

LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Longevity	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	DATE: 3 March 2020
SUMMARY OF REPORT: This report presents the findings from Club Vita on the Fund's longevity experience.	
Local Government Act 1972 – Access to Information No documents requiring to be listed were used in the preparation of this report:	
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RECOMMENDATIONS: The Committee is requested to note the contents of the report.	
Signed by	
Director of Finance Agreed
Date 20/02/2020

1. INTRODUCTION

- 1.1. Longevity (how long pensioners live and future expectations) is a key determinant of pension fund liabilities. The higher pensioner life expectancy is, the greater a Fund's liabilities are (pensions paid over a longer timeframe from retirement).
- 1.2. When placing a value on the Fund's liabilities actuaries make general assumptions about the workforce and longevity based on national data. Club Vita (a sister company of Hymans Robertson our actuarial consultant) looks at our own membership's expected longevity and not just the national experience. Data is drawn from 235 funds' experiences with 3 million members. The total fund liabilities are built up by analysing data on individual members of the Fund to build an overall picture.
- 1.3. This report presents the key findings of the latest Club Vita report (with Hymans' report forming Appendix A). It is important to keep the longevity assumptions under review as the standard actuarial view may not reflect our local experience. If our experience differs dramatically from the longevity assumptions used then it may either mean we have a bigger deficit to recover or we are actually ahead of our deficit recovery plan.

2. REPORT FINDINGS

- 2.1. This paper and the attached Club Vita report are part of a suite of advice given to the Fund.
- 2.2. Based on the results of Club Vita's most recent work our liabilities are assessed to increase by 0.4%. This equates to £6.4m and was shown in the table analysing the change in deficit for the Fund in the triennial valuation report.
- 2.3. As well as re-visiting the valuation assumptions, the analysis also measures the impact of recent experience. Over the last three years the Fund's experience is that pensioners in the Fund are living longer than expectations in all age groups. This has increased our liabilities by 0.2%. Taken in total this means Hymans estimate local assumptions would increase liabilities by 0.6%.
- 2.4. The Fund has concentration risk that 50% of the liabilities stem from 12% of the membership. The report also sets out that the lowest paid 50% of members account for just 7.5% of liabilities.
- 2.5. Appendix A also shows that recent improvements in life expectancy have slowed since 2012 (albeit they are still increasing).
- 2.6. Hymans will be attending Committee to discuss the findings of the Club Vita reports and the appended documents (Summary, Vita Index and Vita Monitor).

**3. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR
CORPORATE SERVICES**

- 3.1. The Executive Director Corporate Services has no further comments to add.

4. COMMENTS OF THE BOROUGH SOLICITOR

- 4.1. The requirement for a Triennial Valuation is set out in the Local Government Pension Scheme (Administration) Regulations 2008. Whilst this report is not a formal part of the Triennial Valuation, it provides a review on longevity, which is a key determinant of pension fund liabilities. Members of the Pension Committee have legal responsibilities for the prudent and effective stewardship of LGPS funds and in more general terms, a clear fiduciary duty in the performance of their functions. This report allows Members to more closely monitor the liabilities of the fund and identify any risks associated with this which is a key part of fulfilling those responsibilities and duties.

5. APPENDICES

APPENDIX A – Club Vita: Longevity report