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# Welcome

## Welcome to your Autumn issue of *The Quill*, the newsletter for members of the Royal County of Berkshire Pension Fund.

As always, this Autumn issue includes a summary of the annual report and accounts for the latest financial year 2010/2011 – see pages 6 to 9.

This year our Annual Meeting and Pensions Fair will both be held on Wednesday 23 November and all members are invited to attend. Further details about these events can be found on pages 4 and 5 of this newsletter.

If you are considering paying extra towards your income in retirement, you can do this by buying additional annual pension through Additional Regular Contributions (ARCs) or Additional Voluntary Contributions (AVCs). See pages 10 and 11 to find out more.

If you were an active member of the pension scheme before 31 March 2011, you will also find enclosed your latest annual benefit statement for 2010/2011. We hope you will find your benefit statement easy to read and understand.

Explanatory notes to accompany your annual benefit statement can be found in this newsletter on pages 19 to 27.

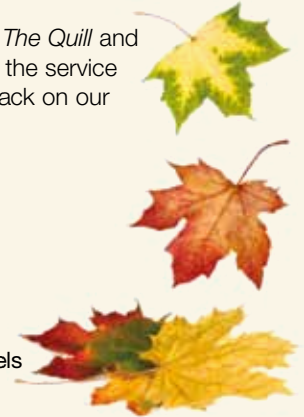
You can now connect with the Berkshire Pension Fund online or by mobile through our brand new social media networks available on Twitter and Facebook – turn to page 12 to find out how.

Finally, don't forget to enter our wordsearch competition on page 13 for the chance of winning a £25 Marks and Spencer gift card. Good luck!

We hope you enjoy reading this edition of *The Quill* and as ever we would welcome your views on the service that we provide in general and your feedback on our newsletters in particular.



Councillor John Lenton  
Chairman, Berkshire Pension Fund  
and Berkshire Pension Fund Advisory Panels



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# Annual Meeting 2011

## Annual Meeting attendance request

Full Name

Address

Daytime Tel No

Email

Please return this reply slip to Joanne Brazier, Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF. Alternatively you can confirm your attendance by email at **[joanne.brazier@rbwm.gov.uk](mailto:joanne.brazier@rbwm.gov.uk)**.

All attendance requests will be confirmed by return email or post.

We invite you to attend the Royal County of Berkshire Pension Fund Annual Meeting on Wednesday 23 November 2011, which is being held in the Council Chamber at Reading Borough Council Civic Centre Offices.

The meeting is open to all members of the Royal County of Berkshire Pension Fund. In attendance will be members of the Berkshire Pension Fund Panel and the Pension Fund Advisory Panel, including the Chairman, Councillor John Lenton. Also in attendance will be Nick Greenwood, Pension Fund Manager and Kevin Taylor, Pension Administration Manager.

The meeting will commence at 11am, with a view to finishing at approximately 12.15pm. Light refreshments will be provided.

To assist us with planning the meeting, we would be grateful if you could confirm your attendance by completing the adjacent reply slip. Please note that spaces are limited and priority will be given to members who have indicated their attendance.



# Berkshire Pensions Fair

To coincide with our annual meeting (see opposite) we are holding a Pensions Fair on **Wednesday 23 November 2011** in the Kennet Room at Reading Borough Council Civic Centre Offices.

The Pensions Fair will be open to all members of the Fund and will run from 10.30am until 3.30pm. Entry is free and no appointment is necessary.

## **Representatives will be in attendance from:**

**Berkshire Pension Fund – Pension Team**, answering queries on all aspects of the Local Government Pension Scheme.

**Berkshire Pension Fund – Payroll Team**, offering guidance on any tax or income queries for members who are in receipt of a Berkshire pension.

**Prudential**, offering advice on how to increase your pension entitlement through Additional Voluntary Contributions.

**The Pensions Advisory Service**, providing free information and guidance on general pension matters.

A comprehensive range of literature from these organisations will also be available. Directions to Reading Borough Council Civic Centre Offices are available by contacting us on 0845 602 7237 or you can email us at [info@berkshirerpensions.org.uk](mailto:info@berkshirerpensions.org.uk).

Details are also available via our website at [www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk).

All are welcome to attend and we look forward to seeing you there.



# Fund Accounts

We monitor the financial performance of the Fund against its liability to pay pensions to members in respect of service accrued to date. As at 31 March 2011, the estimated liabilities of the Fund were £1.8 billion, assuming that future pension increases are in line with changes in the Consumer Prices Index. At the same date the Fund's assets were £1.46 billion, resulting in a solvency ratio of 81%.

A full actuarial valuation at 31 March 2010 has been carried out. The valuation report can be downloaded via our website at [www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk).

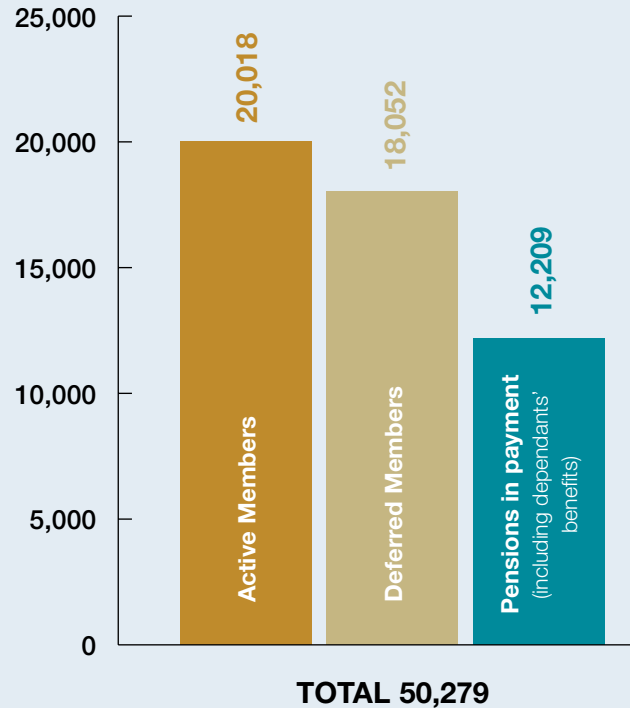
	£'000
<b>Income</b>	
Employer contributions	62,084
Employee contributions	24,536
Transfer values received	16,813
Investment income	15,925
<b>Total income</b>	<b>119,358</b>
<b>Expenditure</b>	
Benefits payable	73,727
Payments to and on account of leavers	9,278
Fund administration and management costs	2,814
<b>Total expenditure</b>	<b>85,819</b>
<b>Net income</b>	<b>33,539</b>
<b>Balance sheet</b>	
Quoted investments	73,080
Managed funds	1,322,046
Current assets	71,745
Less current liabilities	-2,852
<b>Net assets at 31 March 2011</b>	<b>1,464,019</b>

# LGPS Membership

As at 31 March 2011, there were 50,279 members in the Royal County of Berkshire Pension Fund. Of this, over 20,000 are actively employed by over 100 organisations within the Berkshire area, with this number continuing to increase.

The breakdown of membership is reflected opposite:

The number of scheme employers continues to grow particularly as a result of schools in the County converting to Academy status. Academies are automatically admitted to the Fund as a new employer. So, non-teaching staff employed at an Academy remain members of the Local Government Pension Scheme.



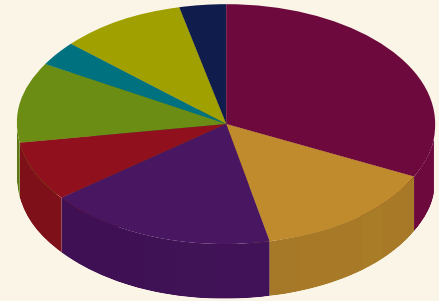
# Investments

The Pension Fund Panel is responsible for setting the strategic asset allocation for the investment of the Fund's assets (please see the chart).

The new asset allocation policy agreed by the Panel during the financial year 2008/09 continued to be deployed during the 2010/11 financial year. The objective of the new asset allocation is to diversify the Fund's assets across a broad universe of investable assets. With the exception of a small UK equity portfolio, the Fund's assets are managed by external investment managers. Each manager is given a specific benchmark and a target return objective above this specific benchmark.

## Asset allocation as at 31 March 2011

Global Equities	32.5%
Bonds	14.4%
Absolute Return	17.7%
Property	8.0%
Commodities	10.9%
Infrastructure	3.2%
Global Convertibles	9.9%
Cash	3.4%



During the 2010/11 financial year, the Panel reviewed the Fund's exposure to corporate bonds and noted that the additional reward compared to gilts for taking credit risk had narrowed substantially in the last couple of years. In addition, a general lowering of available yields left corporate bonds looking unattractive compared to other assets. Consequently the investment grade bond portfolio was sold and exposure to high yield bonds reduced. The proceeds were reinvested in 'real assets' (principally equities and commodities) and absolute return funds.

## Who manages the investments?

As at 31 March 2011, the Fund employed the following external managers:

- **Stone Harbor Investment Partners** – Emerging Markets Debt (local currency and USD)
- **Legal & General Investment Management** – Global High Yield Bonds
- **Muzinich & Co** – Global High Yield Bonds
- **Fidelity International** – Emerging Markets Equity
- **Henderson Global Investors** – Senior Loans
- **Invesco** – Senior Loans
- **Morgan Stanley Investment Management** – Emerging Markets Equity and Commodities
- **Blue Bay Asset Management** – Global Convertible Bonds
- **JP Morgan Asset Management** – Global Convertible Bonds
- **Aviva Investors Global Services** – Convertible Bonds and Global Property

- **Informed Portfolio Management AB** – Global Equity Enhanced Index
- **William Blair International** – Emerging Markets Equity
- **First State Investments** – Emerging Markets Equity
- **Wellington Management** – Emerging Markets Equity and Global Small Cap Equities
- **BlackRock Investment Management** – Global Small Cap Equities
- **Lyxor Asset Management** – Absolute Returns
- **MacQuarie Capital Funds** – Infrastructure

## How did the investments perform?

Fund	One year to 31 March 2011 %	Three years to 31 March 2011 % per year
<b>Total Fund</b>	+10.6	+1.0

The 10.6% return for the year was significantly above the growth in liabilities of 7.1%, bringing the annualised investment return over the past three years to 1.0% per annum (versus -4.6% per annum for the three years to 31 March 2010).

# Your pension and lump sum – the choice is yours!

The LGPS is an excellent pension scheme, but have you considered paying extra towards your income in retirement? Members of the Fund have two options available to increase their pension benefits – either buying additional annual pension by way of Additional Regular Contributions (ARCs), or by joining the Additional Voluntary Contributions (AVCs) scheme run by Prudential.

## Additional Regular Contributions

Did you know that you can 'buy' additional pension through the Fund by way of Additional Regular Contributions (ARCs)? The amount that you choose to pay is calculated in accordance with guidance issued by the Government Actuary's Department. You can purchase £250 of additional pension or multiples thereof up to a maximum of £5,000. You can also choose to provide for survivors' benefits as part of your additional pension, although the amount of your ARCs will be higher if you choose to do this. To find out more about paying ARCs please contact us on 0845 602 7237 or request a quotation by completing our online form at [www.berkshirepensions.org.uk/pension-fund\\_online\\_forms.htm](http://www.berkshirepensions.org.uk/pension-fund_online_forms.htm)

ARCs are deducted through your payroll and attract tax relief at your marginal rate. This is dealt with automatically so you do not need to arrange anything yourself with the Tax Office – it is all handled for you.

ARCs (and AVCs) are a very tax efficient way of saving as the taxman pays part of your contribution for you. If you elect to pay ARCs you will be asked to confirm the period over which you wish to pay the contributions. If you do not complete the payments (you may leave your employment for example before all payments have been completed) you will be credited with a proportion of the additional pension that you have purchased to the point that your contributions cease.



## AVCs

### The facts about AVCs:

- AVCs offer a tax benefit as tax relief is given through payroll deductions.
- For a basic rate taxpayer, every £100 of extra saving only costs you £80; the other £20 comes from the taxman. For higher rate taxpayers, the extra saving can be as much as £40 per £100 of saving, but this depends on your income (this is also the case with ARCs).
- In most cases it is possible to take the AVC fund as a tax-free lump sum, subject to certain Government tax rules.
- You can use your AVCs for more pension in the LGPS if you wish.
- Your AVC fund can be used for a mixture of a tax-free lump sum and pension.
- You can pay whatever amount you like, up to a maximum of half your pensionable earnings every month.

- You can change, stop and restart your contribution at any time.
- There is a choice of funds to invest in, from very low risk to high risk, including a deposit fund that protects your payments and guarantees any interest received.
- This is a way of paying less tax and taking the benefit as a lump sum even if retirement is only a few months away.

If you would like to know more about AVCs, please call Prudential's dedicated local government team, Pension Connection, on 0845 268 2673 (9am to 6pm Monday to Friday), quoting NEWS11, for an immediate response. There is no cost to you for this service.

**PS** You can also learn more about improving your lifestyle in retirement at: [www.pru.co.uk/localgov](http://www.pru.co.uk/localgov)

Prudential will use your details to provide you with access to more information. The above is based on our current understanding of taxation rules as at January 2011, which may change, and the tax impact will depend on your individual circumstances. Calls may be monitored or recorded for quality and security purposes.

# Connect with us on social networks

You can now connect with the Berkshire Pension Fund through our brand new social media platforms on Twitter and Facebook.

Our social media sites enable you to receive up to the minute Berkshire pensions news and information straight to your mobile.

Our Twitter and Facebook sites enable us to keep you posted about...

- forthcoming pension changes
- pension events
- latest regulation changes
- links to new publications



Follow Berkshire Pensions on Twitter  
[www.twitter.com/berkspensions](http://www.twitter.com/berkspensions)



Join us on Facebook [www.facebook.com](http://www.facebook.com)  
and search for 'Berkshire Pension Fund'



Why not also visit our website at  
[www.berkshirepensions.org.uk](http://www.berkshirepensions.org.uk)

## Online forms

You can now request estimates, send us your queries and change your address details via our new online forms.

### You can:

- change your address
- request an estimate of your pension entitlement
- request an illustration to purchase additional pension
- trace previous Berkshire Pension benefits
- make a comment or suggestion about the service we provide
- send us your queries

To submit an online form, please visit  
[www.berkshirepensions.org.uk/pension-fund\\_online\\_forms.htm](http://www.berkshirepensions.org.uk/pension-fund_online_forms.htm)

# Autumn competition

In the Spring edition of *The Quill*, we invited our readers to try our sudoku competition. Thank you to everyone who entered. The lucky winner was Lorna Gilbert from Bracknell – congratulations!

For another chance to win a £25 Marks & Spencer gift voucher, kindly donated by our in-house AVC providers, Prudential, why not have a go at our Autumn wordsearch competition?

Please send your entry to Joanne Brazier, Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, Berkshire SL6 1SF, to arrive by 30 November 2011. The winner will be drawn at random from the correct entries received. Good luck!

*Please note this competition is not open to members of the pension teams.*

Full Name

Address

Postcode

Telephone number

## Wordsearch

You must find the words listed at the bottom in the grid:

The wordsearch grid is a 15x15 square of letters. The words to be found are listed below the grid:

Autumn	Fireworks	Matches
Bangers	Gunpowder	Roman Candles
Bonfires	Illumination	Rooftops
Catherine Wheel	Leaves	Sparklers
Colour	Light	Stars



# Pension Fund Advisory Panel call for nominations

Nominations must be received by 31 December 2011.  
Please return this form to Joanne Brazier, Royal County of  
Berkshire Pension Fund, Minister Court, 22-30 York Road,  
Maidenhead, Berkshire, SL6 1SF.

Remember to include a separate sheet explaining why you  
think you should be considered for the active and deferred  
member representative of the Pension Fund Advisory Panel  
(maximum 250 words).

Title	Forenames
Surname	
Tel No.	
Email	
Home Address	
Postcode	
Employer	

In our Spring 2009 edition of *The Quill* we invited members to  
nominate themselves for a position on the Berkshire Pension  
Fund Advisory Panel.

Panel members are appointed for a term of two years and so we  
would once again like to invite you to nominate yourself if you  
would like to be considered as the active and deferred member  
representative of the Berkshire Pension Fund Advisory Panel.

A maximum of four candidates will be short-listed by the  
Chairman and Vice-Chairman of the Pension Fund Advisory  
Panel. Details of the short-listed candidates will be included in  
the next issue of *The Quill*.

Nominations will close on 31 December 2011. If you would like  
to be considered for a place on the Berkshire Pension Fund  
Advisory Panel, please complete the tear-off slip opposite. Please  
also attach a summary on a separate page explaining why you  
think you should be considered for the role (maximum 250 words).

If you would like further information on the role of the Advisory  
Panel or on the nomination process, please contact Nick  
Greenwood, Pension Fund Manager, on 01628 796701 or email  
nick.greenwood@rbwm.gov.uk



# Making your wishes known

**By completing an expression of wish form you are able to state who you would like your death grant to be paid to if the worst should happen.**

It also enables us to pay the benefits to your loved ones without delay. You can choose one person (such as a husband, wife, partner, other family member or friend), a number of people (such as your children), or an organisation (such as a charity), or a combination of any of the above.

If you haven't already completed a form or wish to change your existing nomination, you can complete and return the form overleaf. Alternatively you can download our factsheet, 'Expression of wish for payment of death grant', from [www.berkshirerepensions.org.uk](http://www.berkshirerepensions.org.uk).

Please note: the administering authority has absolute discretion in making payment of the death grant and will want to honour your wishes, so always consider those who will and those who will not benefit.

Any expression of wish will be disregarded by the administering authority if, at the time of your death:

- a chosen beneficiary has died; or
- a chosen beneficiary was, but is no longer, your husband or wife; or
- the administering authority considers that the circumstances are such that it would not be reasonable to make payment to the chosen beneficiary(ies).

You may cancel your expression of wish or make a new expression of wish at any time. Account will be taken of your wishes expressed in the form bearing the latest date.



# Local Government Pension Scheme

## Expression of wish form for beneficiary(ies) of death grant

In the event of my death, I wish the administering authority for the Local Government Pension Scheme to make payment of any lump sum death grant, to which entitlement may arise by virtue of my membership of the Scheme, to the beneficiary(ies) listed below:

Chosen beneficiary(ies)	Relationship	Proportion (%)	Address of beneficiary(ies)

Please note that your expression of wish will only be valid if the proportions listed above total 100%.

### Declaration

I understand that this notice may be cancelled or varied, in writing, at any time and that the administering authority is not bound by the notice, that it has absolute discretion when making payment and that it may be disregarded in certain circumstances.

Full name

Employer

National Insurance No.

Home Address

Postcode

Your signature

Date

Your completed form should be returned to: **Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead SL6 1SF**  
(Please retain a copy for your files.)



# Pension News

## Have you had a reduction to your full-time equivalent pay?

If your answer is yes then you may need to assess your pension options. As a member of a final salary pension scheme, the pensionable pay you receive forms a crucial part in determining the level of pension benefits that you will receive on retirement.

Whilst a scheme member's final pay will normally be the pensionable pay received during the last year of employment, this is not always the case and in such instances, there are various options available to the scheme member as to how their final pay is calculated for the purposes of determining their pension benefits.

To find out more about the options available to you please contact the Pension Team on 0845 602 7237 or you can download our 'Reductions in Pay' factsheet from our website at [www.berkshirerpensions.org.uk/publications.htm](http://www.berkshirerpensions.org.uk/publications.htm)

### Awards News

We are delighted to announce that the Royal County of Berkshire Pension Fund Administration Team received the Highly Commended Award for Team Excellence in Administration at the Engaged Investor Awards 2011. The awards celebrate the work and achievements of pension schemes over the past year.

## Tax allowances – a reminder

As mentioned in our Spring edition of *The Quill*, the Government has now outlined its approach to restricting pensions tax relief.

As a result of this review, two main changes were introduced:

- **from 6 April 2011, the Annual Allowance has been reduced from £255,000 to £50,000**

and

- **from April 2012, the Lifetime Allowance will be reduced from £1.8 million to £1.5 million**

If you think that you may be affected by these changes, you should visit the HMRC website at [www.hmrc.gov.uk/pensionschemes/annual-allowance/reduced.htm](http://www.hmrc.gov.uk/pensionschemes/annual-allowance/reduced.htm), where you will find further guidance, along with examples as to how to work out if these changes will affect you.

From 6 April 2012 a new Fixed Protection is available which fixes the LTA at £1.8 million, but applications must be made to HMRC by 5 April 2012. If you are concerned that the level of your benefits might exceed a £1.5 million LTA you should seek independent financial advice. Further information on Fixed Protection and how to apply for it can be found on the HMRC website, just go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and search for fixed protection.

# The latest on Public Sector Pensions

As mentioned in the Spring 2011 edition of *The Quill*, Lord Hutton of Furness published his final report on the future of public sector pensions. His report outlined a series of recommendations for the Government to put in place in order to sustain the LGPS for the future. Since the report was published in March 2011, pensions has regularly become headline news.

The principal recommendation for the LGPS is to retain a 'defined benefit' pension scheme but to change the way in which pension benefits are calculated away from a final salary basis (currently number of years' service times 1/60th of your final pensionable pay) to a Career Average Revalued Earnings ('CARE') basis.

It is important to note that Lord Hutton recommends that pension rights already accrued (i.e. earned) up to the point that the scheme's benefit structure changes should be protected and that these benefits that have already been earned continue to be linked to your final salary.

Since the report was issued, HM Treasury has announced that the LGPS, as a Funded Pension Scheme, will have a chance to formulate its own package of reforms. The Treasury wants the LGPS to make £900 million savings by 2015, and a 12-week consultation is due to start at the beginning of October. However, changes to the LGPS are expected in April 2012. You can keep up to date with all LGPS matters at the following quick links:

## Quick Links

The latest on Public Sector Pensions Reform	<a href="http://www.hm-treasury.gov.uk/press_83_11.htm">http://www.hm-treasury.gov.uk/press_83_11.htm</a>
The Hutton Report	<a href="http://cdn.hm-treasury.gov.uk/hutton_final_100311.pdf">http://cdn.hm-treasury.gov.uk/hutton_final_100311.pdf</a>
Frequently Asked Questions	<a href="http://www.hm-treasury.gov.uk/indreview_johnhutton_faq.htm">http://www.hm-treasury.gov.uk/indreview_johnhutton_faq.htm</a>



Don't forget you can keep up to date with all the latest Public Sector Pensions Reform news by following us on Twitter and Facebook and on our website at [www.berkshirepensions.org.uk](http://www.berkshirepensions.org.uk)

# Notes to accompany your Annual Benefit Statement

We are pleased to enclose your 2011 Annual Benefit Statement with this newsletter. Your statement shows the projected retirement benefits valued at 31 March 2011 and at age 65 and have been based on your pensionable pay and employment conditions for the period 1 April 2010 to 31 March 2011.

We hope that the information included in your statement will enable you to plan for your retirement.

In this section of *The Quill* you will find some accompanying notes, explaining the figures and terminology we have used.

## **A note for members joining the LGPS after 1 April 2011**

If you joined the Royal County of Berkshire Pension Fund after 1 April 2011, you will not have an annual benefit statement enclosed with this newsletter. You will, however, receive a statement in Autumn 2012. If you would like an estimate of your pension entitlement before then, please contact us on 0845 602 7237 or email [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk) and we will be happy to arrange this for you.



# Section 1

## Your personal details

**Pensionable pay:** The final pay figure that would normally be used to calculate your LGPS benefits is your pensionable pay received over the last 365 days of your employment. The final pay shown in your annual benefit statement is based on the pension contributions you paid from 1 April 2010 to 31 March 2011, which is unlikely to be your current salary. If you are part-time, the final pay figure will have been increased to its full-time equivalent rate, again based on the pension contributions you paid during 2010/2011.

**Contractual hours:** If you work part time, your hours will be shown as your contractual hours worked out of a full-time equivalent week. For example, if you work 30 hours per week out of a possible 37, this will be shown as 30.00/37.00.

**Contractual weeks:** If you work term time only, your total contractual weeks worked will be shown out of a full-time equivalent year. For example, if you are contracted to work 46.10 weeks per year out of a possible 52.143, this will be shown as 46.10/52.143.

**LGPS retirement date:** This is the day before your 65th birthday. The normal retirement age within the LGPS is 65. However, you are eligible to claim a reduced pension from age 60 onwards, and in some cases you may be eligible to receive your pension benefits before the age of 65 at an unreduced rate.

Please contact the Pension Team to find out more about when you can retire.

**Please note:** *If you are aged 65 or over as at 31 March 2011, no LGPS retirement date will be shown as you will have reached your normal retirement age.*



# Section 2

## Your LGPS pension built up to 31 March 2011

**Total 80ths membership:** This is the service you have built up to 31 March 2008.

**Total 60ths membership:** This is the service you have built from 1 April 2008 to 31 March 2011.

**Total membership (calculated up to 31 March 2011):** This is the combined total of your 80ths and 60ths service as detailed above plus any added years purchased.

**Important note for part-time workers:** For any period of part-time service, your pensionable membership for this period is proportioned to reflect your part-time hours/weeks of employment.

**Total 80ths pension:** This is your annual pension amount based on your service up to 31 March 2008, calculated as follows:

$$\text{① Total membership x final pay } \div 80$$

**Total 60ths pension:** This is your annual pension amount based on your service from 1 April 2008 to 31 March 2011, which is calculated as follows:

$$\text{② Total membership x final pay } \div 60$$

**Total annual pension:** This is the combined total of your 80ths and 60ths pension as detailed above (① + ②).

**Includes additional pension benefit of:** If you have elected to purchase additional regular contributions (ARCs) the total of these calculated to 31 March 2011 will be shown here.

**Includes added years pension benefit of:** If you elected to purchase additional membership of the LGPS (known as 'added years') prior to 1 April 2008, the total of these calculated to 31 March 2011 will be shown here.

**Total lump sum based on pre 1 April 2008 service only:** A tax-free cash lump sum payable based on your service built up to 31 March 2008, calculated as follows:

$$\text{Total membership (to 31 March 2008) x final pay } \div 80 \times 3$$

**Includes added years lump sum of:** If you elected to purchase additional membership of the LGPS (known as 'added years') prior to 1 April 2008, and you were under the age of 45 when you joined the LGPS, the total additional lump sum figure calculated 31 March 2011 will be shown here.

**Please note:** If you are aged 60 or over as at 31 March 2011, the benefits shown in your statement will have the relevant early retirement reductions applied. If you are under age 60 as at 31 March 2011, your benefits will be shown at their unreduced value.

# Section 2 continued...

**Maximum tax-free lump sum:** Under current regulations it is possible to elect to convert part of your pension into additional tax-free cash on retirement. You are allowed to exchange £1 of annual pension for an additional £12 of tax-free cash up to a maximum of 25% of the capital value of your total 'pension pot'. You will be provided with details of how this option applies to you before your benefits come into payment at retirement.

For the purposes of this benefit statement we have calculated the maximum tax-free cash that you could receive at retirement, based on your pension benefits calculated to 31 March 2011.

**PLUS a smaller LGPS pension:** The figure quoted here is the annual pension you would receive if you elected to convert the maximum 25% of the capital value of your total 'pension pot'. This figure is based on your pension calculated up to 31 March 2011.

**Lifetime Allowance (LTA):** The LTA is the total capital value of all your pension arrangements, but not your state pension, which you can build up without paying extra tax. The LTA covers any pension benefits you may have in all tax-registered pension arrangements – not just the LGPS.

The LTA for the tax year 2010/2011 was £1,800,000.00. The figure quoted is the value of the LTA that you have used up in respect of your Berkshire pension entitlement as at 31 March 2011 (both the monetary and percentage figures have been provided).

**Survivor's pension:** This is the amount of annual pension which would become payable in the event of your death to your legally married spouse, civil partner or nominated cohabiting partner. This figure is the current value at 31 March 2011.

**Includes additional Survivor's pension benefit:** If you have elected to buy Additional Regular Contributions (ARCs) to include provision for your dependants the value will be included here.

**Includes added years Survivors benefit:** If you pay additional contributions towards the purchase of added years under previous LGPS regulations, the additional dependant's value will be shown here.



# Section 3

## Your LGPS pension payable at age 65

**Total 80ths membership:** This is the service you have built up to 31 March 2008.

**Total 60ths membership:** This is the service you have built from 1 April 2008 to age 65.

**Total membership (calculated up to age 65):** This is the combined total of your 80ths and 60ths service as detailed above, plus any added years purchased.

**Important note for part-time workers:** For any period of part time service, your pensionable membership for this period is proportioned to reflect your part-time hours/weeks of employment.

**Total 80ths pension:** This is your annual pension amount based on your service up to 31 March 2008, calculated as follows:

$$\text{① Total membership} \times \text{final pay} \div 80$$

**Total 60ths pension:** This is your annual pension amount based on your service from 1 April 2008 to age 65, calculated as follows:

$$\text{② Total membership} \times \text{final pay} \div 60$$

**Total annual pension:** This is the combined total of your 80ths and 60ths pension, as detailed above (① + ②).

**Includes additional pension benefit of:** If you have elected to purchase additional regular contributions (ARCs) the total of these calculated to age 65 will be shown here.

**Includes added years pension benefit of:** If you elected to purchase additional membership of the LGPS (known as 'added years') prior to 1 April 2008, the total of these calculated to age 65 will be shown here.

**Total lump sum based on pre 1 April 2008 service only:** A tax-free cash lump sum payable based on your service built up to 31 March 2008, calculated as follows:

$$\text{Total membership (to 31 March 2008)} \times \text{final pay} \div 80 \times 3$$

**Includes added years lump sum of:** If you elected to purchase additional membership of the LGPS (known as 'added years') prior to 1 April 2008, and you were under the age of 45 when you joined the LGPS, the total additional lump sum figure calculated to age 65 will be shown here.

For the purposes of this benefit statement we have calculated the maximum tax-free cash that you could receive at retirement, based on your pension benefits calculated to age 65.

# Section 3 continued...

**Survivor's pension:** This is the amount of annual pension which would become payable in the event of your death to your legally married spouse, civil partner or nominated cohabiting partner. This figure is the current value at age 65.

**Includes additional Survivor's pension benefit:** If you have elected to buy Additional Regular Contributions (ARCs) to include provision for your dependants, the value will be included here.

**Includes added years Survivor's benefit:** If you pay additional contributions towards the purchase of added years under previous LGPS regulations, the additional dependant's value will be shown here.

**PLUS a smaller LGPS pension:** The figure quoted here is the annual pension you would receive if you elected to convert the maximum 25% of the capital value of your total 'pension pot'. This figure is based on your pension calculated up to age 65.



# Section 4

## Your LGPS death benefits

**This section details the death benefits which would become payable from the LGPS, based on your employment details calculated to 31 March 2011.**

**Death in service grant:** This is the value of the tax-free lump sum which would become payable to your estate or nominated beneficiary(ies) at your date of death (for the purposes of this estimate we have used the date of 31 March 2011). The amount of lump sum payable is equal to three times your final annual pay, no matter how long you have been a member of the Scheme. If you are a part-time employee, the pay figure used is the actual pay you receive and is not increased to its full-time equivalent rate in the same way as when retirement benefits are calculated.

**Survivor's pension:** This is the amount of annual pension which would become payable in the event of your death to your legally married spouse, civil partner or nominated cohabiting partner.

**Your nomination details:** You can choose who you would like to receive any death grant payable, by completing an expression of wish form. If you have already completed an expression of wish form, your nominated beneficiary(ies) will appear in this section. If this section appears blank, we do not currently hold a nomination on file for you. If you have not already made a nomination or would like to change your existing beneficiary(ies), please complete and return the expression of wish form on page 16 of this newsletter.

Alternatively, you can download one from our website at [www.berkshirepensions.org.uk](http://www.berkshirepensions.org.uk) or telephone the Pension Team on 0845 602 7237.



# Section 5

## Your employment history held with the Berkshire Pension Fund

**This section details the employment history within the Royal County of Berkshire Pension Fund that we currently hold for you on file and that we have used to calculate the value of your pension benefits shown in this statement.**

The information is split into the following columns.

**Employer:** This is the name of the organisation you have been employed with throughout your membership of the Berkshire Pension Fund. This will also include any service that has been transferred in from other organisations or local authorities outside of Berkshire.

**Period from/to:** The start and end dates of your period of employment.

**Time with employer:** The calendar length of service worked during your period of employment.

**% of whole-time:** The percentage of contracted hours and weeks worked during your periods of employment.

**Period of LGPS membership (years/days):** The actual length of service in years and days which are counted towards the calculation of your pension benefits. Your employment history will also include previous service which you may have elected to transfer in from a former pension provider.

**IMPORTANT:** For any period of part-time service, your pensionable membership for this period is proportioned to reflect your part-time hours/weeks of employment. For example, if you worked 50% of a full-time equivalent week, for one year (18.5 hours out of a possible 37 per week), we would only count six months of this service towards your pension calculation. If you work full time, this period of membership will be counted as a full calendar length of service.

### A note about AVC contributions

Your annual benefit statement does not include any details of Additional Voluntary Contributions (AVCs) that you may be paying through our in-house AVC provider, Prudential. You should receive a separate annual statement from Prudential each year showing the value of your AVC fund. However, if you would like further information regarding your AVC funds held with Prudential, please contact them directly on 0845 607 0077 or visit [www.pru.co.uk/localgovavc](http://www.pru.co.uk/localgovavc).

### A note about multiple employments

Many of our members within the Berkshire Pension Fund hold more than one active pensionable post. We keep a separate record for each pensionable post and a separate annual benefit statement will be issued for each post.

# Section 6

## Your State Pension forecast

Due to delays in the Pension Bill 2011 receiving Royal Assent it has proved impossible to schedule for inclusion into the 2011 Annual Benefits Statements, details of your State Pension forecast this year.

If you would like to obtain your own State Pension forecast (based on existing law), please look online at:

[www.direct.gov.uk/en/pensionsandretirementplanning/statepension/statepensionforecast](http://www.direct.gov.uk/en/pensionsandretirementplanning/statepension/statepensionforecast) or contact the forecast helpline on 0845 3000 168.

We hope to reintroduce your State Pension forecast in your 2012 statement.



# Contact us

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- become a fan of the 'Berkshire Pension Fund'

If you would prefer to visit us in person to discuss your pension, you are welcome to call in to our office, Monday to Friday between 9am and 5pm.

Please note that our '0845' helpdesk number is now a 'free call' number from BT landlines.



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The Royal Borough of Windsor and Maidenhead  
is the administering authority to the Royal County of Berkshire Pension Fund.