



Northern Ireland
Assembly

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

NIA 249/11-16

Period 1 April 2013 to 31 March 2014

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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 2013 to 31 March 2014. 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 2014.

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 404, Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Tel: 028 9037 8313
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 £484,447.

Pensions in payment were increased by 2.2% with effect from 8 April 2013. 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 2013 - 2014 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 £2,767,812 in the Net Assets of the Fund during the period.

Membership Statistics

The membership of the Fund at 31 March 2014 was as follows:

Active Members	Number in Category
Members (at 1 April 2013)	105
Add New Entrants	2
Add Rejoiners	0
Members Opting In	0
Less Retirements in the Period	0
Less Deferred Awards	2
Less Deaths in the Period	0
Less Refund of contributions	0
Total Active Members as at 31 March 2014	105

Deferred Members	Number in Category
Deferred Members (as at 1 April 2013)	40
Add New Deferred Members	2
Less Rejoiners	0
Less Transfers Out	0
Less Deferred Awards Coming into Payment	3
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2014	39

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2013 – Members	61
Pensions in Payment 1 April 2013 - Dependants	13
Add Members Retiring in the Period	2
Less Deaths in the Period	1
Less Spouses Pension Ceased	1
Add New Dependants	0
Pensions in Payment as at 31 March 2014	74

The benefits payable during the year amounted to £484,447. Pensions in payment were increased by 2.2%.

Preparation and Audit of Annual Accounts

Summary of Financial Information

Total Fund at 1 April 2013	£23,007,532	
	£	£
What Went Into the Fund	2013 - 2014	2012 - 2013
Consolidated Fund Contributions	1,292,863	1,179,038
Contributions from Members/Office Holders	612,030	587,664
Transfers in from other schemes	38,321	514,776
Additional Voluntary Contributions	13,448	12,126
Investment Income	NIL	NIL
Change in Market Value of Investments	1,452,043	2,483,126
Total	£3,408,705	£4,776,730

What Went Out of the Fund		
Benefits Payable	484,447	516,799
Transfers out of the Scheme	NIL	NIL
Administrative Expenses	8,087	7,942
Advisory Fees	5,248	7,245
Actuarial Expenses	29,117	39,422
Investment Management Expenses	97,003	81,503
Interest Payable	NIL	NIL
Miscellaneous	16,991	NIL
Total	£640,893	£652,911
Total Fund at 31 March 2014	£25,775,344	

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 2014 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

The Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2012 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. The assumptions adopted for the assessment are the responsibility of the Trustees, having regard to both the Government's Financial Reporting Manual (FRoM) and advice from the actuary.

A. Status of Assembly

The Assembly Members' Pension Scheme (NI) 2012 (denoted as AMPS (NI) 2012) provides benefits for Members and Office Holders of the Northern Ireland Assembly. For the whole of the accounting year 2013/2014 (and for the previous year), the Assembly was carrying out its normal functions, and benefits were accruing on full salary. (The Assembly has been suspended from its normal operations on three previous occasions.)

B. Data

At the end of the accounting year 31 March 2014, there were 105 members accruing benefits under the AMPS (NI) 2012. Pensionable payroll for the financial year 2013/2014 was approximately £5.8 million. There were 74 pensions in payment as at 31 March 2014. In addition, there were 40 former members of the Assembly entitled to deferred benefits at the accounting date.

C. Results

The capitalised value as at 31 March 2014 of expected future payments under the AMPS (NI) 2012, for benefits accrued in respect of service prior to 31 March 2014, has been assessed using the methodology and assumptions set out in Sections E and F below. The results are as follows:

	£ Million
Value of Liabilities	31.5
Market Value of Assets	25.5
Shortfall of Assets to Liabilities	6.0
Funding Level	81%

D. Accruing costs

The cost of benefits accruing for each year of service is met partly by a specified contribution from members (these are 7% of pay for members on the lower accrual rate of 50ths, and 12.5% of pay for members on the higher accrual rate of 40ths). The average member contribution rate during 2013/2014 was 10.1% of pay. The Consolidated Fund meets the balance of the cost of the benefits. The total cost of benefits accruing in the year 2013/2014 has been assessed using the methodology set out in Section E below and the actuarial assumptions applicable at the end of the previous financial year (see Section F). The costs, expressed as a percentage of the pensionable pay used for accruing benefits, are as follows:

	% of Pensionable Pay
Standard Contribution Rate (including expenses)	49.4%
Members' Contribution Rate (average)	10.1%
Employer's share of standard cost (including expenses)	39.3%

Based on the estimated pensionable salary role of £5.81 million for the scheme year 2013-14, the standard contribution rate of 49.4% of pensionable pay is equivalent to a cost of approximately £2.9 million. In IAS19 the standard contribution rate is referred to as the current service cost.

Members' benefits are increased annually in line with inflation after leaving service.

The actual standard contribution rate paid by the employer during 2013/14 was 21.6% of pensionable salary (including 1% to cover the expense of running the Scheme). This rate is lower than the cost of the accruing benefits shown above because the employer's contributions are assessed by reference to the long term view of real investment yields on the assets held by AMPS (NI) 2012, whereas the accruing annual cost disclosed for accounts purposes is based on current market yields on corporate bonds. At the start of the 2013/14 accounts year, the current market yield was lower than the expected long term real yield (viz 1.8% as against 3.5%) and this results in a higher contribution rate being disclosed in the Scheme's accounts.

E. Methodology

The value of the liabilities has been obtained using the projected unit method, with allowance for expected future pay increases in respect of active members. The standard contribution rate for accruing costs has been determined using the projected unit method. This method is expected to produce a broadly stable Standard Contribution Rate at successive actuarial valuations as long as the assumptions and the age/sex/salary distribution of Scheme members remain broadly unchanged.

F. Assumptions

The principal financial assumptions adopted for the pension assessments made in relation to this statement are set in accordance with the FReM for funded pension schemes in the public sector in the UK (akin to IAS19). The assumptions adopted for the assessment are the responsibility of the Trustees, having regard to both the Government's Financial Reporting Manual (FReM) and advice from the actuary.

At 31 March 2013, the discount rate adopted in excess of CPI increases was 1.8% p.a. With effect from 31 March 2014, the discount rate adopted for pension liabilities is 1.9% p.a., and this rate is used to determine the value of the liabilities. The demographic assumptions adopted for the assessments are based on those used for the actuarial valuation of the Scheme as at 31 March 2011.

G. Notes

- (1) Sections C and D of this Statement are based on valuation data provided as at 31 March 2011. Demographic assumptions have been adopted from the actuarial valuation carried out as at 31 March 2011, with an update in mortality assumptions to allow for the latest ONS population projections and year-on-year mortality improvements.

- (2) The pension benefits taken into account in this assessment are those normally provided from the rules of the scheme, including normal retirement benefits, ill-health retirement benefits, and benefits applicable following the death of the member.

James Pepler

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

4 July 2014

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 2014

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	31.03.14 %	31.03.13 %
Recovery	39.1	39.8
North America Equity Passive	10.2	10.8
Europe (ex-UK) Equity Passive	14.4	13.8
Japan Equity Passive	5.7	6.7
Pacific Basin (ex-Japan) Equity Passive	8.2	8.1

Fund	31.03.14 %	31.03.13 %
Emerging Markets	2.0	2.1
Long Dated Corporate Bond	12.7	11.8
Long Term Gilt	7.7	6.9
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

Increased optimism about the outlook for the global economy and the continuation of accommodative central bank policies helped to boost investors' risk appetite over the period.

In the US, despite the distortions caused by a government shutdown and exceptionally cold weather, there was growing evidence that the economic recovery was gaining in strength. As a result, the US Federal Reserve started to taper its monetary stimulus programme, but reiterated that interest rates would not rise for an extended period. UK growth was also surprisingly strong, while the eurozone finally emerged from recession, although worrying signs of deflationary pressures caused the European Central Bank to cut interest rates. In Japan, a new government provided fresh impetus to end the country's almost two decades of stagnation. However, the news was less optimistic in China where the authorities faced a difficult balancing act as they tried to address the nation's reliance on exports while avoiding a sharp slowdown in growth.

Buoyed by this generally positive backdrop, stockmarkets advanced, especially in the developed world. In the US, the S&P 500 Index reached a new all-time high, while European equity markets also posted robust returns. UK shares rallied too, particularly smaller companies. However, while Japanese equities also recorded strong results, for UK investors these returns were eradicated by a sharp depreciation in the yen. Fears of reduced Chinese demand and increased competition from Japan weighed on equity returns elsewhere in the Pacific Basin, while emerging market equities also struggled as they battled generally disappointing economic data and sharp falls in their currencies.

It was in the bond markets, however, that the change in the Fed's policies had the largest impact. US Treasuries led the fall with the yield on the 10-year benchmark bond reaching 3% - its highest level since mid-2011. As a result, many core government bond markets recorded negative returns, although eurozone bonds, especially those issued by peripheral nations, fared far better. Meanwhile, corporate bonds outperformed government bonds, underpinned by investors' continued search for yield.

UK commercial property also recorded robust returns, helped in part by the improvement in the UK economy market as well as their attraction as a relatively high yielding asset.

Performance

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

Fund	Performance to 31/3/14 (Annualised) %		
	1 year	3 years	5 years
Northern Ireland Assembly Members Pension Scheme	6.5	7.4	14.8
Composite Scheme Benchmark	6.1	8.3	14.4

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 31/3/14 (Annualised) %		
	1 year	3 years	5 years
Long Dated Corporate Bond	1.7	9.3	11.0
iBoxx >15 Years £Non-Gilt Index	1.1	8.9	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 31/3/14 (Annualised) %		
	1 year	3 years	5 years
Recovery Fund	9.5	6.7	16.5
FTSE All-Share Index	8.8	8.8	16.4
Emerging Markets Fund	-10.5	-1.1	15.0
MSCI Emerging Markets Free Index	-9.9	-3.8	11.4

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

Fund	Performance to 31/3/14 (Annualised) %		
	1 year	3 years	5 years
North America Equity Passive Fund	10.5	11.9	17.1
FTSE World North America Index	10.3	12.0	17.2
Europe ex-UK Equity Passive Fund	17.1	6.6	13.8
FTSE World Europe (ex-UK) Index	17.3	7.0	14.4
Japan Equity Passive Fund	-1.4	4.5	7.1

Fund	Performance to 31/3/14 (Annualised) %		
	1 year	3 years	5 years
FTSE Japan Index	-1.6	4.3	7.2
Pacific Basin ex-Japan Equity Passive Fund	-5.6	1.9	15.3
FTSE World Asia Pacific ex-Japan Index	-5.8	2.0	15.3

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

Fund	Performance to 31/3/14 (Annualised) %		
	1 year	3 years	5 years
Long Term Gilt Fund	-3.2	8.6	6.4
FTSE A UK Govt. >15 Years Gilt Index	-3.1	8.7	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.

- 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 rose by 9.5% over the 12 months under review, ahead of its benchmark which returned 8.8%. UK equities posted solid results as investors were reassured by a stronger-than-expected recovery in the UK economy. Although this increased the chance of the UK being the first major developed nation to raise interest rates, signs of an improvement in the global economic outlook and generally solid company results also helped support the market.
- Better-than-expected earnings helped boost Quindell, a software supplier and process outsourcer to the insurance industry. Elsewhere, easyJet was buoyed by steadily increasing passenger numbers and revenues, while specialist healthcare company BTG was buoyed by the US Food and Drug Administration's approval of its treatment for varicose veins. However, weakness in a number of holdings in the oil & gas and basic materials sectors weighed on the fund's return, with Tullow Oil and Kenmare Resources among the largest detractors.
- 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 fell by 10.5% over the 12 months under review, slightly lagging its benchmark which returned -9.9%. Emerging equity markets remained out-of-favour with many investors over the review period as the US Federal Reserve's decision to start scaling back its stimulus programme dampened investors' appetite. Weaker-than-expected Chinese

economic activity and the crisis in Ukraine also depressed sentiment towards Emerging Market equities.

- Holdings of financials stocks weighed on the fund's performance, especially Turkey's Asya Katilim Bank and Garanti Bank, Thailand's Krung Thai Bank and Brazilian insurance broker Brasil Insurance, which fell following disappointing results. However, Hollysys Automation Technologies, a Chinese provider of control devices, helped, as did select holdings in India, such as electricity generator CESC and engineering firm Crompton Greaves. Meanwhile, UK-based chemicals firm AZ Electronics Materials was boosted by a bid from Merck of Germany.
- 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 1.7% over the 12 months under review, ahead of its benchmark which returned 1.1%. Bond yields rose over the review period, as investors started to anticipate that the US Federal Reserve would taper its asset purchase programme. Against this backdrop, demand for corporate bonds remained strong, as the ongoing improvement in the global economy and exceptionally low level of interest rates fuelled investors' appetite for higher yielding assets.
- Positions in specific issues, such as a new 100-year bond issued by French electricity firm EDF, were the largest drivers of the fund's outperformance. An underweight exposure to supranational debt was also beneficial as was a relatively large holding in bonds issued by financial companies. Investing in US dollar-denominated bonds, such as Orange (France Telecom), as opposed to their sterling equivalent denominated issues, added value too.
- 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 A British Government Over 15 Years Gilt Index. Tracking this index is achieved by fully replicating the stocks in the Index.

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 2014 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 2014 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 16 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	66.6%
Member	Mr John Dallat MLA	33.3%
Member	Mr Ross Hussey MLA	66.6%
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 2014 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

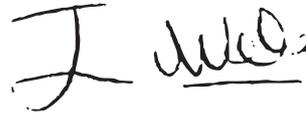
responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance.

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



Jim Wells MLA
Trustee

C&AG Certificate

Northern Ireland Assembly Members' Pension Fund 2013-14

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 2014 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 Trustee's 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 Auditing 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 recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

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 2014 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 the Assembly Members' Pension Scheme (Northern Ireland) 2012 and directions issued thereunder.

Opinion on other matters**In my opinion:**

- the information given in the Trustees' Report and Report of the Actuary 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 2012 have in all material respects been paid in accordance with the rules of the Scheme and with the recommendations of the Actuary.

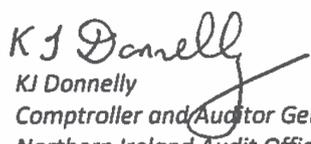
Matters on which I report by exception

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

22 May 2015

Financial Statements

Fund Account for the year to 31 March 2014

	Note	£ 2013-2014	£ 2012-2013
Contributions and Benefits			
Contributions receivable	3	1,918,341	1,778,828
Individual transfers in from other schemes		38,321	514,776
		1,956,662	2,293,604
Individual Transfers paid to other schemes		NIL	NIL
Benefits payable	4	(484,447)	(516,799)
Other Payments	5	(16,991)	NIL
Administrative expenses	6	(42,452)	(54,609)
		(543,890)	(571,408)
Net additions from dealings with members		1,412,772	1,722,196
Returns on Investments			
Change in market value of investments	7	1,452,043	2,483,126
Investment management expenses	9	(97,003)	(81,503)
Net returns on Investments		1,355,040	2,401,623
Net Increase/(decrease) in the Fund During the period		2,767,812	4,123,819
Net Assets of the Fund at 1 April		23,007,532	18,883,713
At 31 March		25,775,344	23,007,532

The notes on pages 23 to 26 form part of these accounts.

Net Assets Statement as at 31 March 2014

Investments	Note	£ 2013-2014	£ 2012-2013
Managed Fund	7	25,512,751	22,771,161
AVC Investment	7	256,006	231,472
Net current assets / (liabilities)	10	6,587	4,899
Net Assets of the Fund as at 31 March		25,775,344	23,007,532

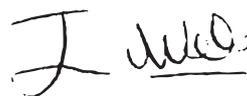
The notes on pages 23 to 26 form part of these accounts.

These financial statements were approved on behalf of the Trustees

On 28 April 2015 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 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 2014 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; and
- All other expenditure is accounted for in the period to which it relates.

3 Contributions Receivable

	2013-14 £	2012-13 £
Exchequer contributions:		
Normal	1,292,863	1,179,038
Members' contributions:		
Normal	612,030	587,664
Additional Voluntary contributions (AVCs)	13,448	12,126
	1,918,341	1,778,828

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

4 Benefits payable

	2013-14	2012-13
Pensions	434,578	416,008
Lump sum payable on retirement	49,869	78,300
Lump sum payable at age 75	-	-
Lump sum payable on death	-	-
AVC lump sum payable on retirement	-	22,491
	484,447	516,799

5 Other payments

	2013-14 £	2012-13 £
Miscellaneous	16,991	-
	16,991	-

6 Administrative expenses

	2013-14 £	2012-13 £
Actuarial fees	29,117	39,422
Administration Costs	8,087	7,942
Advisory Fees	5,248	7,245
	42,452	54,609

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 £41,971 for the 2013-14 financial year.

The notional cost of the work performed by the Northern Ireland Audit Office 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.

7 Investments

	Investments						
	Value at 31 March 2013 £	Purchases at cost £	Sales £	Retirements Benefits Paid £	Change in Market Value £	Management Charges £	Value at 31 March 2014 £
M&G Main Fund	20,024,623	699,434	-	-	1,406,133	87,728	22,042,462
M&G – Bond	2,746,538	699,434	-	-	33,593	9,275	3,470,289
AVC Investments	231,472	12,216	-	-	12,317	-	256,006
	23,002,633	1,411,084	-	-	1,452,043	97,003	25,768,757

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.

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. At 31 March 2014 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 £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.

10 Net Current Assets / (Liabilities)

	2013-14	2012-13
	£	£
Current assets		
Contributions and benefits:	2,241	4,915
Contributions due	23,001	2,987
Balance at bank	414	-
Prepayments	-	-
Sundry Debtors	25,656	7,902
Current liabilities		
Pension Arrears due	(1,126)	-
Administrative expenses:		
Other Advisory Fees	(300)	(1,296)
Actuarial fees	(16,862)	(926)
Other Expenses	(181)	(181)
Administration Fees	(600)	(600)
	(19,068)	(3,003)
Net current assets / (liabilities)	6,587	4,899

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.

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 period of this report 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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