

Trustees' Newsletter

The College of Law Pension and Assurance Scheme 2014

The purpose of this newsletter is to provide Members with a brief summary of the information contained in the Scheme Annual Report and Accounts for the period to 30 June 2014. The Scheme's year end has changed to 30 June to align it with the investment managers' quarterly reports.

The year in brief:

- Scheme Net Assets (including annuities purchased at a cost of £46.8m) of £164.3 million at 30 June 2014 up from £160.3 million at 31 July 2013.
- Active membership unchanged at 5.
- Total membership down from 774 to 772.

Scheme Trustees

Employer Appointed	Member Nominated
Derek Sloan (<i>Chairman</i>)	Chris Beanland
Alan Humphreys	Richard Jones
Jane Reeves	

Advisers

Scheme Actuary:	Simon Tidy FIA of Legal & General Assurance Society Limited
Auditor:	Chantrey Vellacott DFK LLP
Investment:	Hymans Robertson LLP
Legal:	Linklaters LLP

Scheme Administrator and Scheme Secretary:	Jill Gale
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Membership Profile

Active Members as 1 August 2013	5
Joiners	1
Leavers	(1)
Active Members as 30 June 2014	<hr/> 5
Pensioners	210
Deferred Retirements and Deferred Members with preserved pension	557
Total Membership at 30 June 2014	<hr/> <hr/> 772

Statutory Notices

- 1 The Trustees of the Scheme regularly monitor the Scheme's funding position in conjunction with the Scheme Actuary and will continue to do so.
- 2 There have been no payments out of the Scheme's assets to The Legal Education Foundation nor has the Foundation at any time taken a contribution holiday.
- 3 The Pensions Regulator has not exercised any of its powers under section 231(2) of the Pensions Act 2004 in respect of the Scheme (to modify the Scheme or to give directions or impose a schedule of contributions in respect of the Scheme).
- 4 The Scheme's investments are all considered to be of a long term nature and are invested with a view to enabling the Scheme to meet its long term commitments.

Scheme Investments

Scheme assets are invested by the Trustees after taking advice from Hymans Robertson LLP. The investments are managed by the managers set out in the table below which indicates the types of investment for which the named manager is responsible.

In addition to the assets shown the Trustees have purchased annuities, at a cost of £46.8 million, to pay pensions in payment.

Investment Managers

Manager	Asset Category
Legal & General	Index Tracking Funds
Lazard	Global Equities
First State Investments	Global Emerging Markets
Schroder	Real Estate
AEGON	Additional Voluntary Contributions
Standard Life	Additional Voluntary Contributions

Compliance

The Trustees of the Scheme normally meet quarterly, together with their advisors, to consider a range of matters affecting the Scheme. As well as investment, actuarial, and financial matters, the Trustees regularly review a Statement of Investment Principles and a Statement of Funding Principles.

- Statement of Investment Principles

This sets out the principles governing decisions about investment of Scheme assets.

- Statement of Funding Principles

This sets out the approach to funding the Scheme to ensure a healthy financial position with appropriate assets to cover the Scheme Technical Provisions.

Copies of both Statements are available on request.

Actuarial Valuations

The Scheme Actuary undertakes a full Triennial Valuation every three years. To do this, data regarding Scheme Members is analysed in detail. The latest Triennial Valuation prepared by the Scheme Actuary valued the Scheme as at 1 August 2012.

For the purposes of this newsletter the Scheme Actuary has extrapolated the figures from that valuation and using updated assumptions together with actual data, where known, has provided the following indicative figures:

Basis	1 August 2013		1 July 2014	
	Funding	Surplus/ (Deficit)	Funding	Surplus/ (Deficit)
	%	£million	%	£million
1. On-going	110	16.2	108	13.6
2. FRS17	116	21.9	113	19.4
3. Solvency	83	(35.9)	83	(36.0)
4. Pension Protection Fund	123	32.3	128	38.3

1. The On-going basis assumes that the Scheme will continue in its current form.
2. The FRS17 basis is the one used in preparing The Legal Education Foundation's Annual Accounts.
3. The Solvency basis looks at what the Scheme's liabilities would be if the Scheme were wound up.
4. The Pension Protection Fund (PPF) basis looks at the compensation which the PPF would pay in the unlikely event that The Legal Education Foundation were to become insolvent.

Asset Allocation

31 July 2013			30 June 2014	
%	£million		%	£million
25.8	29.3	UK Equity	18.0	21.2
4.8	5.5	North America Equity	4.9	5.8
4.0	4.5	Europe (Ex UK)	4.2	4.9
1.6	1.8	Japan Equity	1.5	1.7
1.4	1.6	Asia Pacific (Ex Japan) Dev Equity	1.5	1.7
11.0	12.5	Lazard Global Equities	10.8	12.7
5.2	5.9	Global Emerging Markets	5.0	5.9
9.0	10.2	Investment Grade Corporate Bonds	-	-
14.2	16.1	Corporate Bonds over 15yr	14.4	17.0
-	-	Gilts	8.4	9.9
-	-	Index linked Gilts	3.6	4.2
-	-	Leveraged Gilts	12.7	14.9
-	-	Leveraged Index linked Gilts	8.5	10.0
7.3	8.3	Alternative - Real Return	-	-
5.0	5.7	Property Units	5.5	6.5
98.4	111.7		99.0	116.4
0.3	0.3	AVC Policies	0.3	0.3
98.7	112.0		99.3	116.7
1.3	1.5	Net Current Assets/(liabilities)	0.7	0.8
100	113.5	Net Assets of Scheme	100	117.5

In addition the Scheme holds annuities which had an aggregate value of £58.8 million at 30 June 2014.

The Scheme Accounts

2013		2014
£'000		£'000
	Income	
31,672	Employer's Contribution	74
6	Members' Contributions*	-
-	Claims on Term Insurance Policies	-
31,678	Total Income	74
	Expenditure	
(1,064)	Pensions paid and annuities purchased from the Scheme assets	(1,618)
(83)	Transfers out and refunds	-
(108)	Death in Service Assurance Premium	(11)
(81)	Administration Expenses	(309)
(1,336)	Total Expenditure	(1,938)
30,342	Net expenditure from the Scheme	(1,864)
290	Investment Income	249
12,003	Change in Market Value of Investments	5,757
(74)	Investment Management Expenses	(100)
42,561	Increase in Net Assets of the Scheme during the year	4,042

These figures are extracted from the audited Annual Report and Accounts upon which an unqualified opinion was received from the Auditor.

* Most Members contribute to the Scheme via salary sacrifice.

The Employer paid the expenses of the advisors to the Scheme in the year to 31 July 2013. By agreement with the Trustees the Scheme met the costs of the advisors in the period to 30 June 2014.

Triennial Actuarial Valuation as at 1 August 2012

The Triennial Valuation as at 1 August 2012 showed a deficit on the On-Going basis of £28.4 million and on a Solvency basis of £92.6 million. The Employer made special payments of £0.5 million in respect of a deficit on the Technical Provisions on the purchase of annuities by the Trustees and a Recovery Plan payment of £1.5 million in September 2012. A further lump sum payment of £29.8 million was made by the Employer in December 2012. The Employer has also agreed with the Trustees, who had been advised by the Scheme Actuary, a contribution rate of 29.8% (employer 21.8% and employee 8%) of Active Members' pensionable salaries as from 1 August 2013.

Purchase of Annuities

The Trustees have a policy of purchasing annuities when market conditions are favourable in order to pay pensions in payment. When market conditions have been less favourable the Trustees have paid pensions direct from Scheme assets.

Pension accounting rules regarding annuities require that these are not shown as part of the Net Assets of the Scheme but as a note to the Accounts. As at 30 June 2014 the aggregate value of annuities purchased over a period of years by the Trustees, at a cost of £46.8 million, and held as assets of the Scheme was £58.8 million. When added to the Net Assets of the Scheme as shown on the Asset Allocation note, the annuities form 33.4% of total assets.

The Legal Education Foundation

The Foundation retained sole responsibility for the Pension Scheme after it sold the education and training operation formerly trading as The College of Law. The Net Assets of the Foundation at 30 June 2014 were £203.5 million most of which were held as marketable securities. The activities of the Foundation are described on its website www.thelegaleducationfoundation.org.

Keeping in touch

The Trustees are required to keep up to date records of Members' postal addresses. To comply with this requirement we may, from time to time, make use of the services of a tracing company to confirm that we have the correct address details for groups of Members.

If you move to a new address please contact the Scheme at the email address below to let us know your new details.

We are currently trying to trace the Member listed below. If you are in contact with the Member please ask them to e-mail Clare Johns (clare.johns@thelef.org) with their new address and/or contact details.

Ms M J Robinson

Email

The Trustees keep the costs of running the Scheme under review and are keen to reduce them where appropriate. Sending this newsletter by post is an expensive exercise so in future it will be available on The Legal Education Foundation website. Go to www.thelegaleducationfoundation.org and click on 'about us' at the top of the screen. If however you would like to continue to receive a paper copy by post then please contact us, confirming your address, and we will arrange for you to receive it.

Lifetime Allowance

The Government reduced the Lifetime Allowance for pensions from £1.5 million to £1.25 million with effect from 6th April 2014.

Information and Enquiries

If you have any queries about your benefits from the Scheme you should, in the first instance, contact Clare Johns, Deputy Scheme Secretary by e-mail to clare.johns@thelef.org.

Please note that we are not able to give financial advice to Members.