Hampshire County Council Pension Fund
Statement of the Actuary for the year ended 31 March 2017

The Scheme Regulations require a full actuarial valuation every third year. This is to establish that the Hampshire Pension Fund can meet its liabilities to past and present contributors, and to review employer contribution rates.

The last full actuarial investigation into the financial position of the Fund (the actuarial valuation) was completed at 31 March 2016.

The results of that valuation showed that the value of the Fund's assets were sufficient to cover 81% of the value of the benefits earned to date (the 'liabilities') by the Fund's members (that is, an 81% 'funding ratio'). The funding ratio has marginally increased since the previous valuation (from 80%) as a result of higher than anticipated returns on Fund assets, increases in pay being lower than expected, contributions being paid by Employers towards the shortfall identified at the 2013 valuation, and changes in the Fund's membership. There were some offsetting factors including a reduction in the assumed level of future investment returns, which has increased the liabilities.

The cost of future benefit promises increased compared with the costs identified in the previous valuation from 14.1% of Pay to 17.1% of Pay. This was primarily as a result of the reduction in the assumed level of future investment returns and a material reduction in the assumed take up of the 50/50 scheme option in light of actual experience.

Employers will pay revised levels of contributions as part of the funding plan agreed with the administering authority for addressing the shortfall identified in the 2016 valuation. Average Employer contribution rates will increase from 21.8% of pay over the year commencing 1 April 2017 to 24.3% of pay over the year ending 31 March 2020, assuming pay increases in line with our assumptions.

The next actuarial valuation of the Fund is due to take place as at 31 March 2019. That valuation will determine employer contributions for the 3 years commencing from 1 April 2020. The aim is to continue to meet the cost of future benefit promises and also restore the funding level to 100% over an appropriate recovery period. At the 2016 valuation the recovery period was set at 19 years from 1 April 2017 for most employers.

Aon Hewitt Limited

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