
HYMANS ROBERTSON LLP

Hymans Robertson Employer Asset Tracker

Hymans Robertson Employer Asset Tracker (HEAT) provides an efficient way of accurately apportioning assets to individual employers. It allows for employer cash flows and investment returns achieved by London Borough of Tower Hamlets Pension Fund ("the Fund") in the same way as a bank account or investment fund operates. It is a simpler, pragmatic form of an unitisation process proportionate to the needs of LGPS funds.

Why do we need HEAT?

The LGPS has changed and continues to change! The Administering Authority has more to do, often with less resource, such as:

- there is more reporting and more scrutiny on LGPS funds and the bar has been raised in relation to governance, auditability and transparency
- there are lots more employers participating in the Fund that need information and advice
- the characteristics of the employers are more diverse
- the benefits are becoming increasingly complicated to administer

The requirements and responsibilities are more onerous and complicated and therefore there is a need for more robust processes and greater transparency for stakeholders. The current method for asset tracking is becoming increasingly limited.

Benefits of HEAT

By moving to HEAT's asset tracking approach, there will be particular benefits to the Fund:

- Assets would be based on the Fund's ledger which is still within control of the Council so there is significantly less reliance on third parties keeping data up to date and correct.
- Assets allocated to employers would be readily auditable and more accurately reflect the employer's assets through a reduction in the level of cross-subsidies across participating employers (and so reduce the risk of the potential challenge by employers).
- Improve the record keeping, financial accounting and administration of the Fund.
- Have a system for allocating assets that is robust and more accurate than the current approach, while retaining a level of pragmatism proportionate to the needs of the Fund.
- Benefit from efficiencies in the longer term, resulting in lower future costs on formal valuation and other actuarial work.
- Increased engagement from employers as the approach would be easier to understand and more transparent.
- Allow the Administering Authority to give investment flexibility to employers as appropriate and offer more bespoke investment strategies to meet the needs of particular employers which improve consistency with the existing bespoke funding strategies already in place.

Barry McKay FFA

For and on behalf of Hymans Robertson LLP

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