



To: Salaries and Wages
Human Resources
Pension Contacts

Circular 08/2020
07 October 2020

At: All Employing Authorities

Dear Colleagues,

Employers Contribution Rates for 2021/22 and 2022/23

In March 2020, Circular 04/2020 advised employers of their contribution rates for the next three years. At that time we highlighted that, due to the unknown impact of the COVID-19 pandemic, the employer contributions for 2021/22 and 2022/23 would remain under review and may be increased to avoid a higher increase being required from 1 April 2023.

I wish to confirm that the employers' contribution rates that were set by the actuary and stated in the Rates and Adjustments Certificate will apply for 2021/22 and 2022/23. There will be no change from those rates that were certified. However, it is important to be aware that the actuary advised that the underlying cost of the Scheme at 31 March 2019, known as the future service contribution rate, was 23.9%. As the Fund was in a surplus position at that time, it was possible to offset the surplus against the contributions due from employers within the main group, allowing them to pay a lower rate of 19.5% for the three years ending 31 March 2023. If there is a period of market volatility, there may be no surplus at the next valuation date and it may be necessary for employers' contribution rates to increase to a level closer to the future service rate at the date of the next valuation.

Those employers who have individual contribution rates should be aware that gilt yields have fallen and we expect their liabilities to increase at the next valuation.

Contribution rates payable by each employer can be found in the Rates and Adjustments Certificate on pages 57-71 of the Actuarial Valuation Report as at 31 March 2019. The valuation report is available on the [NILGOSC website](http://www.nilgosc.org.uk).

We hope this information will provide some certainty to employers when setting their

budgets for the next two financial years. If you have any questions regarding the content of this Circular, please contact either myself or any member of the Pensions Development Team.

Yours sincerely,

Zena Kee
Pensions Manager