

The Quill

Annual Review 2008

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Eligible child: changing definitions

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Welcome

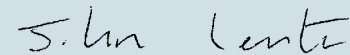
It gives me great pleasure to introduce the second edition of The Quill, our newsletter for members of the Royal County of Berkshire Pension Fund.

The Fund is administered by the Pension Fund Panel, which is supported by the Pension Fund Advisory Panel (see page 10 for more about the Fund's governance). In practice, decisions are taken at joint meetings of the two Panels.

In May 2007 I was appointed as Chairman of both Panels and since then we have had a very busy time. From 1 April 2008, changes were made to the benefits offered to active members of the Local Government Pension Scheme ('LGPS'). Not only

have details of the changes been supplied to all members, but we have launched a new dedicated website (www.berkshirepensions.org.uk) to keep members up to date with developments in the LGPS. We are also making major changes to the governance of the Fund and, as you will read later, we are seeking members' views on how to broaden the representation of the Advisory Panel by including two representatives drawn from the Fund's membership. Last, but by no means least, although the completion of the triennial actuarial valuation of the Fund confirmed that the Fund was almost 100% funded on an ongoing basis, we have taken a number of steps to develop and diversify the Investment Strategy by adding some alternative

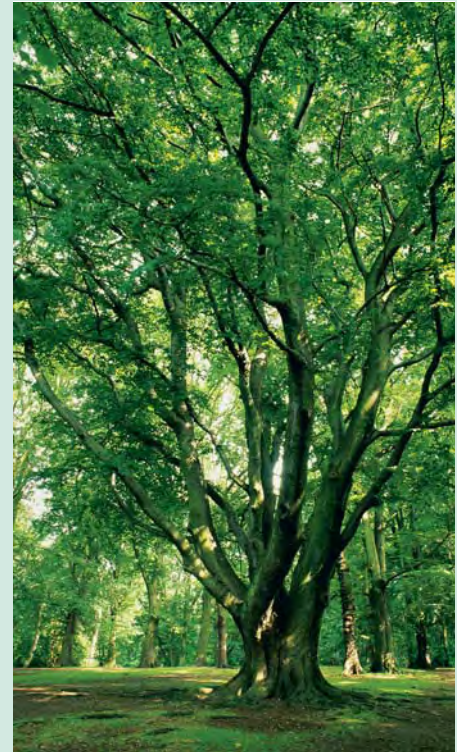
investments to our existing widely spread equity, bond and gilt edged portfolios. Finally I would like to thank Nick Greenwood, our Pension Fund Manager, and the Pension Fund teams in Maidenhead and Reading for their work over the last 12 months in providing all stakeholders in the Fund with a friendly and efficient service.



Councillor John Lenton
Chairman

Fund accounts

	£'000
Income	
Employer contributions	51,295
Employee contributions	20,420
Transfer values received	7,951
Investment income	43,726
Total income	123,392
Expenditure	
Benefits payable	54,571
Payments to and on account of leavers	10,907
Fund administration and management costs	4,764
Total expenditure	70,242
Net income	53,150
Balance sheet	
Quoted investments	923,173
Managed funds	435,706
Current assets	87,272
Less current liabilities	-52,813
Net assets at 31 March 2008	1,393,338

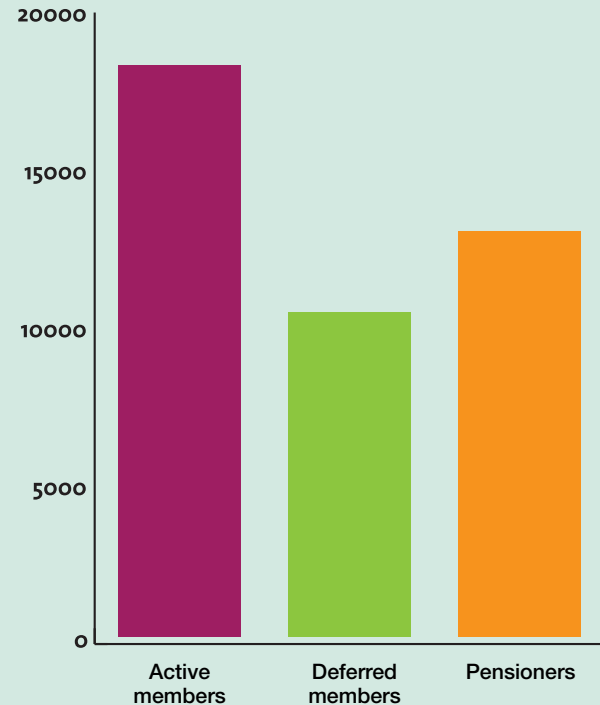


LGPS membership

As at 31 March 2008, there were nearly 42,000 members in the Royal County of Berkshire Pension Fund. Of this number, over 18,000 are actively employed by over 90 organisations within the Berkshire area, with this number continuing to increase.

The breakdown of membership is reflected below:

Active members	18,324
Pensions in payment (including dependants' benefits)	10,400
Preserved pensions	13,001
TOTAL	41,725



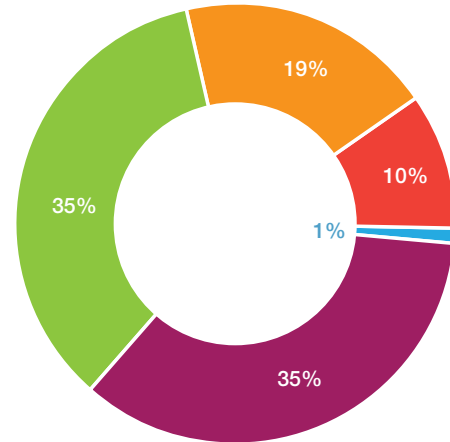
Investments

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

Contained within the 70% allocation to equities is a 5% allocation to private equity. A combination of external fund managers and the in-house investment team based in Maidenhead manage the Fund's assets. Each manager is given a specific benchmark and a target return objective over the specific benchmark. The in-house assets are managed on a conservative basis and this is reflected in their target returns of matching the returns on their benchmarks whilst the external managers are expected to produce returns higher than their benchmarks.



Current strategic asset allocation



UK equities	35.0%
Overseas equities	35.0%
Bonds	19.0%
Property	10.0%
Cash	1.0%

During the 2007/08 financial year, the Panel terminated contracts with Schroder Investment Management and Capital International following sustained periods of poor performance. As at 31 March 2008, the Fund employed the following external managers:

- ▶ JP Morgan Fleming – UK equity portfolio
- ▶ Wellington Management International – global equity portfolio
- ▶ Fidelity International – diversified bond portfolio
- ▶ Record Currency Management – active currency overlay fund and passive currency hedging of overseas assets

Funds	1 Year to 31 Mar 2008 % p.a.	3 Years to 31 Mar 2008 % p.a.
Total Fund	-6.7	+7.8
Total Fund Benchmark	-6.2	+7.5
Relative Performance	-0.5	+0.3
Internally Managed Assets	-6.4	+10.6
Benchmark	-6.5	+7.9
Relative Performance	+0.1	+2.7
JP Morgan Fleming	-10.9	+10.1
Benchmark	-7.8	+9.5
Relative Performance	-2.1	+0.6
Wellington Management	-3.0	+8.4
Benchmark	-4.5	+7.8
Relative Performance	+1.5	+0.6
Fidelity International	+2.2	+2.1
Benchmark	+2.9	+2.3
Relative Performance	-0.7	-0.2

Berkshire Pensions Fair 2008

To coincide with our Annual Meeting (see right), we are holding a Pensions Fair on 23 October in the Waterhouse Chamber at Reading Town Hall. The Pensions Fair will be open to all members of the Pension Scheme. Entry is free and no appointment is necessary.

Representatives will be in attendance from:

- ▶ Berkshire Pension Fund – Pensions 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

- ▶ Department of Work and Pensions, assisting with any queries relating to State Pension benefits
- ▶ Prudential, offering advice on increasing your pension entitlement through Additional Voluntary Contributions

A comprehensive range of literature from all the above organisations will also be on display.

Directions to Reading Town Hall are available by contacting us on **0845 6027237** or you can e-mail us at **info@berkshirerpensions.org.uk**

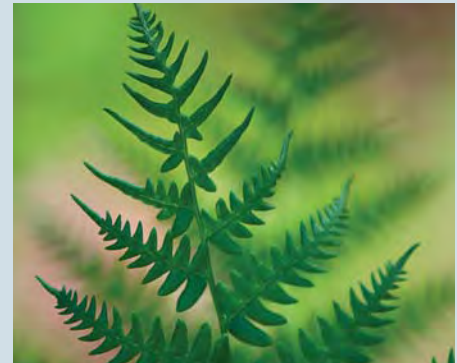
All are welcome to attend and we look forward to seeing you on 23 October.

When:

Thursday 23 October 2008
10:30am – 5pm

Where:

The Waterhouse Chamber,
Reading Town Hall



Annual Meeting

You are invited to attend our Annual Meeting on Thursday 23 October at the Town Hall in Reading.

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 present will be Nick Greenwood, Pension Fund Manager and Kevin Taylor, Pension Administration Manager.

The meeting will commence at 3pm with a view to finishing at approximately 4pm. Refreshments will be provided on arrival.

To assist us in planning the meeting, we would be grateful if you could confirm your attendance by completing the reply slip on page 11. Priority will be given to members who have indicated attendance.



Governance framework

The Royal Borough of Windsor and Maidenhead is the administering authority for the Royal County of Berkshire Pension Fund. This means it is responsible for all aspects of managing the Fund, including receipt of employers' and employees' contributions, payment of benefits, investment of the Fund's assets and maintaining financial records.

The Royal Borough has delegated its responsibilities to the Pension Fund Panel, which comprises five elected Councillors:

- Councillor John Lenton (Chairman)
- Councillor David Hilton (Vice-Chairman)
- Councillor Duncan McBride
- Councillor Bruce Adams
- Councillor Mike Holness

The Pension Fund Panel is supported by the Pension Fund Advisory Panel, comprising the five Royal Borough Councillors, elected Councillors from each of the other five unitary authorities in the Fund, representatives from two of the larger non-local authority employers and two trade union representatives:

Councillors Lenton, Hilton, McBride, Adams and Holness (Royal Borough of Windsor and Maidenhead), Councillor Worrall (Bracknell Forest Borough Council), Councillor Jones (Reading Borough Council), Councillor Mann (Slough Borough Council), Councillor Mooney (West Berkshire Council), Councillor Edmunds (Wokingham Borough Council), Mrs Turner (Thames Valley University), Messrs Menzies-Conancher (Thames Valley Probation Board), Rolfe (UNISON) and Bevan (GMB).

The Panels meet quarterly to receive and consider reports on the Fund.

Following a review of the structure of the Advisory Panel and to meet current best practice, the Panels resolved to broaden membership by including two representatives from the broader membership of the Fund. The Panels would like your views on how these representatives should be selected. Please complete and return the questionnaire on page 12 or complete the questionnaire on the website (www.berkshirerpensions.org.uk).

PERFORATE

(Don't print)

ANNUAL MEETING ATTENDANCE REQUEST

Full Name

Address

Daytime telephone number

E-mail

Please return this form to **Royal County of Berkshire Pension Fund, 3rd Floor, Thames Tower, 37-45 Station Road, Reading, Berkshire, RG1 1LX**. Alternatively you can **fax** us on **0118 9502672**.

If you would like to confirm your attendance by e-mail please contact us at info@berkshirepensions.org.uk

All bookings will be confirmed by return of e-mail or post.

PENSION FUND ADVISORY PANEL QUESTIONNAIRE

1. Do you agree that the membership of the Berkshire Pension Fund Advisory Panel should be extended to include two representatives from the members?

YES | **NO**

2. In your view, should one of the proposed member representatives come from the active members and the other from deferred/pensioner members?

YES | **NO**

3. How should potential member representatives be nominated?
- a. Self nomination in writing by post
 - b. Self nomination via the Fund's website
 - c. Nomination in writing by another member of the Fund
 - d. Nomination in writing by another member of the Fund and supported by five other members?

A | **B** | **C** | **D**

4. How should member representatives be elected to the Advisory Panel?
- a. By vote at the Annual Meeting of Stakeholders
 - b. By postal vote
 - c. By web-based vote
 - d. A combination of postal and web-based votes

A | **B** | **C** | **D**

Please return this questionnaire to the Pension Team by 30 September 2008

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

Alternatively you can **fax** us on **0118 9502672**.

And remember, if you would like to attend the Fund's Annual Meeting, please fill in your details on the other side of this form.

Pension news

Protecting your benefits

The Berkshire Pension Fund holds assets of over a billion pounds, making it an attractive target for criminals.

One of the ways we protect the Fund's assets is by supporting the Audit Commission's National Fraud Initiative (NFI).

The NFI currently matches all public sector pension scheme data (of which the Berkshire Pension Fund is one) to the Department for Work and Pensions (DWP) database of deceased persons. This helps us detect false pension payments (eg, someone receiving a pension under a deceased person's name).

The Fund will again be undertaking the data matching exercise later this year. We accept that the vast majority of payments we make are legitimate, but feel that this exercise is very worthwhile in order to protect the Fund against any possible fraud.

Berkshire Pension Fund Website

Our new website at www.berkshirepensions.org.uk is now up and running and contains information about the LGPS and how it is administered within Berkshire.

You can also download an extensive range of pension guides, factsheets and forms covering all aspects of the LGPS.

Questionnaire 2008

To help us improve the service provided by the Pensions Team we would be grateful if you could spare a few minutes to complete our online questionnaire at www.berkshirepensions.org.uk

Please note that the details you supply will be treated in the strictest confidence and will not be used for any purpose other than for the requirement of the Royal County of Berkshire Pension Fund.

Pension news

Cohabiting partners

The LGPS provides pension benefits to unmarried cohabiting partners. If you are not married but would like to nominate your partner to receive part of your pension benefits in the event of your death, you have to:

- ▶ have been an active member of the LGPS on or after 1 April 2008
- ▶ be living together as if you were husband and wife or civil partner, and this arrangement must have been in place for at least two years
- ▶ be free to marry or enter into a civil partnership
- ▶ be financially dependent on each other, or your partner must be financially dependent on you
- ▶ not be living with a third person as if husband or wife or civil partner.

Benefits payable to a nominated cohabiting partner will be based on membership built up after 5 April 1988 only.

To download a cohabiting partner information leaflet and nomination form, please visit our website:
www.berkshirerpensions.org.uk

IMPORTANT

If a nomination is not made, a cohabiting partner's pension WILL NOT be paid even if all the conditions described above are satisfied.



Make 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, a number of people or even an organisation such as a charity. You can choose your husband, wife or partner, your children, any other family member or a friend.

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'. 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.

A reminder: new-look scheme

As you are aware a 'new-look' scheme was introduced for all active members with effect from 1 April 2008. A reminder of the main changes are listed below:

- ▶ The pension you accrue from 1 April 2008 builds up at an improved rate
- ▶ The death in service grant has increased to three times the value of your annual pensionable pay
- ▶ Dependants' benefits have been extended to include unmarried nominated co-habiting partners
- ▶ Improved ill-health benefits
- ▶ The ability to purchase additional pension up to £5,000

To find out more about the recent changes to the scheme and how these affect you please visit www.berkshirepensions.org.uk or alternatively you can contact the Pensions Team on **0845 602 7237**.

Pension news

Changing definitions: eligible child

The Fund pays pensions to your 'eligible' children should you die while a member of the Fund...but what is meant by 'eligible child?' Well, the definition was recently amended for children's pensions coming into payment on or after 1 April 2008, to increase the maximum age of the child from 17 to 18. (Please note, however, that for children's pensions in payment before 1 April 2008 the maximum age limit remains at 17.)



The full definition of an eligible child is therefore now as follows:

- ▶ under the age of 18, or
- ▶ under age 23 and, since before age 18, have been in full-time education or in training for a trade, profession or vocation, or
- ▶ born within 12 months from the date of your death, or
- ▶ dependent upon you by reason of incapacity since before the age of 18

To find out more about the protection for your family, please contact us on **0845 602 7237** or you can download our leaflet 'Protection for your family' by visiting www.berkshirepensions.org.uk

Transferring FSAVCS into the Fund

Under previous regulations, it was not possible to transfer Free Standing Additional Voluntary Contributions (FSAVCs) directly into the LGPS. However, this rule has since been changed, allowing members to treat FSAVCs as a normal pension transfer, resulting in the purchase of a service credit directly into the Local Government Pension Scheme.

If you are currently contributing to an FSAVC you may only have until 31 March 2009 to transfer this into the LGPS and you would need to stop your FSAVC contributions to do this.

Call us on **0845 602 7237** to request our leaflet 'Transferring former pension rights', or download a copy from our website, **www.berkshirerpensions.org.uk**

Pensions increases

If you are over age 55 and receiving a pension from the LGPS, your benefits are increased annually to reflect the cost of living.

The percentage increase is applied from the first Monday in April following the end of the tax year (5 April). It is calculated in line with the percentage rise in the Retail Prices Index (RPI) in the 12 months up to September each year.

This year the increase was 3.9% and was applied from 7 April 2008.

If you are receiving a pension, you should have received a letter in April informing you of your individual increase. If you need a copy, please contact the Pensions Team on **0845 602 7237**.

Contribution bandings

Your percentage contribution now relates to your annual pensionable pay as at 1 April. The amount of contribution that you pay is determined by how much you earn, as assessed by your employer and in accordance with the table on the right.

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, 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 employed on a full-time basis but only during term-time.

Please note that the contribution bands will increase each year in line with the Retail Prices Index (RPI).

Salary range	Contribution rate
£0 - £12,000	5.5%
Over £12,000 to £14,000	5.8%
Over £14,000 to £18,000	5.9%
Over £18,000 to £30,000	6.5%
Over £30,000 to £40,000	6.8%
Over £40,000 to £75,000	7.2%
Over £75,000	7.5%



Useful contacts

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

HMRC

for any tax queries: www.hmrc.gov.uk

The Pension Service

offering advice about claiming your State Pension:
0845 606 0265; www.thepensionservice.gov.uk

Prudential Assurance Company

the Local Government AVC provider:
0845 600 0343; www.pru.co.uk

The Pension Tracing Service

a free service for tracing old or lost pensions:
0845 6002 537; www.thepensionservice.gov.uk

Citizens Advice Bureau

0845 071 6379; www.citizensadvice.org.uk

The Pensions Advisory Service

an independent organisation offering help and advice on all pension schemes:
0845 601 2923; www.pensionsadvisoryservice.org.uk



Contact us

If you have any questions 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@berkshirerpensions.org.uk

Many queries can be resolved by visiting our website at www.berkshirerpensions.org.uk

Please note that this newsletter does not confer any contractual or statutory rights. In the event of any query or dispute the statutory regulations will prevail. All information contained in this newsletter is based on our understanding of the Regulations as currently issued but may be subject to change.

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