



# Pensions in partnership

July 2010



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### Annual meeting

A full set of the slides from our annual meeting are available from the "News" area of our website.

2009/2010 was an outstanding year for the Fund, with its investments delivering a return of 36% to leave the Fund's assets at a new high water mark and the Fund 89% funded at 31 March 2010.

### Pensions politics

Hot on the heels of the announcement that John Hutton is to chair the independent Public Service Pensions Commission, the Budget on 22 June announced the intention to inflation link public service pensions using CPI as opposed to RPI.

At the start of 1988 CPI was 63.5. It had risen to 114.4 by May 2010, a rise of 80%.

At the start of 1988 RPI was 103.3. It had risen to 223.6 by May 2010, a rise of 116%.

A two year public sector pay freeze for those earning £21,000 was also announced.

The complex proposals to restrict tax relief for high earners are going to be looked into.

Finally, there are plans to increase state pensions more generously, to phase out the default retirement age of 65 and to consult on raising state pension ages sooner, perhaps introducing an age of 66 for men from 2016.

### AVC mailing

We will be helping Prudential to mail all of our active members who are aged 45 about AVCs at the start of July. The letters point members at the Prudential's website and offer their 0845 607 0077 number.

### Ill health: limited life expectancy

We have had a number of enquiries from employers about the options if an active member is retiring on ill health grounds and has a life expectancy of less than a year.

To remind you, there are 2 options available:

1. A "standard" tier one ill health retirement.
2. A tier one ill health retirement commuted on grounds of exceptional ill health.

The kind of things that employers should ensure that such members consider include:

- Do I want as much cash as possible to enjoy whilst I am alive?
- Do I want to leave behind as much cash as possible for my dependants?

### We now hope to move at the end of July

We will now be moving offices over the weekend of July 24 and 25 and would ask for your patience if anything does not go quite as we have planned.

### What's happening on pensions

The last month has seen a quarterly Strathclyde Pension Fund Committee meeting and an Admin Forum.

Details of both are available from our website along with a news story about the Public Service Pensions Commission.