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## The cost of the LGPS: corporate perspectives

Mark Packham PwC

**CIPFA conference**  
27 January 2015





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### Some major questions



- Should standard assumptions be used for future valuations?
- Are recovery plans comprehensive, realistic and achievable?
- What impact do deficits have on investment strategy? Can LDI help?
- How to keep the cost of covenant checks proportionate with more employers?
- How to distinguish Funds which are currently problematic as opposed to those which have had historic issues?

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### Some major questions



- Affordability**
- Cash**
- Investment**
- Covenant**
- Governance**

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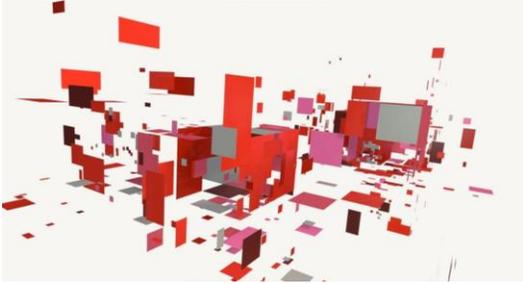
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### Fund by Fund – or one LGPS?



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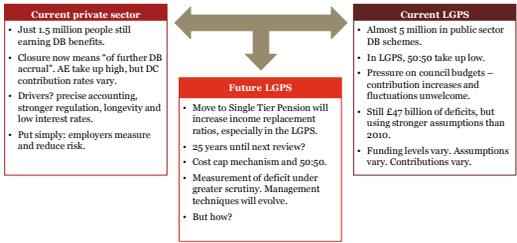
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### Affordability



Mark to market madness v overpromising? Intergenerational fairness?

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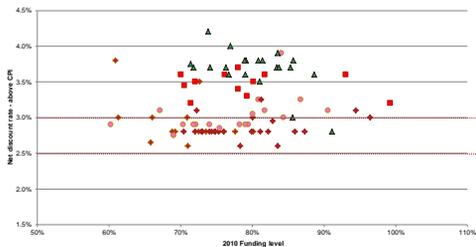
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### Affordability

England & Wales - 2010 funding levels



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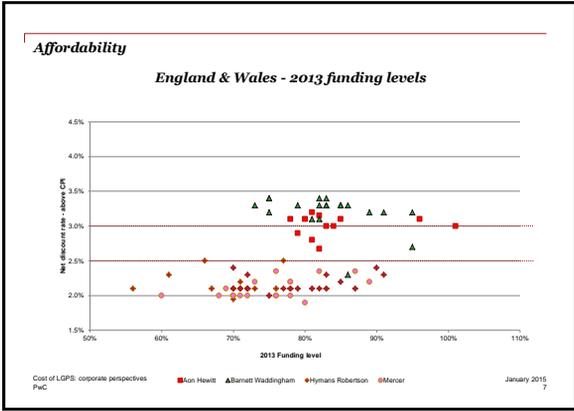
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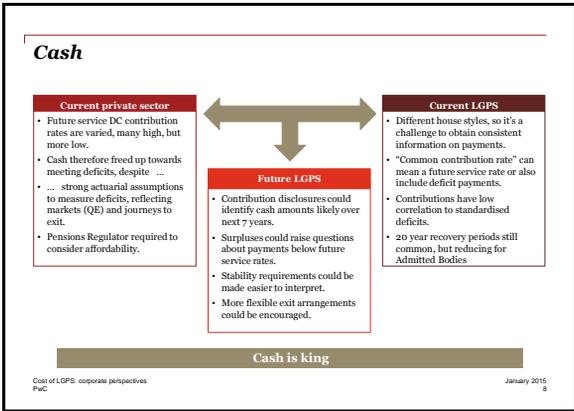
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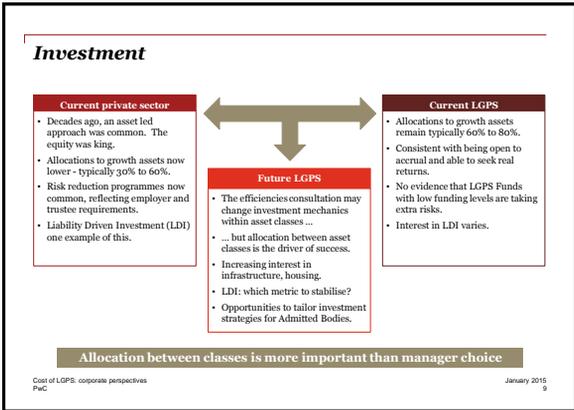
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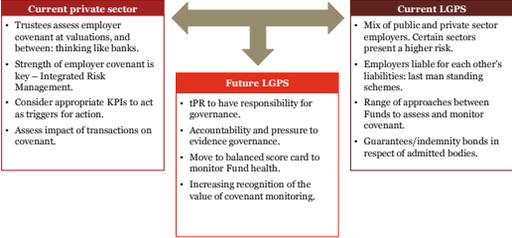
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### Covenant and governance



Regular and proportionate monitoring. Governance that is evidenced

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### Questions

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