

Surrey Pension Fund 2022 Actuarial Valuation

Town and Parish Council Pool - Notification of draft employer results

Introduction

This schedule contains a summary of the results of the 2022 actuarial valuation of the Surrey Pension Fund ("the Fund"), specifically those relating to the Employer or Pool/Group named above. Its main purpose is to notify you (the Employer) of the contribution rates payable from 1 April 2023 to 31 March 2026 as well as your funding position on the valuation date. It also contains detailed technical information explaining the results and how they have changed since the previous valuation. This information may be of use to any professional advisors examining your valuation results. Please see the final section of this schedule for further information, and read these in conjunction with the Funding Strategy Statement (FSS) which you will receive from the Fund for consultation purposes.

Contribution rates

	Primary	Secondary	Total		
Employer contribution rates for year ending	% of pay	% of pay	£	% of pay	£
31 March 2023				18.4%	0
31 March 2024	17.7%	0.0%	0	17.7%	0
31 March 2025	17.7%	0.0%	0	17.7%	0
31 March 2026	17.7%	0.0%	0	17.7%	0

The above contribution rates are the minimum rate required by the Fund. In most circumstances you can pay additional contributions to improve your funding position but this should be referred to the actuary first. The Primary Rate includes an allowance of 0.4% of pay for administration expenses. Employer contribution rates are due in addition to employee contributions. The average employee contribution rate is 6.5% of pay.

The contribution rates payable from 1 April 2023 have been determined based on the following funding strategy and employer circumstances:

Funding strategy	Last valuation / Opening position	This valuation
Funding target (see FSS for details)	Ongoing	Ongoing
Funding time horizon (years)	20	20
Likelihood of achieving funding target by end of horizon	70%	70%
Investment strategy	Whole Fund	Core
Open / Closed to new entrants	Open	Open

The contribution strategy gives a 70% likelihood that both past and future service benefits will be at least fully funded on the Fund's Ongoing basis at the end of a 20 year time horizon. This funding strategy has been determined by the Administering Authority, taking into account the type of organisation the Employer is and the nature of its participation in the Fund. The approach to setting employer contribution rates, and the Employer's funding target, is explained further in the draft FSS. Further details on the Employer's investment strategy is included in the Fund's Statement of Investment Principles/Investment Strategy Statement.

Funding position

Your funding position as at 31 March 2022 is shown below, along with a summary of the assumptions and data underlying it.

Employer funding position (£000)	Last valuation / Opening position	This valuation (Ongoing)
Past service liabilities - Employees	3,601	4,993
Past service liabilities - Deferred pensioners	1,820	1,844
Past service liabilities - Pensioners	4,111	4,629
Past service liabilities - Total	9,532	11,465
Asset share	11,099	13,655
Surplus/(deficit)	1,567	2,189
Funding level	116%	119%

Assumptions

The financial and longevity assumptions underlying the funding positions disclosed are detailed below. Details of the demographic assumptions are available in the FSS.

Financial assumptions p.a.	Last valuation / Opening position	This valuation
Investment return (Ongoing)	4.2%	4.4%
Salary increases	3.2%	3.7%
Benefit increases/revaluation	2.3%	2.7%

Longevity assumptions	Last valuation / Opening position	This valuation
Baseline longevity	2018 VitaCurves	2021 VitaCurves
Future improvements (Ongoing basis)	CMI 2018: A=0.5%(M)0.25%(F), LTR=1.25%,Sk=7	CMI 2021: A=0.25%, W=0, LTR=1.5%, Sk=7

Based on the above longevity assumptions, and taking into account characteristics of the individual membership of the Employer, the average life expectancies are summarised below.

Life expectancy from age 65 31 March 2022	Ongoing
Current pensioners - male	22.3
Current pensioners - female	25.0
Future pensioners - male	23.2
Future pensioners - female	26.5

Figures for future pensioners are a weighted average of active and deferred members.

Membership Data

All the results in this schedule are based on the membership data summarised below which was supplied to us by the Fund for the purpose of the valuation.

Member	Membership data	Last valuation/Opening position	This valuation
Employee members	Number	65	71
	Total actual pay (£000)	1,467	1,751
	Total accrued pension (£000)	216	284
	Average age weighted by liability	57	57
Deferred pensioners	Number	55	50
	Total accrued pension (£000)	110	108
	Average age weighted by liability	53	55
Pensioners	Number	71	82
	Total accrued pension (£000)	275	315
	Average age weighted by liability	71	72

Change in funding position compared to last valuation/opening position

The following table shows a detailed breakdown of the change in your assets and liabilities over the period since the last valuation (or the date you joined the Fund, if this is later). This information may be of use to any professional advisors with an interest in your valuation results.

(£000)	Source of change	Assets	Liabilities	Surplus/(deficit)
Last valuation / Opening position		11,099	9,532	1,567
Cashflows	Employer contributions paid in	872		872
	Employee contributions paid in	338		338
	Benefits paid out	(1,028)	(1,028)	0
	Net bulk and individual transfers in/(out) ¹	(102)		(102)
	Other cashflows (e.g. expenses)	(13)		(13)
Expected changes in liabilities	Interest cost on benefits already accrued		1,285	(1,285)
	Accrual of new benefits		1,545	(1,545)
Membership experience vs expectations	Salary increases greater/(less) than expected		48	(48)
	Benefit increases greater/(less) than expected		(136)	136
	Early retirement strain (and contributions)	0	0	0
	Ill health retirement strain ²		(32)	32
	Early leavers (more)/fewer than expected		(9)	9
	Pensioner deaths (more)/fewer than expected		(147)	147
	Commutation less/(greater) than expected		12	(12)
	Impact of bulk transfers		0	0
	Other membership experience		120	(120)
Changes in market conditions	Investment returns on the Employer's assets	2,489		2,489
	Change in future inflation expectations		690	(690)
Changes in actuarial assumptions	Change in demographic assumptions (excl. longevity)		(67)	67
	Change in longevity assumptions		6	(6)
	Change in salary increase assumption		8	(8)
	Change in discount rate		(361)	361
This valuation		13,655	11,465	2,189

1. The impact of individual member transfers (in/out) on the liabilities is included in the Other membership experience item.
2. Payments in respect of ill health retirements are recorded under Employer contributions or Other cashflows above.

Important information: addressee, purpose and professional notes

Hymans Robertson have prepared valuation results for all employers participating in the Surrey Pension Fund and provided those to the Administering Authority. This Notification of draft employer results schedule has been created on behalf of the Administering Authority of the Fund to be shared with the Employer named above. Its purpose is to notify the Employer of the principal results from the 2022 actuarial valuation, and allow the Employer to check that the membership and participation details reflect their circumstances.

The draft Funding Strategy Statement (FSS) will contain further information on the assumptions and methodology used to calculate employer contribution rates and funding position set out in this report.

Please note that this schedule does not constitute advice to the Employer or any other third parties and Hymans Robertson LLP accept no liability to the Employer or any other third parties. If the Employer is a member of a funding pool or group within the Fund, the contribution rates, funding level and membership data shown in this report relate to the pool/group as opposed to the individual employer (unless stated otherwise).

The contribution rates shown in this schedule should be considered draft until finalised in the Rates and Adjustments Certificate, due to be published by 31 March 2023. The other results may also be revised by that point, for example due to changes in data or assumptions.

The figures shown in this document have been rounded and therefore the sum of figures within a table may not appear to add up exactly.

If you have any questions on the FSS or the results in this schedule please contact the Fund in the first instance.

Technical Actuarial Standard (TAS) 100 has been complied with to a proportionate degree in the preparation of this report.

Prepared by

Steven Scott FFA

Gemma Sefton FFA

Generated 2023-01-12 16:17:05 GMT using data reference ad0e5c84*****