

# Trustees' Newsletter

## The College of Law Pension and Assurance Scheme 2016

The purpose of this newsletter is to provide Members with a summary of the information contained in the Scheme Annual Report and Accounts for the period to 30 June 2016 together with other useful information.

The year in brief:

- Scheme Funding at 30 June 2016 - 110% of liabilities
- Scheme Net Assets (including annuities) of £244.0 million at 30 June 2016 up from £199.7 million at 30 June 2015.
- Total membership fell from 762 to 755.

### Scheme Trustees

#### Employer Appointed

Derek Sloan (Chairman)  
Alan Humphreys

#### Member Nominated

Chris Beanland  
Richard Jones

### Advisers

Scheme Actuary:

Simon Tidy FIA  
of Legal & General  
Assurance Society Limited

Auditor:

Moore Stephens LLP

Investment:

Hymans Robertson LLP

Legal:

Linklaters LLP

Scheme Administrator and  
Scheme Secretary:

Jill Gale

## Membership Profile

Active Members as 1 July 2015	6
Joiners	2
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Active Members as 30 June 2015	8
Pensioners	238
Deferred Retirements and Deferred Members with preserved pension	509
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Total Membership at 30 June 2016	755
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### Notices

- 1 There have been no payments out of the Scheme's assets to the Employer (The Legal Education Foundation) nor has the Foundation at any time taken a contribution holiday.
- 2 The Pensions Regulator has not exercised any of its powers under section 231(2) of the Pensions Act 2004 in respect of the Scheme (to modify the Scheme or to give directions or impose a schedule of contributions in respect of the Scheme).
- 3 The Trustees of the Scheme regularly monitor the Scheme's funding position in conjunction with the Scheme Actuary and will continue to do so.
- 4 The Scheme's investments are all considered to be of a long term nature and are invested with a view to enabling the Scheme to meet its long term commitments.

## Scheme Investments

Scheme assets are invested by the Trustees after taking advice from Hymans Robertson LLP. The investments are managed by the managers set out in the table below which indicates the types of investment for which the named manager is responsible.

Following a review of the Scheme's investments and advice from Hymans Robertson LLP the Trustees decided to switch the holdings in the Legal & General Equity Index Funds and the holding in the Lazard Global Equity Funds to the Legal & General RAFI (Research Affiliates Fundamental Index) Equity Index Fund. The RAFI fund provides a better geographical distribution and an expected improved performance over the longer term.

### Investment Managers at 30 June 2016

#### Manager

#### Asset Category

Legal & General Investment Management

Index Tracking and LDI Funds

First State Investments

Global Emerging Markets

Schroder

Real Estate

AEGON

Additional Voluntary Contributions

Standard Life

Additional Voluntary Contributions

## Compliance

The Trustees of the Scheme normally meet quarterly, together with their advisers, to consider a range of matters affecting the Scheme. As well as investment, actuarial, and financial matters, the Trustees regularly review the Statement of Investment Principles and a Statement of Funding Principles.

- Statement of Investment Principles

This sets out the principles governing decisions about investment of Scheme assets.

- Statement of Funding Principles

This sets out the approach to funding the Scheme to ensure a healthy financial position with appropriate assets to cover the Scheme's Technical Provisions.

Copies of both Statements are available on request.

## Actuarial Valuations

The Scheme Actuary undertakes a full Triennial Valuation every three years. To do this, data regarding Scheme Members is analysed in detail. The latest Triennial Valuation prepared by the Scheme Actuary valued the Scheme as at 1 July 2015.

The table below shows the funding position as at 1 July 2015 based on the Triennial Valuation. In addition, the Scheme Actuary extrapolated the figures from the 1 July 2015 valuation and using updated assumptions together with actual data, where known, to provide indicative figures as at 1 July 2016.

Basis	1 July 2015		1 July 2016	
	Funding %	Surplus/ (Deficit) £million	Funding %	Surplus/ (Deficit) £million
1. On-going	109	16.1	110	21.4
2. FRS102	123	34.9	127	48.3
3. Solvency	83	(42.2)	85	(42.4)
4. Pension Protection Fund	127	42.7	139	55.7

1. The On-Going basis assumes that the Scheme will continue in its current form.
2. The FRS102 basis is the one used in preparing the Employer's Annual Accounts.
3. The Solvency basis looks at what the Scheme's liabilities would be if the Scheme was wound-up.
4. The Pension Protection Fund (PPF) basis looks at the compensation which the PPF would pay in the unlikely event that the Employer were to become insolvent.

## Asset Allocation

30 June 2015		Investment management style and type	30 June 2016	
%	£million		%	£million
9.0	17.9	<b>Passive:</b>	8.6	20.8
9.0	17.9	Corporate Bonds over 15yr	8.6	20.8
		<b>Active:</b>		
3.0	5.9	Global Emerging Markets	2.7	6.6
3.5	7.1	Property Units	3.0	6.9
6.5	13.0		5.7	13.5
		<b>Index tracking:</b>		
25.3	50.5	All World Equities (RAFI)	23.0	56.3
		<b>Liability driven investment (LDI):</b>		
6.2	12.4	Gilts	5.1	12.5
2.6	5.1	Index linked Gilts	1.7	4.2
6.9	13.7	Leveraged Gilts	11.7	28.5
6.5	13.0	Leveraged Index linked Gilts	10.4	25.4
22.2	44.2		28.9	70.6
		<b>Other:</b>		
5.4	10.8	Cash Fund	3.6	8.9
68.4	136.4		69.8	170.1
31.0	61.9	Annuities	29.9	73.0
0.1	0.3	AVC Policies	0.1	0.3
99.5	198.6		99.8	243.4
0.5	1.1	Net Current Assets/(liabilities)	0.2	0.6
100.0	199.7	<b>Net Assets of Scheme</b>	100.0	244.0

The value of the annuities has been added to the Net Assets of the Scheme above, with comparatives for the previous year as the new Pension Accounting Rules require annuities purchased by the Scheme to be shown as an asset in the Annual Accounts.

## The Scheme Accounts

2015 £'000		2016 £'000
	<b>Income</b>	
99	Employer's Contribution	121
-	Members' Contributions*	-
99	Total Income	121
	<b>Expenditure</b>	
(3,895)	Pensions paid and annuities purchased from the Scheme assets	(4,330)
(173)	Transfers out and refunds	(776)
(7)	Death in Service Assurance Premium	(7)
(298)	Administration Expenses	(302)
(4,373)	Total Expenditure	(5,415)
(4,274)	<b>Net expenditure from the Scheme</b>	(5,294)
2,818	Investment Income	3,044
23,202	Change in Market Value of Investments	46,849
(203)	Investment Management Expenses	(256)
21,543	<b>Increase in Net Assets of the Scheme during the year</b>	44,344

These figures are extracted from the audited Annual Report and Accounts upon which an unqualified opinion was received from the Auditor. The comparative figure for Change in Market Value of Investments has been increased by £1,277k to reflect the inclusion of annuities values as referred to on page 5. Investment income includes income from annuities used to pay pensions directly.

\* All Active Members currently contribute to the Scheme via salary sacrifice.

## **Triennial Actuarial Valuation as at 1<sup>st</sup> July 2015**

The Triennial Valuation as at 1 July 2015 showed a surplus on the On-Going basis of £16.1 million and on a Solvency basis a deficit of £42.2 million.

The main changes since the previous full Triennial Actuarial Valuation are:

- Actual investment gains £25.6 million higher than assumed in last report
- Discounting rates lower and inflation higher than previously assumed giving rise to additional costs of £10 million
- Employer's contributions higher than pension accrual £34.4 million.

The Employer has also agreed with the Trustees, who had been advised by the Scheme Actuary, to make contributions at the unchanged rate of 29.8% (Employer 21.8% and employee 8%) of Active Members' pensionable salaries.

### **Recent Developments**

#### **i) Purchase of Annuities**

The Trustees have purchased annuities when market conditions were favourable in order to pay pensions in payment. When market conditions have been less favourable the Trustees have paid pensions direct from Scheme assets. In October 2016 a further purchase of annuities at a cost of £28 million, for 53 pensions in payment was approved by the Trustees.

Pension Accounting Rules regarding annuities now require that these are shown as part of the Net Assets of the Scheme.

#### **ii) Current Funding Position**

The Scheme Funding Position has not changed materially from 30 June 2016 up to the date of this Newsletter.

### **The Legal Education Foundation (the Employer)**

The Foundation retained sole responsibility for the Pension Scheme after it sold the education and training operation formerly trading as The College of Law on 30 November 2012. The Net Assets of the Foundation at 30 June 2016 were £219 million most of which were held as marketable securities. The activities of the Foundation are described on its website:

[www.thelegaleducationfoundation.org](http://www.thelegaleducationfoundation.org) .

## **Pension changes in Finance Act 2014**

The Finance Act 2014 introduced new ways in which pension savings can be accessed. The changes principally affect Defined Contributions schemes but there are also additional safeguards for those seeking to transfer out of a Defined Benefit scheme.

The legislation requires that anyone seeking a transfer from a Defined Benefit scheme must seek advice from a regulated advisor, and provide evidence that they have done so, if the transfer value is more than £30,000.

The Pensions Advisory Service (contact details below) provides useful information about the changes. For queries regarding the options available in Scheme Rules please contact the Deputy Secretary.

## **Pension Scams**

The Pensions Regulator advises that scammers may try to take advantage of the new flexibilities to target scheme members. The Pensions Regulator has published a short booklet to help avoid such scams. A link to the booklet can be found at [www.thepensionregulator.gov.uk/individuals.aspx](http://www.thepensionregulator.gov.uk/individuals.aspx) and on The Legal Education Foundation website.

## **External sources of Information**

**The Pensions Regulator:** the statutory body that regulates occupational pension schemes:

Telephone: 0845 600 0707

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

**Pensions Tracing:** a pension tracing service can be accessed via the GOV.UK website:

Telephone: 0845 600 2537

**The Pensions Advisory Service:** Members who have problems concerning their Scheme and are not satisfied with the response of the administrators or Trustees can consult with The Pensions Advisory Service. They also offer free and impartial guidance to people with workplace and personal pensions:

Telephone: 0300 123 1047

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

**Pensions Ombudsman:** the Pensions Ombudsman can adjudicate between a member of a pension scheme and its trustees where there is a complaint about an injustice caused by maladministration or a dispute of fact or law.

Telephone: 020 7630 2200

Email: [enquiries@pension-ombudsman.org.uk](mailto:enquiries@pension-ombudsman.org.uk)

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)



## **Keeping in touch**

The Trustees are required to keep up to date records of Members' postal addresses. To comply with this requirement we may, from time to time, make use of the services of a tracing company to confirm that we have the correct address details for groups of Members.

If you move to a new address please contact the Scheme at the following email address:

[pensionsinfo@thelef.org](mailto:pensionsinfo@thelef.org)

or in writing to:

The College of Law Pension and Assurance Scheme  
Suite 2 River House  
Broadford Business Park  
Shalford, GU4 8EP

## **Where are they now?**

We are currently trying to trace the following members, if you know them please ask them to get in touch with us preferably by e mail to [pensionsinfo@thelef.org](mailto:pensionsinfo@thelef.org)

Mr P Bargate  
Mrs J Dunn  
Mr M Parkinson  
Mr J Trott

Mrs K Carter  
Mr A Gill  
Ms J Power  
Ms J Wilder

Ms R Dearden  
Mr A Lane  
Mr C Smith

## **Lifetime Allowance**

As you may know the Lifetime Allowance for pensions reduced from £1.25 million to £1.0 million with effect from 6th April 2016. You will find useful links for more information below. You should take professional advice if you have any concerns.

<https://www.gov.uk/tax-on-your-private-pension>

<http://www.pensionsadvisoryservice.org.uk/about-pensions/saving-into-a-pension/pensions-and-tax/the-lifetime-allowance>

## **Information and Enquiries**

If you have any queries about the Scheme or your benefits from the Scheme you should, **in the first instance, contact Clare Johns, Deputy Scheme Secretary preferably by e mail at [pensionsinfo@thefef.org](mailto:pensionsinfo@thefef.org)**

Please note that we are not able to give financial advice to Members.

The Scheme does not automatically provide annual statements to Deferred Members. However, the Scheme will provide 1 free quote in any 12 month period on request. Additional quotes can be provided for a fee (currently £198 each). Members with funds in the Scheme AVCs will automatically receive an annual quote from the AVC provider up to their Scheme retirement date.

The Trustees strongly recommend that Members wishing to take their pension early seek advice from an Independent Financial Advisor (IFA). Members wishing to take their pension before the age of 60 must make a formal request to the Trustees.

Members considering a transfer to another pension scheme will be required to consult an appropriately regulated IFA if the transfer value is above the statutory limit (currently £30,000). More information regarding these requirements will be provided when a request for a transfer value is received.

The information in this document is correct as at 13 December 2016.