

# The Quill

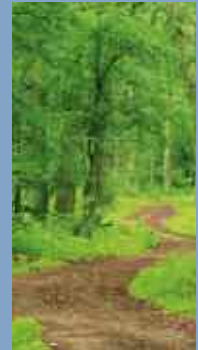
March 2009

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# Welcome

Welcome to the third edition of *The Quill*, the biannual newsletter for members of the Royal County of Berkshire Pension Fund. 2008/9 has been an eventful year for the Local Government Pension Scheme (LGPS), with the implementation of new Scheme regulations from 1 April 2008 and the ongoing reports in the news about the financial crises which have plunged us into uncertain times. So it is good to know that your Local Government pension is safe – to find out more about the effects of the financial crises on your LGPS pension turn to page 12.

In this issue we will remind you of the key changes to the LGPS which were introduced from April 2008, include the new pension contribution rates for

2009/2010 and provide some answers to your frequently asked questions.

2008 has also seen a significant change to our communications strategy with the development of our new pension website, factsheets, and magazine. We feel that this new level of communication has been very beneficial to the whole membership of the Fund and we hope you agree!

This achievement was also recognised at the Pension Scheme of the Year Awards 2008 where we were winners in the communications category. Further details on this success can be found on page 8.

In this issue you will also meet the administration team (see page 10) who are responsible for looking after your

pension, enabling you to put a face to the name!

We hope you enjoy reading this edition of *The Quill* and if you would like to know more about any of the issues covered please do not hesitate to contact the Pensions Team who will be happy to help. Their details can be found on the back page.

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



# Pension contribution rates

The revised LGPS regulations which came into force from 1 April 2008 saw the introduction of new contribution rates ranging from 5.5% to 7.5%, rather than the previous 5% or 6% contribution rate. These new rates are split into seven salary bandings so that the rate you pay is determined by how much you earn.

If you work part-time, when determining which rate you should pay, your employer will have to consider the level of earnings that you would have received had you been an equivalent full-time employee.

If you are contracted to work term-time only, your employer will have to consider the level of earnings that you would have received had you been employed on a full-time basis but only during term-time.

The seven salary bandings are adjusted every April in line with the Retail Prices Index (RPI). The bandings for 1 April 2009 to 31 March 2010 are:

Band	Salary range	Contribution rate
1	£0 - £12,600	5.5%
2	Over £12,600 to £14,700	5.8%
3	Over £14,700 to £18,900	5.9%
4	Over £18,900 to £31,500	6.5%
5	Over £31,500 to £42,000	6.8%
6	Over £42,000 to 78,700	7.2%
7	Over £78,700	7.5%



**Manual workers:** if you were paying the protected 5% manual worker's contribution rate before 1 April 2008, you will be paying 5.50% during the period 1 April 2009 - 31 March 2010.

# Berkshire Pension Fund Surgeries 2009

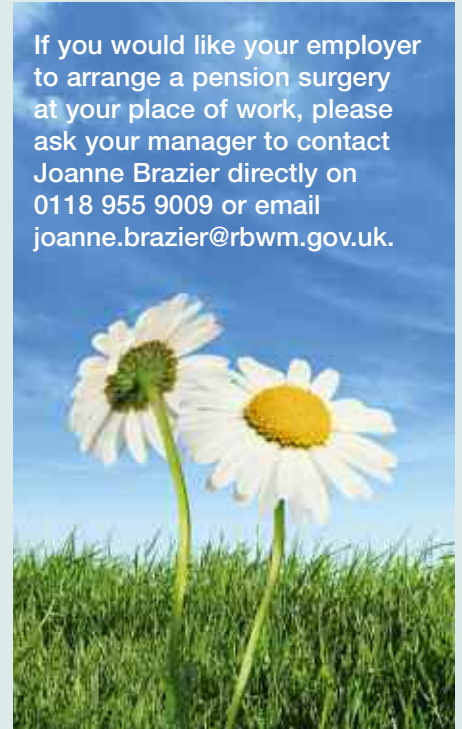
The Berkshire Pensions Team is currently organising a series of pension surgeries to be held at the six main unitary authorities within the Berkshire area.

These surgeries will be run throughout the year and will provide an opportunity for you to meet the Pensions Team face to face and raise any questions you may have about your pension benefits. You will also be able to pick up an extensive range of pensions literature covering all aspects of the LGPS.

Please visit the Berkshire Pension Fund website at [www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk) for confirmation of future dates and venues.



If you would like your employer to arrange a pension surgery at your place of work, please ask your manager to contact Joanne Brazier directly on 0118 955 9009 or email [joanne.brazier@rbwm.gov.uk](mailto:joanne.brazier@rbwm.gov.uk).



# Pension Fund Advisory Panel

## Call for nominations

In our Autumn 2008 issue of *The Quill* we reported that the Berkshire Pension Fund Advisory Panel resolved to increase its members by including two representatives from the broader membership of the Fund. We invited Scheme members to complete a questionnaire to canvas views on how you would like these representatives selected.

An analysis of the questionnaire results confirmed that there are to be two representatives, one active and one retired or deferred Scheme member of the Fund. The panel representatives will be self-nominated and 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 Autumn 2009 issue of *The Quill*.

Nominations are now open and will close on **31 July 2009**. 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](mailto:nick.greenwood@rbwm.gov.uk)

## SELF-NOMINATION FOR MEMBER REPRESENTATION OF THE BERKSHIRE PENSION FUND ADVISORY PANEL

Title \_\_\_\_\_ Initials \_\_\_\_\_

Surname \_\_\_\_\_

Tel No \_\_\_\_\_

Email \_\_\_\_\_

Home Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Postcode \_\_\_\_\_

Employer \_\_\_\_\_

Nominations must be received by 31 July 2009. Please return this form to Joanne Brazier, Royal County of Berkshire Pension Fund, 3rd Floor, Thames Tower, 37-45 Station Road, Reading, Berkshire, RG1 1LX. Remember to include a separate sheet explaining why you think you should be considered for member representation of the Pension Fund Advisory Panel (maximum 250 words).

# Your award-winning Fund

We are delighted to announce that the Royal County of Berkshire Pension Fund won the Best Defined Benefit Communications (public) award at the **Pension Scheme of the Year Awards 2008**, held on Thursday 11 September 2008. The award recognises the new communications strategy which the Fund introduced in early 2008, which included the launch of our brand new website and a complete overhaul of our scheme literature to coincide with

the new-look LGPS Regulations which took effect on 1 April 2008.

We were also nominated in three categories at the **Financial Times Pensions and Investment UK Scheme Communications Awards 2008**, held on Friday 5 December 2008. These awards recognise the crucial role of communications in the efficient running of occupational pension schemes.

The Royal County of Berkshire Pension Fund was nominated for our scheme guides and factsheets, magazine and website. We were highly commended in both the Scheme Booklet and Magazine categories.

**Kevin Taylor (centre) accepts the communications award from Richard Lockwood of Morgan Stanley and Michael Portillo.**



# Pensions Fair and Annual Meeting 2008

**The Royal County of Berkshire Pension Fund's Pensions Fair and annual meeting were held on Thursday 23 October at Reading Town Hall.**

The meeting was chaired by Councillor John Lenton, Chairman of the Berkshire Pension Panel and Berkshire Pension Fund Advisory Panel. A number of short presentations were delivered by Nick Greenwood, Pension Fund Manager, Kevin Taylor, Pension Administration Manager, and Graham Muir, Actuary to the Fund.

Both events were open to all members of the Berkshire Pension Fund and were very well attended.

Representatives from the Prudential and the Department for Work and Pensions also joined the

administrators from the Royal County of Berkshire Pension Fund, providing further information on Additional Voluntary Contributions and State Pension benefits.

We would like to take this opportunity to thank those members who attended these events. We look forward to hosting the next event in 2009.

## ***A date for your diary***

*The Berkshire Pensions Fair and Annual Meeting for 2009 will be held on Thursday 12 November at Easthampstead House, Town Square, Bracknell.*



# Introducing the team...

**We thought you might like to meet the Pensions Team who are responsible for looking after your pension.**

The team is led by Kevin Taylor, Pensions Administration Manager and his deputy Sandy Rice. Between us we have over 160 years of pensions experience, ensuring that your pension is in safe hands. The longest serving member of the team is Sandy Rice with just over 27 years of pensions service under her belt.

If you would like to speak to us to discuss your pension or have any general queries about the LGPS please do not hesitate to contact us on 0845 6027237 or email [info@berkshirerpensions.org.uk](mailto:info@berkshirerpensions.org.uk) – we will be happy to help!



*Back row (L-R) Val Kirby, Joanne Brazier, Philip Boyton, Rachael Granger, Alison Grover.  
Middle row (L-R) Jane Young, Vicky Harverson, Annette Keating, Maria Richards.  
Front row (L-R) Sandy Rice, Kevin Taylor.*

# Annual Report and Accounts available

You may recall that a summary of the annual Report and Accounts for 2007/2008 was included in our Autumn 2008 issue of *The Quill*. This document has now been published in full and contains detailed information on the investments and performance of the Fund.

The report is available via our website at [www.berkshirepensions.org.uk/annual\\_accounts\\_and\\_reports.htm](http://www.berkshirepensions.org.uk/annual_accounts_and_reports.htm)

Alternatively you can request a hard copy to be posted to you by contacting the Pensions Team on 0845 6027237 or email [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

## Members with multiple employments

Due to the changes in Scheme regulations issued on 1 April 2008, we are now obliged to hold a separate record for each job that you hold within the Berkshire Pension Fund. In the past, if you held more than one post with the same employer, your combined employment may have been held by us on one pension record. This will in no way affect your pension entitlement, but when we issue your annual benefit statement later in the year you will receive a statement for each job rather than one statement that covers the combined benefits of all the posts you may hold.



# £35 billion pension gap?

**Some of our members may have seen an article in the *Sunday Telegraph* (25 January 2009) reporting that the LGPS has a £35 billion pension gap. We thought you might like to see a summary of our response to what we considered to be an unfair and misleading report...**

We would like to set the record straight as far as the Royal County of Berkshire Pension Fund is concerned. While it may be true that some LGPS funds have serious financial shortfalls, this is not true of the Berkshire Pension Fund.

The most recent actuarial valuation of the Fund's assets and liabilities (dated 31 March 2007) showed that the Berkshire Pension Fund was 99.9% funded. This result was largely

because the Fund employers did not take a 'pensions holiday' when markets were strong. In setting the employers' contribution, the actuary determined that there was no need for employers to make additional contributions to make good any 'pensions deficit' because there was no deficit.

To put it bluntly, no council taxpayer in any of the six unitary authorities is making extra payments to cover historic deficits. Furthermore, recent falls in stock markets will not result in an increase in pension contributions from employers in 2009/10 (so no impact on council tax), as contribution rates up to and including 2010/11 were set by the 2007 actuarial valuation.

Clearly, like all other UK pension funds, we have incurred losses due to





the financial turmoil of recent months, and this has had an effect on our funding position. The fall in both the value of the Fund's assets and long-term interest rates (which are used to determine the value of the Fund's liabilities) have inevitably resulted in the Fund's solvency falling from 99.9% as at 31 March 2007 to approximately 72% as at 30 November 2008.

However, the Berkshire Pension Fund, as a long-term investor, is ideally suited to benefit from current weakness in investment markets due to our positive cashflow (it is far better in the long term to buy cheaper assets than more expensive assets). Furthermore, much can happen before the next actuarial valuation needs to be carried out, and future contribution rates will be set in the

light of investment conditions prevailing at the time they are set. The Fund's solvency is not wholly dependent on a recovery in equity markets; equally helpful will be the increases in long-term interest rates which are likely because of the huge increase in Government borrowings over the next year or so.

We do, however, consider it unfair that the limelight should fall upon the Local Government Pension Scheme, which is the only funded and fully transparent public sector pension scheme. By contrast, no-one has an idea of the true cost or liabilities of the Teachers, NHS or Civil Service schemes, and nobody in the Treasury appears anxious to find out.

# Frequently Asked Questions

## What will happen to my pension benefits under the new Scheme?

As you are aware the new-look Local Government Pension Scheme was introduced from 1 April 2008. All existing employees who were members of the LGPS before 1 April 2008 automatically transferred to the new Scheme.

Benefits built up before 1 April 2008 will continue to provide a pension based on 1/80th of your final years' pay for each year and part-year of membership. In addition you will still be entitled to a tax-free lump sum normally equal to three times the value of your 1/80ths pension. All benefits built up from 1 April 2008 will provide a pension at the higher rate of 1/60th of your final pay for

each year and part-year of membership without an automatic entitlement to a tax-free lump sum. You can, however, choose at retirement to convert part of your pension into additional tax-free cash at a rate of 12 to 1, up to HM Revenue & Customs limits (i.e. for every £1 of pension you give up you will receive £12 of tax-free cash.)

## Can I increase my benefits?

You can make additional payments to increase your retirement benefits and life cover. You can do this by paying Additional Regular Contributions (ARCs) to the LGPS in order to buy up to £5,000 of extra pension in multiples of £250. You can provide extra pension for yourself and, if you wish, for extra survivors' pensions on your death.



Buying extra years of membership is no longer available but if you are already paying additional contributions by this method you will continue to pay them and receive extra benefits on the same basis that you agreed to buy them.

You can still make payments to the Scheme's Additional Voluntary Contribution (AVC) arrangement, or to a personal pension, stakeholder pension or free-standing AVC scheme of your own choice.

### **What happens if I die in service?**

From 1 April 2008 the tax-free lump sum payable on your death in service, known as a 'death grant', increased from twice to three times your annual pensionable pay. If you work part-time,

this is three times your actual part-time pay. The LGPS allows you to say to whom you would want any death grant to be paid by completing an 'expression of wish' form which is available from the Pension Team. A survivor's pension is also payable to a legally married spouse, a registered civil partner or a nominated co-habiting partner. Further benefits are also payable to eligible children as defined in the Scheme regulations. For further information on protection for your family under the LGPS please visit our website at [www.berkshirerpensions.org.uk/current\\_members.htm](http://www.berkshirerpensions.org.uk/current_members.htm)

### **When can I retire?**

As a member of the LGPS your normal retirement date is age 65. However you can choose to retire from age 60 onwards and receive

your benefits immediately, although they may be reduced for early payment. It's also possible to retire from age 55 and receive your benefits immediately, either with your employer's consent or if you are made redundant or retired in the interests of business efficiency.



# Contact us

We hope you enjoyed reading this issue of *The Quill*.  
If you have any queries or comments about the articles  
in this newsletter, please contact the Pensions Team:

Royal County of Berkshire Pension Fund, 3rd Floor,  
Thames Tower, 37-45 Station Road, Reading RG1 1LX

Helpdesk: 0845 602 7237

Fax: 0118 950 2672

Email: [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

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

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from certified, sustainably managed forests.*



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