

Bromley

Pension Update



Autumn 2011

Bromley pension newsletter

The Hutton review of Public sector pensions

The Hutton Commission published its report on 10 March 2011, and recommended that the Government should ensure that public service schemes should deliver a good pension in retirement for Scheme members, and that the Local Government Pension Scheme (LGPS) should continue to be a funded pension scheme.

The most significant recommendations likely to be reflected in future changes to the Local Government Pension Scheme are:

Career Average Revalued Earnings (CARE) scheme to replace the Final Salary scheme

Currently, the LGPS is a defined benefit, final salary scheme, which means that the benefits are based on the length of your membership of the scheme and, normally, your final year's pay.

In a CARE scheme, for each year that you pay into the Scheme, you would earn an amount of pension linked to your pay during that year. That amount of pension would then be 'banked' and increased each year in accordance with cost-of-living rises until you came to draw the pension. At retirement, each of the years' banked pensions would be added together, to form the total retirement pension.

Membership built up in the LGPS before the introduction of a CARE scheme would retain the link to final salary.

Normal Pension Age to be linked to State Pension Age

The Normal Pension Age in the LGPS would be expected to keep in line with changes to life expectancy through a link to increases in State Pension Age. The State Pension Age is due to reach 66 for both men and women by April 2020.

Greater choice for members of when to draw their benefits

Scheme members should have greater choice over when to draw their benefits, so that they could retire earlier or later than their Normal Pension Age, and their pension would be adjusted accordingly. Flexible retirement should be encouraged, and the present system of abating (reducing) pensions because of reemployment should be removed.

The Government will now carry out consultations with employers, trades unions and scheme members before implementing the recommendations of the Commission, and it is expected that it will announce its intentions later in the year.

The Government has given an assurance that existing accrued pension rights, up to the date of any Scheme changes, will be protected.



Restriction of tax relief on pension contributions

From 6 April 2011, the Government restricted the amount of tax relief available on pension contributions by reducing the amount by which the value of your pension savings can increase in any one year, before you become liable to a tax charge. This limit is called the Annual Allowance.

For the tax year 2011/2012, the annual allowance is reduced from £255,000.00 to £50,000.00. The annual allowance covers any pension saving you make in tax-registered pension arrangements, not just in the LGPS.

Most people will not be affected, because the value of their pension savings will not increase in a tax year by more than £50,000 or, if it does, they are likely to have unused allowance from previous years that can be carried forward.

If, however, you are affected, you will be liable for a tax charge (at your marginal rate) on the amount by which the value of your pension savings in the tax year, less any unused allowance from the previous three years, exceeds £50,000.

If you exceed the annual allowance in any year, **you** are responsible for reporting this to H.M. Revenue & Customs on a self-assessment tax return.

National fraud initiative

The London Borough of Bromley is taking part in the National Fraud Initiative organised by the Audit Commission and being carried out under Section 6 of the Audit Commission Act 1998. Under this initiative, the Council provides details from its Payroll system which will be used for cross-system and cross-authority comparison purposes using information from other public sector bodies for the prevention and detection of fraud.

Please be assured that both the Council and Liberata respect your right to privacy, and comply fully with Data Protection legislation at all times.



Self-service pensions

You can now access your own pension records online, through AXISe Internet Member Self Service (AIMSS). This service allows you to view your record, and carry out your own pension benefits calculations, such as:

- deferred benefits
- pension predictions
- lump sum commutation options
- redundancy estimates

You also have the option of updating your Expression of Wish record (by downloading and submitting a signed Form), Co-habiting Partner details (if applicable) and personal details such as change of address or name. This service is available 24 hours a day, 365 days a year.

Details of how to use AIMSS are available from Liberata by emailing your request to pensions@bromley.gov.uk. You will need to have a password, which you can obtain by emailing your request to the same address.

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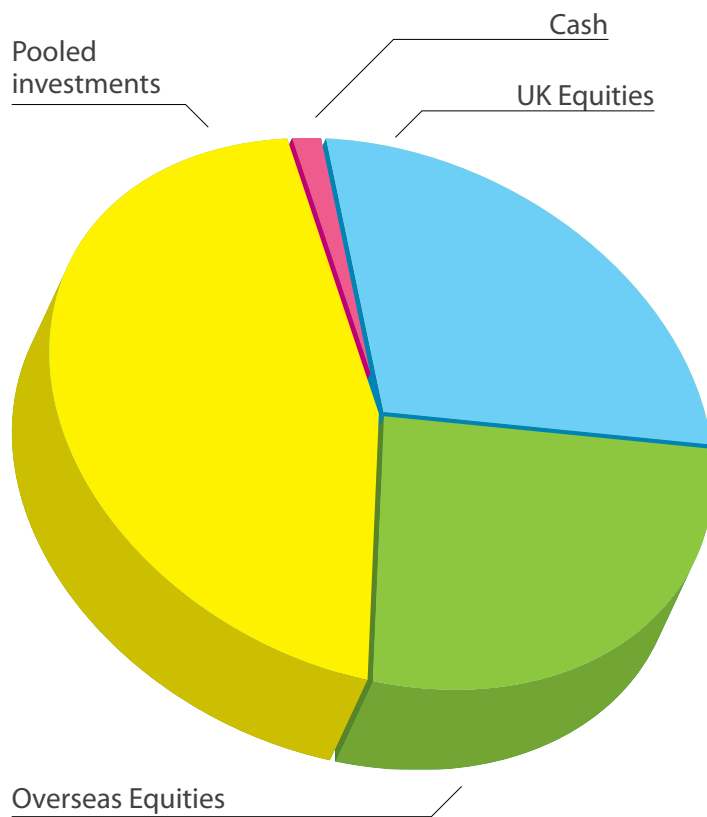
The Bromley pension fund

Bromley's Pension fund is administered by the London Borough of Bromley's Pensions Investment Sub-Committee, whose primary role is to oversee the investment of the fund and monitor the fund's financial position.

The Council currently employs two investment managers: Fidelity Pensions Management and Baillie Gifford & Co.

The net assets of Bromley's Pension Fund totalled £489m as at 31st March 2011 and comprised:

- UK Equities - **£128m**
- Overseas Equities - **£133m**
- Pooled Investments - **£220m**
- Cash - **£8m**



Income and Expenditure for the year ended 31st March 2011

Income	Expenditure
Employer contributions £22.0m	Pensions £19.2m
Employee contributions £6.0m	Lump sum benefits £6.0m
Transfer Values received £4.8m	Transfer Values paid £2.7m
Investment income £7.5m	Administration £0.7m
Net gain on investments £32.1m	Fund management expenses £2.3m

Pension Regulations require an actuarial valuation of the fund's assets and liabilities every three years to ensure that the Fund is able to meet all its present and future commitments.

The last full valuation as at 31st March 2010 found that the value of the fund's assets represented 84% of the value of its liabilities, up from 81% in 2007, mainly due to better than predicted investment returns.

That valuation set employer contribution rates for the following three years aimed at increasing the fund's solvency level to 100% over a period of 12 years.

The next full valuation (as at 31 March 2013) will take place during 2013/14.

Pensions key performance standards

Liberata UK Ltd manage the general administration of the Local Government Pension Scheme for London Borough of Bromley.

Performance standards are used to monitor and improve performance.

Performance is reported regularly to the Council and will be published annually for the information of members of the Scheme.

Liberata's commitment to Scheme members is:

As Administrators of the Local Government Pension Scheme we aim to provide you with good quality service and to communicate effectively. We will:

- respond to e-mails and written enquiries within 10 working days of receipt - We have responded to 809 pieces of correspondence in the last year, of which 99.67% were within the performance standard
- process each stage of a transfer of pension rights (to or from the Scheme) within 10 days of receiving the required information - We have issued 96.83% of 150 transfer-in quotations and 99.29% of 114 transfer-out quotations within the performance standard
- process retirement grants (lump sums) within 10 working days of retirement, provided that we have all the necessary information - We have paid 98.75% of 287 retirement grants within the performance standard
- issue a benefit statement annually to all active and deferred members - Statements were issued to all active members in August, and all deferred in July
- advise pensioners, each April, of the annual increase to their local government pension - Pensions Increase letters were issued to all the Council's pensioners in March.



Bromley pension newsletter



Not a member of the pension scheme?

You may wonder why we send this newsletter to non-members. We send it because we have a responsibility to inform both members and potential members of changes to the Scheme.

If you are not paying into the Scheme, you could be missing out on:

- A pension payable for life
- A tax free lump sum on retirement if you so choose
- Immediate life cover of 3 years' pensionable pay
- Dependant pension for widows/widowers, civil or nominated partners and children
- Ill health benefits, sometimes with an added period of membership
- Early payment of benefits if made redundant, age 55 and over (Benefits payable subject to qualifying conditions)

Benefits for Councillor members differ in some respects from those shown above.

For more information on the Scheme, visit www.lgps.org.uk

If you are not a member, and wish to consider joining, please contact Liberata for an option form. You can normally join at any time up to age 75, but do not leave it too late!

Enquiries and Complaints

If you are not sure which benefits you are entitled to, or if you have a question concerning your benefits, please contact the Liberata Pensions Team.

They will try to deal with your query as quickly and efficiently as possible, and it may be possible to arrange a meeting in order to resolve any issues.

In case you are dissatisfied with the way the Council or your employer has interpreted or applied the pension Regulations, then in order to protect your interests the Council is required under the Scheme Regulations to set up a two-stage appeal procedure.

Full details of this can be obtained from the Liberata Pensions Team. Their full address and telephone details are shown below.

In addition to the internal dispute processes you also have access to a number of external advisors or regulators who are there to assist you with any issues you may have relating to your pension.

Further details of these organisations are given below.

Liberata UK Ltd

P O Box 1598, Croydon, Surrey CR0 0ZW

Telephone 020 8603 3429

E-mail pensions@bromley.gov.uk

Website www.liberata.com

NOTHING IN THIS NEWSLETTER CAN
OVERRIDE THE PROVISIONS OF THE
LOCAL GOVERNMENT PENSION SCHEME
REGULATIONS OR RELATED LEGISLATION

Useful Contacts

London Borough of Bromley

Resources Directorate

Civic Centre

Stockwell Close

Bromley

BR1 3UH

Telephone 020 8464 3333

Website www.bromley.gov.uk

Pension Tracing Service

This is a tracing service for ex-members of schemes with pension entitlements, who have lost touch with their previous employers.

The Pension Service

Tyneview Park

Whitley Road

Newcastle upon Tyne

NE98 1BA

Telephone 0845 600 2537

The Pensions Advisory Service (TPAS)

This service is available to assist members with any difficulties that they cannot resolve with their pension schemes.

11 Belgrave Road

London

SW1V 1RB

Telephone 0845 601 2923

Website www.pensionsadvisoryservice.org.uk

For the Pensions Ombudsman

The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme, or matters of fact or law.

Telephone 020 7834 9144 at the above address

Website www.pensions-ombudsman.org.uk

Large Print Version Available

The text of this newsletter is available in a large print format from Liberata Pensions on 020 8666 9919.

Further information is available on www.lgps.org.uk

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