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Circular 08/2013

30 August 2013

To: Chief Executives
Salaries and Wages
Human Resources
Pension Contacts

At: All Employing Authorities

Dear Colleagues

Actuarial Valuation, Outlook for Contributions and Funding Strategy

SEMINARS – 2nd & 3rd OCTOBER 2013

As you will be aware the Pension Fund is valued every three years by the Fund's Actuary, Aon Hewitt, and the next valuation is due as at 31 March 2013. It is the Actuary's responsibility to certify an employer's contribution rate, which will ensure that there is enough money in the Fund to meet members' guaranteed benefits, both now and in the future. If there is more in the Fund than required (a surplus) the actuary is able to reduce the employers' contribution rate and if there is less in the Fund than required (a deficit) then the actuary must increase the employers' contribution rates to bring the Fund back up to 100% funding.

At the last valuation on 31 March 2010 the Fund was in deficit being 82% funded. The employers' contribution rate (for those in the grouped rate) was calculated at 23.8% (17.7% of pensionable pay to meet the cost of future service benefits plus 6.1% of pay to recover the past service deficit over a 20 year period). The Actuary agreed to phase in the increase in the employers' contribution rates. As a result the employers' contribution rates have increased over the past three years to 20% of pensionable pay for most employers (with the exception of those on separate rates).

The Actuary is currently in the early stages of work for the 2013 valuation but by the end of September he should be in a position to provide a good estimate of what the rates for the next three years are likely to be. A series of seminars has been arranged with our Actuary to cover the topics of the Actuarial Valuation, the Employers' Contribution Rates and the valuation policy matters set out in the Funding Strategy Statement. These will give you an opportunity to ask any questions you have and for NILGOSC to provide more detail about the Valuation process.

I hope you, or a representative from your authority, will be able to attend one of the seminars that NILGOSC is running in Belfast and Londonderry. If you wish to attend a seminar please e-mail sinead.oneill@nilgosc.org.uk with your name, job title, employer name and preferred seminar time.

Date	Time	Venue	Location
2 nd October 2013	10.30am to 12 noon	Park Avenue Hotel	Belfast
2 nd October 2013	2.00pm to 3.30pm	Park Avenue Hotel	Belfast
3 rd October 2013	10.30am to 12 noon	Derry City Council	Londonderry

Yours sincerely

A handwritten signature in black ink that reads "David A. Murphy". The signature is written in a cursive style with a large, looped initial 'D'.

David Murphy

Chief Executive and Secretary