

PENSION SERVICES

Administering the RBK Pension Fund

Newsletter No 30 March 2008

THE NEW LOOK LOCAL GOVERNMENT PENSION SCHEME

It's nearly here! You will be reading this a matter of days before the New Look Scheme begins on 1 April 2008.

If you haven't already been told the rate of pension contributions you will be paying from 1 April 2008 and how this was assessed, you will be told shortly. Contributions have increased for many members but the pension benefits you will receive have also increased. We are living longer and so the cost of providing our benefits has increased. The Local Government Pension Scheme is still secure and backed by law so you can be sure that you will receive your full entitlement at retirement, based on the length of your membership of the Scheme.

Key changes to the Scheme are given below and overleaf and further information can be found on these websites <http://www.lge.gov.uk/lge/core/page.do?pagelId=21>, the LGPC website or <http://www.xoq83.dial.pipex.com/index.htm>, CLG website.

HOW TO CONTACT US

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You can speak to us or e-mail us as follows, according to the first letter of your surname;

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Contributions

From 1 April 2008 your contributions will be tiered according to the full equivalent rate of your pay on 1 April each year. This figure is adjusted for schools staff who do not work all year 3round. Contributions will be paid at this rate for all pay you receive in the following year. The tiers are as follows

Full Time Equivalent Pay	Contribution Rate
£0-£12,000	5.5%
£12,001-£14,000	5.8%
£14,001-£18,000	5.9%
£18,001-£30,000	6.5%
£30,001-£40,000	6.8%
£40,001-£75,000	7.2%
More than £75,000	7.5%

The tiers will be increased by the rise in the Retail Price Index each year.

RETIREMENT BENEFITS

There will be no automatic lump sum for membership from 1 April 2008 and the pension will be based on 1/60th of pay for each year of membership. At retirement you will have the option to convert pension to lump sum at the rate of 1:12. Benefits in respect of membership before 1 April 2008 will continue to be calculated as before.

Example

Member joined the Pension Scheme on 1 April 1997 and retires age 65 on 5 November 2020, pre April 2008 = 11 years, post April 2008 = 12 years 219 days (12.6), final salary £20,000.

<u>Annual Pension</u>	11 x 1/80 x £20,000	= £2,750
	12.6 x 1/60 x £20,000	= <u>£4,200</u>
	Total	£6,950

<u>Lump Sum</u>	11 x 3/80 x £20,000	= £8,250
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The pay used to calculate benefits is normally the full time equivalent rate of pay for the 12 months to your last day of employment. However if your pay has reduced because you have moved to a lower paid job, there is now provision for you to have your pay based on the average of 3 consecutive years in the last 10 years ending on 31 March. This does not apply if you have taken flexible retirement.

Purchase of Additional Pension by Member

From 1 April 2008 you will be able to buy additional annual pension in blocks of £250 up to £5,000. You can choose the period over which you wish to buy the additional pension; from 1 year to the period to age 65. You can also choose whether to provide a pension for your partner when you die. Their pension will be 37.5% of the pension you have purchased.

The provision for the payment of additional voluntary contributions with Norwich Union continues. You are entitled to tax relief on all pension contributions including additional.

Retirement

Normal retirement age is 65. You can retire at age 60 and receive your benefits but they will be reduced. The protections under the 85 year rule for retirement between age 60 and 65 are carried forward to the New Look Scheme. Information about this was in Newsletter No 27.

Flexible retirement will be available as before, once you reach age 55. If you make a request before 31 March 2010 you need to be age 50 or over. If you are made redundant or retired on the grounds of business efficiency, age 55 or more you will receive immediate payment of your benefits. If this occurs before 31 March 2010 you need to be age 50 or over.

If you have been a member of the Scheme for 2 years or more and an independent doctor certifies that you are permanently unfit to do your job you will receive immediate payment of benefits. If it is not likely that you will work again you will receive benefits based on potential membership to age 65. If it is likely that you will be able to work again before age 65 you will receive benefits based on your membership to the date of retirement plus 25% of your potential membership to age 65.

Death Benefits

The death grant if you die whilst a member of the Scheme has been increased to 3 times your actual salary in your final year.

The provision for a short term pension for a surviving partner has been removed. A long term pension is payable to your spouse, civil partner or nominated co-habiting partner. The pension is 1/160th of pay for each year of membership (including potential membership to age 65). Please contact Pension Services if you would like further information about nominating a co-habiting partner.

A pension is payable in respect of a child until he reaches age 17 or up to age 23 whilst he is in full time education at the rate of 1/320th for 1 child or 1/160th for two or more children.

