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Dear Colleague

This is a reminder that the current consultation on the proposed changes to the funding strategy statement closes this week on **Friday 19 February**. Please can you make sure that any responses are sent to the Service Development team in Pensions.

The proposed changes are to remove certain categories of employers (those in the HE/FE sector and Housing Associations) from the existing funding groups which would in turn enable individual contribution rates to be calculated, recognising the different circumstances and financial covenant of those employers, with the aim of:

- reducing risk to all employers in the Fund by recognising existing differences between employers in terms of their participation in the Fund,
- removing the cross subsidies within the groups which have increased beyond an acceptable level, and
- making it possible for those employers who are likely to stop contributing, to properly manage their exits.

The consultation with employers started at the Annual Employer's meeting on 23 October 2015 and, following representation from the affected employers, was further extended until 19 February 2016 at the Panel and Board meeting on 18 December 2015.

A summary of the proposals can be found on the employer section of the Fund's website (<http://www3.hants.gov.uk/pensions/lgps/employer-pension-homepage/employer-news-1/employer-consultation.htm>), with additional papers presented to the Panel and Board on 18 December 2015

http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=7158&tab=2&co=&confidential=

The Username and Password for the employer section of the website is 'Employer1'. Please be aware that the part of the consultation relating to the Employer Policy was not extended and the policy was approved in the December meeting and is now available on the website.

Workshops have been held for those employers who are directly affected by the proposals, but as the changes are Fund wide, we welcome responses to this consultation from all employers.

We understand that many employers are concerned more generally with the affordability of the scheme and may wish to make representations to the Pension Fund Panel and Board regarding this, to feed into the 2016 valuation decisions. There will be an opportunity for employers to do this as part of the normal triennial valuation process in the late summer/autumn this year, when there will be a further consultation on the Funding Strategy Statement. We would therefore ask that if you want to include any general comments on affordability in your response to this current consultation, you set these out separately to your comments on the specific proposals which are being consulted on.

Kind regards,

**Service Development Team
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