

National Assembly for Wales
Members' Pension Scheme

Annual Report and Accounts

1 April 2013 to 31 March 2014

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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THE TRUSTEES' REPORT FOR THE PERIOD ENDING 31 MARCH 2014 TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES MEMBERS' PENSION SCHEME

Legislative Background to the National Assembly for Wales Members' Pension Scheme (the "Scheme")

The Scheme was set up under section 18 of the Government of Wales Act 1998. Section 20 (4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme. The Government of Wales Act 2006 has not affected the legal status of the Scheme.

Developments during the Year

The National Assembly for Wales Remuneration Board ("the Board") has responsibility for setting Assembly Members' pay, allowances and pensions. The Board's review of Members' pensions continues and it issued its "Consultation on future pension arrangements for Assembly Members" in April 2014.

The Trustees and their professional advisers have engaged with the Board throughout the year and will continue to do so throughout the period of the review.

There have been no rule changes during the year.

Mr Wayne Cowley resigned as Scheme Secretary on 13 March 2014 and he confirmed in his letter of resignation that he was not aware of any circumstances connected with his resignation which significantly affected the interests of Scheme members. He also confirmed that he had not made any reports to the Pensions Regulator, nor was he aware of any reports to the Pensions Regulator.

His resignation was accepted by Trustees at their meeting on 24 March 2014 and Nicola Callow was appointed as Scheme Secretary.

Aim of this Report

The Scheme is exempt from the requirement as laid down in the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. It is the intention of the Trustees to comply with the spirit of this legislation by disclosing relevant information, including actuarial and accounting details, to all members of the Scheme within three months of the date of certification of the audited accounts in accordance with Schedule 1 paragraph 13 of the Scheme Rules.

Trustees

The Trustees for the year and at the date of approval of the annual report were:

William Graham AM	(Chair of Trustees)
David Melding AM	
Jocelyn Davies AM	
Mike Hedges AM	
Peter Black AM	
Gareth Jones	(Pensioner Trustee)

Scheme Administration

The day to day running of the Scheme is carried out by the Scheme Secretariat within the Assembly Commission's Financial Services.

Any queries about pensions or any further information required should be sent to the Secretariat at the following address:

National Assembly for Wales Members' Pension Scheme
Financial Services
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Nicola Callow – Scheme Secretary (Newly appointed from 24 March 2014 following the resignation of the former Scheme Secretary, Wayne Cowley)
Tel 02920 898054 and email Nicola.callow@wales.gov.uk

Roger Beale – Assistant Scheme Secretary
Tel: 02920 898956 and email: roger.beale@wales.gov.uk

Lisa Bowkett – Management Accountant
Tel 02920 821951 and email lisa.bowkett@wales.gov.uk

Liz Calder – Pensions Manager
Tel: 02920 898809 and email: liz.calder@wales.gov.uk
Fax 02920898059

Income of the Fund

The income of the Fund is derived from the following sources; contributions from active members and from the Assembly Commission as employer.

Members and Office-holders contribute 10% of their salaries if they accrue benefits on a fortieths basis and 6% of their salaries if they accrue benefits on a fiftieths basis. The Assembly Commission, as the employer, contributes 23.8% of pensionable salaries for both the basic Scheme and the Office Holders' Scheme. These rates have been in effect since 1 April 2009 and following the fourth triennial valuation as at 1 April 2011 will continue until 2015.

Actuarial Valuation

The Scheme Actuary is required to make a report on the general financial position of the Fund every three years and to make recommendations on the future rate of the Assembly Commission's contribution. The fourth triennial valuation was completed as at 1 April 2011, and the report was laid on 4 April 2012, in accordance with the Scheme rules.

The statement from the Actuary dated 26 March 2012 recommended a contribution rate of 23.8% of Members' pensionable salary with effect from 1 April 2012. This rate represents the amount required to meet the balance of cost of the Scheme, having regard to the benefits and to the contributions payable by Members and takes into account both future and past service.

The subsequent certificate dated 6 May 2014 (at pages 15-17) confirms the adequacy of the Assembly Commission's contribution of 23.8% for the coming year. The current funding level is adequate to meet current benefits. These statements are based on the Scheme's assets and liabilities at the valuation date. These statements fully comply with the requirements of the Institute of Actuaries and Faculty of Actuaries Guidance Note GN9.

The next triennial valuation is due as at 1 April 2014.

Membership

Active Members

Active Members at 1 April 2013	61
<i>(60 Assembly Members, and the Counsel General. Of the 61 members there are 39 Office Holders.)</i>	
<i>add:</i> New entrants in the year	1
<i>less:</i> Leavers in the year	1
Retirements in the year	0
Death in Service	0
Active Members at 31 March 2014	61

Deferred Members

Deferred Members at 1 April 2013	24
<i>add:</i> Members leaving with deferred rights	0
<i>less:</i> Members taking up deferred rights	2
Deferred Members at 31 March 2014	22

Pensioners in Payment

Pensioners in payment at 1 April 2013	30
<i>add:</i> Members retiring in year	3
<i>add:</i> Members taking up Deferred Rights	0
<i>add:</i> New Dependants	0
<i>less:</i> Deaths in year	0
Pensioners in Payment at 31 March 2014	33

Payments from the Scheme during the year are disclosed in Note 6 to the accounts. Pensions in payment as at 8 April 2013 were increased by 2.2% in accordance with The Pensions Increase (Review) Order 2013.

Preparation and Audit of Annual Accounts

The accounts are prepared in accordance with the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised May 2007), as far as is appropriate.

These accounts are prepared by officials of the Assembly, on behalf of the Trustees, and audited by the Auditor General for Wales. They are prepared and audited under Sections 41 (1) and (6) of the Pensions Act 1995 and in accordance with SI 1996/1975 Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations.

The audited accounts will be laid before the Assembly within three months of the Auditor's Statement being signed and subsequently published.

Copies of these accounts are available from the Secretariat on request.

Summary Financial Information

Income during the period was £1,407,073 (2012-2013 £1,413,635), and Scheme expenditure £643,639 (2012-2013 £420,590). The net assets of the Scheme at 31 March 2014 were £25,487,690 (31 March 2013 £23,961,960).

During the period a total of £804,944 of new investment was remitted to the Fund Managers for investment in the Diversified Growth Pension Fund and the Baillie Gifford Index Linked Pension Fund. The total market value of the Funds invested at 31 March 2014 was £25,030,609 (31 March 2013 £23,464,191).

As at 31 March 2014 a total of £350,509 (31 March 2013 £385,080) was held on a Treasury deposit account with the Scheme's bank earning interest based on the prevailing money market rates. This cash is held for self-insurance purposes.

Investments

All investments are in holdings that are permitted by the regulations of the Scheme and not prohibited by the Trustees.

The size of the Scheme's assets is not sufficient to allow a widely diversified portfolio of investments were the assets to be invested directly in bonds, stocks and shares. Therefore, until the assets have become sufficiently large, the Trustees believe that the most effective way of investing with suitable diversification and at a reasonable cost is to use unit trusts or open ended investment companies ('OEICs').

The Trustees expect the investments to deliver a return that is median or better for their sector when measured against similar pooled pension fund investments. It is also anticipated that the investment returns should exceed price inflation by a sufficient margin that the Scheme's benefits can be provided in accordance with the actuarial calculations for the Scheme.

Investment Policy

The Investment Policy for the Scheme is determined by the Trustees, and is reviewed from time to time. The policy in force at 31 March 2014 is set out in the Statement of Investment Principles, which has been adopted by the Trustees and is available to Members on request from the Scheme Secretariat. The policy does not allow for any employer-related investment.

The performance objectives for the investment funds are as follows:

Baillie Gifford Managed Pension Fund – to outperform the CAPS median Balanced Pooled Fund by 1.0-1.5% p.a. gross over rolling 3 year periods.

Over the last 5 years the Managed Pension Fund has achieved an annual rate of return of 16.4% against a benchmark performance of 13.3%

Baillie Gifford Index Linked Pension Fund – to outperform by 1.5% p.a. gross the return on the FT-Actuaries over 5 years Index Linked Gilt Index over rolling 3 year periods.

Over the last 5 years the Index Linked Pension Fund has underperformed the benchmark with an annual rate of return of 8.7% against a benchmark performance of 8.8%.

Baillie Gifford Diversified Growth Pension Fund – to outperform the UK base rate by 3.5% per annum (net of fees) over rolling five year periods.

Over the last 5 years the Diversified Growth Pension Fund has achieved a rate of return of 13.3% against a benchmark performance of 4.0%.

Investment Manager

The Trustees have appointed Baillie Gifford Life Ltd as Fund Managers for the Scheme and the Trustees have delegated the responsibility for investment management to them.

Investments are made through a Baillie Gifford Life Limited pension policy. The main feature of the policy is that the benefits obtained are entirely dependent on the investment performance of the assets of the Fund.

Baillie Gifford Life Limited is paid a management fee based on a percentage: 0.45% for the Managed Pension Fund, 0.25% for the Index Linked Pension Fund and 0.65% for the Diversified Growth Pension Fund which is deducted from the value of the Funds each month.

The estimated cost of fund management in 2013-14 was £ 119,859 (2012-13 £104,289)

All the assets within the unit linked funds that Baillie Gifford Life Limited operates are owned by an insurance company Baillie Gifford Life and are registered in the name of Baillie Gifford Life.

The Scheme does not have a custodian as it invests in units in a life policy which does not require a custodian. The custodian for Baillie Gifford Life Limited is Bank of New York, One Canada Square, LONDON E14 5AL.

Baillie Gifford recognises that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, Baillie Gifford considers ESG issues when analysing and reviewing a company, and there is a dedicated Corporate Governance Team who also takes on the share-ownership responsibilities for our clients.

Their approach to the social and environmental aspects of share ownership is based on engagement and dialogue rather than exclusion. Using in-house and external research, they identify key issues relating to their clients' shareholdings and discuss them with the companies concerned. In this way, they encourage companies to monitor and address the material social and environmental risks and opportunities facing their businesses. They believe that this process can contribute to the long term value of their clients' investments.

In addition the list of companies Baillie Gifford has had engagement with for the year to 31 March 2014 is as follows:

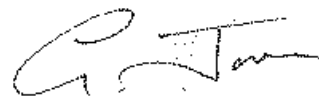
- **Corporate Governance** - DIA, Exor Spa, Google Inc., Jyske Bank AS, Monsanto Company, O'Reilly Automotive, SMC Corp, Standard Chartered, eBay
- **Corporate Social Responsibility** – Atlas Copco, Schindler Holding AG
- **Executive Remuneration** – ARM Holdings, Aggreko, Apache Corporation, BG Group, BHP Billiton, British American Tobacco, Burberry Group, Cochlear, First Republic Bank Corp, Harley Davidson, Hiscox, IG Group Holdings, James Hardie, Jardine Lloyd Thompson Group, Johnson Matthey, Legal & General Group, Meggitt, Mettler Toledo International, Michael Page International, Prudential, Rakuten, Rightmove PLC, Ryanair Holdings PLC, SABMiller, Shopping Centres Australasia, St James's Place, Standard Chartered, Weir Group, eBay
- **AGM or EGM Proposals** – ARM Holdings, Amlin, Apache Corporation, Ashtead Group, Bellway, British American Tobacco, Burford Capital, Colruyt, Ets Fr SA, DIA, Enquest, Facebook Inc, GBL Groupe Bruxelles Lambert SA, Geberit, Hargreaves Lansdown, Hiscox, IG Group Holdings, Inchcape, Johnson & Johnson, Jupiter Fund Management, Jyske Bank AS, Life Technologies, Markel Corp, Moody's Corp, O'Reilly Automotive, Prudential, Rio Tinto, Shopping Centres Australasia, Svenska Handelsbanken AB, TD Ameritrade Holding Corp, Treasury Wine Estates, US Bancorp, United Parcel Service, Victrex, Waters Corporation, Weir Group, Xilinx, eBay
- **AGM/EGM** – Eurazeo , L'Oreal

- **Special General Meeting – Life Technologies**

An investment report concerning the investment policies during the year and a review of the investment performance of the Fund during the year and the nature, disposition, marketability and security of assets is reported on pages 9 to 14. The market value of the Managed Fund as at 31 March 2014 was £11,603,052 a gain of £777,397 over the year; the market value of the Index Linked Pension Fund as at 31 March 2014 was £2,328,226, a reduction of £138,056; the market value of the Diversified Growth Pension Fund was £11,099,331, a gain of £122,133. These values are disclosed in Note 8 of the accounts.



William Graham
Assembly Member
Chair of Trustees
(On behalf of the Trustees)



Gareth Jones
Trustee

Date: 23 June 2014

Investment Report — for the Year Ended 31 March 2014

The Trustees have prepared a Statement of Investment Principles which sets out their policies on investment and their strategy for achieving them, a copy of which is available on request.

Day to day responsibility for the management of investments has been delegated to Baillie Gifford Life Limited, who operate in accordance with guidelines and restrictions set out in the Life Policy Agreement and with instructions given by the Trustees from time to time.

Investments comprise units in pooled funds managed by Baillie Gifford, the holdings of which are regarded as being readily marketable.

Portfolio Valuation

	31 March 2014 GBP	31 March 2013 GBP
Baillie Gifford Managed Pension Fund	11,603,052	10,825,655
Baillie Gifford Diversified Growth Pension Fund	11,099,331	10,292,996
Baillie Gifford Active IL Gilt Plus Pension Fund	2,328,226	2,345,540
TOTAL	25,030,609	23,464,191

Distribution of Assets

The distribution of assets as at 31 March 2014 was as follows:

	31 March 2014 %	31 March 2013 %
Baillie Gifford Managed Pension Fund	46.4	46.1
Baillie Gifford Diversified Growth Pension Fund	44.3	43.9
Baillie Gifford Active IL Gilt Plus Pension Fund	9.3	10.0
TOTAL	100.0	100.0

Performance Objective

The Trustees have set a performance objective for the investment managers which takes account of the liability profile of the fund and the level of risk that the Trustees believe appropriate.

Performance to March 2014 (%)

Baillie Gifford Managed Pension Fund	Fund (Net)	Benchmark
--------------------------------------	------------	-----------

To outperform the CAPS median Balanced Pooled Fund by 1.0 – 1.5% p.a. gross over rolling 3 year periods.

Five Years (p.a.)	16.4	13.3
Three Years (p.a.)	8.7	6.5
One Year	7.2	6.6

Baillie Gifford Active Index Linked Gilt Plus Pension Fund	Fund (Net)	Benchmark
------------------------------------------------------------	------------	-----------

To outperform the FT-Actuaries over 5 year Index Linked Gilt Index by 1.5% per annum (gross) over rolling 3 year periods. Prior to 10 December 2010 it was to outperform the FT-Actuaries over 5 year Index Linked Gilt Index by 0.75% per annum (gross) over rolling 3 year periods.

Five Years (p.a.)	8.7	8.8
Three Years (p.a.)	8.6	9.0
One Year	-5.9	-4.4

Baillie Gifford Diversified Growth Pension Fund	Fund (Net)	Benchmark
-------------------------------------------------	------------	-----------

+3.5%

To outperform the UK base rate by 3.5% per annum (net of fees) over rolling five year periods with an annual volatility of less than 10%

Five Years (p.a.)	13.3	4.0
Three Years (p.a.)	5.1	4.0
One Year	1.1	4.0

Source: Statpro

Summary Risk Statistics

Baillie Gifford Diversified Growth Pension Fund

Delivered volatility	6.5
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Annualised volatility, calculated over 5 years to end of March 2014

Source: Baillie Gifford

Economic and Market Background – 12 months to 31 March 2014

Multi Holder

During the 12 months to 31 March, most major investment markets delivered strong returns. This was partly due to increasing investor confidence, partly to improving economic and corporate fundamentals, and partly in response to the continuation of the exceptionally loose monetary policy that remained a feature in many developed countries for much of the period.

In the US, signs that the economic recovery was gathering momentum proved to be particularly beneficial to the performance of equity markets. In December, the Federal Reserve unveiled plans to reduce its bond buying programme and subsequently announced plans to further trim the levels of support. There was also increased optimism over prospects for the UK, where economic data suggested that the worst of the slowdown had passed, and prompted talk of a possible interest rate rise.

Meanwhile, the Japanese government of Shinzo Abe continued to try to address longstanding economic problems in their country, and this had a generally positive impact on the domestic stock market. The more upbeat mood extended to the Eurozone, where even the states hit hardest by the financial crisis showed tentative signs of improvement.

US equities reached record highs during the period and, over the 12 months, gained 10% in sterling terms. Meanwhile, the more positive mood in Europe led to a stock market rise of 17%. The UK also fared well, recording an increase of 9%. Elsewhere, Emerging Markets ended the year in positive territory, recording a rise of 4%, although this became a loss of 11% after conversion from local currencies. Similarly, Developed Asia (including Japan) rose 13% in local currency terms, but this translated into a loss of 4% for UK-based investors.

Bonds had mixed fortunes over the year. UK government bonds ended 2% lower, while overseas government bonds declined 8%, measured in local currency. The extra yields on corporate bonds initially proved attractive to investors seeking to improve their returns in a low interest rate environment and, although they suffered a dip as the period progressed, ended 2% higher.

Across the portfolio, we continue to find a range of attractive, growing businesses in which to invest and, consequently, we still prefer equities to bonds.

Although the investment environment is continuing to improve, we have no doubt that further political and economic challenges lie ahead. However, we are generally optimistic on the outlook for the global economy. Markets may be volatile in the coming months, but we continue to focus on identifying and investing in companies with excellent growth prospects over the longer term.

Diversified Growth

During the 12 months to March 31, most asset classes delivered positive returns. This was partly due to confidence gradually returning to the markets, partly to investors seeking alternative ways to capture returns, and partly in response to the continuation of the exceptionally loose monetary policy that remained a feature in many developed countries.

In the US, economic data continued to strengthen, suggesting that the recovery there was gathering momentum. This proved particularly beneficial to the performance of equity markets. In December, the Federal Reserve unveiled plans to reduce its bond buying programme and subsequently further trimmed the levels of support. There was also increased optimism over prospects for the UK, where economic data suggested that the worst of the slowdown had passed, and prompted talk of a possible interest rate rise.

In Europe, we have recently seen a potentially destabilising development in the Ukraine, which has offset some of the recent positive economic momentum. The threat of deflation also seems to be becoming more real in the Eurozone states. Introducing quantitative easing had been dismissed at the insistence of Germany, but recent comments from the president of the Deutsche Bundesbank have seemingly made the prospect of exceptionally loose monetary policy a possibility.

The main contributors to performance of the Diversified Growth Fund were economic risk assets, particularly listed equities. Other economically-exposed asset classes such as private equity and high yield bonds also contributed strongly. Most others had a positive impact on performance, with niche areas such as insurance linked bonds and infrastructure delivering steady returns. In contrast, emerging market assets struggled, as did commodities, which declined on weaker than expected Chinese economic data.

During the early part of 2014, we increased exposure to investment grade and high yield debt. This was predominantly through the purchase of a AAA-rated European Investment Bank bond and a series of smaller investments in higher-yielding corporate loan funds, which we think offer particularly good value. We also increased our exposure to gold in light of developments in the Ukraine and implemented a short Australian dollar vs. long US dollar currency position, which we think will act as a good hedge against further softening of the Chinese economy.

The Fund's exposure to listed and private equity was reduced, reflecting the extent to which equities had risen. Bond spreads also fell to multi-year lows, but the move was less dramatic. The Fund's exposure to insurance linked securities

has been reduced. The increased popularity of the asset class caused demand for bonds to run ahead of supply to the detriment of expected returns. We also made smaller reductions to other asset classes where prices have risen.

Central banks are still working out how best to normalise, or even maintain, monetary policy without derailing the fragile recovery or lurching into deflation. This perhaps explains why, despite rising markets, certain gauges of investor fear, such as the price of options which protect against extreme stock market falls, remain high. However, in spite of the concerns, there appears to be some substance to the recovery that is underway and we expect this to continue across the world, albeit at a gentle rate.

Largest Holdings

Top Ten Largest Holdings

Baillie Gifford Managed Pension Fund	% of Portfolio
Baillie Gifford Emerging Mkts Gwth Fund C Accum	7.9
BG Worldwide Global Credit C GBP Acc	3.4
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	3.0
Baillie Gifford Global Bond Gross C Acc	1.7
Baillie Gifford British Smaller Cos Fund C Accum	1.7
Ashtead	1.6
St James's Place	1.6
BG Worldwide Active Cash Plus Fund C Acc	1.5
Svenska Handelsbanken	1.3
Prudential	1.2

Baillie Gifford Diversified Growth Pension Fund	% of Portfolio
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	8.6
BG Worldwide Global Credit C USD Acc	6.0
Baillie Gifford Global Alpha Growth Fund C Acc	5.3
Baillie Gifford Global Income Fund C Accum	4.9
Source Physical Gold P-ETC	4.8
Baillie Gifford High Yield Fund Gross C Acc	4.8
EIB 1.375% 2018	2.8
Metreta Funf GBP	2.7
Galena Fund GBP	2.6
BG Worldwide Active Cash Plus Fund C Acc	2.0

Baillie Gifford Environmental, Social and Governance Policy

Baillie Gifford recognises that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, Baillie Gifford considers ESG issues when analysing and reviewing a company, and there is a dedicated Corporate Governance Team who also takes on the share-ownership responsibilities for our clients.

As active managers, a key part of our investment strategy is to assess the quality of company management, in particular, management attitudes to shareholders. When combined with financial information, non-financial business information can provide valuable insight into the overall quality of management. Given that significant ESG issues play-out over the medium to longer term and that our clients are invested for the longer term, it is important that companies' approaches to ESG issues are considered on a case by case basis.

Our approach to the social and environmental aspects of share ownership is based on engagement and dialogue rather than exclusion. Using in-house and external research, we identify key issues relating to our clients' shareholdings and discuss them with the companies concerned. In this way, we encourage companies to monitor and address the material social and environmental risks and opportunities facing their businesses. We believe that this process can contribute to the long term value of our clients' investments.

30 April 2014



**Government
Actuary's
Department**

Finlaison House
15-17 Furnival Street
London
EC4A 1AB

NATIONAL ASSEMBLY FOR WALES MEMBERS' PENSION SCHEME

ACTUARY'S STATEMENT - COVERING FINANCIAL YEAR TO 31 March 2014

The National Assembly for Wales Members' Pension Scheme is exempt from the requirement as laid down in the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. However it is the intention of the Trustees to comply with the spirit of the legislation, and as such this statement has been prepared as if the legislation applied.

Actuarial Assessment

A formal actuarial assessment of the National Assembly for Wales Members' Pension Scheme (the Scheme) was carried out with an effective date of 1 April 2011, with the principal objective of making a recommendation to the Trustees of the Scheme about the appropriate level of the employer contribution rate after that date. Whilst the level of members' contributions is specified in the Rules, the employer contribution rate is calculated as a percentage of salary required to meet the balance of cost with the aim of ensuring that Scheme benefits are paid for during members' expected active service with the National Assembly.

Method

For the 2011 actuarial valuation, the liabilities expected to accrue under the Scheme during the year following the valuation date were valued using the actuarial valuation approach known as the *Projected Unit Method*. The *Standard Contribution Rate* under the Projected Unit Method was expressed as the value of the benefits accrued during this one year period divided by the value of the members' earnings during the same period. The valuation method is expected to produce a broadly stable Standard Contribution Rate at successive actuarial valuations as long as the age/sex/salary distribution of Scheme members remains broadly unchanged.

The value of the liabilities accrued up to the valuation date was then compared to the value of the Scheme's assets at the same date. The surplus of £1.64m

could have been reflected as an adjustment to the Standard Contribution Rate. However following discussions with the Trustees, the recommended employer's contribution rate is the same as that payable following the 2008 valuation. This is lower than the full Standard Contribution Rate less member contributions, but higher than it would have been had the Standard Contribution Rate been adjusted to eliminate the surplus in the scheme over 15 years.

Assumptions

In order to calculate the cost of the Scheme's benefits, certain actuarial assumptions have to be made about future expected income to, and benefit payments from, the Scheme. The Standard Contribution Rate is such that it would be just sufficient to finance the benefits accruing following the valuation date provided that the Scheme's actual experience is in line with the assumptions made. Adjustments to the contribution rate may be required in future to take account of departures between Scheme experience and the assumptions adopted.

The principal assumptions used in the 2011 actuarial valuation for calculating the cost of the Scheme's benefits are shown in the table below.

Investment return, net of expenses, in excess of salary inflation	1 ¼ % a year
Investment return, net of expenses, in excess of price inflation (based on the Consumer Prices Index)	3½ % a year
Pensioner longevity – Based on standard tables published by the Continuous Mortality Investigation (the SAPS light tables) with future improvements in line with principal 2010-based population projections produced by the Office for National Statistics	

Further details of the methods and assumptions used are set out in the report on the actuarial valuation as at 1 April 2011, dated 26 March 2012.

Contribution Rate

Members pay contributions to the Scheme at the rate of 10% of pensionable salary if they accrue pension benefits at the rate of one-fortieth of final pensionable pay per year of service, or at the rate of 6% of pensionable pay if they accrue pension benefits at the rate of one-fiftieth. The recommended employer contribution rate determined using the method and assumptions described above was assessed as 23.8% of pensionable salary with effect from 1 April 2012, being the same rate as payable from 1 April 2009 to 1 April 2012. The rate includes full provision for death benefits, including improvements in these benefits since the scheme's inception, and also an allowance for administration expenses.

Security of Prospective Rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due. In giving this opinion, I have assumed that both member and employer contributions will be paid to the Scheme as described in the paragraph titled "Contribution Rate" above, subject to review at successive actuarial valuations.

Next Actuarial Assessment

The next formal actuarial valuation of the Scheme is being undertaken with an effective date of 1 April 2014. The proposed assumptions for the valuation have been considered by Trustees at their meeting in March and the preliminary actuarial valuation results are expected to be reported to Trustees in the autumn with the full report expected in February 2015. The main purpose of the full actuarial valuation will be to assess the adequacy of the recommended rate of employer contributions, taking account of all relevant factors since the preceding valuation.



I A Boonin
Fellow of the Institute and Faculty of Actuaries
6 May 2014

Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Financial Statements are the responsibility of the Trustees. The Trustees are not required by statute to comply with pension scheme regulations, but have agreed to do so wherever possible on grounds of good practice. The 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 that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are responsible for ensuring compliance with the Scheme rules and recommendations of the Actuary in respect of contributions payable towards the Scheme or by, or on behalf of, the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for procuring that contributions are made to the Scheme in accordance with the recommendations of the Scheme's 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 appropriate internal controls.

National Assembly for Wales Members' Pension Scheme
Summary of Contributions paid in the year

During the year, the contributions paid to the Scheme by the Employer in accordance with the Actuary's recommendations were as follows:

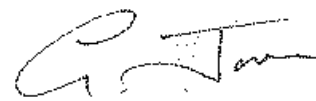
	2013-14 £	2012-13 £
Employer normal contributions	981,125	964,370
Employee normal contributions	404,331	397,973
Employee additional voluntary contributions to purchase Added Years	10,754	9,409
Total Contributions	<u>1,396,210</u>	<u>1,371,752</u>



William Graham
Assembly Member
Chair of Trustees

(On behalf of the Trustees)

Date: 23 June 2014



Gareth Jones
Trustee

Reconciliation between contributions paid shown above and contributions reported in the Financial Statements:

	2013-14 £	2012-13 £
Contributions paid:	1,396,210	1,371,752
Less Opening Debtor:	(115,025)	(112,835)
Add Closing Debtor:	<u>117,190</u>	<u>115,025</u>
Contributions reported in the Financial Statements:	<u>1,398,375</u>	<u>1,373,942</u>

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the National Assembly for Wales Members' Pension Scheme.

I have examined the summary of contributions to the National Assembly for Wales Members' Pension Scheme for the scheme year ended 31 March 2014, which is set out on page 19.

Respective responsibility of Trustees and Auditors

As described on page 19 the scheme's Trustees are responsible for ensuring that there is a prepared, maintained and from time to time revised schedule of contributions which sets out the rates and due dates on certain contributions payable towards the scheme or by or on behalf of the employer 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 by the Employer in accordance with the schedule of contributions.

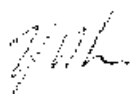
My responsibility is to provide a statement about contributions paid under the schedule of contributions and report my opinion to you.

Scope of work on statement about contributions

My examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 19 have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Statement about contributions payable under the schedule of contributions

In my opinion contributions for the scheme year ended 31 March 2014, as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid in accordance in the Actuary's Statement certified by the scheme Actuary on 6 May 2014.



Huw Vaughan Thomas
Auditor General for Wales
Date: 24 July 2014

24 Cathedral Road
Cardiff
CF11 9LJ

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 National Assembly for Wales Members' Pension Scheme (NAfW MPS).

The NAfW MPS is a statutory scheme and is a registered pension scheme under the Finance Act 2004. The Pension Scheme Tax Reference (PSTR) is 00462258RW

The Pensions Team within the Financial Services of the National Assembly for Wales provide secretarial and administrative services to the Trustees and this arrangement is covered by a Memorandum of Understanding between the National Assembly for Wales Remuneration Board (the Board), the National Assembly for Wales Commission (the Commission) and the Trustees. The Memorandum of Understanding sets out the respective roles and responsibilities of the Board, the Commission and the Trustees with regard to the management and administration of the NAfW MPS.

Governance Framework

The Trustees, with the exception of the Pensioner Trustee are Members of the National Assembly for Wales, are appointed by Resolution of the Assembly in accordance with rules of the NAfW MPS.

Schedule 1, General Provisions as to Trustees, of the Scheme rules states that the Assembly shall by resolution appoint not more than six members to be the Trustees of this Scheme, one of whom shall be a Pensioner Trustee. The quorum for Trustee meetings is 3. The responsibilities of the Trustees are clearly defined in the Statement of Trustee's responsibilities on Page 18 within the Annual Report.

The following Members were appointed as Trustees by resolution of the Assembly:

Role	Name	Date Appointed	Percentage of Meetings Attended
Chair	William Graham AM	03/06/2009	100%
Trustee	David Melding AM	12/10/2011	33%
Trustee	Peter Black AM	12/10/2011	100%
Trustee	Jocelyn Davies AM	12/10/2011	66%
Trustee	Mike Hedges AM	12/10/2011	100%
Pensioner Trustee	Gareth Jones	09/06/2010	100%

Mr Graham was elected as Chairman of the Trustees during a Trustees' meeting in October 2009.

Mr Jones stood down as an Assembly Member in March 2011 but was appointed as the Pensioner Trustee by a ballot of pensioner members in October 2011. He is the only Trustee who serves for a fixed period which is 5 years until 4 October 2016.

Mr Melding and Ms Davies both submitted apologies for the meetings they were unable to attend as they were engaged on Assembly Business.

During the year the Trustees considered the following detailed reports:

- The impact of the Public Services Pension Act
- Medium Term Business Plan which was subsequently adopted
- The proposed approach to the Actuarial Valuation due as at 1 April 2014

The reports, with the exception of the Business Plan where the services of an independent consultant were employed, were prepared and presented by the Scheme's professional advisers.

This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively over the period of this report.

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 NAFW MPS 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 NAFW MPS 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 Financial Services of the National Assembly for Wales Commission, 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 as part of the medium term business plan formally adopted by Trustees on 24 March 2014. Each risk is identified and assessed into three categories, high/medium/low, based on factors such as 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.

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:** Risk of investments not producing sufficient return with a resulting impact of the funding position of the scheme. Investment performance is reviewed by Trustees on a quarterly basis with the Scheme's investment consultant producing an annual report on investment performance;
- **Pension Scheme Records:** Risk of incomplete or inaccurate records leading to incorrect/unauthorised payments or decisions being taken with incomplete information. Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees meetings;
- **Scheme Administration:** Trustees monitor the steps taken by the administrative staff to manage risks in their areas of responsibility at each Trustee meeting;
- **Members:** There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members on a regular basis through newsletters and in group meetings;

Review of effectiveness

We are assisted in the development and maintenance of the internal controls by the work of the Assembly Commission's Internal Auditors and the senior managers within the National Assembly for Wales who have responsibility for the development and maintenance of the internal control framework.

Our review of the effectiveness of these controls is informed by the work of the Auditor General for Wales. Comments made by the Auditor General for Wales in his management letter and other reports are taken into account.

We are satisfied that the internal controls in place have proved effective during the period covered by this report.

Approved on behalf of the Trustees on 23 June 2014 by:



William Graham
Assembly Member
Chair of Trustees
(On behalf of the Trustees)



Gareth Jones
Trustee

Independent Auditor's Report to the trustees of the National Assembly for Wales Members' Pension scheme

I have audited the Financial Statements of the National Assembly for Wales Members' Pension Scheme for the year ended 31 March 2014 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the scheme's trustees are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing 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 National Assembly for Wales Members' Pension Scheme'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.

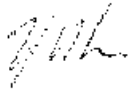
In addition I read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 March 2014, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



Huw Vaughan Thomas
Auditor General for Wales
Date: 24 July 2014

24 Cathedral Road
Cardiff
CF11 9LJ

The National Assembly for Wales Members' Pension Scheme

Accounts for the year to 31 March 2014

<u>Fund Account</u>		2013-14	2012-13
		£	£
Scheme Income			
Contributions receivable	4	1,398,375	1,373,942
Transfers In		8,341	35,838
Interest Receivable		35	26
Sundry Income	5	322	3,829
		<hr/>	<hr/>
		1,407,073	1,413,635
Scheme Expenditure			
Benefits Payable	6	606,740	363,208
Professional Fees	7	33,319	46,864
Other Administration Costs	11	3,580	10,518
		<hr/>	<hr/>
		643,639	420,590
Net Additions from dealings with Members		<hr/>	<hr/>
		763,434	993,045
Investments			
Change in market value of Managed Fund	8	777,397	1,426,500
Change in market value of Index Linked Fund		(138,056)	271,999
Change in market value of Diversified Growth Fund		122,133	971,783
Cash Deposit Interest	9	822	752
		<hr/>	<hr/>
Net Increase in the Fund during the year		1,525,730	3,664,079
Net Assets of the Scheme at 1 April 2013		23,961,960	20,297,881
Net Assets of the Scheme at 31 March 2014		<hr/> <hr/>	<hr/> <hr/>
		25,487,690	23,961,960


<u>Net Assets Statement</u>		As at 31 March 2014 £	As at 31 March 2013 £
Investments			
Managed Fund	8	11,603,052	10,825,655
Index Linked Fund		2,328,226	2,345,540
Diversified Growth Fund		11,099,331	10,292,996
Current Assets	9	483,844	519,219
Current Liabilities	10	(26,763)	(21,450)
Net Assets of the Scheme at 31 March 2014		25,487,690	23,961,960

The accounts only summarise the transactions and net assets of the Scheme and do not take account of liabilities to pay pensions and other benefits after the Scheme year end.

Approved by the Trustees on 23 June 2014:



William Graham
Assembly Member
Chair of Trustees



Gareth Jones
Trustee

The notes on pages 29 to 34 form part of these accounts.

Notes to the Accounts

1. Basis for Preparation

These accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) on Financial Reports of Pension Scheme Accounts, revised in May 2007.

The accounts summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future.

The actuarial report does take these liabilities into account (an actuarial statement can be found at pages 15 to 17).

2. Accounting Policies

The Scheme's principal accounting policies are:

- normal contributions and voluntary contributions for the purchase of added years are accounted for in the year they are due.
- benefits are accounted for on the date that they fall due and refunds of contributions are accounted for when they are made.
- 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.
- all other expenditure is accounted for in the period to which it relates.
- investments are stated at the closing single price which is calculated at the closing price of the underlying securities on 31 March each year. This may differ from the price used for buying and selling units.

3. Secretariat

The cost of providing staff for the Scheme's secretariat continues to be met directly by the Assembly Commission under the terms of the Memorandum of Understanding agreed between the Assembly Commission and the Trustees. The costs were estimated to be £77,500 (2012-13 £75,600) for the period covered by these accounts.

4. Contributions Receivable

	<u>2013-14</u>	<u>2012-13</u>
Contributions comprise:	<u>£</u>	<u>£</u>
Employer: normal contributions	982,719	964,965
Members: normal contributions	404,902	398,223
: purchase of Added Years	10,754	10,754
	<u>1,398,375</u>	<u>1,373,942</u>

Members contributed 10% to accrue benefits on a fortieths basis and 6% to accrue benefits on a fiftieths basis with the Assembly Commission contributing 23.8% of superannuable salaries to the Scheme.

Two added years contracts over a four year period continued during the financial year and there were no purchases by lump sum.

5. Sundry Income

The Scheme does not currently pay the pension scheme levy but was charged £322 during the years 2001-04 by Opra. This sum should not have been paid and was returned this financial year by the Pensions Regulator.

The income in 2012-13 represented a rebate of 0.20% on the standard annual management by Baillie Gifford for investment in the Diversified Growth Pension Fund charge until 1 June 2012.

The £322 is the rebate from the Pensions Regulator received during 2013-14 (2012-13 £3,829)

6. Benefits Payable

	<u>2013-14</u>	<u>2012-13</u>
	<u>£</u>	<u>£</u>
Pensions	347,130	314,685
Lump Sum Retirement Benefits	259,610	48,523
Death Benefit Lump Sum	-	-
	<u>606,740</u>	<u>363,208</u>

7. Professional Fees	<u>2013-14</u>	<u>2012-13</u>
	<u>£</u>	<u>£</u>
Actuarial Fees	6,920	10,358
Investment Consultancy	6,494	11,368
Audit Fee	13,079	12,600
Legal Fees	6,826	12,538
	<u>33,319</u>	<u>46,864</u>

Actuarial, Investment Consultancy and Legal fees reduced during the year reflecting lower professional activity.

8. Investments

All investments are held in Baillie Gifford Managed Funds.

a) Baillie Gifford Managed Pension Fund		<u>31 March 2014</u>	<u>31 March 2013</u>
	Units	<u>£</u>	<u>£</u>
Market value at 1 April	1,582,004	10,825,655	13,149,155
Purchases at cost	-	-	-
Disposals	-	-	(3,750,000)
Change in market value		835,614	1,482,450
Investment Manager Expenses		(50,380)	(45,874)
Broker and other expenses		<u>(7,837)</u>	<u>(10,076)</u>
Net change in market value		777,397	1,426,500
Market value at 31 March	1,582,004	11,603,052	10,825,655
Cost at 31 March		4,808,154	4,808,154

b) Baillie Gifford Index Linked Pension Fund		<u>31 March 2014</u>	<u>31 March 2013</u>
	Units	<u>£</u>	<u>£</u>
Market value at 1 April	923,259	2,345,540	1,926,872
Purchases at cost	50,283	120,742	146,669
Disposals	-	-	-
Change in market value		(132,173)	277,411
Investment Manager Expenses		(5,657)	(5,186)
Broker and other expenses		<u>(226)</u>	<u>(226)</u>
Net change in market value		(138,056)	271,999
Market value at 31 March	973,542	2,328,226	2,345,540
Cost at 31 March		1,680,596	1,559,855

c) Baillie Gifford Diversified Growth Pension Fund		<u>31 March 2014</u>	<u>31 March 2013</u>
	Units	<u>£</u>	<u>£</u>
Market value at 1 April	5,794,953	10,292,996	4,736,262
Purchases at cost	386,452	684,202	4,584,951
Disposals	-	-	-
Change in market value		206,130	1,050,497
Investment Manager Expenses		(63,822)	(53,229)
Broker and other expenses		<u>(20,175)</u>	<u>(25,485)</u>
Net change in market value		122,133	971,783
Market value at 31 March	6,181,405	11,099,331	10,292,996
Cost at 31 March		9,178,411	8,494,208

The distribution of assets is shown in the Fund Managers Investment Report on page 9. Investment income for the underlying funds that National Assembly for Wales Members' Pension Scheme invests in can't be determined as there are no distributions from the fund, all income and any tax recoveries being rolled up so increasing the value of the units.

The management charges are 0.45% per annum for the Managed Pension Fund 0.65% for the Diversified Growth Pension Fund and 0.25% for the Index Linked Pension Fund. The total expenses including direct trading costs are 0.52% for the

Managed Pension Fund, 0.84% for the Diversified Growth Pension Fund and 0.26% for the Index Linked Pension Fund and are deducted from the value of the funds and are reflected in the unit price of the funds.

9. Current Assets

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£</u>	<u>£</u>
Treasury Deposit Account as at 1 April	385,080	389,824
Add Interest earned during the year	822	752
	<u>385,902</u>	<u>390,576</u>
(Withdrawals)/deposits	(35,410)	(5,465)
Movement in accrued interest	17	(31)
Total Treasury Deposit Account	<u>350,509</u>	<u>385,080</u>
Cash at Bank	15,756	18,682
Contributions due from the employer	117,190	115,025
Other debtors and prepayments	389	432
	<u>483,844</u>	<u>519,219</u>

Contributions due from the employer relate to the month of March 2014 and were paid in full to the Scheme before the statutory deadline of 19 April 2014.

10. Current Liabilities

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£</u>	<u>£</u>
Creditors: amounts payable within one year	(26,763)	(21,450)
	<u>(26,763)</u>	<u>(21,450)</u>

‘Creditors: amounts payable within one year’ represent liabilities for work done, where invoices were received or not by the year-end and liabilities due but not paid.

11. Administration Costs

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£</u>	<u>£</u>
Training	-	6,157
Other Administration	3,580	4,361
	<u>3,580</u>	<u>10,518</u>

12. Related Party Transactions

During the period of account the Scheme has had material transactions with the Assembly Commission, which is regarded as a related party.

These transactions are disclosed in Note 4 to these accounts.

None of the Trustees, Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

Compliance Statement

The purpose of this compliance statement is to disclose some additional information required by law.

What is The National Assembly for Wales Members' Pension Scheme?

The Scheme provides benefits for Assembly Members and Office Holders. All Assembly Members are members of the Scheme from the date they enter the Assembly unless they opt specifically not to be.

The main benefits of the Scheme are:

- a pension of one fortieth or one fiftieth of final salary for each year of service on retirement at age 65;
- for members joining before 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 50 (the pension may be abated depending upon age/length of service);
- for members joining after 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 55 (the pension will be abated);
- a pension on retirement at any time on the grounds of ill health;
- a widow/ers'/partners' pension equal to 5/8ths of the member's pension (based on prospective service if death occurs while an Assembly Member);
- childrens' pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three eighths for two or more children);
- pensions-in-payment are indexed to the changes in the Pensions Increase (Review) Order;
- a lump sum death in service gratuity equal to four years salary with provision for more than one nominee;

Optional benefits are:

- the purchase of added years;
- transfer of pension rights (into and out of the Scheme);

Relationship with State Retirement Scheme

- The Scheme is contracted out of the State Second Pension Scheme and Members will therefore pay a lower rate of National Insurance Contribution.
- The pension retired members receive from this Scheme is in addition to any entitlement to State Retirement benefits.

How the Trustees of the Scheme Are Appointed

- Schedule 1 of the Scheme Rules state that there shall be 'no more' than six Trustees.
- At any point in time, one of the six Trustees shall be a pensioner, if anyone is prepared to stand. Where more than one nomination is received, a ballot to select the individual with the highest number of votes will be held amongst the pensioner category membership of the Scheme.
- No other person shall be appointed to be a Trustee unless he or she is a member of the National Assembly for Wales but a person shall not cease to be a Trustee merely because he or she ceases to be a member of the National Assembly for Wales. The National Assembly for Wales may appoint or dismiss any Trustee to or from that office. A Trustee may resign from office by notice in writing to the Presiding Officer of the National Assembly for Wales.

Trustee Meetings

Trustee meetings are usually held once every Assembly session, and there are sometimes additional meetings for specific purposes. During the year three normal Trustee meetings were held.

The Trustees may act by a majority of those present at any meeting of the Trustees at which a quorum is present and the quorum for any meeting of the Trustees shall be three.

Internal Dispute Resolution

The Trustees have implemented an Internal Dispute Resolution procedure in accordance with the requirements of the Pensions Act 1995. Details of the procedure can be obtained from Financial Services.

Scheme Advisers Appointed by the Trustees in Connection with the Fund as at 31 March 2014

Actuary	Trevor Llanwarne of The Government Actuary's Department
Auditor	The Auditor General for Wales
Bankers	Barclays Bank plc
Investment Manager	Baillie Gifford Life Limited
Legal Adviser	Eversheds
Scheme Accountants	Scheme Secretariat, Assembly Commission

There have been no changes in the appointments since the previous period

Funding Standard

The Scheme is exempt from the requirements of The Occupational Pension Schemes (Scheme Funding) Regulations 2005. However, the Trustees have decided, with advice from the Scheme's professional advisers, to adopt relevant regulations as a matter of good practice where practicable.

Tax Status of the Scheme

The Scheme is a statutory pension scheme under Section 611A of the Income and Corporation Taxes Act 1988, as amended by Schedule 12 of the Finance Act 1999, and is a deemed registered scheme under the Pensions Act 2004 and is an 'approved scheme' for the purposes of accepting transfer values.

Investment Managers

Baillie Gifford's responsibilities include:

- (i) carrying out all the day-to-day functions relating to the management of the Fund;
- (ii) the allocations of the balanced portfolio between categories of investments and for the selection of individual stocks within each category of investment;
- (iii) deciding whether it is appropriate to retain or realise individual investments within the portfolio; and
- (iv) exercising the investment powers in such a way that will give effect to the principles contained in the Statement of Investment Principles (SIP), so far as is reasonably practicable, and in particular will have regard to the suitability and diversification of the investments within the guidelines set by the Trustees.

Additional Voluntary Contributions (AVCs)

Added years contributions are invested with normal contributions in the Scheme funds.

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

