



Northern Ireland
Assembly

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

NIA 2 / 17-22

Period 1 April 2016 to 31 March 2017

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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.

On the introduction of the new scheme in May 2016, the consolidated fund contribution was reduced from 20.6% to 14.4% of salaries.

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 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 2016 to 31 March 2017. 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 (appointed 25 January 2017)
 Mr John Dallat MLA (retired 12 May 2016)
 Mr Ross Hussey (resigned 23 January 2017)
 Mr Richie McPhillips (appointed on 24 October 2016, ceased to be a Trustee on 6 September 2017)
 Ms Caitríona Ruane (resigned 20 October 2017)
 Mr Jim Wells MLA

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

One regular meeting and one closed meeting were held during the period ending 31 March 2017.

Other Parties Appointed in Connection with the Fund as at 31 March 2017

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
Legal Advice	Assembly Legal Services (Constitutional & Institutional Advice Only) Eversheds LLP	Trustees

Responsibility	Name	Appointed By
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% (7% 2015-16) or 12.5% per cent of their salaries depending on their choice of accrual rates.

Following a valuation of the scheme by the Government Actuaries Department in March 2014, the Exchequer Contribution was decreased from 21.6% to 20.6% of Members' and Office Holders' salaries, effective from 1 April 2015.

Following the introduction of the new scheme the Exchequer Contribution was further reduced to 14.4% effective from 6 May 2016. This is currently under review.

Benefits Payable

The benefits payable were £1,114,787.

Benefits are uprated in line with the Consumer Prices Index in line with public sector schemes and many private schemes. As CPI was negative in September 2015, there was no increase to pensions in payment from 6 April 2016. Benefits continued to be paid at current cash levels.

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 2016 - 2017 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. One member left the scheme at the May 2016 Election and two members at the March 2017 Election, leaving one member in the AVC scheme.

With the introduction of the new scheme, the IFRP closed the AVC scheme 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 £6,894,277 in the Net Assets of the Fund during the period.

The assessed value as at 31 March 2017 of benefits accrued under the scheme prior to 31 March 2017 show that the deficit was £19.1m (£11.8m 2015-16). The Exchequer Contribution is currently under review.

Post Balance Sheet Events

There have been no post balance sheet events.

Membership Statistics

The membership of the Fund at 31 March 2017 was as follows:

Active Members	Number in Category
Members (at 1 April 2016)	97
Add New Entrants	36
Add Rejoiners	3
Less Retirements in the Period	(10)
Less Deferred Awards	(32)
Less Refund of contributions	(2)
Total Active Members as at 31 March 2017	92

Deferred Members	Number in Category
Deferred Members (as at 1 April 2016)	39
Add New Deferred Members	32
Less Rejoiners	(3)
Less Deferred Awards Coming into Payment	(4)
Total Deferred Members as at 31 March 2017	64

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2016 - Members	76
Pensions in Payment 1 April 2016 - Dependants	15
Add Members Retiring in the Period	10
Add Deferred Members Retiring	4
Less Deaths in the Period	(2)
Add New Dependants	2
Pensions in Payment as at 31 March 2017	105

The benefits payable during the year amounted to £1,114,787. There was no inflationary increase in pensions in payment this year; they remained at the same level as last year.

The 10 Members Retiring in the period includes 4 members whose pension benefits have not been included in the Fund Account due to non-submission of pension options.

Preparation and Audit of Annual Accounts

Summary of Financial Information

Total Fund at 1 April 2016	£28,411,708	£29,485,305
	£	£
What Went Into the Fund	2016 - 2017	2015 - 2016
Consolidated Fund Contributions	817,216	1,225,998
Contributions from Members/Office Holders	515,226	599,875
Transfers in from other schemes	7,623	15,716
Additional Voluntary Contributions	9,016	14,715
Investment Income	-	-
Change in Market Value of Investments	6,806,199	(1,241,769)
Total	£8,155,280	£614,535

What Went Out of the Fund		
Benefits Payable	1,114,787	1,415,302
Transfers out of the Scheme	35,712	46,334
Administrative Expenses	12,005	16,835
Advisory Fees	6,680	32,681
Actuarial Expenses	30,999	61,036
Investment Management Expenses	54,530	111,989
Interest Payable	-	-
Miscellaneous	6,290	3,955
Total	£1,261,003	£1,688,132
Total Fund at 31 March 2017	£35,305,985	£28,411,708

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 2017 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

This is an extract from a full report prepared for the Trustees by the Government Actuary's Department, dated 26 April 2017.

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. GAD has not been asked to prepare full accounting disclosures in accordance with IAS19.
- 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 2014, with an approximate uprating to 31 March 2017 to reflect known changes.

Membership Data

- D. Tables A to C summarise the principal membership data as at 31 March 2014, 31 March 2015, 31 March 2016 and 31 March 2017 used to prepare this statement.

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

31 March 2014			2014 - 2015	2015 - 2016	2016 - 2017
Number	Total salaries in membership data (pa)	Total accrued pensions	Total salaries	Total salaries	Total salaries
(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
108	6.01	0.991	5.84	5.95	5.51

Table B - Deferred Members

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

Table C - Pensions in payment

31 March 2014	
Number	Total 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 on any final salary benefits, and the principal financial assumptions applying to the 2016-17 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2017 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2015-16 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 2017	31 March 2016
	(% pa)	(% pa)
Gross discount rate	2.65	3.55
Price inflation (CPI)	2.35	2.2
Earning increases (excluding promotional increases)	4.35	4.2
Real discount rate (net of CPI)	0.3	1.3

Demographic Assumptions

- H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2017 are based on those adopted for the 2014 funding valuation of the AMPS (NI) 2016.
- I. The standard mortality tables known as S1NxA are used. Mortality improvements are in accordance with those incorporated in the 2014-based principal population projections for the United Kingdom.
- J. The contribution rate used to determine the accruing cost in 2016-17 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2015-16 Resource Accounts.

Liabilities

- K. Table E summarises the assessed value as at 31 March 2017 of benefits accrued under the scheme prior to 31 March 2017 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 2017	31 March 2016
	(£ million)	
Total market value of assets	35.1	28.3
Value of liabilities	54.2	41.1
Surplus/(Deficit)	(19.1)	(11.8)
Funding Level	65%	69%

Pension Cost

- L. The cost of benefits accruing in the year ended 31 March 2017 (the Current Service Cost) is based on a standard contribution rate of 40.0% (including member contributions but excluding expenses) [2016: 56.1%], 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 2015-16 and 2016-17.

Table F - Contribution Rate

	Percentage of pensionable pay	
	2016 - 2017	2015 - 2016
Standard contribution rate (excluding expenses)	40.0%	56.1%
Members' contribution rate (average)	9.3%	10.1%
Employer's share of standard contribution rate (excluding expenses)	30.7%	46.0%

- 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 1.3% pa for the 2016-17 Current Service Cost (1.1% pa for 2015-16) 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.
- N. The pensionable payroll for the financial year 2016-17 was £5.51 million [2016: £5.95 million]. Based on this information, the accruing cost of pensions in 2016-17 (at 40.0% [2016: 56.1%] of pay) is assessed to be £2.2 million [2016: £3.3 million]. There is no past service cost and so this is the total pension cost for 2016-17.

Daniel Selby
Fellow of the Institute and Faculty of Actuaries
26 April 2017
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 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) 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 2017

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. (Source: M&G, Bid price basis)

Asset Distribution by Fund	31.03.17 %	31.03.16 %
UK Equity Passive	40.9	0.0
Recovery	0.0	39.6
North America Equity Passive	9.9	10.4
Europe (ex-UK) Equity Passive	15.5	15.1
Japan Equity Passive	5.9	5.7
Pacific Basin (ex-Japan) Equity Passive	8.4	8.5
Global Emerging Markets	2.0	2.2
Long Dated Corporate Bond	9.8	10.5
Long Term Gilt Passive	7.6	8.0
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)	31.03.17 %	31.03.16 %
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 rallied strongly over the 12-month period, overcoming rising political risk and the UK's decision to leave the EU. The catalyst for the rally was Donald Trump's surprise victory in the US presidential election, which bolstered the outlook for company profits amid expectations that the new administration would lower taxes, increase government spending and loosen regulation. Rising oil and other commodity prices also boosted sentiment.

As the period progressed, there was evidence that economic growth was strengthening and inflation was picking up. As widely expected, the US Federal Reserve raised interest rates twice, first in December 2016 and again in March 2017. In contrast, the Bank of England cut interest rates and announced a £70 billion bond-buying programme to help the economy weather the uncertainty that followed the EU referendum result. Elsewhere, central banks tended to maintain their stimulus measures.

Most equity markets recorded double-digit returns, with US, Asian and Emerging Markets equities the strongest performers as currency appreciation versus sterling buoyed the returns of overseas assets for UK investors. Companies in growth-oriented sectors performed the best, while those in defensive sectors delivered more modest gains.

It was a volatile period for global bonds, with yields falling to record lows in the wake of the referendum on EU membership before rising once more amid signs of improving global growth and rising inflation. In the US, the 10-year Treasury yield touched a peak of 2.6%, a level last seen in the autumn of 2015, on fears that stronger growth would lead to an accelerated path of interest rate increases. Yields on Eurozone bonds also rose, albeit more modestly than in the US. However, UK bond yields fell as the market was supported by lower interest rates and ongoing concerns about the longer term effect of Brexit on the UK economy.

After a setback following the referendum on EU membership, UK commercial property recovered in the final six months of the 12-month period, as the fall in sterling attracted strong overseas demand. Industrials 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 31/3/17 (Annualised) %		
	1 year	3 years	5 years
Northern Ireland Assembly Members Pension Scheme	25.4	8.6	8.9
Benchmark			
Composite Scheme Benchmark	24.7	11.6	11.3

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 31/3/17 (Annualised) %		
	1 year	3 years	5 years
M&G PP Episode Allocation Fund	18.7	n/a	n/a
Benchmark			
1 Month Libor +5% p.a.	5.4	n/a	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.

Fund	Performance to 31/3/17 (Annualised) %		
	1 year	3 years	5 years
M&G PP Long Dated Corporate Bond	17.5	12.3	10.4
Benchmark			
iBoxx £ >15 Years Non-Gilt Index	15.7	11.6	9.8

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 31/3/17 (Annualised) %		
	1 year	3 years	5 years
M&G PP Global Emerging Markets Fund	39.9	10.9	6.9
Benchmark			
MSCI Emerging Markets Index	35.2	11.8	6.2

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 31/3/17 (Annualised) %		
	1 year	3 years	5 years
M&G PP UK Equity Passive Fund	22.0	7.7	9.7
Benchmark FTSE All-Share Index	22.0	7.7	9.7
M&G PP North America Equity Passive Fund	35.3	20.7	18.3
Benchmark FTSE World North America Index	35.0	20.5	18.2
M&G PP Europe ex-UK Equity Passive Fund	27.5	9.2	12.3
Benchmark FTSE World Europe (ex-UK) Index	27.9	9.6	12.8
M&G PP Japan Equity Passive Fund	33.5	17.5	12.9
Benchmark FTSE Japan Index	32.8	17.8	12.9
M&G PP Pacific Basin ex-Japan Equity Passive Fund	36.6	13.3	10.1
Benchmark FTSE World Asia Pacific ex-Japan Index	36.5	13.3	10.1

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 31/3/17 (Annualised) %		
	1 year	3 years	5 years
M&G PP Long Term Gilt Passive Fund	12.2	13.9	9.1
Benchmark			
FTSE Actuaries UK Conventional Gilts over 15 Years Index	12.3	14.0	9.2

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 seeks to deliver its performance through active asset allocation within and between a diversified, global range of asset classes. This is achieved by taking advantage of “episodes” where assets are mispriced as a result of investor emotion and are expected to revert to their true value over the short or medium term. Investments are made at an index or sector level and currency exposures are also actively managed.
- The fund recorded a return of 18.7% over the 12 months under review, ahead of its comparator which rose by 5.4%. Both global equities and global bonds ended a volatile year with strong returns, as returns on overseas assets for UK investors were boosted by the sharp fall in sterling following the EU referendum result. On balance, equities outperformed bonds as the surprise US election result was expected to result in a more pro-growth policy stance, higher inflation and an accelerated path of interest rate increases.
- Holdings of bonds added considerable value, particularly bonds issued by miners and Brazilian sovereign bonds. Positions in equities were also beneficial, with holdings in the UK, US, Europe and Asia boosting performance along with an exposure to banks. A holding in the M&G Global Convertibles Fund lifted returns, but the M&G Property Portfolio cost some performance as the property sector was undermined by uncertainty following the UK referendum result.
- 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 39.9% over the 12 months under review, ahead of its benchmark which returned 35.2%. Emerging market equities delivered robust returns over the 12-month period, with currency appreciation versus sterling further boosting the performance for UK investors. Optimism over the health of the global economy helped investors overcome concerns about higher US interest rates and the new US administration’s perceived protectionist stance.
- Stock selection in South Korea added the most value, with semiconductor SK Hynix boosted by higher demand and prices, while encouraging results lifted bank Hana Financial. Elsewhere, South African mining equipment supplier Barloworld benefitted from higher commodity prices and Indian power producer CESC was buoyed by good results and optimism over restructuring. However, stock selection in China cost some performance, with control device maker HollySys Automation Technologies and internet search firm Baidu among the largest detractors.
- 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 17.5% over the 12 months under review, ahead of its benchmark which returned 15.7%. Corporate bonds posted strong returns over the 12-month period under review as credit spreads tightened, helped by the perceived pro-growth stance of the new US administration. UK bonds tended to outperform those in other markets, although, for UK investors, returns from overseas assets were lifted by a sharp fall in sterling in the wake of the EU referendum result.
- Off-benchmark positions in US dollar- and euro-denominated corporate bonds performed strongly. In addition, the fund benefitted from being overweight financials, where it continued to favour the subordinated debt of insurers. Positive stock selection also added value, including a holding in Tesco Property Finance. While being underweight duration cost some performance when yields fell sharply following the referendum result, it added value when yields rose in the final quarter of 2016.
- 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 financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are 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 supervising the preparation of the financial statements and 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 (appointed 25 January 2017)	n/a
Member	Mr John Dallat MLA (retired 12 May 2016)	n/a
Member	Mr Ross Hussey (resigned 23 Jan 2017)	100%
Member	Mr Richie McPhillips (ceased 6 September 2017)	100%
Member	Ms Caitriona Ruane (resigned 20 October 2017)	100%
Member	Mr Jim Wells MLA	100%

Mr McPhillips was appointed on 24 October 2016 and 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 2017 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.

During the period of this report, only one Pension Trustee Meeting was held due to multiple Elections being held in the year. The Trustees are content that the governance measures in place are sufficient to ensure that there was no material risk to the Scheme.

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.

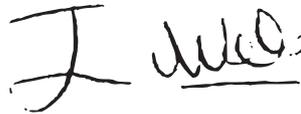
Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external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

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 2017 by:



Trevor Lunn MLA
Chairman of the Trustees



Jim Wells MLA
Trustee

Northern Ireland Assembly Members' Pension Fund 2016-17

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 2017 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.

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) 2016. 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 Practice 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 Northern Ireland Assembly Members' Pension 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 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 Assembly Members' Pension Fund's affairs as at 31 March 2017 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

- the financial statements have been properly prepared in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2016 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 Northern Ireland Assembly Members Pension Fund during the year ended 31 March 2017 have in all material respects been paid in accordance with the rules of the scheme and 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

Date: 27 October 2017

Financial Statements

Fund Account for the year to 31 March 2017

	Note	£ 2016 - 2017	£ 2015 - 2016
Contributions and Benefits			
Contributions receivable	3	1,341,458	1,840,588
Individual transfers in from other schemes		7,623	15,716
		1,349,081	1,856,304
Individual Transfers paid to other schemes		(35,712)	(46,334)
Benefits payable	4	(1,114,787)	(1,415,302)
Other Payments	5	(6,290)	(3,955)
Administrative expenses	6	(49,684)	(110,552)
		(1,206,473)	(1,576,143)
Net additions from dealings with members		142,608	280,161
Returns on Investments			
Change in market value of investments	7	6,806,199	(1,241,769)
Investment management expenses	9	(54,530)	(111,989)
Net returns on Investments		6,751,669	(1,353,758)
Net Increase/(decrease) in the Fund During the period		6,894,277	(1,073,597)
Net Assets of the Fund at 1 April		28,411,708	29,485,305
At 31 March		35,305,985	28,411,708

Net Assets Statement as at 31 March 2017

	Note	£ 2016 - 2017	£ 2015 - 2016
Investments			
Managed Fund	7	34,740,611	28,363,275
AVC Investment	7	348,515	311,213
Net current (liabilities) / assets	10	216,859	(262,780)
Net Assets of the Fund as at 31 March 2017		35,305,985	28,411,708

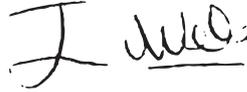
The notes on pages 26 to 29 form part of these accounts.

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 2017 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 2017 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

	2016 - 17 £	2015 - 16 £
Exchequer contributions:		
Normal	817,216	1,225,998
Members' contributions:		
Normal	515,226	599,875
Additional Voluntary contributions (AVCs)	9,016	14,715
	1,341,458	1,840,588

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

4 Benefits payable

	2016 - 17	2015 - 16
	£	£
Pensions	693,648	527,414
Lump sum payable on retirement	398,149	887,888
Lump sum payable at age 75	NIL	NIL
Lump sum payable on death	NIL	NIL
AVC lump sum payable on retirement	22,990	NIL
	1,114,787	1,415,302

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 were four members who had not exercised their option before year end and therefore are not included within the benefits payable figure.

5 Other payments

	2016 - 17	2015 - 16
	£	£
Consultancy Fees	295	985
Contribution Refund	5,995	2,970
	6,290	3,955

6 Administrative expenses

	2016 - 17	2015 - 16
	£	£
Actuarial fees	30,999	61,036
Administration Costs	12,005	16,835
Advisory Fees	6,680	32,681
	49,684	110,552

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 £41,526 for the 2016-17 financial year (cost of service for 2015-16 was £40,401).

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 £4,492 for the 16-17 financial year.

The notional cost of the work performed by the Northern Ireland Audit Office for 2016-17 was £5,000 (comparative figure for 2015-16 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 2016 £	Purchases at cost £	Sales £	Retirements Benefits Paid £	Change in Market Value £	Management Charges £	Value at 31 March 2017 £
M&G Main Fund	22,977,854	Nil	(714,401)	Nil	5,743,920	(33,515)	27,973,858
M&G – Bond	5,385,421	390,223	Nil	Nil	1,012,124	(21,015)	6,766,753
AVC Investments	311,213	10,136	Nil	(22,990)	50,155	Nil	348,514
	28,674,488	400,359	(714,401)	(22,990)	6,806,199	(54,530)	35,089,125

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 2017 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 £54,530 (fee for 2015-16 was £111,989). The reduction in management fees reflects a move from active to passive fund management. 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)

	2016 - 2017	2015 - 2016
	£	£
Current assets		
Contributions and benefits:		
Contributions due	13,255	2,145
Balance at bank	319,175	22,322
Prepayments	Nil	Nil
Sundry Debtors	Nil	Nil
	332,430	24,467
Current liabilities		
Pension Arrears due	(111,160)	(220,594)
Other Creditors	Nil	Nil
Administrative expenses:		
Other Advisory Fees	(2,057)	(26,564)
Actuarial fees	(1,224)	(31,509)
Other Expenses	(180)	(180)
Administration Fees	(950)	(8,400)
	(115,571)	(287,247)
Net current assets / (liabilities)	216,859	(262,780)

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. Post Balance Sheet Events

There have been no post balance sheet events.

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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