk/privacy

Contact us

Phone 01274 434999

Monday to Friday 8.45am to 4.30pm

Email pensions@wypf.org.uk

Our postal address is
PO Box 67 Bradford BD1 1UP

If you would like to call in person please email or phone first to arrange your visit and book an appointment.

MoneyHelper

Can Money Helper help you?

Money Advice Service (including The Pensions Advisory Service and The Pension Wise Service) changed it's name to MoneyHelper in June 2021. It's the all-in-one place to get clear, free and impartial money and pension help. MoneyHelper is the direct to consumer brand of the The Money and Pensions Service.

Whatever your circumstances or plans, MoneyHelper is on your side. Online or over the phone, you'll get clear money and pensions guidance, and pointers to trusted services if you need more support.

MoneyHelper is helping people to clear their debts, reduce spending, make the most of their income, support loved ones, plan ahead for major purchases, find out about their entitlements and build up savings and pensions.

For money help all in one place that's free to use, visit moneyhelper.org.uk

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