

FRS102 as at 31 August 2018 - Results Schedule

ATTENTION

The results in this Schedule should be read in conjunction with the accompanying report entitled 'Actuarial Valuation as at 31 August 2018 for Accounting Purposes'. The method, assumptions, reliances and limitations are described in that document. The restrictions set out in the report on the disclosure to any third party apply equally to this Results Schedule.

Fund	ABC Council Pension Fund
Administering Authority	ABC Council
Employer	XYZ Academy Trust
Terms of Engagement Signed	3 March 2016

Actuary

For and on behalf of Hymans Robertson LLP

23 May 2018

May 2018

Section 1 - Data

Employer membership statistics

	Number 31 Mar 2016	Total Salaries/Pensions £(000) 31 Mar 2016	Average Age 31 Mar 2016
Actives	60	1,643	57
Deferred Pensioners	36	120	53
Pensioners	40	301	65

Deferred pensioners include undecided leavers and frozen refunds. Salaries are actual, not full-time equivalent.

Payroll

Period	Assumed Total Pensionable Payroll based on Information Provided
1 September 2017 to 31 August 2018	£1,228,000

LGPS early retirements

New Early Retirements 1 September 2017 to 31 August 2018	Number	Total Pension Accrued (£)	Total Pension Actual (£)
Redundancy	-	-	-
Efficiency	-	-	-
Other	-	-	-

Teachers' early retirements

New Early Retirements 1 September 2017 to 31 August 2018	Number	Recharged Accrued Pension (£)	Total Actual Recharged Pension (£)
Redundancy	-	-	-
Efficiency	-	-	-
Other	-	-	-

Investment returns

The return on the Fund in market value terms for the period to 31 August 2018 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. Details are given below:

Actual Returns for Period from 1 October 2017 to 30 June 2018	2.0%
Total Returns for Period from 1 September 2017 to 31 August 2018	3.0%

The major categories of plan assets as a percentage of total plan assets

We have used the most recent asset split provided to us and allowed for index returns, where required, on each asset category to determine the estimated split of assets as at 31 August 2018.

Period Ended	31 Aug 2018	31 Aug 2017
Equities	73% A	73%
Bonds	16% B	16%
Property	8% C	9%
Cash	3% D	2%

I estimate the bid value of the Fund's assets as at 31 August 2018 to be £700,000,000 based on information provided by the Administering Authority and allowing for index returns where necessary.

Unfunded benefits

A summary of the membership data in respect of unfunded benefits is shown below.

LGPS Unfunded Pensions	Number at 31 Aug 2018	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

Teacher Unfunded Pensions	Number at 31 Aug 2018	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

The annual unfunded pensions include the 2018 pension increase.

Bulk transfers

I have not been asked to value any bulk transfers of membership this period.

$$\begin{aligned} \text{MCA010} &= A \times \text{FVATOT} \\ \text{MCA030} &= B \times \text{FVATOT} \\ \text{MCA040} &= C \times \text{FVATOT} \\ \text{MCA050} &= D \times \text{FVATOT} \end{aligned}$$

In your AR see 'Changes to the fair value of assets' for value FVATOT

Section 2 - Assumptions

Financial assumptions

My recommended financial assumptions, as described in the accompanying report, are summarised below:

Period Ended		31 Aug 2018 % p.a.	31 Aug 2017 % p.a.
Pension Increase Rate	MAP010 MAP030	2.4%	2.4%
Salary Increase Rate	MAP020	3.1%	3.8%
Discount Rate	MAP040	2.6%	3.8%

Mortality

Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

		Males	Females	
Current Pensioners	ALE010	23.6 years	25.0 years	ALE020
Future Pensioners*	ALE030	26.0 years	27.8 years	ALE040

* Figures assume members aged 45 as at the last formal valuation date.

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below.

Prospective Pensioners	Pensioners
CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Section 3 - Balance Sheet, P&L, OCI disclosures as at 31 August 2018.

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for period ended 31 August 2018.

Period ended 31 August 2018			
	Assets	Obligations	Net (liability)/asset
	£(000s)	£(000s)	£(000s)
Fair value of plan assets	14,430		14,430
Present value of funded liabilities		16,470	(16,470)
Present value of unfunded liabilities		417	(417)
Opening Position as at 31 August 2017 FVA010	14,430	16,887 DBO010	(2,457)
Service cost			
- Current service cost*		324 DBO050	(324)
- Past service cost (including curtailments)		0 DBO130	0
- Effect of settlements FVA120	0	0 DBO150	0
Total service cost	0	324	(324)
Net interest			
- Interest income on plan assets FVA050	549		549
- Interest cost on defined benefit obligation		639 DBO060	(639)
- Impact of asset ceiling on net interest	0	0	0
Total net interest	549	639	(90)
Total defined benefit cost recognised in Profit or (Loss)	549	963	(414)
Cashflows			
- Plan participants' contributions FVA100	98	98 DBO100	0
- Employer contributions FVA090	515		515
- Contributions in respect of unfunded benefits	0		0
- Benefits paid FVA110	(579)	(579) DBO110	0
- Unfunded benefits paid	0	0 DBO140	0
Effect of business combinations and disposals FVA130/FVA140	0	0 DBO160/DBO170	0
Expected closing position	15,013	17,369	(2,356)
Remeasurements			
- Changes in demographic assumptions		0 DBO080	0
- Changes in financial assumptions		4,226 DBO070	(4,226)
- Other experience		4,493 DBO090	(4,493)
- Return on assets excluding amounts included in net interest FVA080	7,983		7,983
- Changes in asset ceiling	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	7,983	8,719	(736)
Fair value of plan assets	22,996		22,996
Present value of funded liabilities		26,088	(26,088)
Present value of unfunded liabilities**		0	0
Closing position as at 31 August 2018 FVATOT	22,996	26,088 DBO100	(3,092)

Includes DBO120

* The current service cost includes an allowance for administration expenses of 0.4% of payroll.

**For unfunded liabilities as at 31 August 2018, it is assumed that all unfunded pensions are payable for remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

Information about the Defined Benefit Obligation

	Liability split £(000) as at 31 August 2018	Liability split (%) as at 31 August 2018	Duration
Active members	13,071	50%	22.8
Deferred members	5,332	20%	24.5
Pensioner members	7,685	30%	11.8
Total	26,088	100%	17.4

Please note that the above figures are for funded obligations only and do not include any unfunded pensioner liabilities. The durations are as they stood at the date of the most recent actuarial valuation of the Employer.

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for period ended 31 August 2017.

Period ended 31 August 2017			
	Assets	Obligations	Net (liability)/asset
	£(000s)	£(000s)	£(000s)
Fair value of plan assets	13,698		13,698
Present value of funded liabilities		17,298	(17,298)
Present value of unfunded liabilities		0	0
Opening Position as at 31 August 2016	13,698	17,298	(3,600)
Service cost			
- Current service cost*		464	(464)
- Past service cost (including curtailments)		0	0
- Effect of settlements	0	0	0
Total service cost	0	464	(464)
Net interest			
- Interest income on plan assets	468		468
- Interest cost on defined benefit obligation		587	(587)
- Impact of asset ceiling on net interest	0	0	0
Total net interest	468	587	(119)
Total defined benefit cost recognised in Profit or (Loss)	468	1,051	(583)
Cashflows			
- Plan participants' contributions	126	126	0
- Employer contributions	650		650
- Contributions in respect of unfunded benefits	25		25
- Benefits paid	(599)	(599)	0
- Unfunded benefits paid	(25)	(25)	0
Effect of business combinations and disposals	0	0	0
Expected closing position	14,343	17,851	(3,508)
Remeasurements			
- Changes in demographic assumptions		0	0
- Changes in financial assumptions		(870)	870
- Other experience		(94)	94
- Return on assets excluding amounts included in net interest	87		87
- Changes in asset ceiling	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	87	(964)	1,051
Fair value of plan assets	14,430		14,430
Present value of funded liabilities		16,470	(16,470)
Present value of unfunded liabilities		417	(417)
Closing position as at 31 August 2017	14,430	16,887	(2,457)

* The current service cost includes an allowance for administration expenses of 0.4% of payroll.

Please note that I have only shown a one period history of results and if further information is required please see the previous periods' reports.

Section 4 - Projected defined benefit cost for the period to 31 August 2019

Analysis of projected amount to be charged to operating profit for the period to 31 August 2019.

Period Ended 31 August 2019	Assets £(000s)	Obligations £(000s)	Net (liability)/ asset £(000s)	% of pay
Current service cost*		616	(616)	(35.4%)
Past service cost (including curtailments)		0	0	-
Effect of settlements	0	0	0	-
Total Service Cost	0	616	(616)	(35.4%)
Interest income on plan assets	460		460	26.4%
Interest cost on defined benefit obligation		525	(525)	(30.1%)
Total Net Interest Cost	460	525	(65)	(3.7%)
Total included in Profit or Loss	460	1,141	(681)	(39.1%)

* The current service cost includes an allowance for administration expenses of 0.4% of payroll. The monetary value is based on a projected payroll of £1,742,000. **F**

The contributions paid by the Employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2016), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2020 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Employer, please refer to the 2016 actuarial valuation report.

I estimate the Employer's contributions for the period to 31 August 2019 will be approximately £725,000. **E**

Notes:

The above figures should be treated as estimates and may need to be adjusted to take account of:

- any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund;
- any changes to accounting practices;
- any changes to the Scheme benefit or member contribution rates; and/or
- any full funding valuation that may have been carried out on the Employer's behalf.

The monetary amount of the projected service cost for the period to 31 August 2019 may be adjusted to take account of actual pensionable payroll for the period.

$$E \div F \times 100 = \text{ERC010 in \% terms}$$

Section 5 - Sensitivity Analysis

Sensitivity Analysis

FRS102 does not require disclosure of the sensitivity of the results to the methods and assumptions used. However, it is recommended best practice that this information is included and we have therefore shown these in the report.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2018:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	8%	2,194 G
0.5% increase in the Salary Increase Rate	1%	252
0.5% increase in the Pension Increase Rate	7%	1,917 H

Notes:

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities as at 31 August 2018 on varying bases. The approach taken is consistent with that adopted to derive the FRS102 figures provided in this report.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

Please note the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

For further details on the method and assumptions used please refer to the accompanying report 'Actuarial Valuation as at 31 August 2018 for Accounting Purposes'.

The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Sensitivity Analysis

SAP010 = Where provided, value should be negative

SAP020 = G ÷ 5 (positive value)

SAP030 = Where provided, value should be negative

SAP040 = 4% x DBOTOT (positive value between 3-5%)

SAP050 = H ÷ 5 (positive value, pension increase rate has been used in lieu of CPI not provided)

SAP060 = Where provided, value should be negative.