



# 2022 valuation – looking forward

Nottinghamshire Pension Fund  
Annual General Meeting

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17 January 2022



What is a valuation?



How do we value assets?



How do we value liabilities?



2022 expectations



What can you do now?

# What is a valuation?



# What is a funding valuation?



## Liabilities

- Financial value of a promise
- Member entitlements
- Funded scheme



## Assets

- Long-term investments
- Suitable risk
- Investment return on assets



## Contributions

- Employee & employer
- Stability
- Cost efficiency

# Valuing assets for each employer



Assets at the **start** of the period

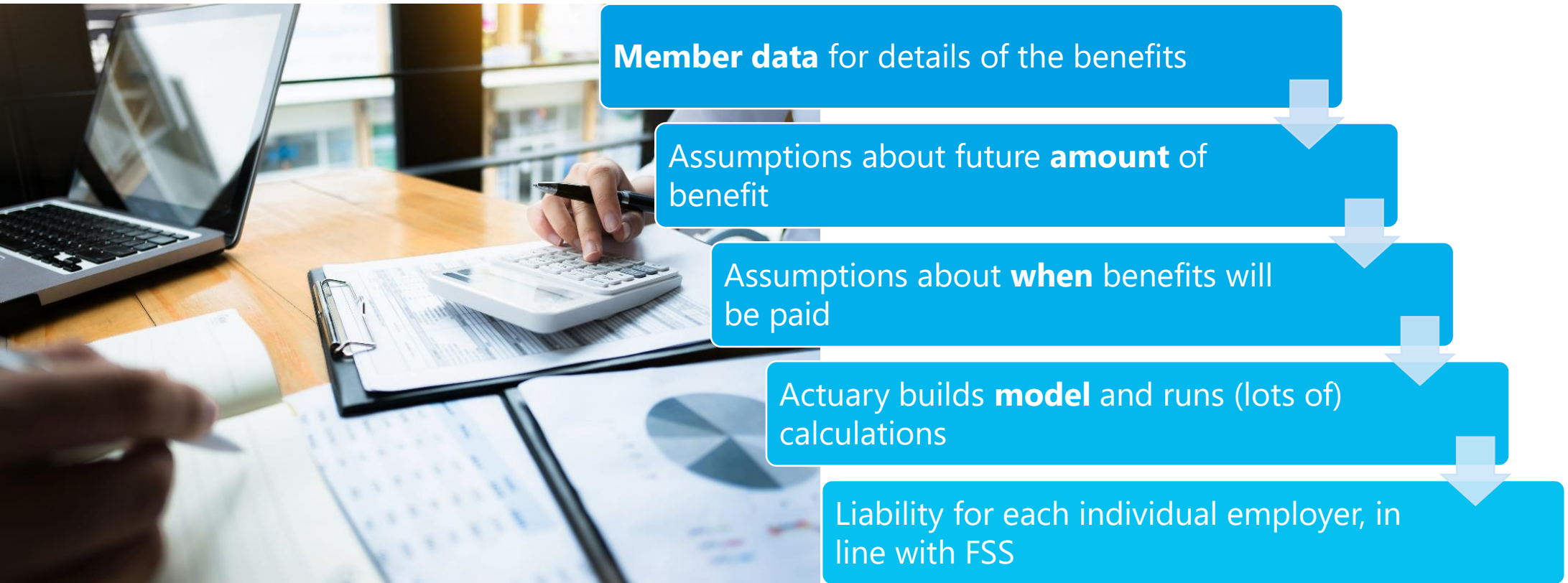
Plus **contributions** paid in

Minus **benefits** paid out

**Investment** return – gain or loss

Assets at the **end** of the period

# Valuing liabilities for each employer



# Your funding position



## TOTAL CONTRIBUTION RATE

### PRIMARY RATE

Cost of future benefit accrual

### SECONDARY RATE

Adjustment to the primary rate to reflect the employer's circumstances



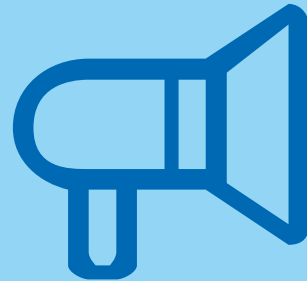
# 2022 expectations





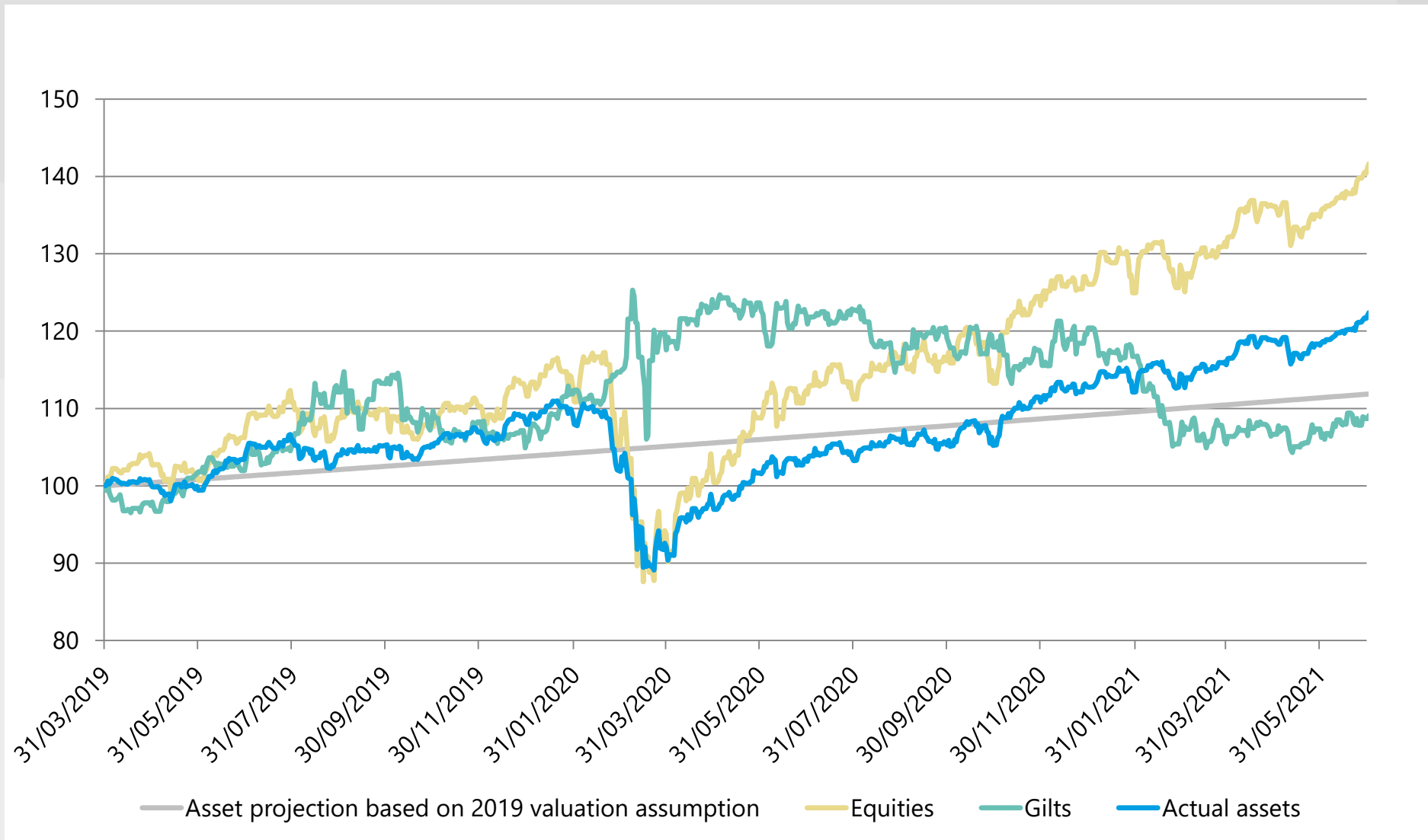
## TIMETABLE

- > **Jul 2022** – data is finalised by the Fund and submitted
- > **Sep 2022** – funding methods and assumptions agreed
- > **Oct 2022** – individual employer results prepared
- > **Nov 2022** – employer results issued
- > **Mar 2023** – valuation report and Rates and Adjustments Certificate published



**INDIVIDUAL EMPLOYER  
RESULTS WILL VARY**

# Fund assets



# Liabilities and primary rate

HEAVILY DEPENDENT ON THE UNDERLYING ASSUMPTIONS



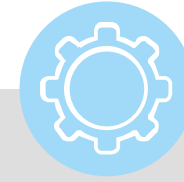
## Discount rate

How much will assets return in future?



## Inflation

How much will benefits increase by in future?



## Mortality

How long will members live for?



# Current overall expectations

1

Assets have performed well but liabilities have also increased in value



2

Primary rate expected to be higher



3

Overall, contribution rates may need to increase but **stability** is key focus

Actual results will depend on individual experience

What can you do  
now?

3

# What can you do now?



**Provide prompt  
and accurate  
data to the Fund**



**Make the Fund  
aware of any  
events which  
may be relevant  
to your funding**



**Start planning  
your budgets –  
potential  
increase in  
contributions**



# THANK YOU