

NILGOSC NEWS 2023

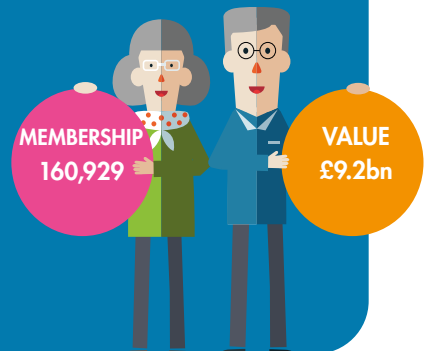


Welcome to the 2023 NILGOSC Annual Members' Newsletter

Scheme membership has continued to grow to 160,929 members by March 2023, which includes 80,703 contributing members.

The last twelve months have also seen high inflation rates, interest rates rises, financial market volatility, a fluid jobs market and constraints in the public sector. Despite this our members have seen a 10.1% increase to their pension benefits (whether in payment or saved), demonstrating the advantage of a pension scheme such as ours.

This newsletter not only sets out our review of the year but also contains notes on your benefits and how to claim them. Therefore, we recommend that you read this newsletter as it will answer many of the common questions we get asked. We hope you enjoy reading this edition.



We recommend that you take this opportunity to:



Read the Dear Jacqueline
section to view frequently
asked questions

SEE PAGE 14



Register with
My NILGOSC Pension
Online

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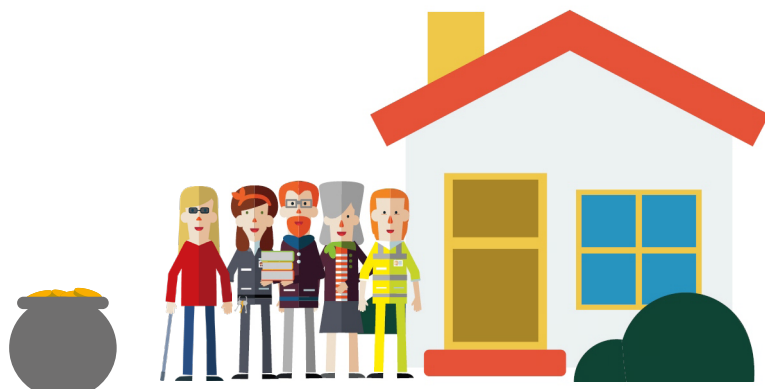
Coping with the Rising Cost of Living

The cost-of-living crisis has been on the news a lot recently. Inflation is at a 40-year high and we have seen an increase in the cost of energy, food and fuel. This means that personal budgets are being increasingly squeezed and most of us will have to find ways of reducing our expenditure and trying to cut back.

The first step towards making a budget is to know what money is coming into your household and then work out your outgoings. Once you've done this you will be able to see where you could make cutbacks, even if just temporarily. If you need help with budgeting, you can speak to MoneyHelper on 0800 011 3797 or visit www.moneyhelper.org.uk.

The Local Government Pension Scheme (NLG) is a defined benefit scheme which offers a guaranteed income at retirement. Your pension will be revalued each year in line with cost-of-living increases. This is good news in times of high inflation as your pension will be increased to keep up with the cost-of-living. This year's increase is 10.1%.

If you are struggling to pay your pension contributions, the Scheme has a 50/50 section where you can choose to pay half the contributions and build up half the amount of pension. However, you will still keep the full value of life cover. This can be used as a short-term option if your financial circumstances are difficult, instead of opting out of the Scheme. More information on the 50/50 section can be found on our website <https://nlgosc.org.uk/members/joining-the-scheme/contribution-rates/>



Member Seminars

If you are approaching retirement, have recently joined the Scheme or just want to know more about your pension, we provide information sessions on the Scheme for all our members. These can be held remotely via Microsoft Teams, or we can provide them at your workplace. We offer sessions which focus on approaching retirement, Scheme benefits (including boosting your pension), redundancy and a Scheme overview for members who have joined in the last 12 months. Each session lasts approximately 90 minutes and includes a demonstration of our online portal, My NILGOSC Pension Online.



Over the last year we held 18 seminars for 3,542 members. Keep an eye on our website for upcoming seminars - www.nilgosc.org.uk/members/training-events. You can also ask your employer to contact us if you would like an in-person seminar held at your workplace.

My NILGOSC Pension Online

Going forward, we will be telling you by email when important information is available online, such as your annual pension benefit statement. Nearly 27,000 members have registered for our My NILGOSC Pension Online portal so far, which allows them to view and update their personal information, see how much their pension is currently worth, estimate the value of their pension on retirement, and access important updates on the Scheme. If you haven't yet registered, please do so today, otherwise you won't be able to access your annual benefit statement and other important information, unless you have opted to receive your communications by post.



Triennial Valuation as at 31 March 2022

Every three years a valuation is carried out to check the funding level of the Scheme and to set employers' contribution rates. The aim is to ensure that we have enough money in the Fund to meet all current and future liabilities.



The headline figures at 31 March 2022 were:

- The overall funding level was 111%
- The surplus was £1,004.4M
- The overall total employer contribution rate is 19.8%. However, employers' contribution rates will differ depending on whether they are in the main employer group, paying 19%, or outside of that group.

Unlike employers' contributions which can vary depending on the health of the Fund, the percentage contributions that members pay are set in the Scheme regulations and the bands for each percentage are increased by inflation each year. See page 12 for the table of employee contribution rates.

The full valuation report can be found on our website -

<https://nilgosc.org.uk/resource-category/investment-and-funding/>

McCloud Judgment Update

In 2015 the government made changes to public service pension schemes, including the LGPS (NI). It was later found that some of the protections that were put in place were age discriminatory as they gave protections to older members. As a result, steps are being taken to make protections which will be fair to all members who were in the Scheme both before 1 April 2012 and have membership of the 2015 Scheme. **You do not need to take any action and NILGOSC will advise you of any changes, if applicable.** This does not affect any members who joined the Scheme after 31 March 2012.



Scheme Changes

There have been a number of important changes to the Scheme since our last newsletter.

1. Change in annual CARE revaluation date

The Department for Communities consulted on moving the CARE revaluation date from 1 April to 6 April to align with the tax year. It is expected that this change will be backdated to 31 March 2023.

The purpose of this change is to remove the impact of inflation from the calculation of pension savings for annual allowance purposes. Without this change the current high inflation rate would mean that many members would have been liable for increased pension tax charges solely because of inflationary increases.

2. Changes to some Scheme calculations and buying additional pension

Most calculations that the Scheme makes to work out the value of your pension if you retire early, late, if you transfer pension into or out of the Scheme or if you buy extra pension etc. are based on factors. These factors are set by the 'Superannuation Contributions Adjusted for Past Experience (SCAPE)' discount rate. On 30 March it was announced that the SCAPE discount rate had reduced to CPI plus 1.7% (from CPI plus 2.4%). Therefore, some calculations such as non-club transfers and divorce calculations have been immediately suspended until new factors are issued. The timetable for reviewing factors runs through to September 2023. Members should be aware that factors will be likely to change over the coming months. Members buying additional pension by regular contributions will be notified of revised contribution rates that will apply from 1 April 2024.



Wider Pension News

Increase in normal minimum pension age

The national minimum pension age will be increased from age 55 to age 57 from 6 April 2028. This is the earliest age that you can take your pension benefits (apart from ill-health). At this stage we do not know whether the Department for Communities intends to make legislation to protect members who could take their pension from age 55 before 4 November 2021. Anyone joining the Scheme after this date will be excluded from any protections.

Pensions Dashboards

Most people will change jobs several times during their working life, meaning that they may have more than one pension pot. Pensions dashboards will enable you to access all of your pension information (including your State Pension) online, securely and in one place. NILGOSC is due to provide data to the Pensions Dashboards by September 2024. In March 2023, the Government announced a delay in the delivery of Pensions Dashboards and the timeline will therefore need to be reviewed. While we await this new timetable we are continuing with our preparations for the Dashboards.

State Pension Age review

On 30 March 2023 the Government published its 2023 review of the state pension age. Currently the state pension age is 66, but it will rise to age 67 between 2026 and 2028 before increasing again to age 68 between 2044 and 2046. After the first review in 2017 it was thought that the Government would bring forward the increase to age 68. However, they have decided not to do this at present. The rise to age 67 between 2026 and 2028 will proceed as planned. There will be another review within two years of the next Parliament to consider whether the increase to age 68 should occur earlier. You can find out your state pension age at

<https://www.gov.uk/state-pension-age>.



Changes to Annual Allowance and Lifetime Allowance

The annual allowance is the amount by which your pension savings can increase in any one year before you must pay a tax charge. Most members do not have pension savings that are large enough to incur tax charges. From 6 April 2023 the annual allowance limit increased from £40,000 to £60,000. There are also changes to tapered annual allowance. Some members who may have moved into the 50/50 section of the Scheme or opted out to reduce their pension savings may wish to review their situation.

The lifetime allowance is the total value of all pension benefits you can have without paying extra tax. The lifetime allowance tax charge for 2023/24 has been removed and the Chancellor also announced that the lifetime allowance will be abolished completely from 2024/25. However, if you leave the Scheme in 2023/24, we will still have to measure your pension savings against the lifetime allowance. The maximum lump sum that you can take without paying a tax charge has been frozen at £268,275 (25% of the current lifetime allowance). Any lump sum taken above this amount will be taxed at your marginal tax rate.

These changes are described in more detail on our website
<https://nilgosc.org.uk/members/about-the-scheme/tax-limits-on-your-pension/>.

Tax relief anomaly to be rectified

If you pay tax, you will benefit from tax relief on your pension contributions as they are taken from your salary before you are taxed. This reduces the net cost of being a member of the Scheme. However, if your earnings are below the threshold for tax (£12,570 (2023/24)) you lose out on this benefit. HM Treasury intends to address this by making a top-up payment directly to eligible low earners from 2024/25 onwards.

Automatic Enrolment

All employers are required to automatically enrol their workers into a work-place pension if they meet certain criteria. A proposal has been made to expand automatic enrolment by reducing the age limit from 22 to 18 years old and abolishing the lower earnings limit.



Protect your Pension from Fraudsters

Your LGPS (NI) pension is one of the most valuable assets you own

Sadly, the last decade has seen an increase in pension companies being formed to defraud the public of their pension savings, by encouraging them to transfer their pension savings to unsuitable or bogus schemes. Unfortunately, the current cost-of-living crisis has led to an increase in these companies, with many using people's possible financial difficulties to further manipulate them into transferring their savings. NILGOSC has pledged to protect scheme members by following the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice.

What should you look out for?

According to the PSIG, victims of pensions scams report receiving cold or unsolicited calls, offers of free pension reviews, offers of upfront cash and promises of high investment returns, as warning signs of a scam. You may even be introduced to these companies by a friend or family member who is also unknowingly being scammed.

You should be very wary of a scheme offering to help you release cash from your pension before you're 55. This is known as pension liberation and is almost certainly a scam which will result in you having to pay a tax bill of 55% plus other charges, and you could lose your entire pension pot.

- Do not click links or open emails from senders you don't already know.
- Do not give out personal details like bank details, address, existing pension or investment details.
- Beware of adverts on social media channels and search engines like Google.

If you suspect you have been the victim of a scam:

Report it to Action Fraud

- Go to www.actionfraud.police.uk
- Call 0300 123 2040

Report it to the FCA

- Go to www.fca.org.uk/contact
- Call 0800 111 6768



How do you protect yourself?

Reject Unexpected Offers – chances are it's high risk or a scam. If you receive a cold call regarding your pension, the safest thing to do is hang up – the call is illegal and probably a scam. If you have been offered a free pension review, please be very cautious. Professional financial advice on pensions is not free. A free offer from a company you have not dealt with before is probably a scam.

Check who you are dealing with - Is the individual or company offering you advice on transferring your pension qualified to do so? You can confirm this by checking the FCA Register (www.register.fca.org.uk) and calling the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. There are many different areas of registration and it's important the advice you receive is specifically on pension transfers.

Don't be rushed or pressured into making a decision - This is another red flag of a possible scam. Take your time and make sure you are happy. This will be time well spent. If you make the wrong decision and transfer your pension to a scam scheme your monies are unlikely to be recovered. Better to make sure you are making the right decision at the outset.

Get impartial advice - You have worked hard to build up your pension savings, so a little extra time spent to make sure any transfer is in your best interest is very worthwhile. Consider the following:

- MoneyHelper provide free independent guidance (www.moneyhelper.org.uk) or call 0800 011 3797.
- Use an FCA registered adviser – they will be able to give you the best advice based on your own individual circumstances. Never take financial advice from the company that contacted you or an adviser they suggest, as they could be part of the scam.

And finally...

Deciding whether to transfer out of the LGPS (NI) is a serious financial decision. Your pension with us is a guaranteed income at retirement. If you transfer your defined benefit pension to another type of scheme you will lose this guarantee, along with other Scheme benefits such as annual inflationary pension increases and guaranteed dependants' benefits.

Your Pension



How Much do I Pay into the Scheme?

The amount that you pay depends on how much you earn, but it will be between 5.5% and 10.5% of your pay. The figures for 2023/24 are shown below.

BAND	YEARLY PAY	YOU PAY
1	£0 to £16,900	5.5%
2	£16,901 to £26,000	5.8%
3	£26,001 to £43,400	6.5%
4	£43,401 to £52,800	6.8%
5	£52,801 to £104,700	8.5%
6	More than £104,700	10.5%

Know your Retirement Date

As a contributing member your normal pension age is linked to your state pension age.

DATE OF BIRTH	STATE PENSION AGE
Between 6 Dec 1953 and 5 Oct 1954	Between 65 and 66
Between 6 Oct 1954 and 5 Apr 1960	66
Between 6 Apr 1960 and 5 Mar 1961	Between 66 and 67
Between 6 Mar 1961 and 5 Apr 1970	67
Between 6 Apr 1970 and 5 Apr 1978	Between 67 and 68
After 6 Apr 1978	68

State pension age is currently under review, which means that it could change in the future, depending on different factors, such as changes in life expectancy. See State Pension Age Review article on page 8 for more information.

More information on your state pension age can be found at:
www.gov.uk/check-state-pension.

Will I have Enough Pension?

MoneyHelper, the Government's free advisory service, has developed a pension calculator to help you understand how much you need in retirement and show you how much you have. You can use your most recent annual benefit statement, AVC statement (if applicable), or log into your online portal for your up-to-date pension figures to use in the calculator. <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pensions-basics/pension-calculator>.

If you have a shortfall, you can increase your pension through the Scheme in the following ways:

Additional Voluntary Contributions (AVCs)

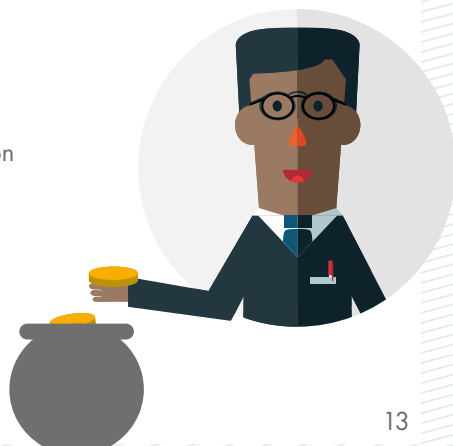
You can increase the amount you will get when you retire, including any lump sum, by paying Additional Voluntary Contributions (AVCs) with Prudential. Your contributions are deducted from your salary each month before it's taxed. If you are a basic rate taxpayer, a £100 contribution will only cost you £80, as the £20 you would pay in tax goes in your AVC pot instead. AVCs are investment based and you can choose where they are invested. It is important to note that investments may go up or down.

Prudential has an online facility where new members can apply, and existing members can view their AVC accounts and make changes to contribution levels and investment choices. This can be found at: www.pru.co.uk/localgov. You can also contact Prudential on **0345 6000 343**, however this number is for existing AVC customers only.

Additional Pension Contributions (APCs)

You can buy additional pension of up to £8,131 per year (2023/24) to boost your pension at retirement. Unlike AVCs these buy a set amount of pension rather than being invested in a fund that could go up or down.

You can pay APCs by lump sum or regular contributions. The cost depends on your age, the period you wish to pay over, and your normal pension age. You must complete a medical with a NILGOSC doctor (at your own expense) to confirm that you are in good health before you can make your payment. You can calculate the cost of buying additional pension using the calculator on our website: www.nilgosc.org.uk/how-much-does-additional-pension-cost.



Dear Jacqueline - Answers to Commonly Asked Questions

Jacqueline Marner, Operations Manager, answers your pension questions.



Do I pay tax on my lump sum?

No, one of the benefits of the Scheme is that your lump sum is tax-free. If you joined the Scheme before 1 April 2009, you will receive an automatic tax-free lump sum along with your annual pension.

Is my pension based on the contributions paid by myself and my employer?

No, your pension is based on how many years you've been a member of the Scheme and your average pensionable pay. The contributions that your employer pays ensures that there is enough money in the fund to cover all the scheme benefits, including annual pensions, lump sums, survivor pensions, death grants and ill-health retirement enhancements.

Will the world economy affect my pension?

No, as a defined benefit scheme your pension is determined by law and is based on how many years you've been a member of the Scheme and your average pensionable pay. It is not affected by financial markets or world events.

How do I claim my pension?

Page 18 explains the steps required to start the retirement process. The first step is to speak to your employer. Please note that we need both your claim forms and leaving paperwork before your pension can be processed. Pensions are paid in arrears and normally on the last banking day of each month.



My annual pension is less than £1,500, can I receive it as a one-off payment?

It is usually possible to take a small annual pension of approximately £1,500 or less as a one-off lump sum payment. This means you would have no further pension payments from NILGOSC and the lump sum that is payable would be taxed. The rules around small lump sum payments are complicated so it is best you contact our administration team using any of the methods on the back page if you are interested in this option.

I opted out of the Scheme. Why have I been enrolled again?

The Government requires all employers to automatically enrol their workers into a workplace pension if they meet certain criteria. The LGPS (NI) is a workplace pension and most new employees automatically join the scheme when they start employment. Every three years your employer must re-enrol its eligible staff back into the pension scheme even if they have previously opted out.

What does the Rule of 85 mean?

The Rule of 85 allowed members who retired early to take their pension without reductions if the sum of their age and length of membership equalled 85 years or more. The Rule of 85 has been removed from the Scheme, however if you were a member before 1 October 2006 you may have some early retirement protections. This is quite a complex rule and the protection only applies if you are over age 60. If you are between age 55 and 59 your employer can apply the Rule of 85 protections at their own cost. If you are considering early retirement, please log onto your My NILGOSC Pension Online account and use the early retirement calculator to see how the reductions will apply to you.



Accessing your Pension

Your normal pension age in the Scheme is the same as your state pension age and will be shown on your annual pension benefit statement.

However, you can claim your Scheme benefits anytime between the age of 55¹ and 75, providing you have been a Scheme member for more than two years. You will not be able to claim your State Pension until you reach your state pension age. Your Scheme pension may be paid in the following circumstances:



Early retirement at age 55¹ or over

Your Scheme benefits can be paid out as soon as you reach age 55¹ and have left your Scheme employer. As NILGOSC will be paying your benefits for a longer period of time, your benefits will be reduced. The size of this reduction depends on how early you draw them.

YEARS PAID EARLY	PENSION REDUCTION	LUMP SUM REDUCTION
1	5%	2%
2	10%	5%
3	15%	7%
4	19%	9%
5	23%	11%
6	26%	13%
7	30%	15%
8	33%	17%
9	36%	19%
10	38%	21%

If you are interested in seeing how taking your benefits early would affect your benefits, you can log on to [My NILGOSC Pension Online](#) and use the benefit projector.

¹ See article on page 8 for increase in normal minimum pension age




Flexible retirement

From the age of 55¹, if you reduce your hours or move to a less senior position and your employer agrees, you can draw some or all of the pension benefits you have built up, helping you ease into retirement. Your benefits may be reduced as you are taking them early.

Ill-health

You may be able to have your pension paid early, without reduction, if because of your health:

- you would be permanently unable to do your current job; and
- you are less likely to be capable of doing any other job before normal pension age.



Your employer will refer you to NILGOSC for ill-health retirement and NILGOSC's decision will be based on a report from an independent registered medical practitioner and other available supporting medical evidence. You do not have the option to defer payment and you are not able to transfer your benefits to another pension scheme if you are entitled to an ill-health pension.



Redundancy

If you are aged 55¹ and over and you have met the two-year qualifying period, your benefits **must be paid** immediately without any reductions if you are made redundant. You do not have the option to defer payment and you are not able to transfer your benefits to another pension scheme if you are entitled to a redundancy pension.



Transfer of benefits

It may be possible to transfer your benefits to another pension scheme as long as you do so at least 12 months before your normal pension age. **Please read the Scams section on Page 10 before making any decisions.**

¹ See article on page 8 for increase in normal minimum pension age

Planning to Retire Soon – What Next?

If you are thinking of retiring please talk to your employer and agree the date you would like to finish.

You both need to be clear what type of retirement you are taking. For example, are you retiring at normal pension age, retiring early by your own choice or are you being made redundant?

The next steps are as follows:

1. Your employer notifies us you are retiring and provides key information.
2. NILGOSC will issue a retirement pack which will include details of:
 - your pension, and if applicable, your lump sum.
 - the options for increasing the size of your lump sum.
 - your options if you have an AVC fund.
 - a list of information we require such as bank account details and your decision regarding the size of the lump sum. We may also need a copy of your birth certificate or passport as proof of age.

Until we receive the paperwork from both you and your employer we are unable to process your retirement, so please return your claim forms as soon as possible!



Death Benefits

Death Grant Expression of Wish form

If you die while you are a contributing member of the Scheme, we will normally pay out a lump sum of three times your annual pay. This is in addition to any survivors' pensions.

The easiest way to let us know who you would like to receive this lump sum is by logging onto [My NILGOSC Pension Online](#) and clicking the 'Expression of Wish Details' tile.

Alternatively, you can download and complete a Death Grant Expression of Wish form from our website www.nilgosc.org.uk/keep-us-updated and return it to us.

I live with my partner but we aren't married. Will my partner receive a pension when I die?

If you and your partner live together but are not married or in a civil partnership you are known as co-habiting partners. When you die, your co-habiting partner may be eligible for a pension if the conditions below are met:

- you must be able to marry or form a civil partnership with your partner
- you and your partner must be living together as if you are a married couple or as if you are civil partners
- neither you nor your cohabiting partner have been living with someone else as if you are a married couple or civil partners
- either your partner is financially dependent on you or you rely on your joint income to support your standard of living – even if you don't contribute equally

The first condition must apply at the date of your death. The other conditions must have applied for a continuous period of at least two years before the date you died. Cohabiting partners will have to provide evidence that they meet these criteria.



My NILGOSC Pension Online

Why not join nearly 27,000 active members who have already registered so far? We know that having access to your pension details when needed is important to you, so it's important to us. It's simple and secure and allows you to instantly view and update your information – wherever and whenever.

How do I Register?

It's easy, all you need is an internet connection and computer, tablet or smartphone. Get online in three simple steps:

1. Visit www.nilgosc.org.uk and click on 'Register' at the top of the page.
2. You will need your National Insurance number and your email address to request an Activation Key.
3. Once you have the Activation Key you can complete the registration by creating your username, password and security response.

If you would like more support when registering you can view a registration video and a detailed registration guide on our website

www.nilgosc.org.uk/members/joining-the-scheme/my-nilgosc-pension-online/#register

What can I do?

As an active member, once you are logged into [My NILGOSC Pension Online](#), you can:

- view and update your personal information and contact details.
- make or alter your Expression of Wish – Death Grant Nomination, so your family are taken care of should anything happen to you.
- view details about your pension and check your latest pension value.
- get instant quotations of what your pension might be when you decide to retire or the value of the benefits payable should you die.
- update your communication preferences.
- upload documents directly to NILGOSC.



Annual Benefit Statement Online

Your annual benefit statement and newsletters are now published online, unless you have specifically requested a paper version. The benefit statement is usually published in August. We will notify you by email when they have been uploaded to your secure [My NILGOSC Pension Online](#) account.

If you haven't already, you can register for [My NILGOSC Pension Online](#) and provide us with your email address by following the instructions on page 20.



Communication Preferences

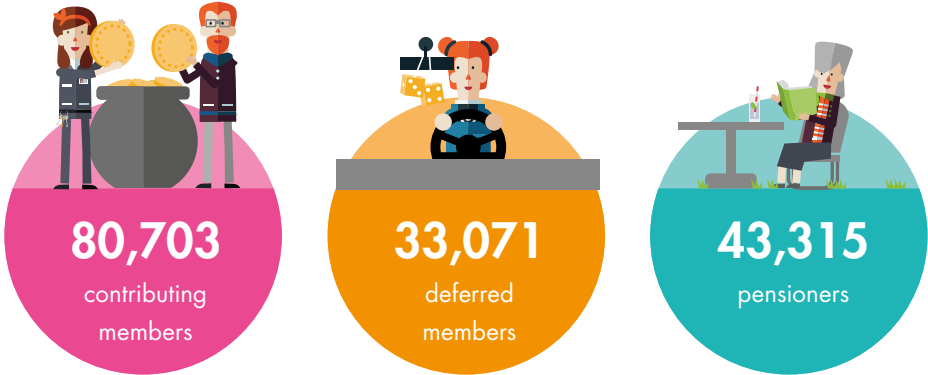
If you would prefer to continue to receive communications by post that's no problem. You can tell us by:

- registering your preference on our website at www.nilgosc.org.uk/contact/communication-preferences.
- via [My NILGOSC Pension Online](#) - you can choose your communication preference under the 'My Details' section by clicking on the Edit button at the bottom of the page.
- email the team at info@nilgosc.org.uk.
- write to us or telephone our office on 0345 3197 325.



Review of The Year 2022/23

The last year has been a busy one for NILGOSC with membership increasing to **160,929** members by 31 March. At that time the Scheme had:



Plus 3,840 members with a miscellaneous classification.

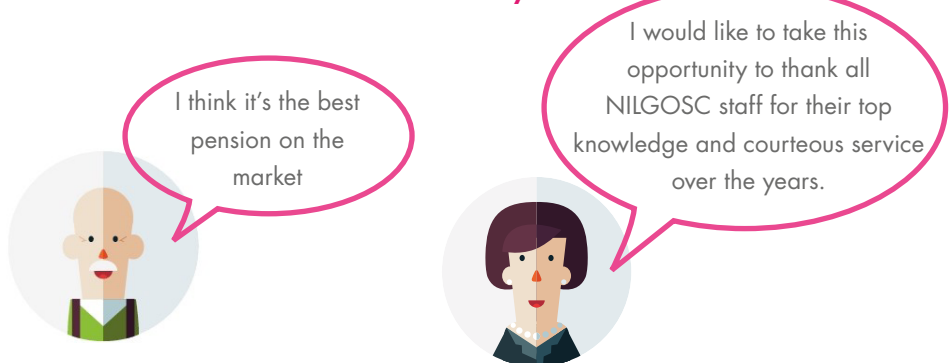
Employers

At 31 March 2023, there were 169 employers contributing to the Scheme including: 11 councils, 1 Education Authority, 1 Library Authority, 47 associated bodies, 89 schools, 9 further and higher education colleges and universities and 11 employers with restricted membership (closed to new members).

Satisfaction Survey

92% of members rate customer satisfaction as good or excellent.

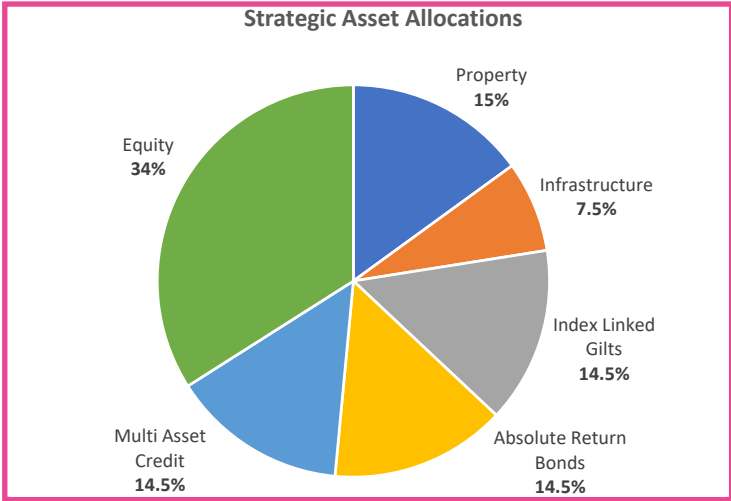
Here's what some of our members had to say...



How we Invest

During the year, Fund performance was below its target. The Fund commenced the year at a new high of over £10 billion and ended on 31 December 2022 at £9.2 billion, which was driven by volatile market conditions and high inflation.

As a pension scheme with benefits payable far into the future, NILGOSC takes a longer-term approach to investment to avoid undue focus on short-term events and volatility. The fund also reduces risk by investing across a variety of different asset classes: including equities, fixed income, property and infrastructure. The pie chart below shows the high-level target allocations for each of the asset classes; although within each asset class, multiple separate strategies are used to diversify further. For example, under the banner of a 15% allocation to property, NILGOSC invests in: UK property; global property; index-linked leases; and the private rental sector:



With the longer-term approach in mind, NILGOSC sets a target for investment returns it expects from the Fund over a three and five year period. With effect from 1 January 2022, the investment return target for the Fund is the Consumer Prices Index (CPI) + 3%.

Investment Performance

As expected, given market volatility and exceptionally high levels of inflation, the Fund underperformed its investment target during 2022. Total investment returns to 31 December 2022 are shown on the next page, alongside the relevant target for that period (CPI + 3%):

	3 Years	5 Years
NILGOSC	2.5%	3.4%
CPI + 3.5%	8.8%	7.4%

For many investors, 2022 proved to be a challenging year globally. Amidst emerging from the pandemic, many economies experienced challenges throughout the year. The commencement of the war in Ukraine in February 2022 has resulted in tragic consequences, not least the loss of life and needless destruction. Seismic geopolitical shifts and market volatility, including worldwide inflation, have translated into higher costs for energy and food. In the context of supply chain challenges, food and energy security concerns and the climate transition – businesses and economies have experienced a year of difficulty and slower growth.

NILGOSC continues to work with its investment consultant and the investment managers to monitor fund performance and assess if steps need to be taken to address specific underperformance. NILGOSC's last triennial review of its investment strategy was undertaken in 2021 to ensure it remains appropriate from both a risk and return perspective. In order to align the Fund with its target asset allocation, work has been done over the last year including an increase in commitment to infrastructure funds. Additional steps will be taken over the next 12-18 months including the appointment of an additional global equity manager and a global property manager.

For further details on how the NILGOSC Fund is invested and its performance, please refer to the NILGOSC website: www.nilgosc.org.uk/pension-fund

Being a Responsible Investor

NILGOSC takes its responsibilities as a global investor seriously and strongly believes that environmental, social and governance (ESG) issues affect the long-term performance of investments. Such issues should therefore be taken into account when managing investments, subject to the overriding legal duty to maximise the financial return for pension scheme members and beneficiaries.

We do this in a number of ways:

- We instruct our investment managers to include ESG considerations in their decision-making process, provided the primary financial obligation is not compromised;
- We exercise our right to vote at all company meetings in which we can;

- Our managers are instructed to engage, on NILGOSC's behalf, with companies whose ESG policies and disclosures fall short of acceptable standards;
- We work with like-minded investors across the globe to help influence governments, policy makers and corporations; and
- We only appoint investment managers and consultants who can demonstrate that they have the necessary ESG capabilities.

During the year, NILGOSC compiled and submitted its first Stewardship Report to the Financial Reporting Council. We were pleased to have met the expected standard of reporting, successfully becoming a signatory to the UK Stewardship Code, which sets out high standards of stewardship for those investing money on behalf of UK savers and pensioners. NILGOSC's report provides an overarching view of all stewardship activity undertaken by the Fund over the year. To remain signatories, all organisations must continue to improve their reporting as market practice and expectations evolve, and continue to report annually. NILGOSC's next report, covering the period to 30 June 2022, is due in May 2023.

Climate Risk

Although there are many important ESG factors to consider, the changing climate arguably presents the biggest long-term, systematic risk to the value and security of pension scheme investments.

Climate change will have a significant impact on the global economy, corporations and society, whether through direct physical impacts, tighter regulations or reputational damage suffered by those who fail to adequately address the risks posed.

NILGOSC believes that active engagement is the most effective way to bring about change, both at a policy level and in respect of individual investments. NILGOSC does not exclude investment in, nor divest from, particular industries on ESG grounds alone, but instead aims to be an active investor bringing about change from within.

All active investment managers are required to include climate risk considerations in their decision-making process, provided the primary financial obligation is not compromised. Where climate change produces a financial risk for a particular investment, NILGOSC expects this to be a



fundamental part of the investment decision-making process and we challenge such decisions accordingly.

NILGOSC also makes investments that are designed to follow an index, without such active decision making. To incorporate the consideration of climate risk into that portion of the Fund, at the beginning of 2022 the £2.8 billion passive equity holding was transferred to the Legal & General Low Carbon Transition Fund, which follows an index aimed to reduce exposure to carbon emissions over time.

Other initiatives undertaken over the year to address climate risk include:

- Supporting a number of initiatives alongside other like-minded global investors, including: the CDP's 2022 Non-Disclosure Campaign; a Statement on Sustainable Corporate Reporting; the 2022 Global Investor Statement to Governments on the Climate Crisis; the CDP's 2022 Science Based Targets Campaign; and the Principles for Responsible Investment's (PRI) Advance initiative;
- Taking part in a Department of Agriculture, Environment and Rural Affairs (DAERA) Cross-Sectoral Advisory Working Group on Climate Change Reporting by Public Bodies in Northern Ireland; and
- Voluntarily publishing our second Taskforce on Climate-related Financial Disclosures (TCFD) aligned report, demonstrating a progression from the first year of disclosures as it was possible to publish more both scenario analysis and forward-looking metrics for the first time.

If you are interested in our responsible investment activities, further details can be found on our website at

www.nilgosc.org.uk/pension-fund/being-a-responsible-investor

Data Sharing and Accessibility



Data Protection

NILGOSC is a data controller under UK data protection law. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duties, we are required to share your information with certain bodies but will only do so in limited and specified circumstances.

For more information about how we hold your data, who we share it with and what rights you have to request information from NILGOSC, please refer to the Privacy Notice for Members and Scheme Beneficiaries, available on our website at: www.nilgosc.org.uk/data-protection. If you would like a hard copy of this Privacy Notice, please contact us using the details on the back cover.

Requests in relation to accessing your personal data or exercising any other rights under data protection legislation should be made in writing or via email to the Data Protection Officer at NILGOSC at governance@nilgosc.org.uk.

National Fraud Initiative

In order to prevent and detect fraud, we may share information with other bodies responsible for auditing or administering public funds.

We participate in the National Fraud Initiative (NFI) run by the Northern Ireland Audit Office, which has statutory powers to conduct data matching exercises. As part of this initiative, we provide details of pensioners and deferred members so that the information can be compared to that held by other public bodies. This will ensure, for example, that a pension is not being paid to someone who has died or is no longer entitled.

For further information about our participation in the National Fraud Initiative, please refer to the NFI Privacy Notice available on our website at www.nilgosc.org.uk/about-us/data-protection or contact our Governance Manager at governance@nilgosc.org.uk. If you would like a hard copy, please contact us using the details on the back cover.



Accessibility for our Members

We are always happy to provide documents and Scheme communications in an alternative format (such as audio or large print) or an alternative language for those whose first language is not English. For more information and an alternative communications form, please refer to the 'Alternative Methods of Communication' booklet which can be downloaded from our website at www.nilgosc.org.uk/about-us/equality-scheme-reports or obtained from NILGOSC.

If you would like to raise an equality issue with NILGOSC, please contact the Equality Officer on **0345 3197 320** or email equality@nilgosc.org.uk.

Contact Details



NILGOSC
Templeton House
411 Hollywood Road
Belfast BT4 2LP



www.nilgosc.org.uk



0345 3197 325

**Typetalk (for minicom users):
18001 0345 3197 325**



info@nilgosc.org.uk

NILGOSC

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'
SUPERANNUATION COMMITTEE

