



Northern Ireland
Assembly

The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts

NIA 3 / 17-22

Period 1 April 2017 to 31 March 2018

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The Trustees' Report

Introduction

The Assembly Members' Pension Scheme (NI) 2016

The Assembly Members' Pension Scheme (AMPS) provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly and the Attorney General for Northern Ireland.

Contributions are paid by Members, qualifying office-holders, the Attorney General and the Consolidated Fund into the Fund established under the Scheme, and the assets in the Fund are managed by an external Investment Manager. The contract for Investment Management services is held by M&G Investments Ltd.

The Independent Financial Review Panel (IFRP) was appointed on 1 July 2011 and has responsibility for Members pay, allowances and pensions. More information on IFRP may be found at <http://ifrp.org.uk/>.

In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016, which introduced a Career Average Revalued Earnings (CARE) scheme for new and existing members. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The new scheme is named the Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaced the 2012 scheme.

The terms of appointment of the first Independent Financial Review Panel ended on 1 July 2016. The Assembly Commission will appoint a successor Panel, on restoration of a functioning Assembly.

On the introduction of the new scheme in May 2016, the consolidated fund contribution was reduced from 20.6% to 14.4% of salaries. Following the triennial valuation of the Scheme in 2017 the consolidated fund contribution level remained at 14.4%.

The Scheme is administered on a day-to-day basis, on behalf of the Trustees, by the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate. The Trustees have a contract with Deloitte Total Reward and Benefits Ltd for the provision of external administration services.

The Scheme is operated on an "opt-out" basis, meaning that all Members, Ministers and Office Holders are members of the scheme from the date they are appointed unless they opt out.

The legislative background to the AMPS can be found at Annex A.

Aim of this Report

In order to comply with best practice in relation to reporting requirements the Trustees consider it appropriate to disclose actuarial and other accounting details to all members of the Fund.

The Trustees are pleased to present this report, which has been prepared in accordance with best practice and covers the period from 1 April 2017 to 31 March 2018. The purpose of the report is to describe how the Fund and its investments have been managed during the year.

How the Trustees of the Fund are Appointed

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2016.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme.

A person appointed as a Trustee:

- a) May resign from office by notice in writing to the Presiding Officer;
- b) May be removed from office by resolution of the Assembly;
- c) Shall, without prejudice to sub-paragraph (b), cease to hold office on the expiry of six months from the date on which he ceases to be a member of the Assembly.

Trustees

Mr Trevor Lunn MLA (Chairman)

Mr Roy Beggs MLA

Mr Jim Wells MLA

Mr Richie McPhillips (ceased to be a Trustee on 6 September 2017)

Ms Caitríona Ruane (resigned 20 October 2017)

In the absence of a functioning Assembly no new Trustee appointments can be made.

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 18.

Information about the Trustees

- The Northern Ireland Assembly Members' Pension Fund shall be vested in and administered by the Trustees. The Trustees shall hold the assets comprised in the Fund upon trust in accordance with the provisions of the AMPS.
- The procedure of the Trustees shall be such as the Trustees may determine.
- The quorum for any meeting of the Trustees shall be three.
- The Trustees may act by a majority of those present at any meeting.
- The Trustees may employ such staff and obtain such professional advice and services as they think necessary in connection with the performance of their functions under this Scheme.
- The expenses of the Trustees in the exercise of their functions shall be defrayed out of the Fund.

Trustee Meetings

Four regular meetings and three extraordinary meetings were held during the financial year ending 31 March 2018.

Other Parties Appointed in Connection with the Fund as at 31 March 2018

Responsibility	Name	Appointed By
Actuarial Advice	The Government Actuary	Part Q1 (2) of the Assembly Members' Pension Scheme (NI) 2016
External Auditor of Trustees' report and Annual Accounts	Comptroller and Auditor General	Schedule 1 of the Assembly Members' Pension Scheme (NI) 2016
Investment Management	M & G Investments Ltd	Trustees
AVC Provider	Clerical Medical	Trustees

Responsibility	Name	Appointed By
Legal Advice	Assembly Legal Services (Constitutional & Institutional Advice Only) Eversheds LLP	Trustees
Pension Administration	Deloitte Total Reward and Benefits Ltd	Trustees

Since 1 October 2013 an Administration Agreement between the Northern Ireland Assembly Commission and the Pension Trustees has been in place to cover the services provided by the Assembly Secretariat. Any queries about pensions or requests for further information regarding the day-to-day administration of the Scheme should be sent to the Secretariat at the following address:

HR Pensions Team

Assembly Human Resources Office
Room 402, Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Tel: 028 9052 1685

E-mail: pensions@niassembly.gov.uk

Remuneration Report

No remuneration report is required for this pension scheme since there are no employees and the Trustees do not receive any payment for their work in respect of the Scheme.

Declaration of Interests

In order to achieve the maximum degree of openness and impartiality, the Trustees have an opportunity at each meeting to declare any conflicts of interest. A register of Members interests is held and is available on the Assembly website at www.niassembly.gov.uk/your-mlas/register-of-interests/

Income of the Fund

The income of the Fund is derived from four main sources:

1. Contributions: from Members and Holders of Qualifying Office;
2. Investments: See the Investment Report;
3. Transfers In: Members who have pension benefits in the scheme of a former employer or in a personal pension plan may be able to transfer such benefits into the Scheme; and
4. Consolidated Fund: A Consolidated Fund contribution, calculated in accordance with the recommendations contained in the Actuary's report under article Q2 (3b), shall be paid into the Fund out of money appropriated by Act of the Assembly for that purpose.

Members and Office Holders in the CARE scheme contribute 9% of their salaries.

Members and Office Holders remaining in the final salary scheme under transitional protection arrangements, contribute either 9% or 12.5% per cent of their salaries depending on their choice of accrual rates.

On the introduction of the CARE scheme the Exchequer contribution was reduced from 21.6% to 14.4% effective from 6 May 2016. Following a valuation of the scheme by the Government Actuary's Department in March 2017, the Exchequer contribution remains at this level.

Benefits Payable

The benefits payable for 2017 - 18 were £1,061,962 (2016 – 17 £1,114,787).

Benefits are uprated in line with the Consumer Prices Index in line with public sector schemes and many private schemes. Pensions in payment were increased by 1% from 6 April 2017.

The main provisions of the scheme are:

	CARE Section	Final Salary Section
Retirement Age	65 or State Pension Age, whichever is the later	65
Normal Retirement		
(i) Pension	2% of pensionable salary each CARE year	Accrual rate (1/50 or 1/40) multiplied by reckonable service multiplied by final MLA salary
(ii) Lump Sum	By exchanging some of the annual pension for a tax free lump sum on cost neutral terms	By exchanging some of the annual pension for a tax free lump sum on cost neutral terms
Early Retirement	From age 55 – the pension will be permanently reduced for early payment	From age 55 – the pension will be permanently reduced for early payment
Ill Health Early Retirement	Pension paid immediately without reduction for early payment; and An enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age	Pension paid immediately without reduction for early payment; and An enhancement to the earlier of - the end of the current Assembly mandate or age 65
Benefit Limits	No restrictions on CARE pension	Annual pension capped at 2/3rds of final MLA salary

	CARE Section	Final Salary Section
<p>Dependents Benefits</p> <p>(i) Spouse/Partner</p> <p>(ii) Child</p>	<p>On the death of the Member a pension is payable to widow / widower, legal Civil Partner or qualifying unmarried partner at a rate of 3/8ths of the value of the Members pension; and</p> <p>A pension is payable to children aged 17 or less (22 or less if in full time education) at a rate of 1/4 of the value of the Members pension for 1 child and 3/8ths if 2 or more children</p>	<p>On the death of the Member a pension is payable to widow / widower or legal Civil Partner at a rate of 5/8ths of the value of the Members pension; and</p> <p>A pension is payable to children aged 17 or less (22 or less if in full time education) at a rate of 1/4 of the value of the Members pension for 1 child and 3/8ths if 2 or more children</p>
<p>Death in Service</p> <p>(i) Lump Sum (dependent on the Scheme the Member is in at the date of death)</p> <p>(ii) Dependents Pension</p>	<p>Higher of two (2) times annual salary or refund of pension contributions paid to nominated person/s</p> <p>As for 'Dependents Benefits' but with enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age</p>	<p>Higher of three (3) times annual salary or refund of pension contributions paid to nominated person/s</p> <p>As for 'Dependents Benefits' but with enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age</p>
<p>Death after retirement</p> <p>(i) Lump Sum</p> <p>(ii) Dependents Pension</p>	<p>None</p> <p>As for 'Dependents Benefits'</p> <p>If the pensioner member dies within five years of retirement the spouses pension is payable at the rate of the members own pension for the remainder of the five year guarantee period</p>	<p>None</p> <p>As for 'Dependents Benefits'</p> <p>If the pensioner member dies within five years of retirement the spouses pension is payable at the rate of the members own pension for the remainder of the five year guarantee period</p>

	CARE Section	Final Salary Section
Pension Increases		
(i) pensions in payment	Annual increase in line with the Consumer Prices Index (CPI)	Annual increase in line with the Consumer Prices Index (CPI)
(ii) in deferment	Annual increase in line with the Consumer Prices Index (CPI)	Annual increase in line with the Consumer Prices Index (CPI)
(iii) during active membership	Annual increase in line with the Consumer Prices Index (CPI)	Pension calculated with reference to final MLA salary

Additional Voluntary Contributions (AVCs)

During the 2017 - 2018 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report one member has taken advantage of the facility to pay additional voluntary contributions.

The AVC scheme is closed to new contributors.

Investment Details and Performance

The Trustees have decided to produce a "Statement of Investment Principles" in order to comply with best practice for Funded Schemes. The Statement covers items such as how investments are chosen, the balance between asset classes, the Trustees' attitude to risk and the expected return and review procedures. It has been designed to cover the fundamental aspects of investment policy that are not expected to differ greatly from one year to the next and has been drawn up in consultation with the Government Actuary.

The Trustees have delegated responsibility for the investment management of the Fund entirely to M&G Investments Ltd. M&G have provided investment management services since 2007 and were re-appointed in December 2013 following an open tender exercise.

There was no investment income during the year.

The overall effect of the movements in pensions payable, income and investments was an increase of £801,894 in the Net Assets of the Fund during the period.

The assessed value as at 31 March 2018 of benefits accrued under the scheme prior to 31 March 2018 show that the deficit was £16.6m (£19.1m 2016-17).

Events after the Reporting Period

There have been no events after the reporting period.

Membership Statistics

The membership of the Fund at 31 March 2018 was as follows:

Active Members	Number in Category
Members (at 1 April 2017)	92
Add New Entrants	4
Add Rejoiners	1
Less Retirements in the Period	(1)
Less Deferred Awards	(5)
Less Refund of contributions/Opt outs	(2)
Total Active Members as at 31 March 2018	89

Deferred Members	Number in Category
Deferred Members (as at 1 April 2017)	64
Add New Deferred Members	5
Less Rejoiners	(1)
Less Deferred Awards Coming into Payment	(1)
Less Refund of contributions/Opt outs	(7)
Total Deferred Members as at 31 March 2018	60

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2017 – Members	88
Pensions in Payment 1 April 2017 - Dependants	17
Add Members Retiring in the Period	1
Add Deferred Members Retiring	1
Less Deaths in the Period	(2)
Add New Dependants	1
Less Refund of contributions	(1)
Pensions in Payment as at 31 March 2018	105

The benefits payable during the year amounted to £1,061,962. Pensions in payment increased by 1% in April 2017.

Preparation and Audit of Annual Accounts

Summary of Financial Information

Total Fund at 1 April 2017	£35,305,985	£28,411,708
	£	£
What Went Into the Fund	2017 - 2018	2016 - 2017
Consolidated Fund Contributions	655,667	817,216
Contributions from Members/Office Holders	423,051	515,226
Transfers in from other schemes	-	7,623
Additional Voluntary Contributions	555	9,016
Investment Income	-	-
Change in Market Value of Investments	1,001,610	6,806,199
Total	£2,080,883	£8,155,280

What Went Out of the Fund		
Benefits Payable	1,061,962	1,114,787
Transfers out of the Scheme	32,977	35,712
Administrative Expenses	11,879	12,005
Advisory Fees	4,053	6,680
Actuarial Expenses	73,640	30,999
Investment Management Expenses	68,029	54,530
Interest Payable	-	-
Miscellaneous	26,499	6,290
Total	£1,279,039	£1,261,003
Total Fund at 31 March 2018	£36,107,879	£35,305,985

The summary above is not the financial statements but a summary of information relating to both the Fund Account and the Net Assets Statement.

The Report for the period ended 31 March 2018 including the attached Investment Report and Compliance Statement is approved on behalf of all the Trustees by:



Trevor Lunn MLA
Chairman of the Trustees

Date: 23 October 2018

Government Actuary's Report

This is an extract from a full report prepared for the Trustees by the Government Actuary's Department, dated 30 April 2018.

Introduction

- A. This statement has been prepared by the Government Actuary's Department at the request of the Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS (NI) 2016). The Trustees have commissioned GAD to assess the liabilities of the Scheme in accordance with International Accounting Standard 19 (IAS19), and to prepare a statement for inclusion in the Scheme's accounts.
- B. The AMPS (NI) 2016 is a final salary and career average revalued earnings (CARE) defined benefit scheme, the rules of which are set out in the Assembly Members' Pension Scheme (Northern Ireland) 2016. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).
- C. The statement is based on an assessment of the liabilities as at 31 March 2017, with an approximate uprating to 31 March 2018 to reflect known changes.

Membership Data

- D. Tables A to C summarise the principal membership data as at 31 March 2017 and 31 March 2018 used to prepare this statement.

Table A - Active Members (MLAs & Office Holders combined)

31 March 2017			2017/18
Number	Total salaries in membership data (pa)	Total accrued pensions	Total salaries
	(£ million)	(£ million)	(£ million)
92	5.0	0.777	4.5

Table B - Deferred Members

31 March 2017	
Number	Total deferred pensions (pa) (£ million)
64	0.433

Table C - Pensions in payment

31 March 2017	
Number	Total pension (pa)
	(£ million)
105	0.727

Methodology

- E. The present value of the liabilities has been determined using the Projected Unit Credit Method, with allowance for expected future pay increases in respect of active members on any final salary benefits, and the principal financial assumptions applying to the 2017-18 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2018 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2016-17 Resource Accounts.
- F. This statement takes into account the benefits normally provided under the scheme, including age retirement benefits and benefits applicable following the death of the member.

Principal Financial Assumptions

- G. The principal financial assumptions adopted to prepare this statement are shown in Table D

Table D - Principal Financial Assumptions

	31 March 2018	31 March 2017
	(% pa)	(% pa)
Gross discount rate	2.55	2.65
Price inflation (CPI)	2.30	2.35
Earning increases (excluding promotional increases)	4.30	4.35
Real discount rate (net of CPI)	0.25	0.3

Demographic Assumptions

- H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2018 are based on those adopted for the 2017 funding valuation of the AMPS (NI) 2016.
- I. The standard mortality tables known as S2NxA are used. Mortality improvements are in accordance with those incorporated in the 2016-based principal population projections for the United Kingdom.
- J. The contribution rate used to determine the accruing cost in 2017-18 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2016-17 Resource Accounts.

Liabilities

- K. Table E summarises the assessed value as at 31 March 2018 of benefits accrued under the scheme prior to 31 March 2018 based on the data, methodology and assumptions described in paragraphs D to J. The corresponding figures for the previous year end are also included in the table.

Table E – Statement of Financial Position

	31 March 2018	31 March 2017
	(£ million)	
Total market value of assets	35.8	35.1
Value of liabilities	52.4	54.2
Surplus/(Deficit)	(16.6)	(19.1)
Funding Level	68%	65%

Pension Cost

- L. The cost of benefits accruing in the year ended 31 March 2018 (the Current Service Cost) is based on a standard contribution rate of 50.6% (including member contributions but excluding expenses) [2017: 40.0%], as determined at the start of the year. Members accruing final salary benefits at an accrual rate of 1/40th contribute 12.5% of pay, and members accruing final salary benefits at an accrual rate of 1/50th or CARE benefits contribute 9% of pay, Table F shows the standard contribution rate used to determine the Current Service Cost for 2016-17 and 2017-18.

Table F - Contribution Rate

	Percentage of pensionable pay	
	2017-18	2016-17
Standard contribution rate (excluding expenses)	50.6%	40.0%
Members' contribution rate (average)	9.3%	9.3%
Employer's share of standard contribution rate (excluding expenses)	41.3%	30.7%

- M. For the avoidance of doubt the employer's share of the standard contribution rate determined for the purposes of the Resource Accounts is not the same as the actual rate of contributions payable by the Assembly, currently 14.4%, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme. The most significant difference between the actuarial assessments for Resource Accounts and for scheme funding purposes is the discount rate net of pension increases, which was 0.3% pa for the 2017-18 Current Service Cost (1.3% pa for 2016-17) compared with 2.5% pa for scheme funding. The higher discount rate for scheme funding purposes results in a lower assessed cost of benefit accrual. The discount rate for scheme funding is determined considering the assets held by the scheme and the expected returns on those assets.
- N. The pensionable payroll for the financial year 2017-18 was £4.54 million [2017: £5.51 million]. Based on this information, the accruing cost of pensions in 2017-18 (at 50.6% [2017: 40.0%] of pay) is assessed to be £2.3 million [2017: £2.2 million]. There is no past service cost and so this is the total pension cost for 2017-18.

Daniel Selby
Fellow of the Institute and Faculty of Actuaries
30 April 2018
Government Actuary's Department

The Compliance Statement

Benefits

All pensions paid in the year were authorised under the appropriate Act and thus made in accordance with the regulations of the Fund.

Tax Status of the Fund

The Northern Ireland Assembly Members' Pension Fund is a statutory pension scheme within the meaning of Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988 and is an 'approved scheme' for the purposes of accepting transfer values.

Funding Standard

The Northern Ireland Assembly Members' Pension Scheme is not subject to the Minimum Statutory Funding Objective requirements of the Pensions Act 2004. Accordingly, it is not appropriate for the actuarial statement to include an assessment of the statutory funding objective set out in the legislation and used by defined benefit schemes that are subject to technical provisions. Regular valuations at least every three years are required to check whether the statutory funding objective is met. Where it is not, trustees and employers agree a recovery plan.

Nevertheless, the Trustees have asked the Government Actuary to provide periodical reassurances that this level of funding would be met.

Investments

All investments are in holdings that are permitted by the regulations of the Fund. Although the Trustees cannot direct the investment strategy of the Fund in which the Assembly Members' Pension Scheme (NI) 2016 invests, nevertheless, it will consider socially responsible investment policy issues when comparing two providers who are otherwise of equal preference.

Investment Managers Report

Northern Ireland Assembly Members Pension Scheme Report for the Year Ending 31 March 2018

Introduction

The Scheme invests in pooled pensions fund units provided by Prudential Pensions Limited (PPL), a wholly owned subsidiary within Prudential plc. The units held by the pension fund are part of an agreement between the Trustees and Prudential Pensions Limited, which is in the form of an Insurance Policy. The policy itself is the 'asset' that the Trustees own, and the units within the funds provide an easy method of valuation of the policy. These units can be bought and sold on a daily basis and the underlying assets are invested in marketable securities. Total discretion for the day-to-day management of the assets has been delegated to M&G Investment Management Limited, the fund management company owned by Prudential.

M&G pooled pensions has invested the assets of the Scheme in accordance with a strategic benchmark allocation set by the trustees shown below. The benchmark was amended in December 2017.

Asset Class	Active/ Passive	Benchmark %	Control Range %
UK Equity	Passive	26.5	16.5 - 36.5
North America Equity	Passive	10.5	5.5 - 15.5
Europe Equity	Passive	13.5	7.0 - 20.0
Japan Equity	Passive	6.0	3.0 - 9.0
Pacific Basin (ex-Japan) Equity	Passive	8.5	4.5 - 12.5
Global Emerging Markets	Active	2.0	1.0 - 3.0
Long Dated Corporate Bond	Active	25.0	15.0 - 35.0
Long Term Gilt	Passive	8.0	4.0 - 12.0
Total		100.0	

Investment Distribution/Strategy

The following table provides a breakdown of the Scheme assets at the beginning and end of the period. (Source: M&G, Bid price basis)

Asset Distribution by Fund	31.03.18 %	31.03.17 %
UK Equity Passive	25.0	40.9
North America Equity Passive	9.2	9.9
Europe (ex-UK) Equity Passive	14.8	15.5
Japan Equity Passive	5.7	5.9
Pacific Basin (ex-Japan) Equity Passive	8.0	8.4
Global Emerging Markets	2.1	2.0
Long Dated Corporate Bond	28.1	9.8
Long Term Gilt Passive	7.1	7.6
Total	100.0	100.0

The scheme also has a separate holding under PPL 6658. The assets at the beginning and end of the period are shown below. (Source: M&G, Bid price basis)

Asset Distribution (By Fund)	31.03.18 %	31.03.17 %
Long Dated Corporate Bond	83.7	89.3
Episode Allocation	16.3	10.7
Total	100.0	100.0

Review of Investment Markets

Global stockmarkets posted positive returns for the 12-month period, although they became increasingly volatile as the period progressed. Growing optimism of the health of the global economy, US tax reform and better-than-expected company profits helped to underpin valuations for much of the period, with many markets closing 2017 at, or near, record highs. However, after a strong start to 2018, global equities suffered a sharp correction in February, amid worries that rising inflationary pressures would lead to an accelerated path of US interest rate increases. The sell-off continued in March when the Trump administration's decision to impose tariffs on a range of imports raised fears of a global trade war.

US shares led the advance for much of the period, driven by exceptionally strong returns from the popular tech stocks. Japanese stocks also rallied strongly, boosted by Prime Minister Abe's landslide victory in a snap general election, while rising commodity prices and a weak US dollar helped to boost performance in many emerging markets. However, for UK investors, returns in many of the markets were lowered by currency depreciation versus sterling. In contrast, UK and European equities posted more modest gains as the strength of sterling and the euro weighed on company profits.

In terms of sectors, technology companies outperformed for much of the period, ending with robust returns despite a set back towards the end of the first quarter of 2018. Cyclical stocks in the consumer discretionary and industrials sectors also performed well. However, shares in higher yielding sectors, such as telecoms, consumer staples and utilities, were undermined by higher bond yields.

Global bonds yields rose, touching multi-month peaks in early February as investors started to look beyond the current environment of very low interest rates. Yield curves flattened, with shorter dated bond yields rising more than longer dated ones, especially in the US where the yield difference between two- and 10-year bonds fell below 0.5% for the first time in a decade.

UK commercial property delivered solid returns, driven by both growth in capital values and stable rental income. Industrial properties continued to be the best performing sector of the market.

Performance

Investment returns as at the year end for this Scheme are shown in the table below.

Fund	Performance to 31/3/18 (Annualised) %		
	1 year	3 years	5 years
Northern Ireland Assembly Members Pension Scheme	2.9	7.0	7.0
Benchmark			
Composite Scheme Benchmark	3.2	7.9	8.7

Source: M&G and BNY Mellon. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

Investment returns as at the year end for these funds are shown in the table below.

	Performance to 31/3/18 (Annualised) %		
Fund	1 year	3 years	5 years
M&G PP Episode Allocation Fund	4.2	5.6	n/a
Benchmark			
1 Month Libor +5% p.a.	5.4	5.4	n/a

Source: M&G and ABI. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

	Performance to 31/3/18 (Annualised) %		
Fund	1 year	3 years	5 years
M&G PP Long Dated Corporate Bond	3.0	6.3	8.2
Benchmark			
iBoxx £ >15 Years Non-Gilt Index	1.9	5.2	7.4

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

	Performance to 31/3/18 (Annualised) %		
Fund	1 year	3 years	5 years
M&G PP Global Emerging Markets Fund	3.2	9.8	4.7
Benchmark			
MSCI Emerging Markets Index Free Index	11.8	11.3	7.0

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

	Performance to 31/3/18 (Annualised) %		
Fund	1 year	3 years	5 years
M&G PP UK Equity Passive Fund	1.2	5.9	6.6
Benchmark FTSE All-Share Index	1.2	5.9	6.6
M&G PP North America Equity Passive Fund	1.0	12.4	14.4
Benchmark FTSE World North America Index	1.3	12.3	14.4
M&G PP Europe ex-UK Equity Passive Fund	3.9	8.0	9.6
Benchmark FTSE World Europe (ex-UK) Index	4.3	8.5	10.0
M&G PP Japan Equity Passive Fund	5.7	10.6	11.1
Benchmark FTSE Japan Index	7.5	11.4	11.6
M&G PP Pacific Basin ex-Japan Equity Passive Fund	3.1	10.0	7.2
Benchmark FTSE World Asia Pacific ex-Japan Index	3.9	10.3	7.3

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

Fund	Performance to 31/3/18 (Annualised) %		
	1 year	3 years	5 years
M&G PP Long Term Gilt Passive Fund	2.1	6.0	7.9
Benchmark			
FTSE Actuaries UK Conventional Gilts over 15 Years Index	2.2	6.1	8.0

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

- The M&G PP Episode Allocation Fund gains its exposure through the M&G Episode Allocation Fund, an M&G OEIC. This fund aims to deliver income and capital growth through investment in a diversified range of assets. Subject to this, the fund aims to grow income in the long term (that is, over five years or more). The fund managers follow a highly flexible investment approach, with the freedom to invest in different types of assets. The approach combines in-depth research to determine the value of assets over the medium to long term, with analysis of investors' emotional reaction to events to identify investment opportunities. The fund gains access to assets directly and indirectly through derivatives.
- The fund recorded a return of 4.2% over the 12 months under review, lagging its comparator which rose by 5.4%. Global equities posted modestly positive returns over the 12-month period, with emerging markets outperforming more developed ones. In contrast, global bonds tended to retreat, with yields rising as increasing inflationary pressures led to fears of higher interest rates. Currency movements also impacted returns as sterling rallied against both the US dollar and the Japanese yen.
- The fund's equity exposure contributed positively to returns, particularly positions in Italy and Japan. Allocations to financial stocks were also beneficial, especially holdings of US banks which were boosted by hopes of higher interest rates and looser regulation. The M&G Property Portfolio further contributed to the fund's performance. On balance, the fund's allocation to bonds detracted from returns, primarily due to weak returns from US Treasury bonds, although holdings of Portuguese and South African debt helped to bolster performance.
- The M&G PP Global Emerging Markets Fund gains its exposure through the M&G Global Emerging Markets Fund, an M&G OEIC. This fund invests in shares of companies across the emerging markets, or companies that conduct the majority of their business activities in such countries, with the aim of maximising long-term total return (the combination of income and growth of capital). Portfolio construction is based on in-depth analysis of companies, and is not influenced by views on countries or industries. The fund manager focuses on firms that are run for the benefit of their shareholders and whose long-term potential to generate returns, he thinks, is not fully appreciated by other investors.
- The fund rose by 3.2% over the 12 months under review, lagging its benchmark which returned 11.8%. Emerging market equities delivered robust returns over the 12-month period, outperforming developed market shares. Investors were buoyed by optimism over the health of the global economy and a weaker tone to the US dollar, although fears of a potential global trade war led to a set back in the first quarter of 2018.
- Positioning in the technology sector cost the most performance, due to both the fund's below-index holding and the choice of stocks. In particular, not holding Alibaba and Tencent was detrimental as the two Chinese internet companies delivered robust returns. In contrast, stock selection in South Africa boosted returns, with financial group Barclays Africa, transport company Imperial Holdings and industrial equipment supplier Barloworld among the leading contributors as they rose amid optimism about political change.

- The M&G PP Long Dated Corporate Bond Fund invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its benchmark, the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and limited amounts of high yield and hedged non-sterling corporate bonds. Derivative instruments may be used for efficient portfolio fund management.
- The fund rose by 3.0% over the 12 months under review, ahead of its benchmark which returned 1.9%. UK corporate bonds outperformed gilts for much of the review period as the improving global economic backdrop caused credit spreads to tighten towards record all-time levels. However, credit spreads reversed direction in the first quarter of 2018, widening modestly as stronger economic data and rising inflation raised fears of higher interest rates.
- An overweight exposure to bonds issued by financial companies, particularly insurers such as Legal & General, contributed to performance, as did an underweight position in utilities bonds. Off-benchmark positions in euro-denominated corporate bonds such as Telecom Italia were also beneficial. In addition, the fund benefited from strong performance from a number of individual holdings, with an overweight position in Tesco being one of the key contributors.
- The M&G PP UK Equity Passive Fund invests in the shares of UK companies. The fund is passively managed against its benchmark, the FTSE All-Share Index. The fund tracks the index by holding all of the companies which make up the FTSE 100 Index (excluding Prudential plc), together with a representative sample of the remainder of the companies in the All-Share Index.
- The M&G PP North America Equity Passive Fund invests in the shares of North American companies. The fund is passively managed against its benchmark, the FTSE World North America Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Europe Equity Passive Fund invests in the shares of European companies outside the UK. The fund is passively managed against its benchmark, the FTSE World Europe (ex UK) Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Japan Equity Passive Fund invests in the shares of Japanese companies. The fund is passively managed against its benchmark, the FTSE Japan Index. The fund tracks the index by holding all the larger companies in the index together with a representative sample of the remainder of the companies in the index.
- The M&G PP Pacific Basin ex-Japan Equity Passive Fund invests in the shares of companies around the Pacific Basin excluding Japan. The fund is passively managed against its benchmark, the FTSE World Asia Pacific ex-Japan Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Long Term Gilt Passive Fund invests in UK Government gilts with over 15 years to maturity. The fund is passively managed against its benchmark, the FTSE Actuaries UK Conventional Gilts Over 15 Years Index. Tracking this index is achieved by fully replicating the stocks in the index.

Issued by M&G Financial Services Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. M&G Pooled Pensions funds are provided under an insurance contract issued by Prudential Pensions Limited and Prudential Pensions Limited has appointed M&G Financial Services Limited as a distributor of its products. The registered office of both companies is Laurence Pountney Hill, London, EC4R 0HH. Both companies are registered in England under numbers 923891 and 992726 respectively.

Statement of Trustees' Responsibilities

The preparation of financial statements is the responsibility of the Trustees. Pension Scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.

The financial statements are prepared in accordance with the Accounts Direction issued by the Comptroller and Auditor General, which refers to the Statement of Recommended Practice (SORP) (revised November 14) Financial Reports of Pension Schemes, as far as appropriate.

The Trustees are responsible for agreeing suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained, and from time to time revised, a schedule of contributions payable towards the Scheme by the Consolidated Fund and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme, and for monitoring whether contributions are made to the Scheme from the Consolidated Fund in accordance with the schedule of contributions, the Scheme rules and recommendations of the actuary.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Governance Statement

Scope of Responsibility

We acknowledge our responsibility as Trustees for maintaining a sound system of governance to safeguard the public funds and assets connected with the Assembly Members' Pension Scheme (NI) 2016 (AMPS (NI) 2016).

The AMPS (NI) 2016 is a statutory scheme and operates within a legislative framework.

Secretariat staff of the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate provide day to day secretarial and administrative services to the Trustees. An Administration Agreement between the Northern Ireland Assembly Commission and the Trustees of the Assembly Members' Pension Scheme details the services to be provided to the Trustees by Commission staff.

Deloitte Total Reward and Benefits Ltd have provided administration services to the Scheme since 1 September 2012 and were re-appointed in June 2017 following a tender exercise.

Governance Framework

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2016.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five Members of the Assembly to be the Trustees of this Scheme. The responsibilities of the Trustees are clearly defined in the Statement of Trustee's responsibilities on Page 18 within this Annual Report.

The following Members were appointed as Trustees:

Role	Name	Percentage of Regular Meetings Attended
Chair	Mr Trevor Lunn MLA	100%
Member	Mr Roy Beggs MLA	100%
Member	Mr Jim Wells MLA	100%
Member	Mr Richie McPhillips (ceased 6 Sept 2017)	0%
Member	Ms Caitriona Ruane (resigned 20 Oct 2017)	0%

Mr McPhillips ceased to be a Trustee on 6 September 2017.

Ms Ruane resigned as Trustee on 20 October 2017.

Mr Lunn was re-elected as Chairman of the Trustees during a Trustee's meeting in November 2016.

During the year the Trustees considered a number of briefing papers prepared and presented by the Schemes professional advisors. This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the AMPS (NI) 2016 aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information, financial regulations, administrative procedures including the segregation of duties, and a system of delegation and accountability. This system of internal control has been in place in AMPS (NI) 2016 for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

Significant Internal Control Problems

There were no Significant Internal Control Problems noted during the year.

Capacity to Handle Risk

The Scheme's day-to-day administration and accounting responsibility is administered on behalf of the Trustees by Secretariat staff within the Human Resources and Finance Offices of the Northern Ireland Assembly's Corporate Services Directorate, with responsibility for the development and maintenance of the control framework.

Personal Data Incidents

There have been no personal data related incidents or data losses during the year.

Risk Management

During the period of this report the risk register for the Scheme was reviewed, updated and agreed with the Trustees at each Trustee meeting. Each risk is identified and assessed into three categories, high/medium/low, based on factors such as the likelihood of the risk materialising, the impact that the risk might have if it did occur and the controls currently in place to manage each identified risk. Each risk has an identified risk owner. The resulting register was used to identify any additional measures considered necessary to effectively manage the risks. The following are examples of the risks that have been identified and the measures put in place to minimise their impact:

- Investment: The pension fund is invested in line with the Statement of Investment Principles and responsibility has been delegated to the investment managers, M&G Investments Ltd;
- Pension Scheme Records: Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees' meetings;
- Pension Trustee Meetings are held regularly to monitor the steps taken by the administrative staff to manage risks in their areas of responsibility;
- Members: It is ensured that the Trustees appointed meet the member-nominated Trustee requirements. There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members; and
- Registration and Collecting the Levy: The registrar of Pensions is provided with information required by law and informed of any changes to Scheme information.

Due to the fact that there has been no functioning Assembly for the period of the report, Trustees who have left have not been replaced. The Trustees have written to both the Assembly Commission and the Secretary of State about this situation.

Review of effectiveness

The Northern Ireland Assembly is subject to review by an Internal Audit unit, which operates to standards defined in the Public Service Internal Audit Standards. The work of the Internal Audit unit is informed by an analysis of the risk to which the Northern Ireland Assembly is exposed and annual Internal Audit plans are based on this analysis.

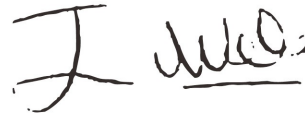
Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance.

The most recent Internal Audit review of the Pension Scheme was carried out in November 2012. At that time Audit concluded that the controls established by management were adequate to ensure that business objectives were met. A satisfactory level of assurance was awarded.

Approved on behalf of the Trustees on 23 October 2018 by:



Trevor Lunn MLA
Chairman of the Trustees



Jim Wells MLA
Trustee

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Assembly Members' Pension Scheme for the year ended 31st March 2018 under Schedule 1 to the Assembly Members' Pension Scheme (Northern Ireland) 2016. The financial statements comprise the Fund Account, Net Assets Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of the Assembly Members' Pension Scheme's affairs as at 31st March 2018 and of the net increase in the Fund during the year and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay benefits after the Scheme year end; and
- have been properly prepared in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2016 and the Comptroller and Auditor General directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Assembly Members' Pension Scheme in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Trustees are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, Report of the Actuary and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the information given in the Trustees' Report, the Compliance Statement and Investment Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2016.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.


Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and Report of the Actuary are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
26 October 2018

Financial Statements

Fund Account for the year to 31 March 2018

	Note	£ 2017 - 2018	£ 2016 - 2017
Contributions and Benefits			
Contributions receivable	3	1,079,273	1,341,458
Individual transfers in from other schemes		0	7,623
		1,079,273	1,349,081
Individual Transfers paid to other schemes		(32,977)	(35,712)
Benefits payable	4	(1,016,962)	(1,114,787)
Other Payments	5	(26,449)	(6,290)
Administrative expenses	6	(89,572)	(49,684)
		(1,210,960)	(1,206,473)
Net additions from dealings with members		(131,687)	142,608
Returns on Investments			
Change in market value of investments	7	1,001,610	6,806,199
Investment management expenses	9	(68,029)	(54,530)
Net returns on Investments		933,581	6,751,669
Net Increase/(decrease) in the Fund During the period		801,894	6,894,277
Net Assets of the Fund at 1 April 2017		35,305,985	28,411,708
At 31 March 2018		36,107,879	35,305,985

Net Assets Statement as at 31 March 2018

	Note	£ 2017 - 2018	£ 2016 - 2017
Investments			
Managed Fund	7	35,789,448	34,740,611
AVC Investment	7	227,067	348,515
Net current (liabilities) / assets	10	91,364	216,859
Net Assets of the Fund as at 31 March 2018		36,107,879	35,305,985

The notes on pages 26 to 29 form part of these accounts.

These financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report of the Actuary on page 9 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved on behalf of the Trustees on 23 October 2018 by:



Trevor Lunn MLA
Chairman of the Trustees



Jim Wells MLA
Trustee

Notes to the Financial Statements

1 Basis of preparation

The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised November 2014) Financial Reports of Pension Schemes, as far as appropriate.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Government Actuary's valuation report on the position of the Fund as at 31 March 2018 and these financial statements should be read in conjunction with that report.

2 Accounting policies

The principal accounting policies are:

- Normal pension contributions are accounted for on an accruals basis;
- Pension benefits are accounted for on an accruals basis;
- Transfer values from and to other pension schemes represent the amounts received and paid during the year for members who either joined or left the Fund;
- The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year;
- Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager: and
- All other expenditure is accounted for in the period to which it relates.

3 Contributions Receivable

	2017 - 2018 £	2016 - 2017 £
Exchequer contributions:		
Normal	655,667	817,216
Members' contributions:		
Normal	423,051	515,226
Additional Voluntary contributions (AVCs)	555	9,016
	1,079,273	1,341,458

Exchequer contributions are paid out of money appropriated by Act of the Assembly.

4 Benefits payable

	2017 - 2018	2016 - 2017
	£	£
Pensions	764,274	693,648
Lump sum payable on retirement	167,205	398,149
Lump sum payable at age 75	NIL	NIL
Lump sum payable on death	130,483	NIL
AVC lump sum payable on retirement	NIL	22,990
	1,061,962	1,114,787

Where members can choose whether to take their benefits as a full pension or as a lump sum with a reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. There was one member who had not exercised their option before year end and therefore are not included within the benefits payable figure.

5 Other payments

	2017 - 2018	2016 - 2017
	£	£
Consultancy Fees	NIL	295
Miscellaneous payment *	717	NIL
Contribution Refund	25,732	5,995
	26,449	6,290

* An ex-gratia payment was made during the year.

6 Administrative expenses

	2017 - 2018	2016 - 2017
	£	£
Actuarial fees	73,640	30,999
Administration Costs	11,879	12,005
Advisory Fees	4,053	6,680
	89,572	49,684

The Trustees of the Pension Scheme have signed an Administration Agreement with the Northern Ireland Assembly Commission for the provision of pension administration services. The HR Pensions Team of the Northern Ireland Assembly Secretariat provides administration support to the pension scheme and those costs are borne by the Northern Ireland Assembly. The Trustees acknowledge the cost of this service to be £36,899 for the 2017-18 financial year (cost of service for 2016-17 was £41,526)

Pension Scheme accounts are prepared by the Finance Office of the Northern Ireland Assembly and those costs are borne by the Northern Ireland Assembly. The Trustees acknowledge the cost of this service to be £5,282 for the 17-18 financial year (cost of service for 2016-17 was £4,492)

The notional cost of the work performed by the Northern Ireland Audit Office for 2017/18 was £5,000 (comparative figure for 2016-17 was £5,000). This cost is borne by the Northern Ireland Assembly.

From 1 September 2012 Deloitte Total Rewards and Benefits Ltd have provided administration support to the Scheme.

7 Investments

	Value at 31 March 2017 £	Purchases at cost £	Sales £	Retirements Benefits Paid £	Change in Market Value £	Management Charges £	Value at 31 March 2018 £
M&G Main Fund	27,973,858	Nil	(168,531)	Nil	2,655,769	(39,580)	30,421,516
M&G – Bond	6,766,753	292,313	Nil	Nil	(1,662,685)	(28,449)	5,367,932
AVC Investments	348,514	509	Nil	(130,482)	8,526	Nil	227,067
	35,089,125	292,822	(168,531)	(130,482)	1,001,610	(68,029)	36,016,515

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held any time during the year, including profits and losses realised on sales of investments during the year.

Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager.

Risks Arising from Financial Instruments	
Market Risk	<p>Market risk or price risk is the risk of capital loss as a result of a fall in the price of investments. Fluctuations in price can arise from a variety of sources including interest rate risk, credit risk, currency risk and liquidity risk.</p> <p>The Fund is exposed to market risk as a result of its investment activities. The overall market risk of the Fund will depend on the actual mix of assets and market conditions and will encompass the different elements of risk, some of which may offset each other.</p>
Interest Rate Risk	<p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The AMPS does not hedge against the effect of such fluctuations and this position is reviewed regularly as part of the review of the investment strategy.</p>
Credit Risk	<p>Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge its obligation resulting in a financial loss. This risk is generally reflected in the market price of securities, resulting in the risk being implicitly accounted for in the carrying value of the Fund's investments. The Fund is exposed to credit risk in respect of its investment portfolio and this risk is managed through the selection and use of high quality counterparties and financial institutions.</p>
Currency Risk	<p>Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. As a global investor whose liabilities are sterling based, the AMPS is exposed to fluctuations in exchange rates which can affect the valuation of its investments.</p>
Liquidity Risk	<p>Liquidity risk or cash flow risk is the risk that adequate cash resources will not be available to meet commitments such as the payment of benefits or future investment commitments as they fall due.</p>

The investment strategy of the Fund is highlighted in the Investment Managers Report on page 13 of this report.

8 Additional Voluntary Contributions (AVCs)

The Trustees are responsible for administering an AVC scheme whereby participants in the Assembly Members' Pension Scheme may make contributions to secure additional benefits to those provided by the Pension Scheme. The AVC Scheme is closed to new contributors. At 31 March 2018 these contributions were invested separately from the Pension Fund, in a variety of Investment Funds, with an outside provider Clerical Medical. These investments secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement will receive an annual statement confirming the amounts held to their account and the movements in the year.

9 Investment Management Expenses

The management fee paid to M&G Investments Ltd was £68,029 (fee for 2016-17 was £54,530). The management fee is a percentage rate fee based on the value of the portfolio and is deducted on a monthly basis within the price of units held by the Members' Pension Scheme.

10 Net Current Assets / (Liabilities)

	2017 - 2018	2016 - 2017
	£	£
Current assets		
Contributions and benefits:		
Contributions due	471	13,255
Balance at bank	24,897	319,175
Prepayments	Nil	Nil
Sundry Debtors	83,887	Nil
	109,255	332,430
Current liabilities		
Pension Arrears due	(11,777)	(111,160)
Other Creditors	Nil	Nil
Administrative expenses:		
Other Advisory Fees	Nil	(2,057)
Actuarial fees	(5,289)	(1,224)
Other Expenses	(180)	(180)
Administration Fees	(645)	(950)
	(17,891)	(115,571)
Net current assets / (liabilities)	91,364	216,859

11 Related party transactions

None of the Trustees, key management staff or any other related party has undertaken any material transactions with the Fund during the year.

12. Events after the reporting period

There have been no events after the reporting period.

ANNEX A

LEGISLATIVE BACKGROUND TO THE AMPS

General

The Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS (NI) 2000) was established on 13 May 2000 under the Assembly Members' Pensions Determination 2000, made by the Secretary of State under section 48 of the Northern Ireland Act 1998, by virtue of paragraph 9 of the Schedule of the Northern Ireland Act 2000. The Scheme provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly.

On 30 June 2008, under section 48 of the Northern Ireland Act 1998, the Assembly resolved to confer upon the Assembly Commission the power to amend the pension scheme. On 1 July the Commission amended the rules of the Scheme and directed that the revised Scheme be called The Assembly Members' Pension Scheme (NI) 2008.

In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to Members of the Northern Ireland Assembly.

The Scheme was updated during the 2012 – 13 year and was renamed the Assembly Members' Pension Scheme (NI) 2012.

In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016, which introduced a Career Average Revalued Earnings (CARE) Scheme for new and existing members. Existing members born on or before 1 April 1960 retained their Final Salary pension under transitional protection arrangements until 6 May 2021.

The new Scheme, the Assembly Members' Pension Scheme (Northern Ireland) 2016, replaced the 2012 Scheme from 6 May 2016.

Preparation of Annual Accounts

Paragraph 5 of Schedule 1 of the Assembly Members' Pension Scheme (NI) 2016 requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General for Northern Ireland. The accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes, issued in May 2007, in order to conform to best practice reporting requirements. A statement of the Trustees' responsibilities with regard to the preparation of the accounts is on page 18.



Northern Ireland
Assembly

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