

# PENSIONNEWS 2 13



## IN THIS ISSUE -

- 02** - *Welcome to Pensionnews*
- 03** - *How pension increases work*
- 04** - *Why your LGPS pension goes down when you reach a state pension age other than 60 / 65*
- 04** - *Pensions Bill 2013 - 2014*
- 05** - *Returning to local government work?*
- 05** - *We welcome our new pensioners representative*
- 06** - *Telling us who you want to receive benefits after you die*
- 07** - *Power of attorney: don't leave it too late*
- 08** - *Scheme year 2012 / 2013*
- 08** - *Actuarial valuation*
- 09** - *Investments*
- 10** - *Fund accounts*
- 11** - *National fraud initiative*
- 12** - *SPFOnline: the way to keep in touch with your pension*
- 12** - *Contacting us*

# WELCOME TO PENSIONNEWS



**Audrey Boyce**  
Payments Service Manager  
Strathclyde Pension Fund Office

## FUND FACTS

*134 of our pensioners live in Australia*

### 2014 PAYDAYS

15 January	2014
14 February	2014
14 March	2014
15 April	2014
15 May	2014
13 June	2014
15 July	2014
15 August	2014
15 September	2014
15 October	2014
14 November	2014
15 December	2014

### 2014 PENSION INCREASE

2.7% will be the basis for your annual pension increase from April 2014, as this was the September 2013 Consumer Prices Index (CPI) figure. The article on page 3 explains how your pension increases.

### CHANGES TO THE LGPS

The Public Service Pensions Act 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 you.

### FUND FACTS

During the troubles in Cyprus earlier this year the Scottish Government required us to suspend 31 LGPS pensions payable to accounts in Cyprus or to accounts in Greece operated by Cypriot banks temporarily.

We reacted to the suspension by offering those overseas pensioners the option of having their pension paid into a UK bank account bearing their name.

Happily, the suspension was lifted before any pension payment date was missed.

To give you some idea of how far flung our pension payments go and the issues we could face, we have popped some FUND FACTS throughout this Pensionnews.

### NEW TAX CODE?

If HMRC notify you of a new tax code, please allow time for them to tell us and for us to feed it into the next available LGPS payday. If we do not issue you with a pay advice slip, please assume that we have not been told to apply any new tax code to your pension. As your own tax position is your responsibility, 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.

### 2014 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 13 Dec 2013 or 15 Jan 2014.

### SPFONLINE: THE WAY TO KEEP IN TOUCH WITH YOUR PENSION

We expect to deliver the vast majority of our communications electronically within the next couple of years, including P60s, payslips and Pensionnews.

The back page tells you more about SPFOne and how to sign up for it.

**SPFOne**

# HOW PENSION INCREASES WORK

## THE BASIS WE USE

The basis for annual pension increases in April is the increase in the Consumer Prices Index (CPI) for the 12 months to the end of the previous September.

## APRIL IS A SPECIAL CASE

Your April 2014 pension will not increase by the full amount of 2014's pension increase. That's because pension increases only apply from the first Monday after 6 April. May 2014 to March 2015 pensions will be based on the full pensions increase.

## TAX AFFECTS HOW MUCH OF YOUR PENSION WE CAN PAY YOU

Any changes in income tax allowances, tax rates and tax thresholds for the 2014 / 2015 tax year will also affect your April 2014 pension.

The Inland Revenue will tell us in March what income tax code to apply to your pension from April 2014. The Inland Revenue will take account of all of your income sources. If you want to challenge the tax coding we have been told to apply, you must contact the Inland Revenue direct (0300 200 3300).

## RECENT PENSIONERS

If you haven't been on pension a full LGPS scheme year, you won't get a full year's increase unless we have used a previous year's final pay to calculate your benefits. For example, if you retired at the end of September 2013, you will get about half a year's increase in April 2014.

## IF YOU ARE UNDER 55

If you retire early before age 55, apart from ill-health retirement, your pension is normally paid at a flat rate until age 55, when it will be increased to the level it would have been, had it been increased every year by the rise in the cost of living since your early retirement.

If you are retired on ill-health grounds, your pension is increased each year regardless of your age.

# WHY YOUR LGPS PENSION GOES DOWN WHEN YOU REACH A STATE PENSION AGE OTHER THAN 60 / 65

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.

**70 of our pensioners live in Canada**

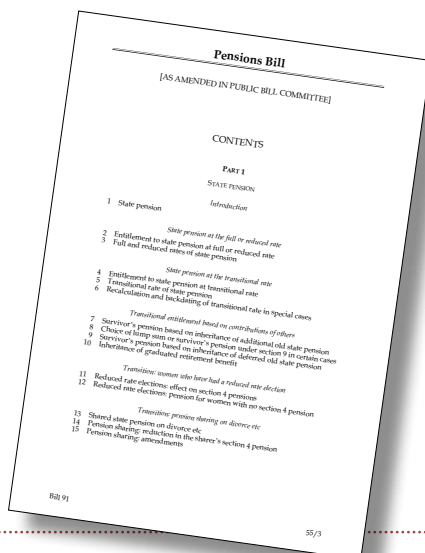
## PENSIONS BILL 2013 - 2014

This Bill plans significant reforms to the state pension system.

The reforms will raise state pension age.

Someone born between 6 April 1960 and 5 March 1961 will have a state pension age of between 66 and 67.

Those born on or after 6 March 1961 will have a state pension age of 67 or older.



**1 of our pensioners lives in The Falklands islands**

# 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>

## WE WELCOME OUR NEW PENSIONERS REPRESENTATIVE



**Deirdre Forsyth**  
Pensioner  
Representative

Deirdre Forsyth joined the Fund’s Representative Forum in November 2012. Deirdre has provided the following message: “I became a pensioner member of the Strathclyde Pension Fund in June 2007.

Before that, I had contributed to the Fund for fifteen years while working as a lawyer in Corporate Services at Argyll and Bute Council.

When I saw the feature about becoming the pensioners representative in last year’s Pensionnews, I immediately thought that it was not only a role where I could make a real

contribution but also a role that I might enjoy.

In addition to my career as a lawyer, I have been on the board of Scotwest Credit Union for 10 years and am now chair of the board of directors. I am also chair of the committee of two subsidiaries of Fyne Homes Housing Association and am on the board of the committee of Here We Are.

I have also been trained in and am aware of the importance of good corporate governance and have some training in and knowledge of risk management and compliance.

If you would like me to raise any issues or speak up on your behalf at Representative Forum meetings, I can be contacted through SPFO.”

The Fund believes that a key element of good communication is transparency. All of the committee reports and a host of other information are available from the About Us / Committee papers area of its website.

A full set of the slides used at its 2013 annual meeting is also available in the News area of the website.

# TELLING US WHO YOU WANT TO RECEIVE BENEFITS AFTER YOU DIE

The LGPS provides a great package of benefits, but to protect your loved ones fully you need to ensure that you have completed the right nomination forms, particularly if:

- you are living with someone that you are not married to
- you have children from a previous relationship
- you have not made a will
- there may be many interested parties claiming a share of your assets

By completing our nomination forms you can ensure quick and accurate payment of benefits after your death to the person or persons that you would like the benefits to be paid to.

## LUMP SUM

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.

## PENSION

Your spouse, civil partner or qualifying children may 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.

**If you are living with your partner and you want them to have a pension after you die, they may qualify for a pension if:**

1. they meet certain conditions **and**
2. you filled in a nomination of cohabiting partner for survivor's pension form **and**
3. they can provide the evidence we require

If you have not filled in the right nomination forms or if you need to update your nomination(s), please visit the Pensioners FAQs area of our website or contact us and we will send you the right forms to fill in.

## Filling in the right nomination forms helps:

- make it clear to whom you would like the benefits to be paid
- us to follow our strict guidelines
- avoid problems if, for example, you owe money on your death
- enable money to be available more quickly

Please remember we have ultimate discretion over all payments.

# POWER OF ATTORNEY (POA): **DON'T LEAVE IT TOO LATE**

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.

Glasgow's City Carers Partnership (GCCP) recently had a by no means unusual case involving a 65-year-old carer who was just retired and caring for her 92-year-old mum with vascular dementia.

The family had coped well until mum's condition and behaviour became more complex and challenging.

When they looked into finding out about welfare and financial POA they discovered that they had left it too late, because mum was assessed as not having the capacity to award a POA herself.

This meant that the family had to apply through the courts for "Guardianship" which is a much more complicated and expensive process.

GCCP advise everyone to appoint their own POA sooner rather than later, as no one can know what's ahead.

It is important to be prepared, as 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 POA 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 a POA 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 POA specifically provides for this.

For more information on POA in Scotland visit the website <http://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 a POA or provide legal advice.

Their primary function is to register them once they have been drafted.

# SCHEME YEAR 2012/2013



**Lynn Brown**  
Executive Director  
of Financial Services,  
Glasgow City Council

In the course of the year the Fund grew from £11.45 billion to a new high water mark of £13.07 billion.

### Other highlights of 2012 / 2013 were:

- migration to a next generation pension administration system
- implementation of our automatic enrolment strategy for our larger employers
- completion of the largest early retirement exercise in a generation

Over the 12 months to 31 March 2013 the Fund's total membership grew slightly from 195,339 to 197,473.

### This includes:

- 81,994 employee members (81,522 a year earlier)
- 46,622 deferred members (46,274 a year earlier)
- 68,857 pensioners (67,543 a year earlier)



*4 of our pensioners live in Hong Kong*



*"We have been crowned:*

- *Professional Pensions 2013 Public Sector Scheme of the Year*
- *Professional Pensions 2013 Premier Scheme of the Year*

*I am sure you will agree that these awards are well deserved on account of the excellent work of our fantastic officers and staff at the Fund Office and you will join me in congratulating them on their achievements."*



**Councillor Paul Rooney**  
Convener, Strathclyde  
Pension Fund Committee

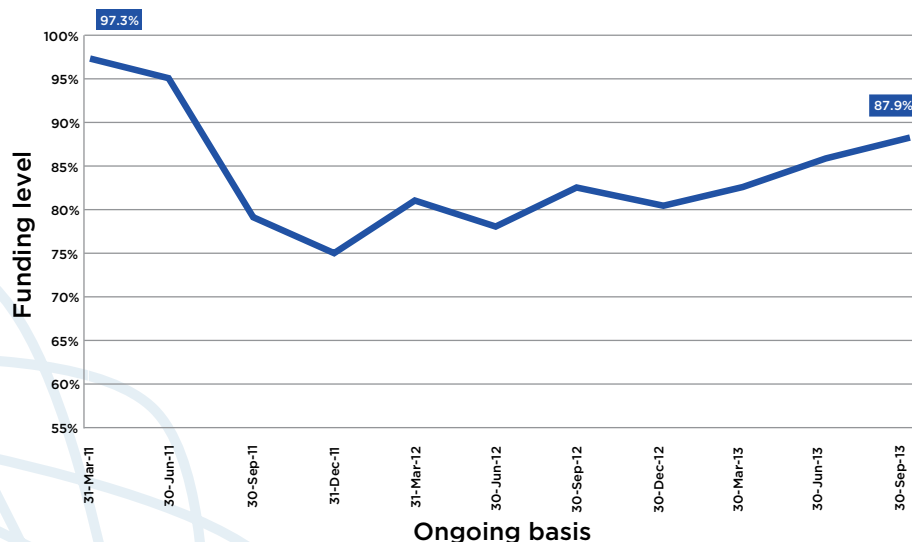
## ACTUARIAL VALUATION

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 the Publications / Valuation reports area of our website.

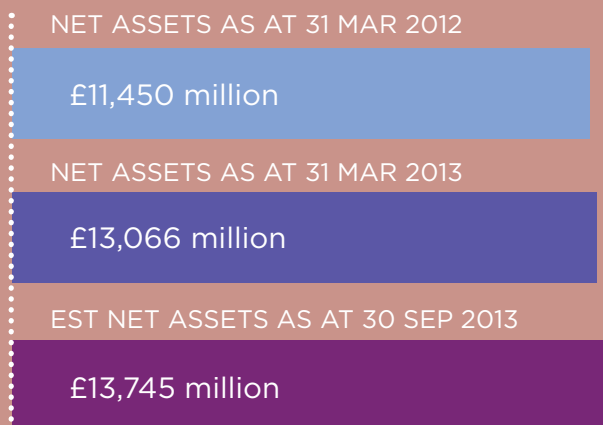
The News area of our website has quarterly updates on our funding level.





# INVESTMENTS

## FUND RETURNS 2012/2013



## FOCUS ON GROWTH

Our continued focus on growth was rewarded this year.

During the year we made significant changes to our investment strategy and structure.

These were immediately effective.

Our New Opportunities Portfolio funded several innovative investment ideas including us becoming a pioneer investor in UK infrastructure.

Comprehensive information about our investments can be found from the About Us / Investment area of our website.



**Jacqueline Gillies**  
Chief Pensions Officer,  
(Investments), SPFO

## LONG TERM PERFORMANCE

Year to 31 March	Mar 04	Mar 05	Mar 06	Mar 07	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Mar 13	3Yr Annualised	5Yr	10Yr
	%	%	%	%	%	%	%	%	%	%	%	%	%
Retail Prices	2.6	3.2	2.4	4.8	3.8	-0.4	4.4	5.3	3.6	3.3	4.1	3.2	3.3
Consumer Prices	1.3	1.7	1.9	2.9	2.4	3.0	3.2	4.2	3.5	2.8	3.5	3.3	2.7
Average Earnings	4.6	3.8	5.2	5.0	3.8	-2.1	6.1	2.0	0.2	-0.6	1.0	1.0	2.7
<b>Fund Return</b>	<b>26.6</b>	<b>12.4</b>	<b>27.2</b>	<b>7.4</b>	<b>-2.9</b>	<b>-20.8</b>	<b>36.9</b>	<b>7.7</b>	<b>1.1</b>	<b>14.5</b>	<b>7.6</b>	<b>6.2</b>	<b>9.8</b>
Benchmark	28.0	12.9	26.6	8.1	-3.8	-21.0	41.3	8.6	1.8	13.6	7.9	7.0	10.3
WM Average	22.6	11.6	24.2	7.0	-1.0	-18.1	30.3	8.1	1.0	12.9	8.9	6.7	9.6

## RESPONSIBLE INVESTMENT

We were one of the first pension funds to sign the UN Principles for Responsible Investment. Last year we appointed GES, a Stockholm-based global specialist, to engage on our behalf both with the companies in which we invest and with our investment managers.

As a result we are now better informed, better focused and more productive on responsible investment.

Our quarterly responsible investment reports are available from the About Us / Committee papers area of our website.



# FUND ACCOUNTS 2012/2013

“ The Fund’s high water mark of £13.07bn was achieved despite £454m paid out in benefits and a fall in employer and employee contributions resulting from 2,120 members retiring in the year ”



**Paul Murphy,**  
Fund Finance Manager,  
SPFO

## *For the years ending 31 March*

	2011/12 £000	2012/13 £000
<b>FUND INCOME</b>		
Contributions receivable from employers	332,001	330,525
Additional contributions from employers	66,707	51,730
Contributions receivable from employees	109,807	107,683
Transfers in	7,249	6,798
Other income	1,126	888
	<b>516,890</b>	<b>497,624</b>
<b>FUND PAYMENTS</b>		
Pensions	320,557	346,939
Lump sums	135,572	106,820
Refund of contributions	1,243	648
Transfers out	11,083	15,736
State scheme premiums	937	127
Administrative and other expenses borne by the Fund	4,376	4,273
	<b>473,768</b>	<b>474,543</b>
Net addition from dealings with members	<b>43,122</b>	<b>23,081</b>
<b>RETURNS ON INVESTMENTS</b>		
Investment income	154,467	167,528
Investment management expenses	(13,459)	(15,207)
Overseas tax	(4,471)	(3,932)
Change in market value of investments	(49,146)	1,443,886
<b>Net returns on investments</b>	<b>87,391</b>	<b>1,592,275</b>
<b>Net movement in the Fund during the year</b>	<b>130,513</b>	<b>1,615,356</b>
ADD: Opening net assets as at 1st April	<b>11,320,372</b>	<b>11,450,885</b>
EQUALS: Closing net assets as at 31st March	<b>11,450,885</b>	<b>13,066,241</b>

Our annual report provides detailed financial information about our scheme year 2012 / 2013 and is available from the Publications / Annual Reports area of our website.

# 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.

Our current NFI investigation has already resulted in us being made aware of 56 deaths we had not previously been advised of, meaning that we have stopped £179,673 of pensions per annum.

Our previous NFI investigation resulted in us stopping 113 pension payments and investigating 126 re-employed pensioners.

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.**

We do not require your consent under the Data Protection Act 1998 to share your pension data under NFI.

You do have a right to obtain details of the personal information which we hold about you by making a request in writing to the Pensions Manager, Strathclyde Pension Fund Office.

For the purposes of processing your personal information, Glasgow City Council is the Data Controller.

The nominated representative of the Data Controller is the City Solicitor.

**For further information on data matching contact:**

Peter Marsh,  
Head of Audit & Inspection,  
City Chambers, George  
Square, Glasgow, G2 1DU

**Tel** 0141 287 4053

**Fax** 0141 287 7007

**email** [Peter.Marsh@glasgow.gov.uk](mailto:Peter.Marsh@glasgow.gov.uk)



# SPFOonline

## THE WAY TO KEEP IN TOUCH WITH YOUR PENSION

It's all too easy for us to lose contact with a pensioner, as you may change address at any time.

Today it's really easy to keep us in touch with your whereabouts by using SPFOonline.

You can also check your tax code, the value of your pension, your P60, your personal details and your nominated beneficiaries.



To request an activation key for online access, click on SPFOonline at the top right of any page on our website.  
[www.spfo.org.uk](http://www.spfo.org.uk)

## CONTACTING US

Please tell us if you move house

Web: [www.spfo.org.uk](http://www.spfo.org.uk)

Email: [spfo@glasgow.gov.uk](mailto:spfo@glasgow.gov.uk)

Tel: 0845 213 0202

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



**STRATHCLYDE PENSION FUND OFFICE**

MANAGING THE LOCAL GOVERNMENT PENSION SCHEME IN THE WEST OF SCOTLAND

Ref: Pensionnews 2013