

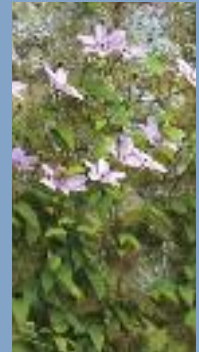
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Welcome

Welcome to the Spring 2010 edition of *The Quill*. It has been a busy start to 2010 for the Berkshire Pension Fund as we relocated to new premises in Maidenhead on 21 December 2009 amidst all the snow and are now settling into our new offices. Details of our new contact information can be found on the next page.

In this issue you will find a variety of articles and updates which we hope you will enjoy.

As you are aware, in previous issues of *The Quill* we have invited you to nominate and vote for member representation of the Berkshire Pension Fund Advisory Panel. The votes have been counted and the results are now in – turn to page 9 to find out who has been elected. We have also included all the latest pension news from the Berkshire Pension Fund including exciting news about our recent awards success.

We would also like to invite you to enter our Spring Crossword competition with a chance to win a £25 high street gift voucher – so why not have a go... and good luck!

Finally, we always value your views on our newsletters and the service that we provide our members, so please feel free to contact us with your feedback. Our contact details can be found on the back page of this newsletter.



A handwritten signature in dark ink, appearing to read 'John Lenton', is positioned over a faint, light-colored floral graphic in the background.

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

We have moved!

With effect from Monday 21 December 2009 the Royal County of Berkshire Pension Fund relocated to a new address in Maidenhead. Our contact information is:

Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

Helpdesk Telephone Number: 0845 602 7237

If you're phoning from overseas, dial +44 1628 796 668

Fax: 01628 796 700

Email: info@berkshirerpensions.org.uk

Website: www.berkshirerpensions.org.uk

Don't forget that our '0845' helpdesk number is still a free-call number from BT landlines.



Important change to the Earliest Retirement Age

With effect from 1 April 2010, the earliest age from which you can receive the immediate payment of a pension from the LGPS (other than on the grounds of permanent ill-health) increased from age 50 to age 55.

In order to draw your pension before the age of 60, you have to be either made redundant, be retired early by your employer because of efficiency savings or have the consent of your employer to be able to draw your pension immediately. In any of these circumstances, prior to 1 April 2010 you had to be aged 50 or over in order to have your pension benefits paid immediately but with effect from 1 April 2010 you have to be aged 55 or over.

What if I am under the age of 55?

Please note that if you are made redundant or leave on efficiency grounds and you are under the age of 55, your benefits will be deferred (remain in the Scheme) until the age of 60 at the earliest. Alternatively, you could transfer your pension rights to another pension scheme should you become a member of another scheme in the future.



Berkshire Pension Fund Awards success

We are delighted to announce that at the ninth annual IPE European Pension Fund Awards held in Dublin on 18 November, the Royal County of Berkshire Pension Fund won the IPE Themed Award for Best Pension Fund Investing in Commodities.

The Fund's submission for this IPE Themed Award was selected by a panel of independent judges, appointed by Investment & Pensions Europe. In addition, the Fund was also runner up in the following categories:

- **Best UK Fund**
(won by the Barnardo's Staff Pension Fund)
- **Best Public Pension Fund**
(won by the Danish State Fund ATP)

The IPE Awards are open to pension funds across Europe, and the Berkshire Pension Scheme was one of only four British funds to win an award.



Nick Greenwood, Royal Borough of Windsor and Maidenhead Pension Fund Manager (left) accepts the IPE Themed Award for Best Pension Fund investing in Commodities.

We are also pleased to announce that the Berkshire Pension Fund was nominated, out of a large number of entries, in the following categories at the **Pension Scheme of the Year Awards 2009**:

- Best Website Design – Public
- Best DB Communications – Public
- Best use of Specialist Investment Manager
- Best Promotion of AVCs

The awards aim to recognise schemes that show the highest level of service to members. Although the Fund did not win any of these awards this year, it is a testament to the progress being made by the team that we were shortlisted in so many categories.

Innovative contract for Royal County of Berkshire Pension Fund

The Royal Borough of Windsor and Maidenhead, acting as the administering authority for the Royal County of Berkshire Pension Fund, has entered into an innovative longevity hedging insurance contract with Swiss Re.

Councillor John Lenton, chairman of the Berkshire Pension Fund Panel and the Berkshire Pension Fund Advisory Panel, said: “On 11 November the contract was approved unanimously by both panels.” He added: “Average life expectancy continues to increase by at least one year every five years and the panels had become increasingly concerned at the consequent cost to the Berkshire Pension Fund. For more than a year the Fund had been seeking a means of meeting this growing cost.”

The preferred solution was found in the life insurance industry, which has the opposite risk profile in that falling longevity results in earlier and expensive life policy maturities.

Councillor Lenton said: “Simply put, the contractual arrangements are that the pension fund makes approximately the same payments as if there was no change from longevity assumptions used in the 2007 triennial valuation. In return, Swiss Re bears any future positive or negative variation caused by longevity changes, resulting in the Berkshire Fund effectively outsourcing to Swiss Re the financial risk of pensioners living longer than anticipated. Only the difference between these payments is settled between the Fund and Swiss Re.”

The present contract covers approximately 11,000 pensions in payment as at 31 July 2009 and the insurance protection extends until the last individual dies. The contract also covers contingent beneficiaries but excludes child beneficiaries. The actuarial valuation placed on these liabilities using the Fund’s 2007 actuarial valuation assumptions is approximately £750 million and represents about 43% of the Fund’s total liabilities. It is not anticipated that actuarial liabilities as at the 2010 valuation will be increased by this contract, and in the long term the cover extended should lead to a reduction in the Fund’s liabilities in respect of this group of pensioners.

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 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). However, as the rate of inflation for September 2009 fell below zero, there will be no change to the salary bandings for 2010/2011 and they will remain at the 2009/2010 rates detailed below:

Band	Salary Range	Contribution Rate
1	£0 to £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%

A note for manual workers: If you were paying the protected 5% manual worker's contribution rate before 1 April 2008, you will be paying 6.5% during the period 1 April 2010 - 31 March 2011 if your level of earnings is over £18,900. If, however, your level of earnings falls below £18,900 you will pay contributions at the rate set out above in accordance with bands 1 to 3.



Pension Panel results

In our Spring 2009 edition of *The Quill* we invited members to nominate themselves for a position on the Berkshire Pension Fund Advisory Panel. There were two vacancies for panel representation – one active member and one retired or deferred member. Voting closed on 31 December 2009 and we would like to thank all of our members who voted. The results are now in...

Active Member Representative:

Mr Graeme Herd



Mr Herd has a good theoretical knowledge of pension investments through working on his MBA and has put this into practice when working for

M&G Investment Management. Mr Herd had obtained the Investment Management Certificate qualifying him as a market professional in the UK. Through consultancy work with the Prudential, Irish Life and Scottish Amicable he has gained specific pensions industry knowledge.

Mr Herd has an in-depth understanding of pension legislation and also has an honours degree in Mathematics.

Mr Herd has been appointed to the Advisory Council on the National Archives, chaired by the Master of the Rolls, to provide advice on Freedom of Information to the Lord Chancellor.

Mr Herd is currently employed as Head of ICT at Slough Borough Council.

Retired/Deferred Member

Representative: Mr David Nicholson



Mr Nicholson was formerly employed as a Principal Inspector – Continuing Education within Berkshire County Council from 1 September 1990

to 30 April 1992. In addition to his Berkshire employment, Mr Nicholson worked as a teacher and lecturer in London schools and colleges, was an inspector with the Inner London Education Authority and a Further Education Advisor for Oxfordshire LEA.

Mr Nicholson is a former Oxfordshire County Councillor, West Oxfordshire District Councillor and a Witney Town Councillor. In addition, Mr Nicholson also has previous experience working as a magistrate in Kent.

Berkshire Pension Surgeries

The Berkshire Pension Team has organised 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 Pension 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.

Factsheets available online

Did you know you can access our pension factsheets online at www.berkshirepensions.org.uk/publications.htm?

We have produced a wide variety of factsheets which contain information covering all aspects of the LGPS. These factsheets can be downloaded directly from our website, or you can request a hard copy to be sent to you by contacting us on 0845 602 7237 or by sending an email to info@berkshirepensions.org.uk.

Please visit the Berkshire Pension Fund website at www.berkshirepensions.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 01628 796754 or email joanne.brazier@rbwm.gov.uk.



2010 - our valuation year

Every three years the Berkshire Pension Fund is required to appoint an independent actuary to carry out a valuation of the Fund.

The valuation is a health check to see if the Fund's assets are sufficient to meet its liabilities. It is carried out by the actuary to the Fund, Barnett Waddingham.

The date of the next valuation is 31 March 2010, with employer contribution rates being set for the period 1 April 2011 - 31 March 2014. The results of the valuation will be published on our website later in the year with further details included in a future edition of *The Quill*.



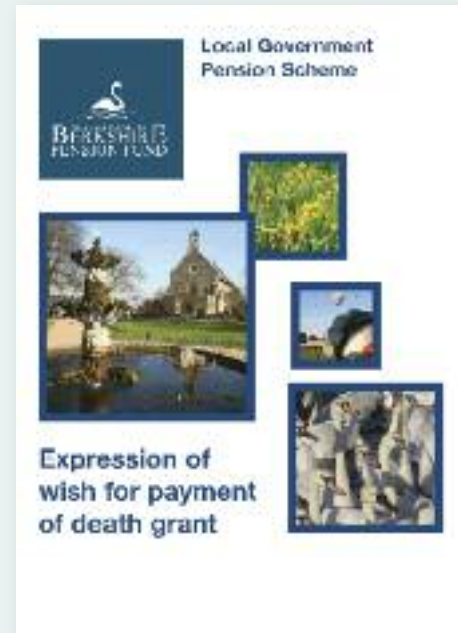
Making your wishes known

By completing an expression of wish form you are able to state to whom you would like your death grant to be paid 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 even 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, please download our factsheet 'Expression of wish for payment of death grant' from www.berkshirerpensions.org.uk. If you would prefer to have a copy of this factsheet forwarded to your home address, please contact us on 0845 602 7237.

Please note: the administering authority has absolute discretion when 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.



Changes to survivor's benefits

The Local Government Pension Scheme (Miscellaneous) Regulations 2009 make amendments to scheme regulations as they relate to certain survivor's benefits.

If you have registered a civil partnership, your civil partner, as a result of a change to the regulations, will now qualify for a survivor's pension in the event of your death, based on all of your scheme membership since 1 April 1972.

This brings civil partners in line with spouse's benefits (widow's and widower's). Before this change to the regulations, civil partners' pensions were based on post-5 April 1988 membership only.

If you have nominated a cohabiting partner to receive a survivor's pension in the event of your death, such a pension will only be based on post-5 April 1988 membership. If you have membership before that date you now have a choice to pay additional contributions so that any period of membership before 6 April 1988 can be taken into account in the calculation of the benefit to be paid to your surviving nominated cohabiting partner.

If you would like further information about this, contact the Pension Team. Their details can be found on the back of this newsletter or visit the Berkshire Pension Fund website for further details.



Are you living with your partner?

If you are not married or have not registered a civil partnership but you are living together, your partner could be eligible to receive a pension in the event of your death.

Cohabiting partners' nominations were introduced from 1 April 2008 and mean that you can nominate your partner to receive a survivor's pension if the worst should happen.

You are eligible to make such a nomination if you meet the following conditions:

- You have actively contributed to the LGPS since 1 April 2008
- Your cohabitation has been continuous for at least two years at the date that the declaration is signed
- Both you and your nominated cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other
- You and your nominated cohabiting partner have been living together as if you were husband and wife or civil partners

- Neither you nor your nominated cohabiting partner have been living with someone else as if husband or wife or civil partners
- Either your nominated cohabiting partner is financially dependent upon you or you are financially inter-dependent upon each other.

If you would like to make a nomination or find out further information please contact us on 0845 602 7237. Alternatively you can download our factsheet 'Nominating your Cohabiting Partner for a Survivor's Pension' by visiting www.berkshirepensions.org.uk



How is my pension calculated?

One of the most common questions we are asked is “How is my pension calculated?”

To answer this question we have shown below the formula which we use to calculate pension benefits. The formula is split into two calculations, one based on your membership before 1 April 2008 (known as pre-April 2008 membership) and the other based on your membership from that date (known as post-April 2008 membership).



Formula to calculate annual pension

A Total pre-April 2008 membership x final pay
80

Plus

B Total post-April 2008 membership x final pay
60

Your total annual pension is the sum of A and B.

In the following example we have a member who leaves their employment on a final salary of £20,000 with 20 years of service in total. Ten years of this was built up before 1 April 2008.

Pre-April 2008 membership:	
10 x £20,000/80	= £2,500.00
Post-April 2008 membership:	
10 x £20,000/60	= £3,333.33
Total:	£5,833.33

Tax-free cash

In addition to an annual pension, an automatic tax-free retirement grant is payable for members with pre-April 2008 membership and is calculated as follows:

Total pre-April 2008 membership x final pay x 3/80

As the member in the previous example had accrued 10 years' Scheme membership prior to 1 April 2008, they will be entitled to an automatic lump sum calculated as follows:

Pre-April 2008 membership only:
10 x £20,000 x 3/80 = £7,500.00

Members who joined the scheme after 1 April 2008 will not be entitled to an automatic lump sum but will be given the option to purchase tax-free cash on retirement (see opposite).

Increasing your tax-free cash

All members of the scheme have an option to increase or purchase (in the case of post-April 2008 joiners) additional tax-free cash at retirement.

Should you elect to convert your pension, the maximum permitted is 25% of the overall capital value of your pension rights which is calculated for you at retirement.

The maximum tax-free cash available under Her Majesty's Revenue & Customs (HMRC) regulations is limited to 25% of the capital value of all your pension rights (including any benefits you may have in other pension schemes but excluding State pension benefits). On retirement we will calculate the maximum tax-free cash that you are entitled to receive and provide this option to you.

We recommend that you seek independent financial advice before deciding whether to convert annual pension into additional lump sum on retirement.

How do I calculate my maximum tax-free cash?

In the very first edition of *The Quill*, back in April 2008, we provided information as to how maximum tax-free cash was calculated. We have since become aware that the example given in that edition was too simplistic and inaccurate (although it was based on guidance provided at the time). It should not, therefore, be used to ascertain the level of tax-free cash that you may be able to receive at retirement and we apologise for any inconvenience this may have caused.

The actual method used to calculate the maximum tax-free cash you can receive is quite lengthy and full of actuarial calculations, so if you would like an estimate of the potential lump sum that you could receive on retirement please contact us directly on 0845 602 7237 and we will be happy to provide these details for you.

Based on the previous example, if your annual pension was £5,833.33 and your lump sum was £7,500, we calculate the maximum tax-free cash that you could receive to be £27,678.57.

To pay for the additional tax-free lump sum, your pension would be reduced by £1,681.54 as detailed below:

Revised pension figures (assuming the member chooses to take the maximum tax-free cash)

Annual pension:	£5,833.33
Less pension commuted to lump sum:	£1,681.54
Total revised annual pension:	£4,151.79

£1,681.54 would then be used to purchase more tax-free cash as follows:

Basic retirement grant:	£7,500.00
Plus additional lump sum:	£20,178.57
Total revised lump sum:	£27,678.57

For further information on this option or to request an individual estimate please contact us on 0845 602 7237 or email: info@berkshirerpensions.org.uk

State Pension forecasts

You may recall that we are proposing to include information about your State Pension in our future annual benefit statements. This will give you a clear picture of the income you are likely to receive in retirement and help you decide whether you need to save more.

We are required by law to ensure that you do not object to the Berkshire Pension Fund exchanging information with The Pension Service, which is part of the Department of Work and Pensions (DWP).

In order for The Pension Service to identify the correct National Insurance account, we will provide them with your surname or family name, first name or initials, sex, date of birth and National Insurance number.

The Pension Service will then give us:

- An estimate of the amount of State Pension you may get at State Pension age, based on your contribution record so far
- An estimate of the amount your State Pension is likely to be when you reach State Pension age
- The earliest age at which you can receive your State Pension.

We will use the information we get from The Pension Service to send you a forecast of your State Pension entitlement, combined with your LGPS entitlement. We will continue to send you forecasts for as long as you are a member of the LGPS and employed within the Berkshire Pension Fund. The information will not be used for any other purpose.

If you are happy for us to exchange this information with The Pension Service, you do not need to do anything. You will receive details of your estimated State Pension benefits as part of your annual benefit statement supplied by the Berkshire Pension Fund.

If you do not want to receive a State Pension forecast, please email info@berkshirepensions.org.uk or telephone 0845 602 7237 confirming that you wish to opt out. You will still receive your next annual benefit statement regarding your LGPS benefits, but it will not include information about the State Pension.

If you change your mind at a later date, please contact the Pension Team on 0845 602 7237 or email info@berkshirepensions.org.uk.

Have you considered the retirement you want?

The LGPS is an excellent pension scheme, but have you considered paying extra towards your income in retirement?

To answer this, ask yourself the following questions:

Do you know...

- 1** the basic facts of the Local Government Pension Scheme?
- 2** if you will have a shortfall in the income you would like for retirement?
- 3** tax relief is currently available to you from pension contributions?
- 4** what is meant by Additional Voluntary Contributions (AVCs)?
- 5** how to use your AVCs to potentially help you retire earlier than your main scheme retirement age?
- 6** that the level of AVCs is flexible?
- 7** that your pension scheme selected Prudential as your AVC provider?
- 8** how much of your AVC fund can currently be taken as a tax-free lump sum, when you retire?

Although we don't give advice, with our support you can answer these questions, and make informed choices that best suit you. It's always a good time to plan for retirement and help yourself to make a difference.

This service is free, so why not call Prudential on 0845 607 0077, quoting the reference 001651.

Lines are open 9am-6pm weekdays. Calls may be monitored or recorded for quality and security purposes.



Crossword clues

In our Autumn edition of *The Quill* we invited our readers to try our Sudoku competition. Thank you to everyone who entered. The lucky winner was Mr Michael Toft from Newbury – 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 Spring crossword competition?

Across

1. These flowers trumpet their charms in Spring (9)
7. See 8 Down
9. Period of fasting in preparation for Easter (4)
10. Young creature born in Spring (4)
11. Male pupils at Hogwarts School (7)
12. Children In _____, an annual British charity appeal (4)
14. Deep, wide ditch around a castle (4)
15. Toy consisting of a spool attached to a string (2-2)
16. _____ Fields, a British star of cinema and music hall (6)
18. Ex-Goodie, who presented 'Springwatch' for a number of years (5)
19. April 25 is the date for the 2010 London _____ (8)
22. Part of a pair of trousers (3)
25. '____, Tag and Bobtail', an early BBC children's television programme (3)
27. Creature that delivers baskets of coloured eggs at Easter (5)
28. Spring plant with white, yellow or purple flowers (6)
29. Easter Eggs are made of this (9)
30. Sudden attack from a concealed position (6)
31. April 23 is this saint's day (6)
32. It is also called Pancake Day (6,7)

Down

1. Jesus arrived in Jerusalem on this creature (6)
2. Lunar event on March 30 and April 28 in 2010 (4,4)
3. US comedy movie starring Jim Carrey and Jeff Daniels (4,3,6)
4. 'The Rite Of _____', a famous piece of music by Igor Stravinsky (6)
5. This saint's day falls on March 17 (7)
6. Decorative container for holding Spring flowers (7)
8. And 7 Across. Film musical which features the song 'Steppin' Out With My Baby' (6,6)
13. Out of favour husbands are said to be in here (8)
17. Grain used in making whisky in the USA (3)
20. Person who shoots with a bow and arrow (6)
21. On a ship (6)
22. Chinese fruit enclosing a sweet jellylike pulp and a single seed (6)
23. Friday before Easter (4)
24. Mick Jagger is the lead singer with the Rolling _____ (6)
25. Kigali is this African country's capital city (6)
26. In Spring we see this colour of shoots (5)
30. Sure-footed animal, smaller and with longer ears than a horse (3)

Spring crossword competition

Please send your entry to Joanne Brazier, Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, SL6 1SF, to reach us by 31 May 2010. The winner will be drawn at random from the correct entries received. Good luck!

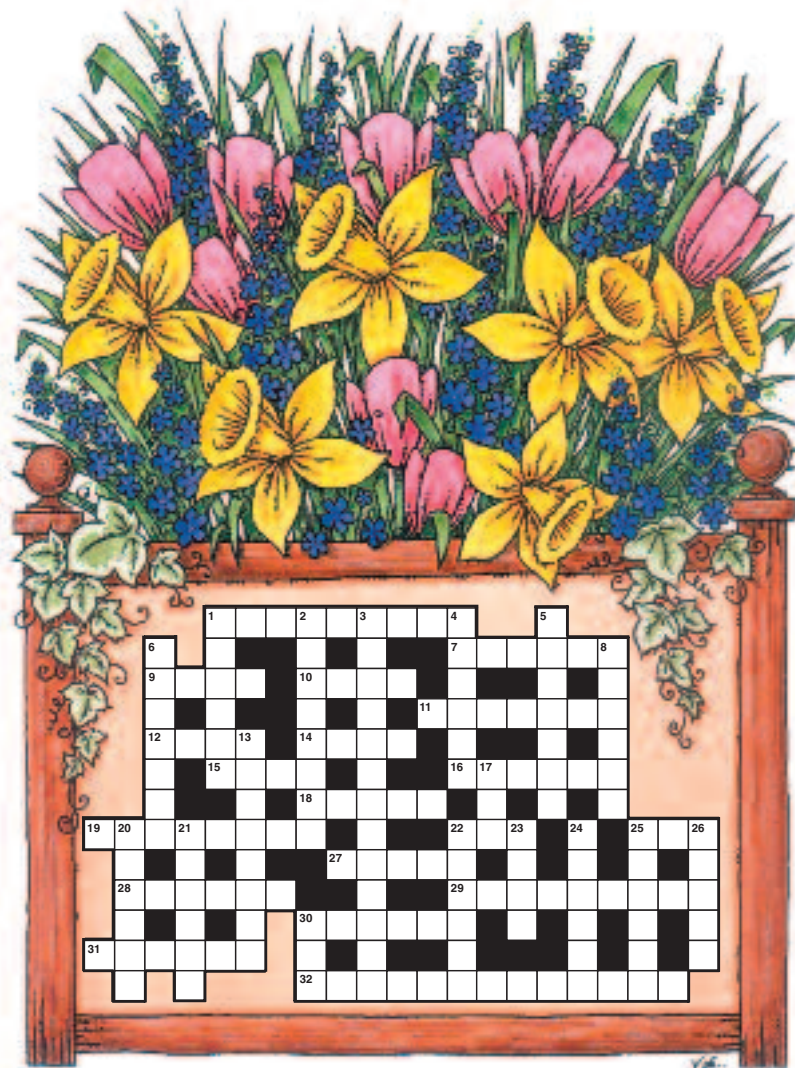
Please note this competition is not open to members of the administration or investments pension teams.

Full Name _____

Address _____

Postcode _____

Telephone number _____



The future of the LGPS

You may have seen and read a lot of articles in the national press regarding the future of the Local Government Pension Scheme and Public Sector Pension Schemes in general. Whilst there will undoubtedly be a lot of discussion about this subject, it is unlikely that we will know whether there will be any major changes until after the general election. Please be assured that if any changes are to be made we will notify you in future editions of *The Quill*.



Useful contacts

You may find these contacts for external organisations within the pensions industry useful.

HMRC

www.hmrc.gov.uk

For any tax queries.

State Pension information

www.direct.gov.uk

0845 606 0265

Offering advice about claiming your State Pension.

Prudential Assurance Company

www.pru.co.uk

0845 600 0343

The Local Government AVC provider.

The Pension Tracing Service

www.direct.gov.uk

0845 600 2537

A free service for tracing old or lost pensions.

Citizens Advice Bureau

www.citizensadvice.org.uk

0845 071 6379

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk

0845 601 2923

An independent organisation offering help and advice on all pension schemes.

Money Made Clear

www.moneymadeclear.fsa.gov.uk

0300 500 5000

A service provided by the Financial Services Authority providing helpful and impartial advice on financial matters.



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 Pension Team:

Royal County of Berkshire Pension Fund, Minster Court,
22-30 York Road, Maidenhead, Berkshire SL6 1SF

Helpdesk: 0845 602 7237

Overseas telephone number: +44 1628 796 668
(lines are open Monday to Friday 8:30am to 5:00pm)

Fax: 01628 796 700

Email: info@berkshirepensions.org.uk

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.

If you would like this newsletter in large print, audio or braille format please contact Joanne Brazier on 01628 796765 or email joanne.brazier@rbwm.gov.uk



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

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