

WEST MIDLANDS



PENSION FUND



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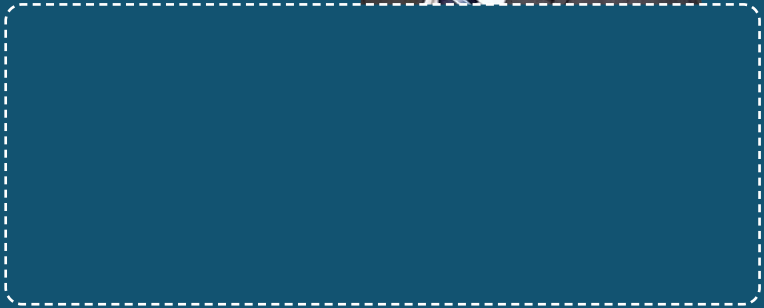


Annual benefits statement

2011

Brian Bailey

Director of Pensions



Welcome to your 2011 annual benefits statement, provided by the West Midlands Pension Fund in respect of your membership of the Local Government Pension Scheme (LGPS)

We've taken a new design approach this year - we hope that you like it. The information it contains cannot cover every set of individual circumstances, but it should cover the majority of situations. If you have specific questions, please contact us or look on our website - wmpfonline.com - to see if the issue is already covered. At peak times, our telephone lines can get busy and you may wish to use another method of communication, such as pensionfundenquiries@wolverhampton.gov.uk to contact us.

The information we hold about you...

| | |
|--|--|
| Our records indicate that you work for: | Your pay number/reference is: |
| Your pension reference number is: | Your date of birth: |
| The hours you work are: | Your national insurance number: |

| Employer Due to printing restrictions a maximum of 20 lines of membership is shown. However, all membership is included in the retirement benefit figures shown. | Period Start Date | FT PT Hours | Standard Hours | Membership to be used in the calculation of benefits | Membership to be used in determining benefits entitlement | Break in Membership Reason |
|---|-------------------|-------------|----------------|--|---|----------------------------|
| | | | | | | |

NB: Your membership continues to accrue in line with the employer/hours worked shown above.

Recorded periods of membership from a previous scheme

These are periods transferred from another pension scheme or other type of pension arrangement. These are included in your total period of membership and retirement benefits calculation shown.

| Employer/Pension Scheme Due to printing restrictions a maximum of six lines of membership is shown. However, all membership is included in the figures shown. | Membership to be used in the calculation of benefits Format YY/DDD | Membership to be used in determining entitlement to benefits Yes/No |
|--|---|--|
| | | |

Your annual benefits statement as at 31 March 2011

The address details we hold for you are:

Pensionable pay (as at 31 March 2011)

The figures are based on an estimated pensionable pay of (see notes about the figure used)

| Membership | Current position YY/DDD | At age 65 YY/DDD |
|---|----------------------------|---------------------|
| Membership up to 31 March 2008 | | |
| Additional membership <small>Purchased to 31 March 2011 counts as pre-2008 membership</small> | | |
| Post-1 April 2008 membership | | |
| Total membership* | | |

*This includes any additional membership purchased or augmented membership awarded

| Benefits | Current position | At age 65 |
|-----------------------------------|------------------|-----------|
| Annual pension (pre-2008) | | |
| Annual pension (post-2008) | | |
| Total annual pension | | |

| | | |
|----------------------------------|--|--|
| Lump-sum retirement grant | | |
|----------------------------------|--|--|

| | | |
|--|--|--|
| Spouse's, civil partner's or nominated cohabiting partner's pension | | |
| Death benefits <small>as at 31 March 2011</small> | | |
| Nomination form received* <small>Date last form received</small> | | |

*This date may be the date the Fund processed your nomination form and can be some weeks after this was received. This does not affect the validity of the form when received. If, however, it has been more than two years since you last completed a form, we would suggest you complete a new one. These are available via the Fund's website.

Additional membership

The benefits, as a result of additional membership being purchased, are included in the 'current' and 'age 65' values quoted.

Additional regular contributions (ARCs)

Any ARCs purchased are included in the current values quoted.

Lump-sum retirement grant

For membership after 1 April 2008, a lump-sum is not applicable. All members have the option to exchange part of the pension built up for an additional lump-sum. Details of this option will be provided to each member upon retiring from the LGPS.

Important: Remember, this statement contains personal information which should be kept safe. In view of the length of time which may elapse before your benefits are brought into payment, you should notify us of any change to your address or cohabiting/marital status.

Life cover and dependant's benefits

More information can be found in the *All About Your Scheme* booklet.

What benefits will be paid if I die in service?

Currently, if you die in service as a member of the LGPS, the benefits shown below are payable.

A lump-sum death grant of three times your final year's pay is paid no matter how long you have been a member of the LGPS, provided you are under age 75 at the date of death. For part-time employees, it is three times your actual part-time pay.

It is suggested that members complete a nomination form to ensure their wishes are clear to the Scheme administrators.

A survivor's pension

An ongoing pension is provided for your husband, wife, registered civil partner or, subject to certain qualifying conditions, your nominated cohabiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living.

The applicable conditions for these benefits are shown in the AAYS booklet (see below).

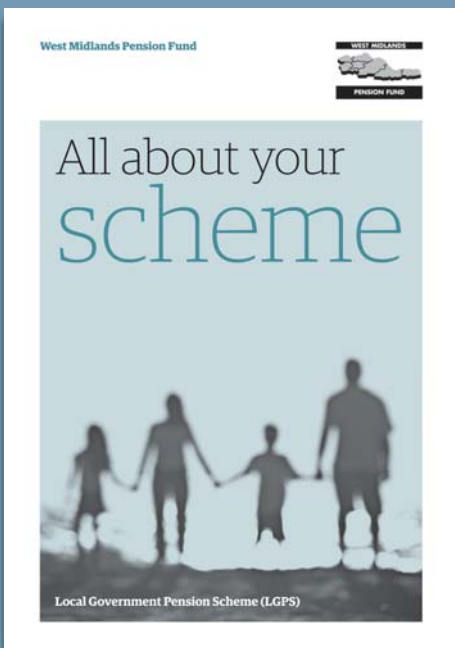
To nominate a cohabiting partner, of either opposite or same sex, to receive a survivor's pension on your death, you must have completed the appropriate nomination form

Nomination forms and nominated cohabiting partner nomination forms can be downloaded from the Fund's website: www.wmpfonline.com/memberforms



All About Your Scheme

If you want to know more about any of the excellent benefits available from the Fund, read our *All About Your Scheme* booklet.



To receive a copy, call the Fund on
0300 111 1665
or download it from our website at
wmpfonline.com

WEST MIDLANDS



PENSION FUND

Changes to the LGPS

Following on from the Hutton report, carried out on behalf of the Independent Public Sector Pensions Commission (IPSPC) into public service pensions, there have been a number of Government announcements, not least of which is that the Government feels that the long-term balance of the cost of the LGPS must be readdressed, and that members must contribute more. At the time of writing, the final details have yet to be announced but, in the future, any changes to the existing contribution bands (due from April 2012), as in other years will be placed on the Fund's website and distributed to employers in due course.

The LGPS has also been in the news following the ministerial statement about public service pensions from Chief Secretary to the Treasury, the Rt Hon Danny Alexander (pictured below). The full statement can be read in full via the following address: www.hm-treasury.gov.uk/d/wms_pensions_190711.pdf

In summary, the Government continues with its review of the long-term affordability and sustainability of public service pensions, and believes that reform is necessary following Lord Hutton's recommendations. In respect of the short-term savings, Mr Alexander said:

"The Government remains committed to securing the full Spending Review savings of £2.3 billion in 2013-14 and £2.8 billion in 2014-15, requiring each scheme to find savings equivalent to a 3.2 percentage point increase. Scheme-specific discussions will make proposals on how these savings are achieved and will be required to make proposals by the end of October this year. For local government, the Government recognises that the funded nature of the Scheme puts it in a different position and will discuss whether there are alternative ways to deliver some or all of the savings."



Photograph: David Spender

This means that the savings for the other public service schemes that are to commence in April 2012 are likely to come from increased employee contributions. But increasing employee contributions is only one of the ways that pensions from the scheme can become cheaper to provide. Other ways are:

- making the normal retirement age later - therefore, pensions are paid from a later date, and
- to reduce benefits cost, in particular the rate at which retirement benefits build up.

Remember that changes will only apply after the date of change

This means that if you are a member of the Fund now and, for example, your contributions increase in April, this will only apply to future membership of the Scheme - there will be no retrospection. Any future increase in the contributions you are asked to pay will not devalue the membership you already have.

The Fund will publish details on our website as soon as we hear about them. Since the initial statement, we have received a letter from the Department of Communities and Local Government (DCLG) - the department that writes the LGPS rules - commenting on the timescales required for introducing the short-term changes that will apply in April and the long-term ones that will apply in 2015.

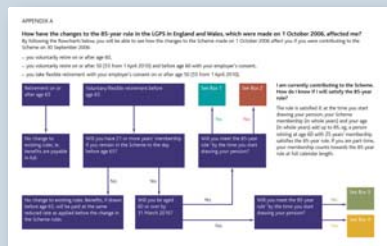
The 85-year rule

(applies to members who were in the Scheme on 30 September 2006)

This is a method by which you (as a member of the LGPS), with a suitable amount of service and age, could elect to receive your benefits early (before age 65) yet avoid the normal early retirement reduction.

How do you know if you satisfy the 85-year rule?

If, at the time you start drawing your pension, your Scheme membership (in whole years) and your age (in whole years) add up to 85; eg, a person retiring at age 60 with 25 years' membership satisfies the 85-year rule. If you are part-time, your membership counts towards the 85-year rule at full calendar length.



To assist you, the Fund has prepared a flowchart which can be downloaded from wmpfonline.com

Data Protection

To protect any personal information held on computer, Wolverhampton City Council is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection Act grounds should contact the City Council's Data Protection Officer on (01902) 554498, via email at dataprotection@wolverhampton.gov.uk. This authority is under a duty to protect the public funds it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.

How are my benefits calculated?



If you have LGPS membership both before and after 1 April 2008

You have built up an entitlement to a pension and an automatic lump-sum (but only based on the membership you built up to 31 March 2008). The calculation of your benefits uses two methods because we have to work out the benefits you have built up to 31 March 2008 under the 'old' rules, while the benefits you have built up from 1 April 2008 are calculated as per the 'new' April 2008 rules, as follows:

Pension = Membership to 31 March 2008 x pay on leaving/80
plus Membership from 1 April 2008 x pay on leaving/60

Lump-sum = Membership to 31 March 2008 x pay on leaving/80 x 3

If you have LGPS membership after 1 April 2008?

You have built up an entitlement to a higher rate of pension (compared to how we used to work out pension before the rules changed in April 2008), but you do not have an automatic entitlement to a lump-sum for service after 1 April 2008. That is why there may be no amount shown in that section of your statement.

You may, however, be able to create a lump-sum by taking a reduced pension, or paying AVCs. More details about this exchange option will be provided when you are offered payment of your benefits, details of how to pay AVCs and how they work are included with this statement.

We have used the following formula to work out your pension:

Pension = Membership x pay on leaving/60



Remember:

When your benefits are payable, you may also have the option to take a bigger lump-sum by receiving a reduced pension or paying AVCs.

More details about the exchange options available to you will be provided when you are offered payment of your benefits.

What if I am paying extra?

If you are buying extra years in the LGPS (added years), or the more recent additional regular contributions (ARCs) option, this will cease when you leave the LGPS.

You will be credited with the extra period of membership/pension that you have paid for at the time of leaving.

What about any additional voluntary contributions (AVCs) that I have paid?

If you have AVCs while a member of the LGPS, we will provide you with information about the payment options for any built-up funds that relate to the pension rights when they are due to be paid. You will also receive an annual statement from the AVC provider giving you the current value of your built-up AVC funds (please remember to inform them direct of any change of address).



Great reasons to start additional voluntary contributions (AVCs)

Did you know? More than one in five people retiring this year will still have debts when they stop work, owing an average of £33,100. So it can be easy to underestimate how much money you will need in retirement.

The Fund is delighted to be working with our AVC partner, Prudential, who are the biggest provider of AVCs in the country, and work with 67 other local authorities in the UK.

This short article introduces the AVC options you have, and many members have now taken advantage of the excellent level of service available to you from the dedicated telephony team based in Reading, as well as details of their dedicated local government website, where you can also gain valuable information.

"Using this information in conjunction with your annual statement information shown, you can assess if you are going to have some gaps in your planning for retirement, and seek to take action to get the retirement you deserve," says Mark Crutchley, Head of Marketing and Communication for the Fund. "AVCs can be a great way to help you overcome shortfalls in income that you may face in retirement, even with a final salary pension. They can help you catch up if you joined the LGPS late, if you plan to retire early or simply want more tax-free cash to make the most of your retirement. It's never too early or too late to start".

AVCs are tax-efficient contributions taken directly from your earnings. Your contributions build up an additional pension pot to your employer's pension scheme. From age 55, you can potentially take all of your AVC pot as a tax-free cash lump-sum (subject to Scheme rules and limits). Alternatively, you can use some, or all of it, to provide a regular retirement income, in addition to your LGPS pension.

Here are some great reasons why you should give Prudential a call to discuss AVCs:

- UK-based team dedicated to answering your calls - Prudential can even call you back at a time to suit you.
- You can ask to speak to the same person each time you call.
- No pressure philosophy.
- Knowledge of the LGPS.
- Experts in AVCs - we can calculate illustrations of the tax-free cash and income you could receive, based on your individual circumstances.
- We can set up your AVC quickly and paperless over the phone, no direct debits required.
- Help you understand the investment fund options.

Here are some of the benefits of AVCs:

Help from the taxman

Adding £200 per month to your AVC fund will only cost you £160 if you're a basic-rate taxpayer and even less if you're a higher-rate taxpayer.

Flexible

You can start, stop, increase or decrease your contributions at any time.

Invested to suit you

Your AVC pot is invested, based on your choices, to suit your needs and circumstances.

Tax-free cash lump-sum

You can potentially take all of your pot as a tax-free cash lump-sum (provided that the tax-free cash lump-sum isn't worth more than 25% of the value of all your pensions combined).

Guaranteed regular income for life

You can also use some, or all, of your pot to provide a guaranteed regular taxable income for the rest of your life.

Easy

It's quick to set up and can be done paperless over the phone.

A partner you can trust

Prudential are the UK's No.1 AVC provider and the official AVC provider to the Teachers, Universities and Local Government Pension Schemes. They have been helping public sector employees save for their retirements for over 20 years. So you know they are a partner you can trust.

When you call

To help Prudential give you personalised information, please have ready to hand:

- Your latest payslip.
- This statement.

Call today on

0800 015 4615

lines are open 9am-6pm Mon-Fri.

A recent customer said:

"The service I have had today has been excellent - I got all the information I wanted...thank you very much for setting up the AVC for me."

Customer feedback, December 2010



Please be aware that Prudential are only able to provide you with factual information and cannot provide you with financial advice.

The above is based on our current understanding of taxation rules as at February 2011 which may change and the tax impact will depend on your individual circumstances.

Things to check on your statement?

We hope that you find the information in this statement useful. However, we would ask that you carefully check the details it contains. If it appears that details are incorrect, please notify us or your employer. This statement is an illustration of the values and benefits provided by the LGPS. You should not make any decisions based on the information provided.

Hours worked

If you do not agree with the hours of work shown, please contact your employer.

Membership

Your total period of membership is used in the calculation of your benefits. All periods of membership including any membership credited following the receipt of a transfer value payment from another fund or scheme, and any additional membership purchased will be used. If you work part-time, the total length of each period of membership is first calculated. This is then adjusted by multiplying the hours worked as a fraction of the full-time proportion.

Pensionable pay

Benefits are based upon your final pay during the last 12 months before retirement. For part-time workers, the final pay is the equivalent for a full-time

employee, however, membership is reduced to reflect the part-time hours.

If you disagree with your pensionable pay figure, you should contact your employer in the first instance. There are circumstances in which, because someone suffers a reduction in their pay, that an earlier pay figure may be used.

The following will not be reflected in this statement:

Best of the last three years

You can choose to have your benefits based upon your final pay for any of the last three years ending with the anniversary of your retirement, if that is higher than your final year's pay.

Best three-year average in the last ten years

You may also choose to have your pension benefits calculated on an average of your annual pensionable pay in any three consecutive years ending on 31 March, within the last ten years before retirement if the reduction or restriction occurs after 1 April 2008.

Protected pay certificate

If your pay was reduced or restricted for reasons beyond your control before 1 April 2008 and you were issued with a certificate of protection.

Contact information

Email us on:

pensionfundenquiries@wolverhampton.gov.uk

Telephone Customer Services on:

0300 111 1665

Visit our website at:

wmpfonline.com

Fax us on:

0845 230 1565

Minicom/Typetalk:

01902 554607

Write to us at:

West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP



Scan this with your smartphone - welcome to wmpfonline.com

Send us a text on:

Text WMPF + your message to 60066

Standard short code network charges apply

Lines are open during the following times:

8:30am to 5:00pm Monday -Thursday

8:30am to 4:30pm Friday

Calls may be monitored for training purposes



Prudential retirement planning events

We would like to invite you to attend one of our retirement planning events that we have been running for a year or two under the banner 'pre-retirement seminars'.

Members have told us that the information provided would have been useful in advance of retirement, but that these events are also beneficial for members facing redundancy/early retirement. So, for this reason, we are now making these retirement planning events available to all members.

If you have previously attended one of our pre-retirement seminars, there is no need for you to attend as the information would be duplicated. Each event runs for two hours, and there is a choice of times and venues to make it easier to fit in with your working schedule and free-time (you may also want to bring along a partner). As these events are provided by the Fund for its members, there is no cost to the member, although if you want to attend during work time, you'll need to seek permission from your employer.

Book your place today, remember to quote the venue and time that you wish to attend, along with your contact details, so we can confirm your place.

You can book by phone on **01902 551173*** or email **victoria.bennett@wolverhampton.gov.uk**



Currently, we have places at the following events:

2 November 2011
The Studio, Birmingham

3 November 2011
Ramada Hotel, Coventry

7 November 2011
Holiday Inn Express, Walsall

8 November 2011
Roman Way Hotel, Cannock

9 November 2011
**David Lloyd Leisure,
Brierley Hill**

Two sessions are available at each venue: 4.30pm & 7.00pm

*Calls may be monitored or recorded for quality and security purposes – this number is to book a retirement planning event only.