

London Borough of Brent Pension Fund

Actuarial valuation at 31 March 2022

Advice on assumptions



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For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is authorised and regulated by the Financial Conduct Authority



Summary of recommendations

Assumption	Recommended approach	Comments
Future investment return assumption	Based on Hymans Robertson ESS model updated to latest market calibration	Asset class real return expectations are generally similar or lower than in 2019
Discount rate	Can be increased from 1.6% to 1.8% above the risk-free rate while maintaining the same level of prudence	No significant change in environment to suggest an increase or decrease in prudence levels.
CPI inflation (benefit increases / CARE revaluation)	Based on Hymans Robertson ESS model	Inflation expectations are slightly higher (c.0.2-0.3% p.a.) than 2019 due to current economic outlook
Salary increases	0.3% above CPI inflation (same as at 2019)	No change compared to 2019 assumption.
Baseline longevity	Based on Club Vita analysis updated to reflect non-COVID related experience	Longevity assumptions are tailored to the Fund's experience and membership
Future improvements in longevity	Updated to CMI 2021 model with no weight on 2020/21 data, but increased long term improvement of 1.5% pa	Latest version of CMI model is best practice but avoid projections being affected by short-term COVID-19 experience
Demographic assumptions (excluding longevity)	Adopt Hymans proposed demographic assumptions	All demographic assumptions have been reviewed against LGPS wide experience with some adjustment to reflect Fund's own experience

This is an extract from the full set of assumptions advice included in the non-public meeting pack, which sets out all the background information, reliances, limitations and technical standards which apply.