

# Overview 2017

LSR

*Pension Fund for State Employees*

*Engjateigi 11*

*105 Reykjavík*

*711297-3919*

## Statement of changes in net assets available for benefits 2017

	2017	2017	2017	2017	2016
	Division A	Division B	Division S*	LSR	LSR
<b>Premiums</b>					
Members .....	7.131.027	490.920	895.652	8.517.599	7.789.142
Employers .....	20.502.482	1.514.632	520.190	22.537.304	20.510.604
Transfer of rights and repayments .....	(21.788)	0	4.394	(17.394)	16.863
Increase in pension payments .....	0	16.702.481	0	16.702.481	14.985.677
Payment due to pension supplement and commitments ..	0	24.000.000	0	24.000.000	117.230.000
State contribution to equalize disability pension burden ...	216.809	126.066	0	342.875	310.007
Liquidated and employers deposits on commitments .....	0	1.317.909	0	1.317.909	2.207.829
Voluntary pension premiums allocated to mortgage loans	0	0	(451.873)	(451.873)	(484.009)
	<u>27.828.529</u>	<u>44.152.009</u>	<u>968.363</u>	<u>72.948.901</u>	<u>162.566.112</u>
<b>Pensions</b>					
Pensions .....	5.934.302	42.173.014	418.218	48.525.534	43.528.500
Direct expenses due to disability pension .....	181.067	20.394	0	201.462	197.919
	<u>6.115.369</u>	<u>42.193.408</u>	<u>418.218</u>	<u>48.726.996</u>	<u>43.726.419</u>
<b>Net investment income</b>					
Net income from holdings in companies and funds .....	15.827.066	11.437.846	658.227	27.923.140	(13.126.657)
Net income from bonds .....	20.515.447	6.797.634	48.629	27.361.709	21.633.617
Interest income from bank deposits .....	0	0	244.385	244.385	241.875
Interest income from cash equivalents .....	(34.427)	102.266	13.634	81.473	676.486
Interest income from premiums and other claims .....	3.092	4.686	0	7.778	50.343
Aðrar fjárfestingartekjur .....	0	0	0	0	0
Investment expenses .....	(115.393)	(91.312)	(3.652)	(210.357)	(307.152)
	<u>36.195.785</u>	<u>18.251.121</u>	<u>961.222</u>	<u>55.408.128</u>	<u>9.168.512</u>
<b>Operating expenses</b>					
Office and management expenses .....	501.686	459.472	9.427	970.585	876.136
Other expenses .....	0	2	0	2	10.981
	<u>501.686</u>	<u>459.474</u>	<u>9.427</u>	<u>970.587</u>	<u>887.117</u>
<b>Increase in net assets during the year .....</b>	<b>57.407.259</b>	<b>19.750.247</b>	<b>1.501.940</b>	<b>78.659.446</b>	<b>127.121.088</b>
Net assets from previous year .....	497.722.700	208.694.832	13.996.403	720.413.935	593.292.847
<b>Net assets for pension payments at year-end .....</b>	<b>555.129.959</b>	<b>228.445.079</b>	<b>15.498.343</b>	<b>799.073.381</b>	<b>720.413.935</b>

\*Voluntary savings pension

## Balance sheet 31.12.2017

	2017	2017	2017	31.12.17	31.12.16
	Division A	Division B	Division S	LSR	LSR
<b>Assets</b>					
<b>Investments</b>					
Holdings in companies and funds .....	187.147.871	103.381.086	7.627.212	298.156.169	268.571.553
Bonds .....	334.142.800	111.352.887	576.647	446.072.334	400.358.207
Bank deposits .....	0	0	6.822.587	6.822.587	6.180.912
Other investments .....	110.131	58.362	0	168.493	151.718
	<u>521.400.803</u>	<u>214.792.335</u>	<u>15.026.445</u>	<u>751.219.583</u>	<u>675.262.391</u>
<b>Claims</b>					
Claims on employers .....	2.177.529	1.114.363	14.420	3.306.312	3.756.236
Other claims .....	2.660.261	7.249	15.621	2.683.131	2.424.705
	<u>4.837.791</u>	<u>1.121.612</u>	<u>30.040</u>	<u>5.989.443</u>	<u>6.180.942</u>
<b>Other assets</b>					
Fixed assets .....	443.521	13.609	0	457.130	473.613
Cash equivalents .....	28.739.787	14.607.190	470.690	43.817.667	40.689.232
	<u>555.421.902</u>	<u>230.534.745</u>	<u>15.527.175</u>	<u>801.483.823</u>	<u>722.606.178</u>
<b>Liabilities</b>					
Accrued pension commitments .....	83.221	146.396	0	229.617	202.655
Other liabilities .....	208.722	1.943.270	28.832	2.180.824	1.989.588
	<u>291.943</u>	<u>2.089.666</u>	<u>28.832</u>	<u>2.410.442</u>	<u>2.192.243</u>
<b>Net assets for pension payments at year-end .....</b>	<u>555.129.959</u>	<u>228.445.079</u>	<u>15.498.343</u>	<u>799.073.381</u>	<u>720.413.935</u>
<b>Off balance sheet assets</b>					
Claims on employers acc. Act no. 1/1997 article 33 .		398.727.957		398.727.957	382.841.994

## Cash flow statement 2017

	2017	2017	2017	2017	2016
Inflow	Division A	Division B	Division S	LSR	LSR
Premiums .....	27.456.482	25.987.910	953.987	54.398.380	44.522.451
Payment due to pension supplement and commitments ..	0	259.315	23.153	282.467	24.010.885
Paid interest income on cash equivalents and claims .....	895.810	39.094	0	934.904	1.115.979
Other inflow .....	122.245	0	0	122.245	139.770
	<u>28.474.537</u>	<u>26.286.320</u>	<u>977.140</u>	<u>55.737.996</u>	<u>69.789.085</u>
<b>Outflow</b>					
Pensions .....	6.091.534	42.076.183	401.428	48.569.144	43.412.858
Operating expenses .....	494.268	433.062	11.730	939.060	935.119
Investment in operating assets .....	831	831	0	1.663	3.727
Other outflow .....	391.662	111.700	9.309	512.671	324.365
	<u>6.978.295</u>	<u>42.621.776</u>	<u>422.467</u>	<u>50.022.538</u>	<u>44.676.071</u>
New disposable resources for investments .....	<u>21.496.241</u>	<u>(16.335.456)</u>	<u>554.672</u>	<u>5.715.458</u>	<u>25.113.015</u>
<b>Investment transactions</b>					
Received income from holdings in companies and funds ...	1.581.566	402.206	18.624	2.002.396	2.327.146
Investment in holding companies and funds .....	(31.442.120)	(5.274.396)	(1.516.151)	(38.232.667)	(44.256.623)
Sold holdings in companies and funds .....	15.633.613	22.046.164	1.616.321	39.296.098	25.948.445
Installments on bond principals and interest .....	30.545.360	13.127.061	13.965	43.686.386	31.142.053
Purchased bonds .....	(67.834.397)	(13.163.394)	(214.271)	(81.212.061)	(48.938.401)
Sold bonds .....	26.894.885	6.432.085	42.657	33.369.627	22.188.810
New bank deposits .....	0	0	(391.000)	(391.000)	(310.000)
Purchased other investments .....	(113.289)	(55.105)	0	(168.394)	(256.902)
Sold other investments .....	104.266	55.401	0	159.667	224.797
Income from other investments .....	600	1.030	0	1.630	5.285
Other investments expenses .....	(7.087)	(2.590)	0	(9.677)	(6.571)
	<u>(24.636.603)</u>	<u>23.568.462</u>	<u>(429.856)</u>	<u>(1.497.997)</u>	<u>(11.931.962)</u>
Increase (decrease) in cash equivalents .....	(3.140.362)	7.233.006	124.817	4.217.461	13.181.053
Exchange rate difference on cash equivalents .....	(927.145)	(152.362)	(9.519)	(1.089.026)	(389.150)
Cash equivalents at beginning of year .....	<u>32.807.293</u>	<u>7.526.547</u>	<u>355.392</u>	<u>40.689.232</u>	<u>27.897.329</u>
<b>Cash equivalents at year-end .....</b>	<u>28.739.787</u>	<u>14.607.190</u>	<u>470.690</u>	<u>43.817.667</u>	<u>40.689.232</u>

## Financial indicators LSR

	2017	2016	2015	2014	2013
<b>Yield</b>					
Nominal yield.....	7,57%	3,04%	8,74%	10,12%	10,47%
Real yield.....	5,74%	0,93%	6,61%	8,99%	6,57%
Net real yield.....	5,60%	0,79%	6,46%	8,91%	6,49%
Average net real yield over the last 5 years.....	5,62%	6,32%	6,53%	5,66%	4,46%
Average net real yield over the last 10 years.....	1,38%	0,74%	1,71%	2,41%	2,45%
<b>Investment securities</b>					
Listed holdings in companies and funds.....	35,7%	34,6%	41,3%	38,9%	36,5%
Listed bonds.....	36,4%	37,6%	40,2%	38,6%	40,6%
Unlisted holdings in companies and funds.....	4,9%	3,8%	4,7%	6,0%	5,4%
Unlisted bonds.....	23,0%	23,0%	12,8%	15,5%	16,4%
Bank deposits.....	0,0%	0,9%	1,0%	1,0%	1,0%
Other investments.....	0,0%	0,0%	0,0%	0,0%	0,1%
<b>Investment securities by currencies</b>					
Securities in Icelandic krona.....	73,4%	75,0%	69,0%	67,5%	68,8%
Securities in foreign currencies.....	26,6%	25,0%	31,0%	32,5%	31,2%
<b>Members and pensioners</b>					
Average number of active members.....	30.809	30.324	30.080	29.569	29.491
Average number of pensioners.....	21.142	19.626	18.175	16.880	15.882
Number of total fund members at year-end*.....	107.053	104.798	102.844	101.400	98.256
Staff (full-time equivalent position).....	48,4	49,3	45,4	45,3	44,3
<b>Amounts at fixed prices (in millions ISK)</b>					
Total premiums.....	73.576	166.446	40.868	36.850	35.405
Total pensions.....	49.146	44.630	39.267	34.895	32.216
Total net investment income.....	55.884	9.573	51.456	60.374	50.170
Total operating expenses.....	979	901	850	818	840
Increase in net assets for pension payments.....	79.335	130.477	52.229	63.448	52.550
<b>Breakdown of pension payments by type</b>					
Old-age pensions.....	80,4%	79,6%	77,9%	77,2%	76,8%
Disability pension.....	5,9%	6,3%	7,3%	6,9%	6,5%
Spouse's pension.....	13,4%	13,8%	14,3%	14,8%	15,7%
Children's allowance.....	0,3%	0,3%	0,4%	0,4%	0,3%
Other payments.....	0,0%	0,0%	0,1%	0,7%	0,6%
<b>Other financial indicators</b>					
Pensions as percentage of premiums.....	66,8%	26,8%	96,1%	94,7%	91,3%
Operating expenses as percentage of premiums.....	1,3%	0,5%	2,1%	2,2%	2,4%
Net investment income as % of average asset position.....	7,3%	1,4%	8,7%	11,1%	10,0%
Operating expenses as % of average asset position.....	0,13%	0,13%	0,14%	0,15%	0,17%

\* Total fund members at year end is a total members from all divisions LSR. Therefore some members are counted more than once.