

The Quill

Autumn 2020

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The newsletter for active members of the Local Government Pension Scheme in Berkshire



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

Welcome

Welcome to your Autumn 2020 edition of ***The Quill***, the newsletter for active members of the Royal County of Berkshire Pension Fund.

The past few months will have been a very uncertain and difficult time for many of you and we want to reassure you that your pension will not be affected by the disruption caused by Covid-19. The calculation and payment of pension benefits within the LGPS are set out in law and are therefore guaranteed.

Unfortunately it will not be possible to hold our annual meeting this year due to social distancing restrictions but we have included our usual summary of Pension Fund accounts and investments in this newsletter (see pages 6 to 9).

Your Autumn newsletter also contains the usual updates and news items - a reminder about the new LGPS pension videos can be found on page 14 and our Autumn word search competition can be found on page 22.

The pensions team continue to work from home at this time, but telephone lines are back to normal operating hours so please do contact us if you have any questions about your pension. Full contact details can be found on the reverse of this newsletter.

We hope you enjoy reading this newsletter and you are keeping safe and well.

**Councillor Julian Sharpe,
Chairman, Berkshire Pension Fund Committee
and Berkshire Pension Fund Advisory Panel**

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LGPS Key Benefits...

- A **secure pension** payable for life
- **Life cover** from day one of your membership
- **Tax relief** on your contributions
- **Early retirement** options
- **Inflation proofed** in line with CPI
- Option to exchange annual pension for **tax-free cash**
- Option to **pay more...or less**

Covid-19 LGPS update

The past few months have been very difficult for many of us and we would like to reassure our members that we are doing everything we can to keep our pension service running efficiently with limited disruption.

The pensions team continue to be available to help you with any queries. We have adapted our working patterns to ensure we can continue providing a service whilst monitoring the latest Government advice.

Access to offices - Our offices remain closed to visitors at present. However you are still able to contact us via e-mail, telephone or post.

You may wish to use our self-service facility – **'my pension ONLINE'** to update your details, run calculations and view your annual benefit statements (see page 21 for more information).

I am concerned about my financial situation because of Covid-19 - what can I do?

The Money Advice Service has published guidance on how to deal with the financial effects that you may be suffering due to the coronavirus pandemic.

It covers all aspects of your finances, including problems with paying mortgage and rent payments, debt and claiming benefits.

<https://www.moneyadvice.service.org.uk/en/articles/coronavirus-and-your-money>



Covid-19 and the affect on your pension

The coronavirus pandemic is affecting stock markets, will this affect the value of my LGPS pension? - No, the LGPS is a defined benefit pension scheme which means your pension is based on your salary and how long you've paid in. Your pension is not linked to stock market performance, so both your contributions and your pension, whether in payment or not, will be unaffected.

The only exception to this is Additional Voluntary Contributions (AVCs). If you have an AVC, it is possible the value may have reduced - this will depend on the funds you have chosen to invest in. You should contact the Prudential for more information about this.

If my pay is reduced, what impact will this have on my pension? - This will depend on the reason for the reduction:

Sick leave - If your pay is reduced or you receive no pay because you are off work due to sickness or injury, your pension builds up as if you were at work receiving normal pay.

You will continue to pay contributions on any pay you receive during your sick leave.

Authorised unpaid leave - If your employer allows or requires you to take a period of unpaid leave, you will not build up any pension for the period unless you choose to pay Additional Pension Contributions (APCs) to purchase the amount of pension lost.

If you make your election to do this within 30 days of returning to work, the cost will be split between you and your employer.

Coronavirus job retention scheme - If your employer is able to use the job retention scheme and you both agree, your employer might be able to keep you on the payroll if they're unable to operate or have no work for you to do because of coronavirus. This is known as being 'on furlough'. If this applies to you, your employer could pay 80% of your wages up to a monthly cap of £2,500. The Government will fund your employer to do this. You can pay APCs to buy extra pension to make up for the pension lost during this period. Your employer does not have to pay towards the cost, but they can choose to.

Draft Fund Accounts 2019/2020

The Pension Fund is slowly maturing as benefits payable grow as more members retire so managing cash-flow is increasingly important.

The Pension Fund Panel are committed to managing the Fund's assets so that assets will not have to be sold to make benefit payments; in the past year this strategy resulted in net positive cash-flow of just under £40 million.

The Fund's assets continued to grow during the year as investment markets were strong. At the year end assets were in excess of £2.0 billion.



Income		£'000
Employer contributions		98,477
Employee contributions		28,635
Transfer values received		14,448
Investment income		40,463
TOTAL INCOME		182,023
Expenditure		
Benefits Payable		113,361
Payments to and on account of leavers		20,532
Fund administration and management costs		24,764
TOTAL EXPENDITURE		158,657
Change in market value of investments		(100,361)
Net increase / (decrease) in fund during year		(76,996)
Balance Sheet		
Investment assets		2,149,373
Investment liabilities		(154,074)
Current assets		12,258
Current liabilities		(2,610)
Net assets at 31 March 2020		2,004,947

The Pension Fund in numbers



The Royal County of Berkshire Pension Fund provides pensions for over 72,600 members. The figures provided below are the values at 31 March 2020.

72,686 Total membership	26,108 Active members
	27,233 Deferred members
	19,345 Retired members

452
overseas
payments
every month
to retired
members

13,984
users of
'my pension
ONLINE'

Total number
of Fund
employers
318

Investments update 2019/2020

In continuing with the UK Government's initiative for LGPS Pension Funds to take advantage of the benefits of pooling their investments, the management of The Fund's assets transferred to The Local Pensions Partnership Investments ('LPPI') on 1 June 2018 and the transition of those assets to LPPI's management continues at pace. It is worth noting that the assets remain the legal property of The Royal County of Berkshire Pension Fund.

LPPI has set up and oversees the investment of eight pooled fund vehicles as set out in the table opposite. It remains the responsibility of the Berkshire Pension Fund Committee to maintain and publish an Investment Strategy Statement (ISS) part of which determines the strategic allocation of the Fund's assets across the eight pooled funds available.

The table opposite provides a comparison between the actual and target weighting of The Fund's assets, at the dates indicated.

	March 2019		March 2020	
	Actual weighting	Target weighting	Actual weighting	Target weighting
Public equity	38.3%	40.0%	38.2%	40.0%
Credit	12.5%	10.0%	10.4%	10.0%
Private equity	12.9%	13.0%	14.1%	13.0%
Diversifying strategies	3.6%	4.0%	3.2%	4.0%
Real estate	13.3%	16.5%	14.7%	16.5%
Infrastructure	9.0%	12.5%	7.2%	12.5%
Fixed income	2.9%	3.0%	2.9%	3.0%
Cash	7.5%	1.0%	9.3%	1.0%
Total	100.0%	100.0%	100.0%	100.0%
N.B. "Target Weighting" shown represents the agreed Strategic Asset Allocation ('SAA')				

How did investments perform?

Over the reporting period the Strategic Asset Allocation Weightings/Target Weightings remained unaltered. The appropriateness of the current SAA remains under review at all times to ensure that it remains fit for purpose.

How did investments perform?

Over the twelve-month period to the end of March 2020, The Fund returned -2.6%. This represents an underperformance of 8.2% against The Fund's Actuarial Target. During this period some of the Fund's investments were impacted by the Covid-19 crisis and detracted from returns. Since then markets have rebounded which has of course, been of benefit to the Fund. Over a three-year period to the end of March 2020, the Fund delivered a 2.7% annualised return underperforming its Actuarial Target by 3.6%.

It is important to remember that Pension Fund investments are long-term and whilst a pandemic such as Covid-19 cannot be anticipated, the ups

and downs of the stock market are normal when it comes to investing assets over many decades.

Most importantly, scheme members should be reassured that movements in investment performance in no way affect the pension benefits to which they are entitled under the Local Government Pension Scheme Regulations. The LGPS is a defined benefit scheme which means that the way in which benefits are calculated is set out in regulation and therefore not subject to changes in the stock market in the same way as benefits in a defined contribution scheme will be affected.



Annual Meeting 2020 update

As you will be aware we normally hold our annual meeting in November at the Town Hall in Maidenhead.

Unfortunately due to Covid-19 restrictions we have had to cancel our annual meeting pension event this year in line with Government guidelines.

We have provided a summary of our investments and accounts in this newsletter and the full annual report will be available to download from our website in due course.

Regular scheme updates will also be available on our website and online self service facility. We hope to hold our Annual Meeting as normal in 2021.

Pension Surgeries

Our face to face pension surgery events are also suspended until further notice. We are introducing telephone appointments in the coming months and your employer will be advertising these in due course.



The 'McCloud' judgement

When the LGPS changed from a Final Salary to a Career Average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were provided in other public sector pension schemes.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the **'McCloud judgement'**.

The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS.

This means it has not been possible to reflect the impact of the judgment in your annual benefit statement this year. If you qualify for protection it will apply automatically - you do not need to make a claim.

For more information, see the frequently asked questions on the national LGPS website:

https://lgpsmember.org/news/story/mccloud_qanda.php



Boost your pension income with APCs

If you are in the **MAIN** Section of the LGPS you can pay additional contributions to purchase additional annual pension - these are known as **Additional Pension Contributions (APCs)**.

You can pay **APCs** as regular monthly contributions over a number of complete years (minimum 12 month term) or you can pay a lump sum either from your salary or paid directly to the Pension Fund.

The cost to purchase additional annual pension through APCs is determined by your **age, term of payment** and the **amount you wish to purchase**.

You can find out the cost of buying additional annual pension by using an online APC calculator.

<https://lgpsmember.org/more/apc/extra.php>

Alternatively you can contact the pensions team to request an individual APC quotation.

Any amount of additional annual pension purchased, whether a pro rata amount or the full amount will be subject to a percentage reduction if payment of your benefits commences before your NPA.

Tax Relief and APCs

If you pay APCs through your Gross monthly salary and you are a tax payer you will receive tax relief at source. If you choose to make a lump sum payment directly to the Pension Fund, you will need to arrange tax relief directly with HMRC.

Maximum additional annual pension

The maximum additional annual pension you can purchase through paying APCs is currently **£7,194** (this amount may increase each year in line with inflation).



Topping up your pension with **AVCs**

As an LGPS member you can pay Additional Voluntary Contributions (AVCs) to our in-house AVC scheme run by the **Prudential**.

You can pay a monthly contribution and choose how you would like your contributions to be invested. AVCs are invested separately from the main LGPS Fund and a number of investment opportunities are available to you.

AVCs are deducted from your monthly salary so you will receive tax relief automatically on the contributions you pay at your marginal rate. This means that your LGPS contributions and your AVCs are deducted from your Gross pay before income tax is calculated.

Deductions commence from the next available pay date following your election to pay AVCs and you can vary or cease payments at any time whilst you are contributing to the LGPS.

As AVCs are investment based, it's important to remember that the value can go down as well as up and you may not get back the amount you put in.

If you have an AVC fund with Prudential, you have a number of options available at retirement:

- take up to 100% of your AVC fund as a tax-free cash lump sum at the point you claim your LGPS pension (as long as you are within certain tax limits to do so)
- use your AVC Fund to buy an annuity pension from an insurance company, bank or building society of your choice
- use your AVC fund to buy an additional amount of annual pension within the Berkshire Pension Fund

To find out more about AVCs and how to start contributions visit

<https://www.pru.co.uk/rz/localgov/> or contact the Prudential on **0800 032 6674**



LGPS bite-sized videos

A series of “**pensions made simple**” videos are now available to view. Each video offers a brief overview of an LGPS topic:

Pensions made simple

- **What is a pension?**
- **How your pension works**
- **Looking after your pension**
- **Protection for you and your family**
- **Life after work**
- **Your annual allowance**
- **Your lifetime allowance**

Each video is less than 4 minutes long so it's a great way to learn more about your pension in bite-sized portions.

Visit the LGPS website to view the videos online:
<https://www.lgpsmember.org/more/Videos.php>

Online calculators

A series of online calculators are available to help you understand how your pension builds up and the cost to you.

Contribution calculator - find out the monthly cost of being a member of the LGPS.

Pension account modeller - helping you understand how pension accounts work. This modeller shows how a pension builds up from April 2014.

Lump sum calculator - find out how much tax-free lump sum you could have.

Additional pension calculator - you can pay additional pension contributions (APCs) to boost your pension at retirement. Use this calculator to get a quote.

Use the online calculators by visiting:
<https://lgpsmember.org/calculators-listing.php>

Annual Benefit Statements 2020

Your 2020 annual benefit statement is available to view via your online account. If you previously requested a hard copy of this statement you should have received this in early September.

Your statement displays the current value of your pension built up within the Royal County of Berkshire Pension Fund. It also includes an estimate assuming you continue to work until your Normal Pension Age.

Your statement is available to view through your online account along with statements from previous years. If you would like a copy e-mailed to you contact us at **info@berkshirepensions.org.uk**

Turn to page 21 to find out more about '**my pension ONLINE**'.



Retiring from the LGPS

Over the next two pages we will explore the different types of retirement available under the LGPS.

When can I retire?

You have a right to voluntary retire and draw your benefits from **age 55** onwards providing you have ceased your Local Government employment and have at least two years LGPS membership.

When is my Normal Pension Age (NPA)?

Your NPA is linked to your **State Pension Age (SPA)** but with a minimum age of 65. If you claim your pension from your NPA you will receive your benefits in full without any reduction.

Early Voluntary Retirement

If you choose to retire **before** your NPA your benefits will be reduced to reflect early payment of your pension. The reductions applied to your pension depend upon how early you retire.

The percentage reductions can be found by visiting the *Retirement* section of our website.

Important: If you are retiring early from your employment and wish to draw your pension before age 60, a three month notice period is required by the pensions team. Please contact us in writing or by e-mail and we will provide you with details of the benefits payable.

If you are over 60 we do not require a separate period of notice.



Retiring from the LGPS

Flexible retirement

Once you have attained the age of 55 and have at least two years of LGPS membership, your employer can use a discretion to allow you to receive all or part of your benefits built up to date whilst remaining in the pension scheme and continuing in employment at a reduced grade or with reduced hours of work.

Under flexible retirement pension contributions continue to be deducted on your reduced earnings, therefore you build up an additional pension entitlement until such time as you leave your employment or fully retire from that position.

Benefits paid early in this way may be subject to a reduction although your employer has the discretion to reduce, or waive altogether, any reduction applied. Please contact your employer to discuss flexible retirement.



Ill-health retirement

If you are unable to continue in your employment due to health reasons, you may be able to claim your LGPS pension without reduction and with a potential enhancement under ill-health retirement.

To discuss this option further please contact your employer in the first instance.

New retirement guides

A series of factsheets has been produced covering different types of retirement in more detail.

- **Voluntary retirement guide**
- **Ill-health retirement guide**
- **Flexible retirement guide**

The retirement guides can be found on our website or via the 'Scheme Documents' section of our online portal - 'my pension ONLINE'.

Protection for your family

As an active member of the LGPS you have peace of mind that should the worst happen, your loved ones will be provided for. If you pass away whilst an active member of the LGPS a survivor's pension is payable to:

- a husband or wife
- Civil partner
- Co-habiting partner
- Children - under the age of 18 or up to age 23 if still in full time education.

Death Grant - In addition to the survivor's pension, a Death Grant is payable equal to three times your Assumed Pensionable Pay (APP) at date of death, no matter how long you have been a member of the pension scheme.

If you have not already done so you can choose who you would like to receive any Death Grant payable by completing the '**Expression of Wish**' form on the opposite page. You can also update your Expression of Wish via '**my pension ONLINE**'.

Co-habiting partners

If you pass away and leave a co-habiting partner he or she, may become entitled to part of your pension.

For a co-habiting partnership to be valid both you and your partner **MUST** satisfy the following conditions at your date of death:

- Your co-habitation had been continuous for at least 2 years at the date of death
- You are free to marry or enter into a civil partnership at any time
- You are living together as if husband and wife or civil partners
- You are not living with a third person as if husband or wife or civil partners
- Either your partner is financially dependent upon you or you are financially inter-dependent upon each other

Expression of Wish Form

In the event of my death I wish the administering authority for the Local Government Pension Scheme to make payment of any lump sum death grant to which entitlement may arise by virtue of my membership of the Scheme to the beneficiary(ies) listed below:

Beneficiary 1		
Name:	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 2		
Name:	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 3		
Name:	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 4		
Name:	Relationship	Proportion (%)
Date of birth (if known)	Address	

Please note that your expression of wish will only be valid if the proportions listed above total 100%



IMPORTANT: If you have nominated your husband, wife, cohabiting partner or civil partner and in the event of you both passing away together please indicate here how you wish the Death Grant to be distributed (e.g split equally between children or other family members etc.)

NAME	RELATIONSHIP	PROPORTION (%)

I understand that this notice may be cancelled or amended, in writing, at any time and that the administering authority is not bound by the notice, that it has absolute discretion when making payment and that it may be disregarded in certain circumstances.

Signed: _____ Date: _____

Full name: _____ Employer: _____

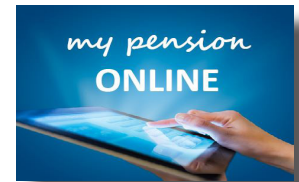
Home address: _____

_____ Postcode: _____ NI number: _____

Please return your completed form to: **The Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF**



Take control of your pension



'my pension ONLINE' is an internet based application which enables you to securely access and update your own pension details online via the Royal County of Berkshire Pension Fund website from the comfort of your own home or workplace using a desktop PC, laptop, smartphone or tablet.

As an *Active* member of the scheme you can:

- **view/update your personal details**
- **update your Expression of Wish nomination**
- **perform benefit calculations**
- **view your annual benefit statements**
- **access all publications and newsletters**

To register for 'my pension ONLINE' or to log in to your existing account please visit www.berkshirepensions.org.uk

Upload your documents *online*

Did you know you can upload documents to your own pension record?

Rather than sending us forms in the post or e-mailing us you can upload documents securely via 'my pension ONLINE' so that they appear on your pension record.

This is particularly useful if you need to send paperwork to us or provide us with verification of your date of birth or marital status.

The 'Document upload' facility can be found in the '**Documents**' section of your online account.



Word search competition

In our Spring 2020 edition of *The Quill* we invited our readers to try our Spring Sudoku competition. Thank you to everyone who entered.

For another chance to win a £25 Marks & Spencer gift card why not try our Autumn word search competition.

Please send your entry to **Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, SL6 1SF**, to reach us by **28 February 2021**. The winner will be drawn at random from the correct entries received. Good luck!

Please note this competition is not open to members of the administration or investment pension teams.

Name	
Address	
Tel. Number	

Can you find the 12 'Winter' themed words in the grid below?



BLIZZARD

CHRISTMAS

DECEMBER

FROST

GLOVES

HAT

ICE

SCARF

SKIING

SLED

SNOWFLAKE

SPRUCE



Contacts directory...

We have provided some contacts below which you may find helpful:

Pension Wise

www.pensionwise.gov.uk

0800 138 3944

Citizens Advice Bureau

www.citizensadvice.org.uk

State Pension

www.gov.uk

0800 731 7898

Find an advisor

www.unbiased.co.uk

0800 0236868

The Money Advice Service

www.moneyadviceservice.org.uk

0800 1387777

Pensions cold-calling

As reported in previous editions of *The Quill*, a ban on pensions cold calling has now become law as part of the Government crackdown on pension fraud. It is now illegal for companies to make unsolicited calls to people about their pensions.

This new law should go towards stopping cold calling resulting in people being scammed out of their pension savings. Companies that break the rules can face fines of up to £500,000. If you suspect a scam, report it ... report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at **www.fca.org.uk**

Contact us

Royal County of Berkshire Pension Fund

Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF

Pensions Helpdesk: 01628 796 668

Lines are open Monday to Thursday 8.30am to 5pm and Friday 8.30am to 4.30pm



info@berkshirepensions.org.uk
www.berkshirepensions.org.uk

If you would like this newsletter in large print or audio please contact us on 01628 796754 or e-mail info@berkshirepensions.org.uk

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

www.rbwm.gov.uk



Royal Borough
of Windsor &
Maidenhead