

Pension

NEWSLETTER

AUTUMN 2021 • PENSIONER MEMBERS

Annual meeting 2021

Wednesday 27 October 2021 2.00pm to 4.00pm – online only



Join us live at 2.00 pm on Wednesday 27 October when Director of WYPF, Rodney Barton, will present an update on the pension fund, and our external investment advisers will give a detailed assessment of the investments scene. We're also delighted to be joined by **True Bearing**, retirement planning experts

who will guide us through a session focusing on legacy planning both before and after retirement.

The meeting is online only again this year.

Book your place by clicking here and filling in the booking form

If you need help booking a place at the meeting please call us on 01274 434999.

The meeting will be recorded, so if you're not able to join us on the day you'll be able to catch up on demand from our website.

myPENSION
It's time to go online

Sign up now for MyPension and you'll have online access to all the information you need to stay on top of your pension for the future. Signing up is quick and easy and you'll be able to download your annual P60, manage your account and keep your own details up-to-date.

Sign up today on www.wypf.org.uk/mypension

The work of the WYPF Investment Advisory Panel

2021 update by Chris Greaves, your pensioner member representative

Speaking to a former colleague recently I asked what mattered most about her pension. She said, "Knowing I will get the right amount at the right time." I am so pleased we succeed. Even with all the problems of home working our staff make it happen. They have done a brilliant job, and on your behalf, thank you. Our panel meetings have been virtual, but our next meeting will be real. It will be great to get back to normal, and not be on a screen with all the 'you're on mute' problems.

Our investment team, despite mostly home working, have beaten the benchmarks and targets we set. Last year I said stock markets were all over the place as covid caused market chaos. Detailed numbers are in this newsletter, but in summary this year we are returning to normality. When I wrote to you last year we had assets of £14.5bn. This increased steadily this year and at the end of June 2021 our assets were £16.9bn.

At the last actuarial valuation we were 106% funded. The next valuation is in March. I don't want to count chickens before they are hatched, but we think we will remain in a strong position. This gives us an opportunity to look at investment strategy. Equities do well in the long term, but are very volatile, so values can bounce all over the place day-to-day, as the covid crisis showed last year. We held several meetings to discuss how we can reduce our risk of short-term market movements and still keep our record of good returns. We decided to reduce our exposure to equities and to increase long-term investments such as infrastructure, property and private equity. This won't happen overnight – it will take a few years to adjust the

portfolio – but our aim is to strengthen our fund over time by making investments that are less correlated to the stock exchange.

We still have a positive cash flow; in the financial year to March 2021 it was £297.1m. This is important. It means we pay pensions from the cash we receive and do not have to sell stocks at a bad time. We continue to lend stock, which produced net income of £2.3m. This helps to cover our administration costs.

The panel held quarterly (online) meetings, plus extra meetings to discuss future strategy, look at risks and to meet our private equity managers. Andrew, our chairman, has excelled in managing these and nobody has been excluded from contributing. Members have done training, mostly online, though as things have settled down face-to-face training has returned.

Responsible investment is one of our core values; our investment teams have always taken this seriously. We are signed up to all the major organisations that promote good Environmental, Social, and Corporate Governance in companies, and have a policy to work towards net zero carbon. We have now appointed an ESG Officer to improve our efforts in this important area. This is another example of how we can achieve our aim of helping the planet while still making sure our pensions are secure.

Stay safe everyone.

Chris Greaves
September 2021



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 about all this see www.wypf.org.uk/deathbenefits, and if you want to make a nomination, or change one you've already made, you can download a form at www.wypf.org.uk/deathgrant



Fund report 2021

Introduction by Rodney Barton, Director of WYPF

All aspects of our operations have felt the impact of the Covid-19 pandemic throughout the year, with staff having to work remotely and volatile investment markets.

The fall in investment values experienced in the last weeks of the previous financial year was followed by a strong bounce in the quarter to June, after which markets progressed, with some volatility, in line with the pandemic news flow. The net result was that the valuation rose by over 23% to £16.3 billion at the end of the March, leaving WYPF very well funded.

The strategic asset allocation was reviewed during the period, which will result in changes to the portfolio over the next few years. Investment in infrastructure will continue, as well as increases in property and credit strategies, and reductions in equities and government bonds, all of which is designed to improve diversification within the portfolio. This will all be done 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 had to move to remote working due to the pandemic with little notice, but 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 the London Borough of Barnet Pension Fund and a further three Fire and Rescue Authority pension funds in the year. An exceptional result, I am sure you will agree.

I would like to thank the administration and investment staff for their continued hard work and excellent performance in what has been a most challenging year, and the members of the Investment Advisory Panel, Joint Advisory Group and the Local Pension Board for their contribution. I hope you will find the Report and Accounts an interesting read.

This summary gives a flavour of our draft report and accounts, which we will publish on www.wypf.org.uk in December 2021.

Fund account

For the year ended 31 March 2021

	2021 £000	2020 £000
Dealing with members, employers and others directly involved in the fund		
Contributions receivable	480,170	441,973
Transfers in	26,934	50,705
Non-statutory pensions and pensions increases recharged	21,019	21,671
	528,123	514,349
Benefits payable	-550,077	-553,082
Non-statutory pensions and pensions increase	-21,019	-21,671
Payments to and on account of leavers	-23,373	-37,250
	-594,469	-612,003
Net additions/(withdrawals) from dealing with members	-66,346	-97,654
Management expenses	-10,002	-12,306
Net additions / (withdrawals) including management expenses	-76,348	-109,960
Returns on investments		
Investment Income	361,159	464,284
Taxes on income	-7,919	-8,719
Profit and losses on disposal and changes in value of investments	2,833,734	-1,497,058
Stock lending	2,278	2,710
Net return on investments	3,189,252	-1,038,783
Net Increase/(decrease) in net assets available for benefits during the year	3,112,904	-1,148,743
Fund opening net assets	13,214,298	14,363,041
Fund closing net assets	16,327,202	13,214,298



Membership trends

Fund membership continues to grow, with a total membership, including undecided leavers and frozen refunds, of 298,307 as at 31 March 2021. Active members are employed by 451 separate organisations.

Membership trends over a five-year period



Admissions to the fund

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

Withdrawals from the fund

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

Performance

In 2020/21 our investments made a positive return of 23.2%. This shows that we have recovered all the financial losses of the 2019/20 financial year brought about by Covid-19.

Medium- to long-term performance

- 3 years 6.8% (77th percentile)
- 5 years 9.2% (61st percentile)
- 10 years 7.7% (80th percentile)
- 20 years 7.0% (32nd percentile)
- 30 years 8.5% (25th percentile).

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.

2020/21 WYPF cost per member

The 2020/21 annual cost of administering the West Yorkshire Pension Fund per member is £13.42, investment management is £17.19, and oversight and governance £2.92, giving a total management cost per member of £33.53. These figures compare favourably with the average cost for authorities in the Ministry of Housing, Communities & Local Government (MHCLG) – 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
	2020/21	2019/20	2019/20	2019/20	2019/20	2019/20
Admin cost per member	£13.42	7th	£16.23	£0.74	£118.78	£23.50
Investment cost per member	£17.19	1st	£22.83	£20.68	£774.27	£278.76
Oversight and governance	£2.92	5th	£2.88	£0.00	£52.64	£12.21
Total cost per member	£33.53	1st	£41.94			

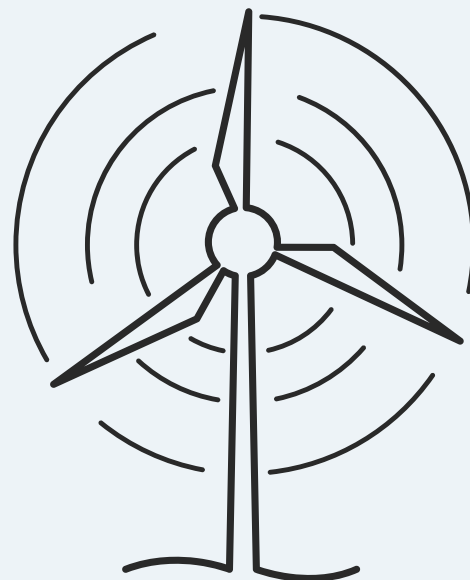
Responsible investment

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:

- 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.

- 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.



The new name for Money Advice Service

Money Advice Service (including The Pensions Advisory Service and The Pension Wise Service) changed to MoneyHelper in June 2021. All in one place, get clear, free and impartial money and pension help. MoneyHelper is our direct to consumer brand of the The Money and Pensions Service.

Their new URL from early June 2021 is moneyhelper.org.uk

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.

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

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

Privacy and your data **Moving house?**

Read how we use the data we hold about you at www.wypf.org.uk/privacy

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.

What to do if you become a **scam** victim

Being scammed can take a huge toll on people's mental health. **Mind** and **Victim Support** have confidential helplines that provide support to consumers who have been hit and you can get more information from their websites.

There are some immediate practical steps you can take if you think you've been scammed however. Call your bank directly, first checking its website for the correct number to ring. If the fraud involved any of your personal information, consider signing up for a Protective Registration with fraud prevention organisation **Cifas**, which costs £25 for two years. Cifas is an independent, not-for-profit organisation working to reduce fraud and related financial crime in the UK. Check out their website at www.cifas.org.uk for information.

Change your passwords for any accounts that have been compromised due to fraud - and any that use the same password. Set up two-factor authentication wherever possible to provide another layer of protection.

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

Our office in Bradford remains closed for the time being because of the pandemic. Please check our website for updates on this.

Be **ScamSmart** – don't fall for scams in the first place

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR)'s ScamSmart campaign warns you to be on your guard if you receive unexpected offers about your pension. If you are ever in doubt about a pension offer, visit the ScamSmart website at www.fca.org.uk/scamsmart