

**Pension Fund Committee**

**30 November 2009**

**Employer letter – 2010 actuarial valuation**



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**Report of Stuart Crowe, Corporate Director, Resources**

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**Purpose of the Report**

- 1 The purpose of the report is to advise Members of a suggested letter to be sent to Fund employers highlighting the impact of probable results of the forthcoming actuarial valuation.

**Background**

- 2 Chris Archer, the Fund Actuary, gave a presentation to the Annual General Meeting of the Pension Fund earlier this month which provided an early indication of the likely outcome of next year's actuarial valuation.
- 3 Depending on the valuation basis to be used the funding level could fall significantly with a potential for increases to the employer contribution rates.

**Employer letter**

- 4 Given the Actuary's indication that employer contribution rates are likely to increase it is suggested that we give some advance notification to Fund employers, and Appendix A includes the draft of a letter to be sent to Fund employers.

**Recommendation**

- 5 Members are asked to note that the letter at Appendix A will be distributed to all Fund employers.

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3 December 2009

Dear Local Government Pension Scheme (LGPS) Employer

**Employer Contribution Rates Following the 2010 Fund Valuation**

I am writing to advise you that it seems likely that employer contribution rates will increase following the next valuation of the Durham County Council Pension Fund.

Employer contribution rates within the Fund are set every three years following an actuarial valuation. The next valuation is due as at 31 March 2010 with draft results expected in November or December 2010 and the final report expected to be published in March 2011. The results from this forthcoming valuation will determine employer contribution rates for the three year period from 1 April 2011 to 31 March 2014.

The key message however is that employer contributions can be expected to rise from 1 April 2011 following the next valuation. Bigger contribution rate increases are likely for admitted bodies, particularly those whose pension liabilities are not explicitly guaranteed by another Fund employer.

It is impossible to predict at this stage how much the employer rates may need to change, however discussion will be held with the Actuary to keep the increases as low as possible. Information will be provided to employers as soon as possible.

Yours faithfully

Nick Orton  
Payroll and Pensions Manager  
Durham County Council