

Teesside Pension Fund

The 2022 Actuarial Valuation:
an introduction

Douglas Green FFA

16 March 2022



Agenda



Background to the actuarial valuation



Key valuation decisions and outcomes



Outlook for the 2022 valuation



Valuation timetable



Douglas Green
Fund Actuary

Background to the actuarial valuation



How the Fund works



Collect money
(contributions)

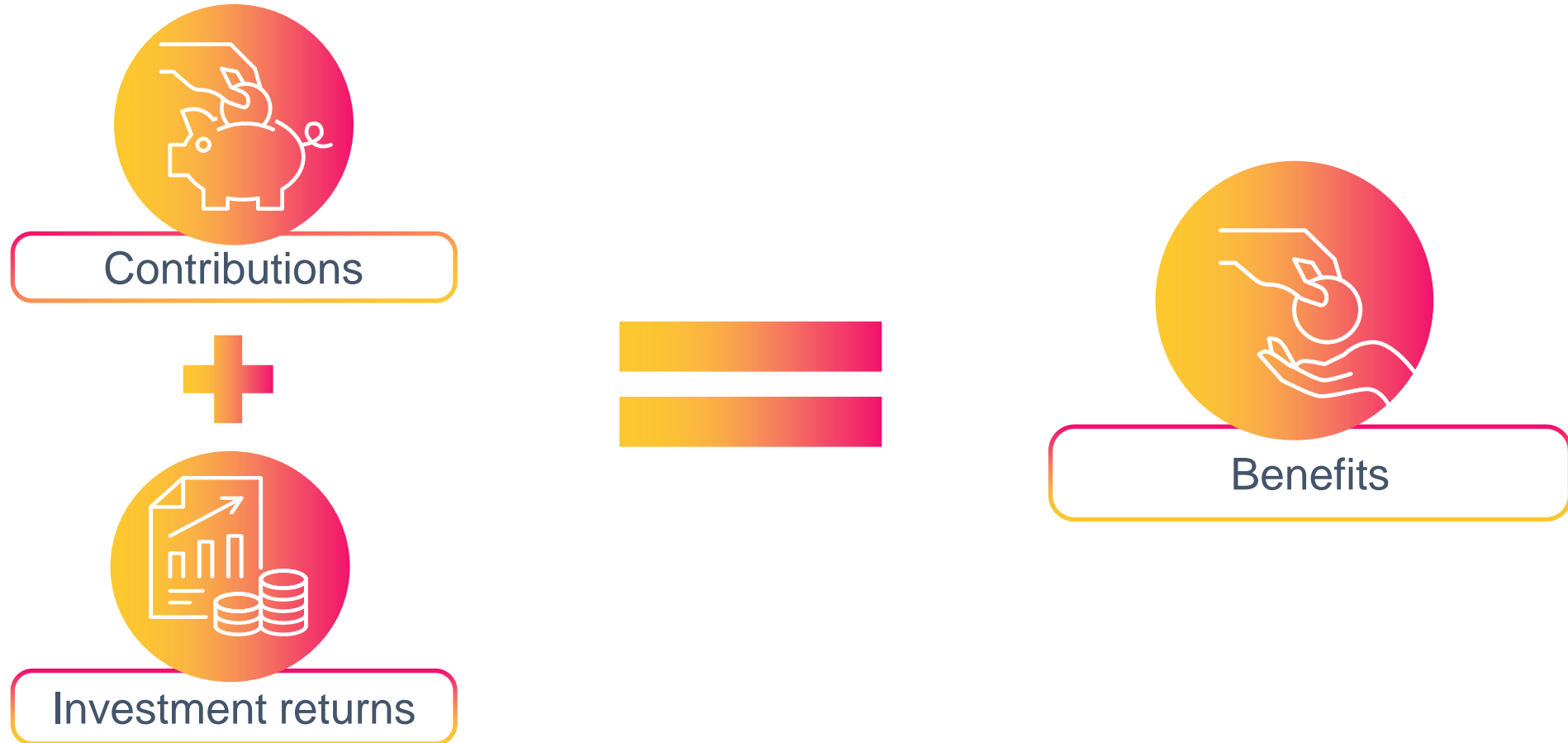


Invest money
(its assets)



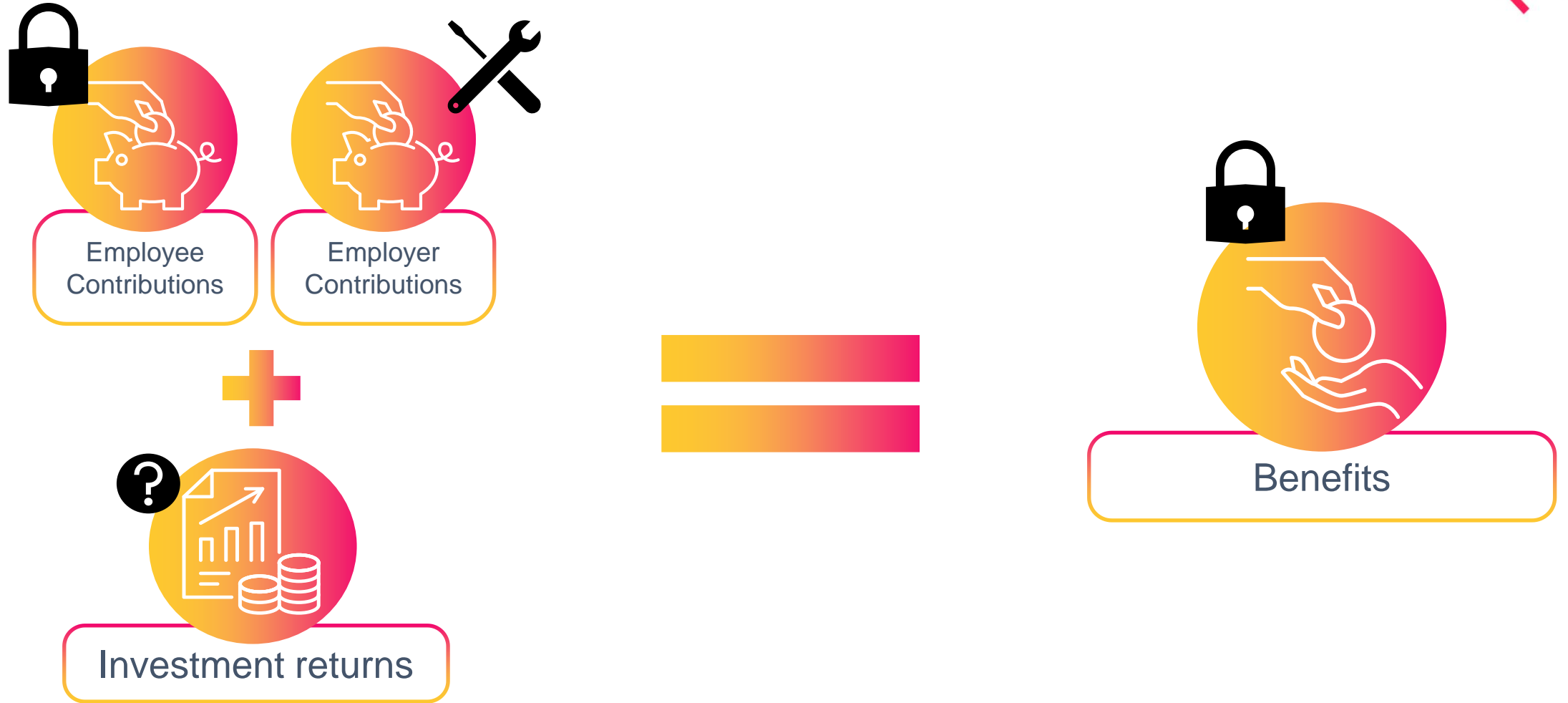
Pay money out
(benefits)

Number one reason to carry out a valuation



Overriding goal of the valuation is to make sure there is enough money to pay the benefits

How do we get the sides to balance?



Employer contributions are the main tool we can control to meet the balance of cost

Key valuation decisions and outcomes

Today's funding position

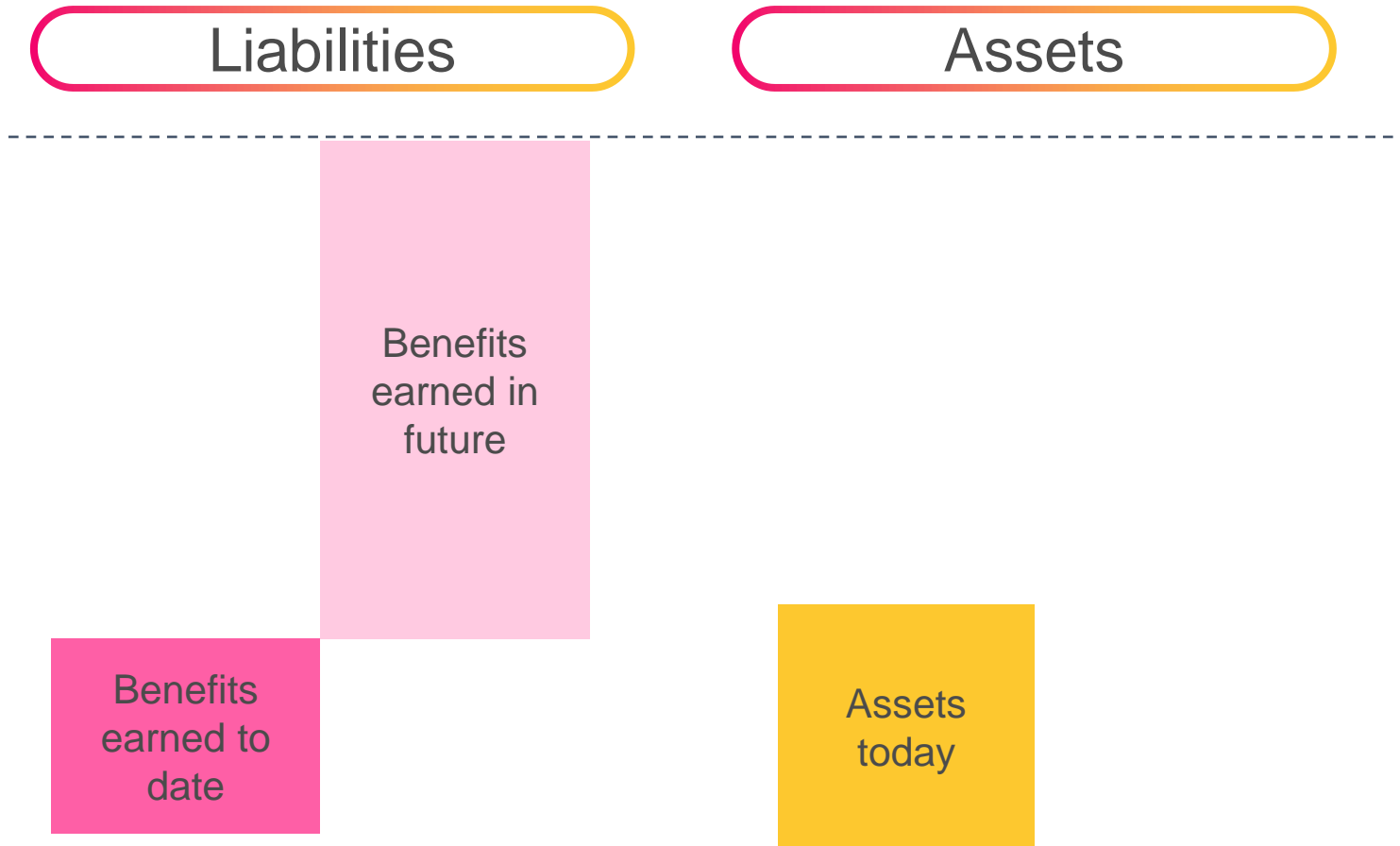
Liabilities

Assets

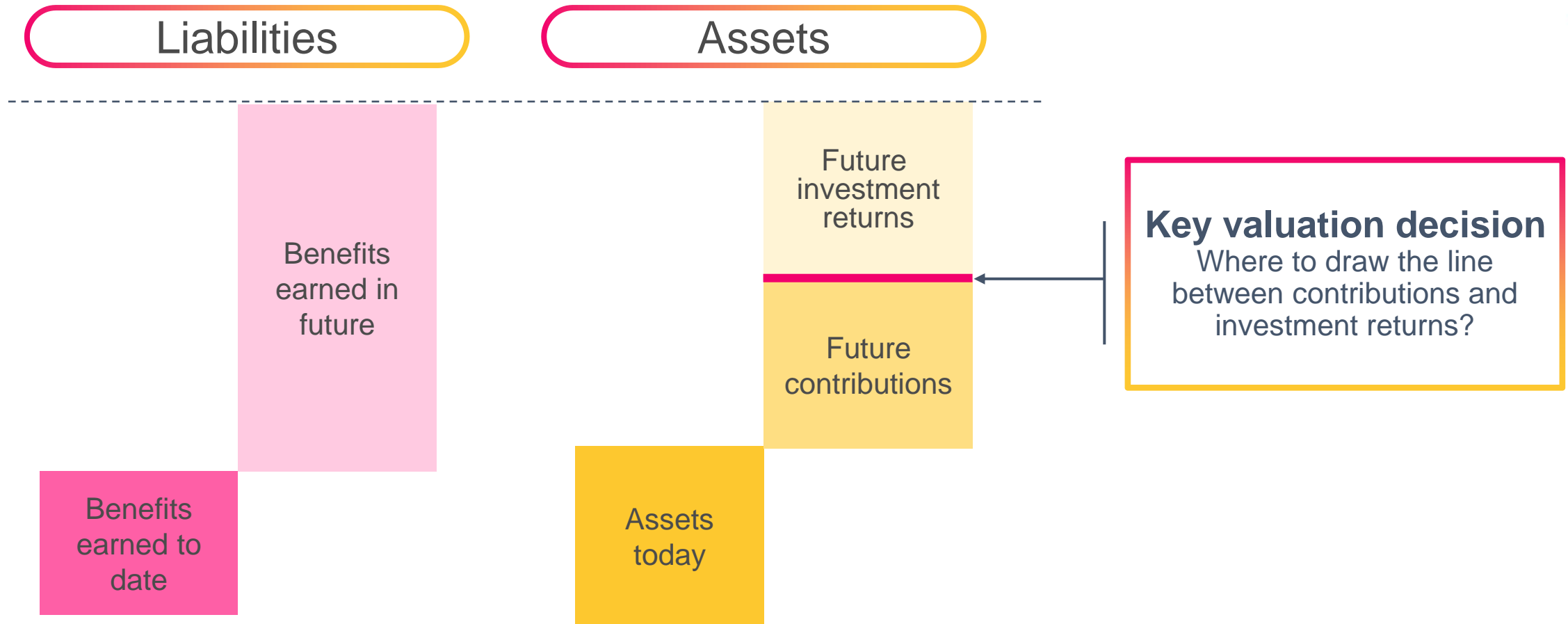
Benefits
earned to
date

Assets
today

The funding target



The Fund's ultimate objective



The cost of benefits must be met somehow

Setting the funding strategy is determining the balance of contributions and investment risk

Outlook for 2022 valuation

What's happened since 2019...

Asset value progression (31 March 2019 = 100)



Strong asset returns since 2019 – more than recovering from March 2020

Issues affecting 2022 valuation results




- Long term market returns*
- Long term inflation
- Climate risk
- Covid-19 / longevity*

We will allow for all these in 2022 & report to you

*specific to Teesside Pension Fund





But what is “the Fund” anyway?

- Collective noun for all (nearly 300) employers
- Each employer “tends its own field” within the Fund
- Each employer funds the benefits of its own membership (current & ex-employees)

Two outputs from the valuation*

Funding position

Contribution rate

Benefits
earned to
date

vs

Assets
today

= surplus / (deficit)

Benefits
earned in
future

Primary contribution rate
(cost of new benefits accruing)

+

Secondary contributions
(any adjustment to the primary rate –
indirectly related to the funding position)

***Carried out for each employer**

Outlook for 2022 valuation results

**Funding position +
Secondary contributions**

Change
from 2019



Likely to see an improvement in funding position and lower secondary contributions...

Primary contributions



...but Primary rates don't benefit from asset performance and may see upward pressure

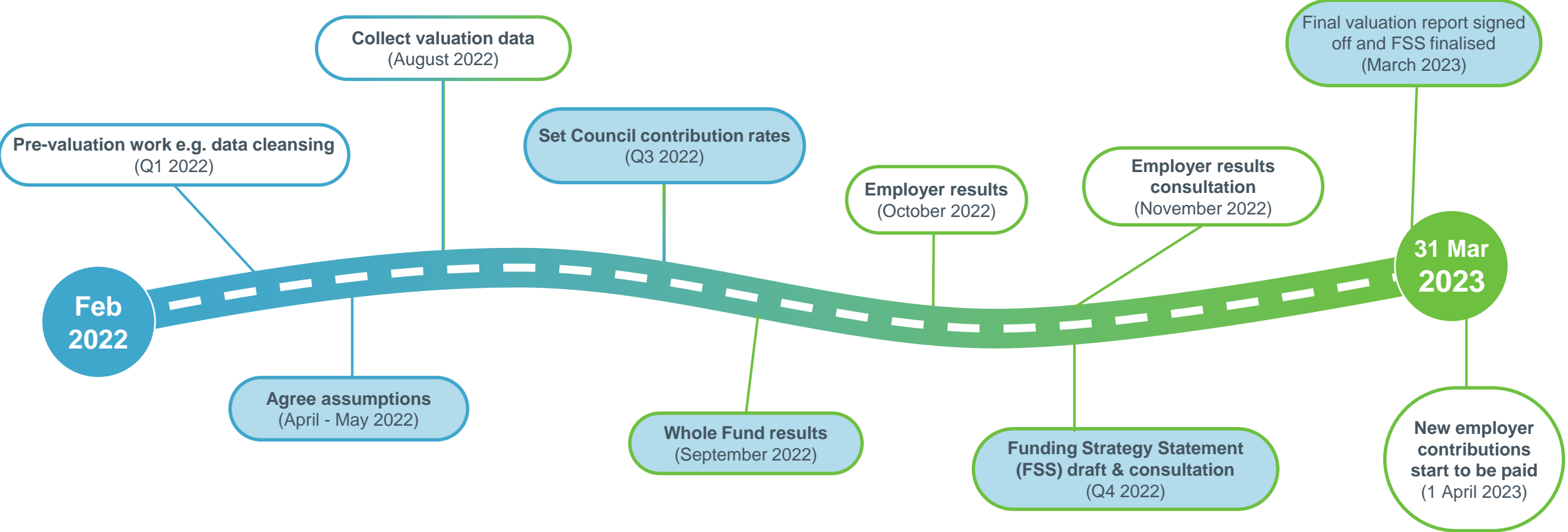
Net impact will vary by employer

Valuation timetable



Timetable for the 2022 valuation

Areas for Members' involvement



Thank you

This Powerpoint presentation contains confidential information belonging to Hymans Robertson LLP (HR). HR are the owner or the licensee of all intellectual property rights in the Powerpoint presentation. All such rights are reserved. The material and charts included herewith are provided as background information for illustration purposes only. This Powerpoint presentation is not a definitive analysis of the subjects covered and should not be regarded as a substitute for specific advice in relation to the matters addressed. It is not advice and should not be relied upon. This Powerpoint presentation should not be released or otherwise disclosed to any third party without prior consent from HR. HR accept no liability for errors or omissions or reliance upon any statement or opinion herein.