



# Teesside Pension Fund

## Funding Update Report as at 31 March 2017

Prepared for                    Middlesbrough Borough Council as Administering Authority of the Teesside Pension Fund

Prepared by                    Becky Durran FIA

Date                                30 June 2017

**Risk. Reinsurance. Human Resources.**

25 Marsh Street | Bristol | BS1 4AQ

t +44 (0) 117 929 4001 | f +44 (0) 117 925 0188 | aon.com

Aon Hewitt Limited is authorised and regulated by the Financial Conduct Authority.

Registered in England & Wales No. 4396810

Registered office:

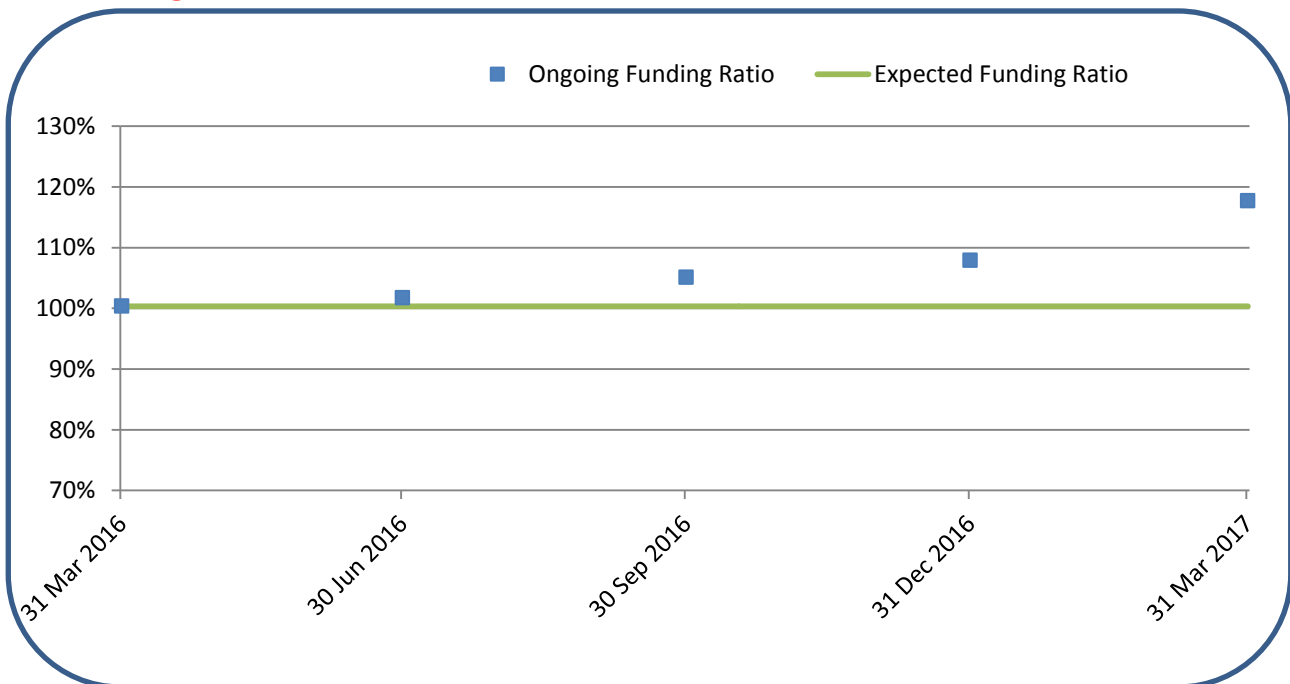
The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

This report and any enclosures or attachments are prepared on the understanding that it is solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this report should be reproduced, distributed or communicated to anyone else and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this report.

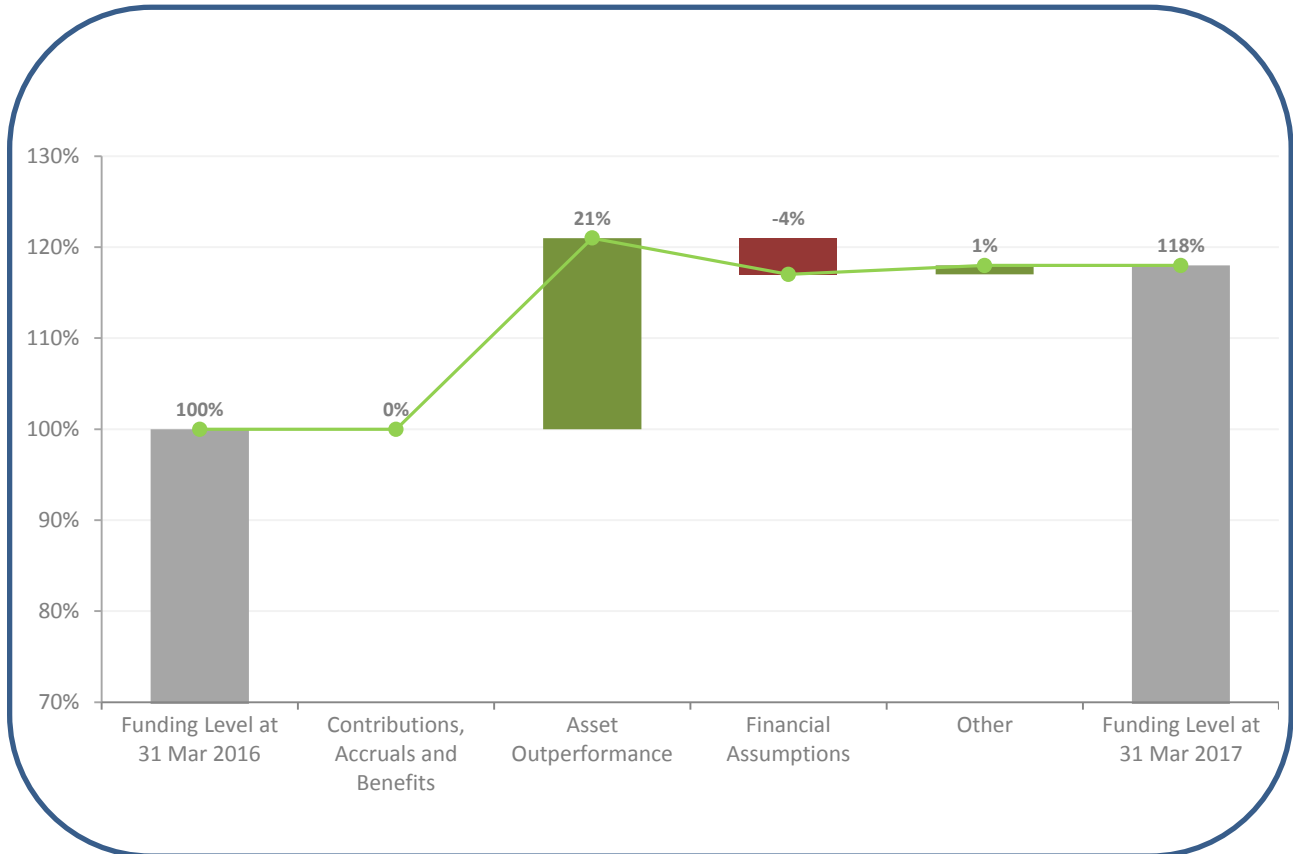
## Funding update as 31 March 2017



## Funding Ratio



## Analysis



## Employer contributions

Future Service Rate

At 31 Mar 2017

**16.7%**

Compared to

at valuation date

**15.7%**

Total Employer Contribution Rate

At 31 Mar 2017

**8.2%**

Compared to

at valuation date

**15.6%**

## Background information

### Assumptions and Data

	31 March 2017	31 March 2016
Discount rate	4.50%	4.70%
Pay growth	3.00%	3.00%
Revaluation of pension accounts	2.00%	2.00%
Pension increases	2.00%	2.00%
Salary roll (£M) over year ending	390.0	378.6
Recovery period ending	31 March 2037	31 March 2037

### Method

The approximate funding update is for information only, and is consistent with the calculations for the actuarial valuation as at 31 March 2016, provided to the Administering Authority in the actuarial valuation report dated 31 March 2017. The assumptions used have been modified only insofar as is necessary to maintain consistency with the valuation, reflecting the change in the effective date and in relevant market conditions. The liabilities have been rolled forward taking account of changes in the key assumptions used for Scheduled Bodies in the 2016 valuation only. As the liabilities in respect of Scheduled Bodies represent a large proportion of the total Fund liabilities, this is a reasonable approximation. The estimated total contribution rate is shown as an overall percentage of pay for ease of comparison. This is based on the pensionable pay figures shown above. In practice, individual employer rates could be very different based on their own circumstances and shortfall contributions are expressed as monetary amounts for a large number of employers in the Fund.

This update is not formal actuarial advice and does not contain all the information you need to make a decision on the contributions payable or investment strategy. As such it does not fall within the scope of the Pensions Technical Actuarial Standard (Pensions TAS). The information shown is approximate, and becomes more approximate as the projection period lengthens. It reflects changes in market conditions, but not client-specific factors such as material changes in membership numbers or profile. It is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

### About Aon

Aon plc (NYSE:AON) is a leading global provider of risk management, insurance brokerage and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 72,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative risk and people solutions. For further information on our capabilities and to learn how we empower results for clients, please visit: <http://aon.mediaroom.com/>.

### Assets

For the purpose of this funding update, we have estimated the value of the assets at 31 March 2017, based on the quarterly returns provided by the Administering Authority.

### Glossary

**Funding ratio** is the ratio of the value of assets to the value of liabilities.

**Contributions, Accruals and Benefits** displays the expected change in assets and liabilities due to employer contributions, new benefit accruals and the payment of benefits.

**Asset Outperformance** displays the change in the funding level due to actual returns achieved on the assets differing from the assumed rate of return (discount rate).

**Financial Assumptions** displays the change in the funding ratio due to the impact of a change in the actuarial valuation assumptions for the discount rate and the rate of CPI Inflation.

**Other** displays the change in funding ratio due to experience. We have only allowed for the expected impact of actual CPI Inflation since the last valuation on the rate of Pension Increases and Salary awards.

### Making decisions

You should not rely on this update when making any decision about scheme funding or the investment strategy, without first talking to your usual consultants.