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WELCOME TO PENSIONNEWS



Audrey Boyce
Payments Service Manager

2013 PENSION INCREASE

2.2% will be the basis for your annual pension increase from April 2013, as this was the September 2012 CPI figure.

CHANGES TO THE LGPS

The Public Service Pensions Bill of September 2012 proposes changes to all public service pensions for pensionable service earned from 2015.

I do not expect any changes to the Local Government Pension Scheme (LGPS) to impact on pensioners such as yourself.

KEEP YOUR P60

You should keep all your P60s as you may need them to resolve any questions about your tax code with HMRC or to complete a self assessment tax form.

2013 PENSION PAYMENT DATES

Our office is closed from Dec 25 to Jan 2 inclusive, but this will not affect our regular payment of your pension on 14 Dec 2012 or 15 Jan 2013.

PAYDAYS

15 January	2013
15 February	2013
15 March	2013
15 April	2013
15 May	2013
14 June	2013
15 July	2013
15 August	2013
13 September	2013
15 October	2013
15 November	2013
13 December	2013

FUND FACTS

Smith is our pensioners' most popular surname: we have 746 Smiths

Margaret is our female pensioners' most popular forename: we have 3,339 Margarets

John is our male pensioners' most popular forename: we have 2,762 Johns

MORE AND MORE SHADES OF GREY

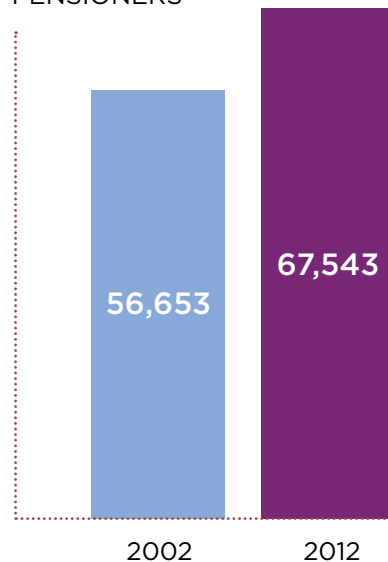
Pensioners are becoming an ever increasing proportion of our membership.

2011/2012

Our grey numbers grew by over 3,000 during the year.

We put 43 million grey pounds into the hands of our pensioners each month.

NUMBER OF PENSIONERS



RETURNING TO LOCAL GOVERNMENT WORK?

You must notify us immediately in writing if you retired on redundancy or efficiency of service grounds and become re-employed by an organisation that participates in the LGPS.

In fact we recommend that you check back with us **before** becoming re-employed, so that we can make you aware of any pension implications.

Retirement benefits already paid can become subject to “unauthorised payment” tax charges (at 55%) if you are under 55 and become re-

employed within 6 months in a job that is NOT materially different to the job you retired from.

If you retired on redundancy or efficiency grounds with additional service granted by your employer and you return to local government work, your additional service pension may be reduced and / or permanently suspended.

If you are in any doubt about whether an employer participates in the LGPS, you could ask them before accepting a new job. The UK LGPS website contains

details of every UK LGPS fund’s website from which you can obtain annual reports listing a fund’s participating employers, see: <http://www.lgps.org.uk/lge/core/page.do?pagelId=117905>

NATIONAL FRAUD INITIATIVE (NFI)

NFI is a counter-fraud exercise led by Audit Scotland. It collects information about individuals that is held by different public bodies on their different computer systems.

NFI seeks to identify incorrect payments of social security benefits, housing benefits or pensions.

Under NFI, data from other public bodies may result in us being advised that your pension payments should have ceased or reduced. If that is the case we will take steps to recover these payments.

As we have a statutory obligation to participate in NFI, your pension data will be shared with other public bodies. This means that other public bodies will be able to check that your pension, even an ill health pension from us, has been taken into account in any Social Security benefits you have received.

Please therefore remember to declare your pension when you are asked for details of your income when applying for any benefit. Failure to do so could have serious consequences.

A fair processing notice which provides further information on data matching can be found on Glasgow City Council’s website at:

http://www.glasgow.gov.uk/en/YourCouncil/PolicyPlanning_Strategy/Corporate/FairProcessingNoticeNFI/

This site also provides a link to Audit Scotland’s website that contains further information.

TELLING US WHO YOU WANT TO RECEIVE BENEFITS AFTER YOU DIE

We have ultimate discretion over payments, but you can tell us who you would like to receive any lump sum payable on your death.

If you die before 75 and before you have received 5 years of pension, the balance is paid out as a lump sum in addition to any dependants' pensions that are payable.

The lump sum is based on the balance of 10 years pension if you were an employee member of the LGPS after 31 March 2009.

Your spouse, civil partner or qualifying children may also be entitled to dependant's pension. There is no need to complete a nomination form for these pensions.

You can nominate a co-habiting partner for a pension to be paid on your death, but only if you became a pensioner after being an employee member of the LGPS after 31 March 2009.

You can find our expression of wish (nomination) forms on our website.

We have 23 centenarians

Have you been a pensioner for less than 5 years (10 years if you were an employee member of the LGPS after 31 March 2009)?

YES

NO

Do you want to nominate someone for any lump sum paid on your death?

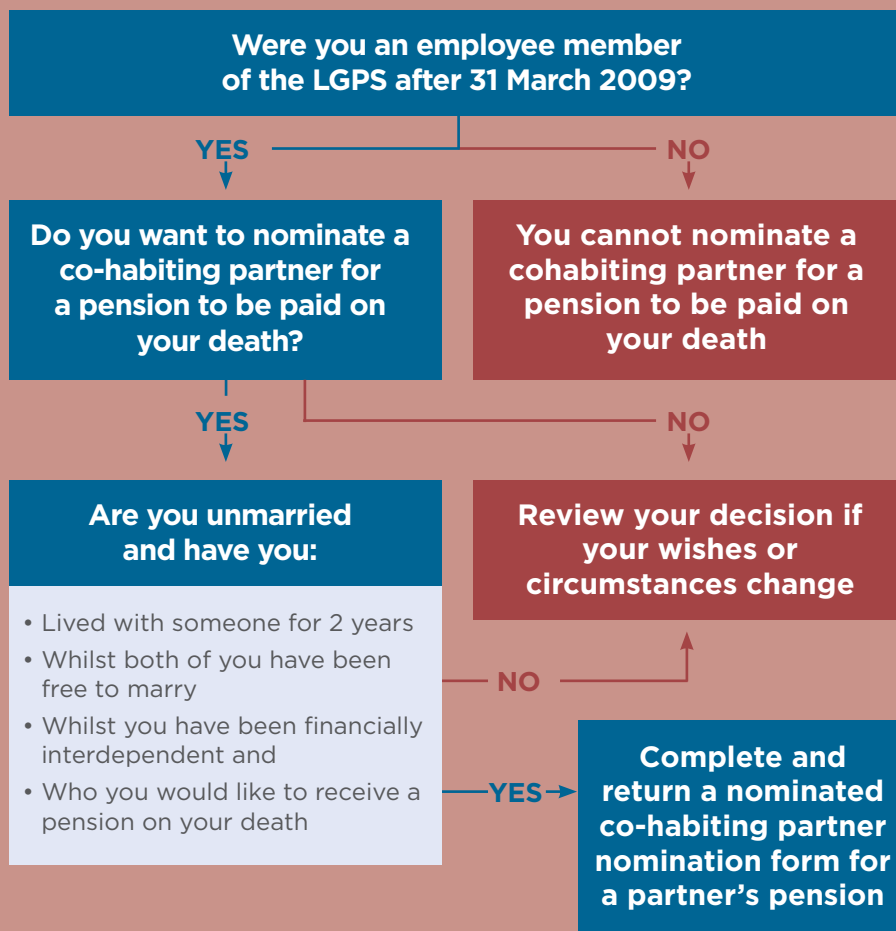
There is no lump sum payable on your death

YES

NO

Complete and return a nomination form

Review your decision if your wishes or circumstances change



51% of our pensioners are women

70.9 is the average age of our female pensioners

POWER OF ATTORNEY

You might assume that, if you lost the capacity to make decisions for yourself, someone you trust, such as your partner, spouse or a family member would be able to make decisions on your behalf. You would be wrong.

No one has the automatic right to make decisions on your behalf merely on the grounds of relationship.

You have to give someone (or some people) the legal right to make decisions for you by appointing them to be your attorney(s) and they must be willing to act on your behalf.

A Power of Attorney is a written document giving someone else authority to make decisions on your behalf. The powers that you wish the attorney to have must be stated in the document.

Most solicitors can assist you to draft the Power of Attorney document and some stationery shops even sell packs that can be used.

Be careful to ensure that the powers granted are specific to your requirements. For example, we would be unable to pay a pension into a bank account that does not bear a

pensioner's name unless the power of attorney specifically provides for this.

For more information on Powers of Attorney in Scotland visit the website www.publicguardian-scotland.gov.uk or telephone 01324 678 300.

Please note that the staff at the Office of the Public Guardian cannot assist in drafting Powers of Attorney or provide legal advice. Their primary function is to register them once they have been drafted.

REACHING A STATE PENSION AGE OTHER THAN 60/65: HOW PENSION INCREASES ON GMPs WORK

If you were a member of the LGPS between 1978 and 1997, you paid lower national insurance contributions, were not entitled to State Earnings Related Pension Scheme (SERPS) benefits, but became entitled to a Guaranteed Minimum Pension (GMP) that guarantees that your LGPS pension will be at least the equivalent of the SERPS benefits you gave up.

Your GMP is the part of your LGPS pension that the LGPS must pay you for not being a member of SERPS between 6 April 1978 and 5 April 1997.

Up to 6 April 2010 GMP payment age and state pension age (SPA) were the same: age 60 for women and age 65 for men.

GMP payment age remains 60/65, but SPA has been changing since 2010. SPA for women has been increasing from age 60 towards age 65 to equalise SPA at 65 for men and women in 2018. From 2018 SPA for both sexes will be raised above 65.

The LGPS is liable for increasing the GMP part of your pension from GMP payment age until you reach SPA.

After you reach SPA, the State is liable for any increase in excess of 3% for GMP accrued from 6 April 1988 and for the entire increase for GMP accrued before 6 April 1988.

That means that, if you reach an SPA other than the “old” 60/65, we are no longer liable to pay part of your pension increase and will reduce your pension by the amount the state starts to pay you for any GMP increases that are its responsibility.

You will not lose out though, as any LGPS pension increases not included in your LGPS pension will be paid in your state pension instead.

532 of our pensioners live abroad

26,033 of our pensioners have a “G” postcode

YOUR CHANCE TO BE THE PENSIONERS' REPRESENTATIVE

The Representative Forum is a key part of our governance. Representatives of all the parties with an interest in the Fund discuss relevant issues and comment on proposals.

The Representative Forum has close links with the Strathclyde Pension Fund Committee, the Fund's key decision-making body. The Convener of the Committee also chairs Forum meetings. The agendas for Committee and Forum meetings are similar, and a formal report is passed from the Forum to the Committee.

If you would like to speak on behalf of our 67,000 pensioners at our Representative Forum, please contact us by 31 January 2013 via an e-mail to spfo@glasgow.gov.uk headed "Pensioners' Representative" briefly detailing your relevant experience and explaining why you think that you would be suited to this role.

We will then select an appropriate representative from those who express an interest.



David Thomson is to stand down as the pensioners' representative on the Strathclyde Pension Fund Representative Forum, a position he has held since the Forum was created in 2005.

David is a Fund pensioner as a result of 25 years service in the education sector including senior finance positions at Queen's College, Glasgow and at Glasgow Caledonian University until he retired in 2004.

David's experience and wisdom have been apparent in his valuable contributions to the work of the Forum. We have all benefitted from this. We sincerely thank David, and wish him the very best in his proper retirement.

Shortlisted for Professional Pensions magazine's public sector pension scheme of the year 2012

Winner of the Pensions Research Accountants Group's award for best member newsletters 2012

Special commendation by Engaged Investor magazine for team excellence in pensions administration 2012

Special commendation by Engaged Investor magazine for best member newsletters 2012

SCHEME YEAR 2011/2012



Lynn Brown
Executive Director of Financial Services
Glasgow City Council

A NEW COMMITTEE

*Cllr Paul Rooney
(Convener)*

Bailie Philip Braat

Bailie Elizabeth Cameron

Cllr Stephen Curran

Cllr Liam Hainey

Cllr Pauline McKeever

Cllr Norman MacLeod

Bailie Allan Stewart

The Fund's outstanding achievement during 2011/12 was the completion of the actuarial valuation as at 31st March 2011 confirming a funding level of 97.3%.

Given the economic backdrop against which the valuation was completed this is a very satisfactory position which gives substantial reassurance to scheme members.

The Committee also oversaw the following in scheme year 2011 / 2012:

- a shift from active to passive investment management
- the restructuring of our pensions administration teams
- the introduction of ill health liability insurance for employers

Over the 12 months to 31 March 2012 the Fund's total membership grew slightly from 195,052 to 195,339.

This includes:

- 81,522 employee members (85,261 a year earlier)
- 46,274 deferred members (45,384 a year earlier)
- 67,543 pensioners (64,407 a year earlier)

There was a clear shift from employee to pensioner membership as a result of widespread early retirement programmes.

The Fund's investments grew by 1.1% in 2011/12.

Net assets of £11,451m as at 31 March 2012 represented a new high water mark.

The membership of the Strathclyde Pension Fund Committee, the key decision making body for the Fund, has changed following the May 2012 local government elections.

I remain the Chair and am joined by 4 new members.

The 3 continuing members give the Committee continuity and experience, so I'm confident we are well-placed to meet the challenges ahead of us.

Following the publication of the Public Service Pensions Bill, I expect that there will be some difficult discussions about public sector pension reform over the coming year. We will continue to be fully involved in these.

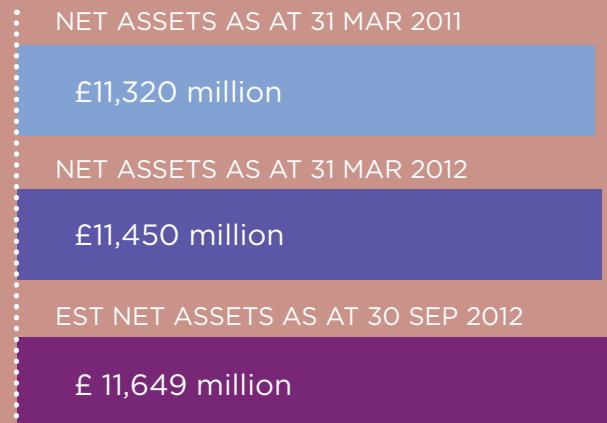
We will also be thinking carefully about how we manage the impact of the new workplace pensions law ("automatic enrolment").



Councillor Paul Rooney
Convener,
Strathclyde Pension
Fund Committee

INVESTMENTS

FUND RETURNS 2011/2012



INVESTMENT MARKETS

The past year was once again a turbulent time in financial markets. The major economic event was the European sovereign debt crisis, but financial markets were affected by other developments, including political events in the Middle East and the US credit downgrade.

The UK did not escape unscathed. Continued fiscal austerity and the consequent fall in consumer spending, combined with high inflation, tipped the economy back into recession.

Against this backdrop, the Fund produced a total annual return of + 1.1% for 2011 / 2012.

LONG TERM PERFORMANCE

Year to 31 March	Mar 03	Mar 04	Mar 05	Mar 06	Mar 07	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	3Yr	5Yr	10Yr
												Annualised	
	%	%	%	%	%	%	%	%	%	%	%	%	%
Retail Prices	3.1	2.6	3.2	2.4	4.8	3.8	-0.4	4.4	5.3	3.6	4.5	3.3	3.3
Consumer Prices	1.5	1.3	1.7	1.9	2.9	2.4	3.0	3.2	4.2	3.5	3.6	3.3	2.6
Average Earnings	4.5	4.6	3.8	5.2	5.0	3.8	-2.1	6.1	2.0	0.2	2.7	2.0	3.3
Fund Return	-20.9	26.6	12.4	27.2	7.4	-2.9	-20.8	36.9	7.7	1.1	14.2	2.8	5.8
Benchmark	-22.1	28.0	12.9	26.6	8.1	-3.8	-21.0	41.3	8.6	1.8	16.0	3.5	6.2
WM Average	-18.5	22.6	11.6	24.2	7.0	-1.0	-18.1	30.3	8.1	6.2	14.3	3.9	6.0

Over 10 years, the Fund has achieved an average return of +5.8%, almost in line with the average UK pension fund and in excess of inflation and average earnings.

Over 3 and 5 years poor performance of the property portfolio and the unconstrained equity strategy has detracted most from returns.

RESPONSIBLE INVESTMENT

We are one of the largest pension funds in the UK and employ a range of professional advisers. These include the UK's leading actuaries, investment managers and legal advisers.

Our current investment objective, strategy and structure are set out in our Statement of Investment Principles that is available from our website.

Our quarterly responsible investment reports are also available from our website.



FUND ACCOUNTS 2011/2012

“Financial Year 2011/12 saw the Fund more than maintain its value in particularly challenging times, continuing to deliver security for our members”

Paul Murphy, Fund Finance Manager

For the years ending 31 March

	2010/11 £000	2011/12 £000
FUND INCOME		
Contributions receivable from employers	331,702	332,001
Additional contributions from employers	95,384	66,707
Contributions receivable from employees	116,273	109,807
Transfers in	44,446	7,249
Other income	909	1,126
	588,714	516,890
FUND PAYMENTS		
Pensions	283,282	320,557
Lump sums	162,074	135,572
Refund of contributions	957	1,243
Transfers out	18,848	11,083
State scheme premiums	628	937
Administrative and other expenses borne by the Fund	5,353	4,376
	471,142	473,768
Net addition from dealings with members	117,572	43,122
RETURNS ON INVESTMENTS		
Investment income	140,574	154,467
Investment management expenses	(16,371)	(13,459)
Overseas tax	(3,476)	(4,471)
Change in market value of investments	664,826	(49,146)
Net returns on investments	785,553	87,391
Net movement in the Fund during the year	903,125	130,513
ADD: Opening net assets as at 1st April	10,417,247	11,320,372
EQUALS: Closing net assets as at 31st March	11,320,372	11,450,885

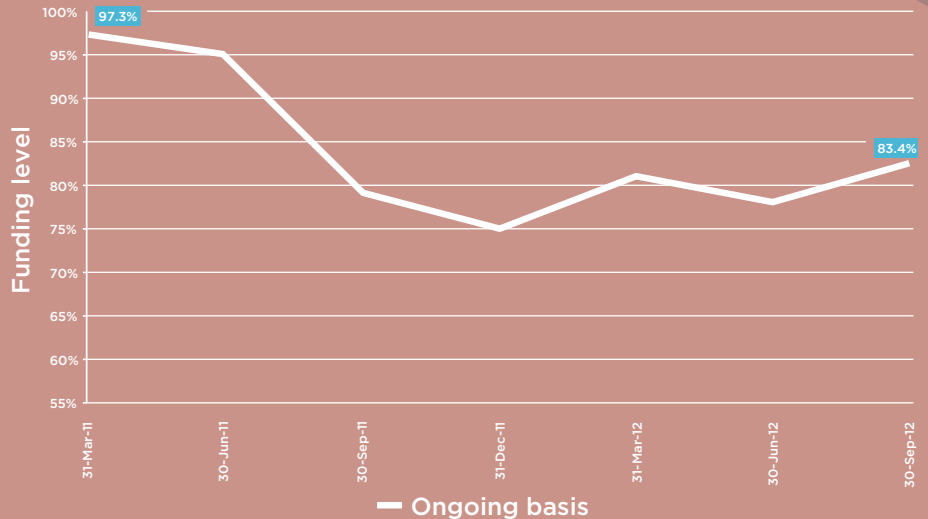
Our annual report provides detailed financial information about our scheme year 2011 / 2012 and is available from our website.

ACTUARIAL VALUATION

Our actuary conducts an actuarial valuation of the Fund every three years. As at 31 March 2011 their valuation established that the Fund was 97.3% funded.

Our regular monitoring of our funding level indicates how this goes up and down over time.

The full 2011 valuation report is available from our website that also has quarterly updates on our funding level.



INVOLVING OUR STAKEHOLDERS

We like to involve our stakeholders in everything we do:

- Our annual meetings are attended by 152 employer, pensioner and trade union delegates. A full set of the slides used at 2012's annual meeting is available from our website
- Our Representative Forum comprises 5 trade union representatives, 23 employer representatives and 2 pensioner/deferred member representatives.



CHANGED PERSONAL DETAILS?

PLEASE ONLY COMPLETE THE FORM BELOW IF YOUR DETAILS HAVE CHANGED

Pension ref no. (or if unavailable national insurance number)

Name

Signature:

ADDRESS CHANGE

NEW address

OLD address

Please also remember to tell HMRC if you move house

CHANGE OF BANK/BUILDING SOCIETY

Details of NEW account

Bank/Building Society name:

Sort code

A/C no

Roll no (B/Society only)

Name of account holder:

Details of OLD account

Bank/Building Society name:

Sort code

A/C no

Roll no (B/Society only)

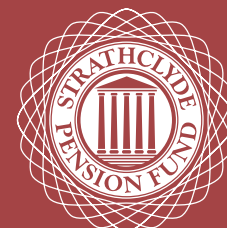
Name of account holder:

CONTACTING US

Web: www.spfo.org.uk Email: spfo@glasgow.gov.uk Tel: 0845 213 0202

Strathclyde Pension Fund Office, P.O. Box 27001, Glasgow G2 9EW

Ref: Pensionnews December 2012



STRATHCLYDE PENSION FUND OFFICE

MANAGING THE LOCAL GOVERNMENT PENSION SCHEME IN THE WEST OF SCOTLAND