



Northern Ireland
Assembly

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

NIA 315/11-16

Period 1 April 2014 to 31 March 2015

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The Trustees' Report

Introduction

The Assembly Members' Pension Scheme (NI) 2012

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 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 become MLAs unless they take a specific option not to be.

Since 1 April 2009 the default accrual rate has been 1/40 of final salary for each year of service. Members may opt for the lower rate of 1/50 of final salary by completing paperwork.

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 including recent consultations on the Assembly Members Pension Scheme may be found at <http://ifrp.org.uk/>.

Since 1 July 2012 the Consolidated Fund contribution has been 21.6% of salaries.

During the period of the report the Trustees commissioned a full review of the Scheme Rules. The updated Scheme was renamed The Assembly Members Pension Scheme (Northern Ireland) 2012.

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, generally within seven months of the end of the accounting year (i.e. by 31 October each year).

The Trustees are pleased to present this report, which has been prepared in accordance with best practice and covers the period from 1 April 2014 to 31 March 2015. 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) 2012.

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.

The following Members were appointed as Trustees by resolution of the Assembly on 28 June 2011:

Trustees

Mr Trevor Lunn MLA (Chairman)
 Mr Mickey Brady MLA
 Mr John Dallat MLA
 Mr Ross Hussey MLA
 Mr Jim Wells MLA

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 16.

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

Three regular meetings and five sub group meetings were held during the period ending 31 March 2015.

Other Parties Appointed in Connection with the Fund as at 31 March 2014

Responsibility	Name	Appointed By
Actuarial Advice	The Government Actuary	Part S1 (2) of the Assembly Members' Pension Scheme (NI) 2012
External Auditor of Trustees' report and Annual Accounts	Comptroller and Auditor General	Schedule 1 of the Assembly Members' Pension Scheme (NI) 2012
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

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 S2 (4b), shall be paid into the Fund out of money appropriated by Act of the Assembly for that purpose.

Members and Office Holders contribute either 7% or 12.5% per cent of their salaries. The default position is 1/40 with a corresponding contribution level of 12.5%. Members may pay the lower contribution rate of 7% by completing paperwork to opt for the lower accrual rate of 1/50.

Following a valuation of the scheme by the Government Actuaries Department in March 2011, the Exchequer Contribution was decreased from 23.3% to 22.6% of Members' and Office Holders' salaries, effective from 1 April 2012. Following the increase in Members contributions in July 2012, the Exchequer contribution was further decreased to 21.6%.

Benefits Payable

The benefits payable were £856,424.

Pensions in payment were increased by 2.7% with effect from 7 April 2014. This reflects a move to increase benefits using the Consumer Prices Index rather than the Retail Prices Index as was the case previously. This is in line with public sector schemes and many private schemes.

The main provisions of the scheme are:

- a. On retirement at age 65, an immediate pension of one fiftieth of final salary for each year of service up to 31 March 2009. From 1 April 2009 one fortieth of final salary for each year of service unless the member opted for the lower contribution rate;
- b. An immediate pension before retirement age subject to certain service restrictions;
- c. An immediate pension on retirement at any time on the grounds of ill health;
- d. An abated pension paid on retirement at any time on attainment of age 55 and completion of not less than 15 years' service;
- e. An actuarially reduced pension paid to all former Members at any time after age 55;
- f. A five-eighths spouse's pension;
- g. Children's pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three-eighths if there are two or more children OR if there is no surviving spouse at the rate of five-sixteenths of the basic or prospective pension of the Member for each eligible child not exceeding two);
- h. A lump sum death gratuity on death in service equal to three times annual salary with provision for more than one nominee;
- i. Transfer of pension rights (into and out of the scheme); and
- j. The opportunity to contribute to an AVC scheme with an outside provider.

Additional Voluntary Contributions (AVCs)

During the 2014 - 2015 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report four members have taken advantage of the facility to pay additional voluntary contributions.

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 £3,709,961 in the Net Assets of the Fund during the period.

Membership Statistics

The membership of the Fund at 31 March 2015 was as follows:

Active Members	Number in Category
Members (at 1 April 2014)	105
Add New Entrants	3
Add Rejoiners	0
Members Opting In	0
Less Retirements in the Period	2
Less Deferred Awards	0
Less Deaths in the Period	1
Less Refund of contributions	0
Total Active Members as at 31 March 2015	105

Deferred Members	Number in Category
Deferred Members (as at 1 April 2014)	39
Add New Deferred Members	0
Less Rejoiners	0
Less Transfers Out	0
Less Deferred Awards Coming into Payment	2
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2015	37

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2014 – Members	62
Pensions in Payment 1 April 2014 - Dependants	12
Add Members Retiring in the Period	4
Less Deaths in the Period	4
Less Spouses Pension Ceased	1
Add New Dependants	5
Pensions in Payment as at 31 March 2015	78

The benefits payable during the year amounted to £856,424. Pensions in payment were increased by 2.7%.

Preparation and Audit of Annual Accounts

Summary of Financial Information

Total Fund at 1 April 2014	£25,775,344	
What Went Into the Fund	£ 2014 - 2015	£ 2013 - 2014
Consolidated Fund Contributions	1,291,117	1,292,863
Contributions from Members/Office Holders	612,293	612,030
Transfers in from other schemes	NIL	38,321
Additional Voluntary Contributions	13,642	13,448
Investment Income	NIL	NIL
Change in Market Value of Investments	2,854,515	1,452,043
Total	£4,772,197	£3,408,705

What Went Out of the Fund		
Benefits Payable	856,424	484,447
Transfers out of the Scheme	NIL	NIL
Administrative Expenses	8,249	8,087
Advisory Fees	8,809	5,248
Actuarial Expenses	78,972	29,117
Investment Management Expenses	106,388	97,003
Interest Payable	NIL	NIL
Miscellaneous	3,394	16,991
Total	£1,062,236	£640,893
Total Fund at 31 March 2015	£29,485,305	

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 2015 including the attached Investment Report and Compliance Statement is approved on behalf of all the Trustees by:



Trevor Lunn MLA
Chairman of the Trustees

Government Actuary's Report

- 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) 2012 (AMPS (NI) 2012). 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. GAD has not been asked to prepare full accounting disclosures in accordance with IAS19.
- B. The AMPS (NI) 2012 is a final salary defined benefit scheme, the rules of which are set out in the Assembly Members' Pension Scheme (Northern Ireland) 2012 and subsequent amendments. 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 2014, with an approximate uprating to 31 March 2015 to reflect known changes.

Membership Data

- D. Tables A to C summarise the principal membership data as at 31 March 2014 and 31 March 2015 used to prepare this statement.

Table A - Active members (MLAs and office holders combined)

31 March 2014			2014/15
Number	Total salaries in membership data (pa) (£ million)	Total accrued pensions (£ million)	Total salaries (£ million)
105	5.86	0.991	5.84

Table B - Deferred members

31 March 2014	
Number	Total deferred pension (pa) (£ million)
36	0.257

Table C - Pension in payment

31 March 2014	
Number	Total deferred pension (pa) (£ million)
75	0.438

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, and the principal financial assumptions applying to the 2014-15 Resource Accounts. The contribution rate for

accruing costs in the year ended 31 March 2015 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2013-14 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 2015 % p.a.	31 March 2014 %p.a.
Gross discount rate	3.3	4.4
Price inflation (CPI)	2.2	2.5
Earning increases (excluding promotional increases)	4.2	4.5
Real discount rate (net of CPI)	1.1	1.9

Demographic Assumptions

- H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2015 are based on those adopted for the 2014 funding valuation of the AMPS (NI) 2012.
- I. The standard mortality tables known as S1NxA are used. Mortality improvements are in accordance with those incorporated in the 2012-based principal population projections for the United Kingdom.
- J. The contribution rate used to determine the accruing cost in 2014-15 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2013-14 Resource Accounts.

Liabilities

- K. Table E summarises the assessed value as at 31 March 2015 of benefits accrued under the scheme prior to 31 March 2015 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 - £ million

	31 March 2015	31 March 2014
Total market value of assets	29.2	25.5
Value of liabilities	40.8	31.5
Surplus/(Deficit)	(11.6)	(6.0)
Funding Level	72%	81%

Pension Cost

- L. The cost of benefits accruing in the year ended 31 March 2015 (the Current Service Cost) is based on a standard contribution rate of 46.4% (including member contributions but excluding

expenses) [2014: 48.4%], as determined at the start of the year. Members accruing benefits at an accrual rate of 1/40th contribute 12.5% of pay, and members accruing benefits at an accrual rate of 1/50th contribute 7% of pay, Table F shows the standard contribution rate used to determine the Current Service Cost for 2013-14 and 2014-15.

Table F – Contribution rate

	Percentage of pensionable pay	
	2014/15	2013/14
Standard contribution rate (excluding expenses)	46.4%	48.4%
Member's contribution rate (average)	10.1%	10.1%
Employer's share of standard contribution rate (excluding expenses)	36.3%	38.3%

- 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 20.6%, 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 1.9% pa for the 2014-15 Current Service Cost (1.80% pa for 2013-14) compared with 3.5% 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. The discount rate for Resource Accounts is set each year by HM Treasury to reflect the requirements of IAS19.
- N. The pensionable payroll for the financial year 2014-15 was £5.84 million [2014: £5.81 million]. Based on this information, the accruing cost of pensions in 2014-15 (at 46.4% [2014: 48.4%] of pay) is assessed to be £2.7 million [2014: £2.8 million]. There is no past service cost and so this is the total pension cost for 2014-15.

James Pepler
Fellow of the Institute and Faculty of Actuaries
Government Actuary's Department

20 May 2015

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 Funding Requirement of the Pensions Act 1995. Accordingly, it is not appropriate for the "MFR" actuarial statement, which is set out in regulations and used by schemes that are subject to MFR provisions, to be adopted for the Northern Ireland Scheme.

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) 2012 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 2015

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.

Asset Class	Active/ Passive	Benchmark %	Control Range %
UK Equity	Active	40.0	30.0 - 50.0
North America Equity	Passive	10.0	5.0 - 15.0
Europe (ex-UK) Equity	Passive	14.0	7.0 - 21.0
Japan Equity	Passive	6.0	3.0 - 9.0
Pacific Basin (ex-Japan) Equity	Passive	8.0	4.0 - 12.0
Emerging Markets	Active	2.0	0.0 - 100.0
Long Dated Corporate Bond	Active	10.0	5.0 - 15.0
Long Term Gilt	Passive	10.0	5.0 - 15.0
Total		100.0	

Investment Distribution/Strategy

The following table provides a breakdown of the Scheme assets at the beginning and end of the period.

Fund	31.03.15 %	31.03.14 %
Recovery	40.7	39.1
North America Equity Passive	10.0	10.2
Europe (ex-UK) Equity Passive	15.8	14.4
Japan Equity Passive	6.5	5.7
Pacific Basin (ex-Japan) Equity Passive	8.0	8.2

Fund	31.03.15 %	31.03.14 %
Emerging Markets	2.0	2.0
Long Dated Corporate Bond	9.7	12.7
Long Term Gilt	7.3	7.7
Total	100.0	100.0

Source: M&G, Bid price basis

The scheme also has a separate holding under PPL 6658 in the M&G Long Dated Corporate Bond Fund.

Review of Investment Markets

Global stock markets recorded solid gains over the 12-month period, boosted by the continuation of accommodative central bank policies and a sharp drop oil prices. The quantitative easing baton passed from the US Federal Reserve to the Bank of Japan and European Central Bank, both of which announced large-scale bond purchase programmes to stimulate growth and stave off deflation.

Japanese equities led the rally as the benefits of a weaker yen started to feed through into company profits. Asset allocation shifts by many public sector funds also supported Japan's stock market. The US recorded strong returns too, helped in part by a rally in the US dollar which rose to a 12-year high. Signs of some green shoots of recovery boosted Eurozone equities, although a depreciation in the value of the euro relative to sterling dampened returns for UK investors somewhat. In contrast, UK equities recorded more modest returns, amid concerns over the outcome of the forthcoming General Election. In addition, the UK market's significant weighting in energy and materials companies weighed on sentiment, as they were undermined by falling commodity prices. The weakness in commodity prices also affected emerging market equities, with commodity-exporters suffering while commodity-importers benefitted.

In the fixed income markets, bond yields fell as the plunge in oil prices added to deflationary pressures, extending the time for which interest rates were expected to remain at their extraordinarily low levels. Across Europe, bond yields hit record lows, with yields on many shorter maturity issues turning negative. Currency movements tended to dominate bond market returns, however, with sterling rallying against the euro but falling against both the US dollar and, to a lesser extent, the Japanese yen. Therefore, for UK investors, US bonds produced the strongest returns, while European and Japanese bonds lagged. UK bonds, especially those with longer maturities, also rallied strongly.

UK commercial property recorded robust returns against the backdrop of increased demand and limited supply. This helped to drive an increase in capital values as well as growing rents. With interest rates remaining very low, property was also boosted by its attraction as a relatively high yielding asset.

Performance

Investment returns as at the year end for the Scheme are shown in the table below. Over the year the scheme delivered a return well below the benchmark. This was because of a shortfall in UK equity fund performance.

Fund	Performance to 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
Northern Ireland Assembly Members Pension Scheme	7.6	8.8	8.0
Composite Scheme Benchmark	14.0	11.9	9.4

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.

Fund	Performance to 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
Long Dated Corporate Bond	21.4	12.0	11.0
iBoxx >15 Years £Non-Gilt Index	2106	11.8	10.7

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 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
Recovery Fund	-6.4	3.3	5.1
FTSE All-Share Index	6.6	10.6	8.3
Emerging Markets Fund	6.3	2.8	2.1
MSCI Emerging Markets Free Index	13.2	3.2	2.5

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 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
North America Equity Passive Fund	25.2	18.2	13.9
FTSE World North America Index	25.1	18.1	14.0
Europe ex-UK Equity Passive Fund	7.3	13.7	6.8
FTSE World Europe (ex-UK) Index	7.5	14.1	7.2
Japan Equity Passive Fund	26.8	12.8	6.7

Fund	Performance to 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
FTSE Japan Index	27.1	12.7	6.7
Pacific Basin ex-Japan Equity Passive Fund	12.5	7.7	6.5
FTSE World Asia Pacific ex-Japan Index	12.7	7.8	6.5

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 31/3/15 (Annualised) %		
	1 year	3 years	5 years
Benchmark			
Long Term Gilt Fund	26.8	9.9	11.6
FTSE A UK Govt. >15 Years Gilt Index	27.0	10.0	11.08

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 Recovery Fund seeks to invest in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. The fund invests primarily in the shares of UK listed companies, but can also invest a limited amount in the shares of overseas companies and UK government bonds. The fund is actively managed against its benchmark, the FTSE All-Share Index.
- The fund fell by 6.4% over the 12 months under review, lagging its benchmark which rose by 6.6%. While UK equities rallied over the period, they tended to lag many other developed equity markets: the collapse in oil prices, as well as that of many industrial metals, dampened returns due to the market's significant exposure to resource-related companies. Uncertainty ahead of the forthcoming General Election also weighed on investor sentiment.
- Weakness in a number of holdings in the oil & gas and basic materials sectors was detrimental to performance, with Tullow Oil, Indus Gas, African Minerals and Kenmare Resources among the largest detractors. In the information technology sector, Quindell also cost some performance. However, holdings of healthcare stocks added value, with Oxford Biomedica, GW Pharmaceuticals and BTG rallying strongly.
- The Emerging Markets Fund invests in emerging market countries. It is actively managed aiming to maximise long-term returns. Performance is compared to the MSCI Emerging Markets Index. The fund's approach takes advantage of the market's inefficiency in valuing change and quality. The fund managers use analysis to identify attractively valued companies that are able to grow profitably and generate sustainable returns.
- The fund rose by 6.3% over the 12 months under review, lagging its benchmark which returned 13.2%. Emerging markets rallied overall, boosted by easing geopolitical risks, continued accommodative monetary policies and hopes of reform. However, returns from individual markets were mixed. While equity markets in China and India rose sharply, those in commodity exporting countries, like Brazil and Russia, recorded significant declines.
- Brazilian insurance broker Brasil Insurance was the largest detractor following disappointing results. Not holding a number of outperforming Chinese stocks also held back relative outperformance, as did certain positions in Russia, including lender Sberbank and

hypermarket chain O'Key. Meanwhile, Indian stocks helped to boost the fund's return, with home loan provider Indiabulls Housing Finance, non-state-owned lender Axis Bank and business solutions firm Genpact among the top contributors.

- The 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 performance benchmark of the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and derivatives (such as options and swaps) together with limited amounts of non sterling and high yield corporate bonds where this may prove beneficial in the shorter term.
- The fund rose by 21.4% over the 12 months under review, slightly lagging its benchmark which returned 21.6%. Corporate bonds overcame heavy levels of new supply to produce strong returns, supported by accommodative central bank policies. The collapse in oil prices also helped since it dampened inflation expectations and extended the period for which interest rates were expected to remain at extraordinarily low levels.
- The fund's modestly short duration positioning cost some performance as the corporate bond market rallied sharply over the 12-month review period. However, this was partly offset by positive security selection which boosted returns. In addition, a holding in US dollar-denominated credit added value in the first quarter of 2015.
- The North America Equity Passive Fund invests in shares of North American companies. The fund is passively managed, tracking movements in its benchmark FTSE World North America Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The Europe Equity Passive Fund invests in shares of European companies outside the UK. The fund is passively managed tracking movements in its benchmark FTSE World Europe (ex-UK) Index. Tracking is achieved by the fund replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The Japan Equity Passive Fund invests in shares of Japanese companies. The fund is passively managed, tracking movements in its benchmark FTSE Japan Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The Pacific Basin ex-Japan Equity Passive Fund invests in shares of companies around the Pacific Basin excluding Japan. The fund is passively managed tracking movements in its benchmark FTSE World Asia Pacific ex-Japan Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The Long Term Gilt Fund invests in British Government Gilts with over 15 years to maturity. The fund is passively managed, tracking movements in its benchmark 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 Assembly Members' Pension Scheme (NI) 2012 requires the Trustees of the Assembly Members' Pension Scheme to prepare accounts in such a form and in such a manner as the Comptroller and Auditor General may direct.

The financial statements for the year ended 31 March 2015 were prepared on an accruals basis to give a true and fair view of the financial transactions of the Fund during the year then ended, and of the disposition at 31 March 2015 of its assets and liabilities, other than liabilities to pay benefits after the Fund year end.

In preparing those financial statements, the Trustees were required to:

- Observe the accounts direction issued by the Comptroller and Auditor General, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates that were reasonable and prudent;
- State whether applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis, on the presumption that the Assembly Members' Pension Scheme (Northern Ireland) 2012 will continue in operation.

The Trustees are responsible for the keeping of proper accounting records, for ensuring that proper financial procedures are followed and for ensuring that the accounting records are capable of producing statements which comply with the requirements of the Assembly Members' Pension Scheme Rules.

The Trustees are also responsible for the regularity and propriety of public finances provided by the Exchequer Contribution, for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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) 2012 (AMPS (NI) 2012).

The AMPS (NI) 2012 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. Until 1 October 2013 this arrangement was covered by a Memorandum of Understanding between the Northern Ireland Assembly Commission and the Trustees. On 1 October 2013 the memorandum was replaced by an Administration Agreement. The Administration Agreement details the services to be provided to the Trustees of the Assembly Members' Pension Scheme by Commission staff.

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

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) 2012.

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 xx within the Annual Report.

The following Members were appointed as Trustees by resolution of the Assembly on 28 June 2011:

Role	Name	Percentage of Regular Meetings Attended
Chair	Mr Trevor Lunn MLA	100%
Member	Mr Mickey Brady MLA	75%
Member	Mr John Dallat MLA	100%
Member	Mr Ross Hussey MLA	50%
Member	Mr Jim Wells MLA	100%

Mr Lunn was elected as Chairman of the Trustees during a Trustee's meeting in September 2011.

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) 2012 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) 2012 for the year ended 31 March 2015 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 Office 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.

Review of effectiveness

The Northern Ireland Assembly is subject to review by an Internal Audit unit, which operates to standards defined in the Government Internal Audit Manual. 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.

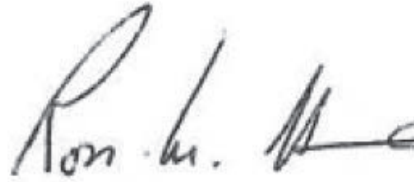
Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external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

An Internal Audit review of the Pension Scheme was carried out in November 2012 and Audit concluded that the controls established by management are adequate to ensure that business objectives can be met. A satisfactory level of assurance has been awarded.

Approved on behalf of the Trustees on 28 April 2015 by:



Trevor Lunn MLA
Chairman of the Trustees



Ross Hussey MLA
Trustee

Certificate and Report of the Comptroller and Auditor General

Northern Ireland Assembly Members' Pension Fund 2014-15

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

I certify that I have audited the financial statements of the Northern Ireland Assembly Members Pension Fund for the year ended 31 March 2015 under Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2012. These 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.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Assembly Members' Pension Scheme (Northern Ireland) 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Audit Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining 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. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees and the overall presentation of the financial statements. In addition I read all the financial and non financial information in the Trustees' Report, the Statement of Trustees' Responsibilities and the Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported 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.

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 conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Fund's affairs as at 31 March 2015, 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

- the financial statements have been properly prepared in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2012 and directions issued thereunder.

Opinion on other matters

In my opinion:

- The information given in the Trustee's Report, Report of the Actuary and Investment Managers Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Statement about Contributions Payable

In my opinion, the contributions payable to the Fund during the year ended 31 March 2015 have in all material respects been paid in accordance with the rules of the Scheme and with the recommendations of the Actuary.

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 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 Department of Finance and Personnel'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

16 February 2016

The Financial Statements

Fund Account for the year to 31 March 2015

	Note	2014-2015	2013-2014
CONTRIBUTIONS & BENEFITS			
Contributions receivable	3	1,917,682	1,918,341
Individual transfers in from other schemes		NIL	38,321
		1,917,682	1,956,662
Individual transfers paid to other schemes		NIL	NIL
Benefits	4	(856,424)	(487,447)
Other Payments	5	(3,394)	(16,991)
Administrative Expenses	6	(96,030)	(42,452)
		(955,848)	(543,890)
Net additions from dealings with members		961,834	1,412,772
Returns on Investments			
Changes in market value of investments	7	2,854,515	1,452,043
Investment management expenses	9	(106,388)	(97,003)
Net Returns on Investments		2,748,127	1,355,040
Net Increase/(Decrease) in Fund During the Period		3,709,961	2,767,812
Net Assets of the Fund at 1 April		25,775,344	23,007,532
At 31 March		29,485,305	25,775,344

The notes on pages 24 to 27 form part of these accounts.

Net Assets Statement as at 31 March 2015

		£	£
	Note	2014-2015	2013-2014
Investments			
Managed Funds	7	29,183,884	25,512,751
AVC Investment	7	304,603	256,006
Net current asset / (liabilities)	10	(3,182)	(6,587)
Net Assets of the Fund as at 31 March 2015		29,485,305	25,775,344

The notes on pages 24 to 27 form part of these accounts.

These financial statements were approved on behalf of the trustees on 3 February 2016 by:



Trevor Lunn MLA
Chairman of the Trustees



Ross Hussey MLA
Trustee

Notes to the Financial Statements

Basis of preparation 1 The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised May 2007) Financial Reports of Pension Schemes issued in July 1996, 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 2015 and these financial statements should be read in conjunction with that report.

Accounting policies 2 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; and
- All other expenditure is accounted for in the period to which it relates.

Contributions Receivable	3		2014-2015	2013-2014
			£	£
		Exchequer Contributions:		
		Normal	1,291,117	1,292,863
		Members Contributions:		
		Normal	612,923	612,030
		Additional Voluntary Contributions (AVCs)	13,642	13,448
			1,917,682	1,918,341

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

Benefits Payable	4	2014-2015 £	2014-2015 £	
		Pensions	484,773	434,578
		Lump sum payable on retirement	227,773	49,869
		Lump sum payable at age 75	NIL	NIL
		Lump sum payable on death	144,000	NIL
		AVC lump sum payable on retirement	NIL	NIL
			856,424	484,447
Other Payments	5	2014-2015 £	2014-2015 £	
		Consultancy Fees	295	16,991
		Contribution Refund	3,099	NIL
			3,394	16,991
Administrative Expenses	6	2014-2015 £	2014-2015 £	
		Actuarial Fees	78,972	29,117
		Administration Costs	8,249	8,087
		Advisory Fees	8,809	5,248
	96,030	42,452		

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 £38,226 for the 2014-15 financial year (cost of service for 2013-14 was £41,971)

The notional cost of the work performed by the Northern Ireland Audit Office for 2014-15 was £5,000 (comparative figure for 2013-14 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.

Investments 7

	Value at 31 March 2014 £	Purchases at cost £	Sales £	Retire- ments Benefits Paid £	Change in Market Value £	Manage- ment Charges £	Value at 31 March 2015 £
M&G Main Fund	22,042,462	503,920	-51,000	NIL	1,922,545	93,900	24,324,027
M&G - Bond	3,470,289	503,920	NIL	NIL	898,136	12,488	4,859,857
AVC In- vestments	256,006	14,763	NIL	NIL	33,834	NIL	304,603
	25,768,757	1,022,603	-51,000	NIL	2,854,515	106,388	29,488,487

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.

Additional
Voluntary
Contributions
(AVCs)

8 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. At 31 March 2015 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.

Investment
Management
Expenses

9 The management fee paid to M&G Investments Ltd was £106,388 (fee for 2013-14 was £97,003). 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.

Net Current Assets / (Liabilities)	10	Current Assets	2014-2015	2014-2015
			£	£
		Contribution & Benefits		
		Contributions Due	1,121	2,241
		Balance at bank	14,726	23,001
		Prepayments	NIL	414
		Sundry Debtors	NIL	NIL
			<u>15,847</u>	<u>25,656</u>
		Current Liabilities		
		Pension Arrears due	(2,875)	(1,126)
		Other Creditors	(3,099)	NIL
		Administrative expenses		
		Other Advisory Fees	(3,319)	(300)
		Actuarial Fees	(8,356)	(16,862)
		Other Expenses	(180)	(181)
		Administration Fees	(1,200)	(600)
	<u>(19,029)</u>	<u>(19,068)</u>		
	<u>Net current assets/(liabilities)</u>	<u>(3,182)</u>	<u>6,587</u>	
Related party transactions	11	None of the Trustees, key management staff or any other related party has undertaken any material transactions with the Fund during the year.		

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.

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

Preparation of Annual Accounts

Paragraph 5 of Schedule 1 of the Assembly Members' Pension Scheme (NI) 2012 requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General. 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 16.



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