

Welcome to the third "Pensions Newsletter" that has been issued by the Aberdeen City Council Pensions Section.

As usual I have tried to concentrate on the most common queries raised by pensioners and hope that you find this newsletter to be useful. I will however be glad to hear your comments on the newsletter and any points that have not been covered which you feel are important.

THE PENSIONS SECTION

There are currently 15 members of staff employed in the Pensions Section and with the many changes in pensions legislation that have occurred over the last year the staff are kept very busy. In November 2006 one of the senior members of staff, Finlay Souter, left Aberdeen with his family. We are currently in the process of recruiting a replacement for Finlay.

Instead of dealing with scheme members within various employers the six Pension Officers are now responsible for dealing for all scheme members within a section of the alphabet. However for simplicity we have a dedicated telephone number where you can contact the Pensions Section. The number is (01224) 814949.

There will be someone available to take your call from 8.30am – 5.00 pm Monday to Friday.

SCHEME CHANGES

Civil Partner's Pensions

Legislation effective from 5 December 2005 permitted same sex couples to enter into civil partnerships. All scheme members, whether current or pensioners, are now entitled to benefits for their partner in cases where a civil partnership has been effected. The pension scheme now provides a civil partner's pension in respect of all service accrued after 5 April 1998.

Children's Pensions

As a result of changes introduced in the Finance Act 2006 there has been a change in the meaning of an eligible child. In the past children's pensions were payable where a child had since age 17, been in receipt of continuous full time education or training. The change means that even if a child continues in education the pension will not be paid beyond age 23. This amendment does not affect pensions that commenced prior to 6 April 2006.

The two changes above might be relevant to a small number of pensioners as it may affect their dependants' pensions.

NATIONAL INSURANCE MODIFICATION

Many pensioners contact the Pensions Section to ask for an explanation of 'NI mod' that appears on their payslip.

The reason for this reduction in your pension is because of the National Insurance Act 1946. The introduction of this Act meant that employees who entered the Local Government Pension Scheme after 5 July 1948 and before 31 March 1980 paid superannuation contributions at a rate of 6 pence per week lower than employees who entered the scheme before that date. The consequence of paying this reduced contribution was that once the employee reached state pension age the pension would be subject to reduction. This reduction continues for so long as the pension is paid. After 1 April 1980 all employees paid the scheme contribution rate. The NI modification does not apply to any employee who left or retired after 31 March 1998.

Many pensioners call the Pensions Section regarding the modification figure but the Aberdeen City Council Pension Fund must operate the regulations in accordance with the instructions given by the Scottish Ministers.

VALUE OF PENSION FUND

Accounts	
Value at 1 April 2005	£1,304 million
Employees contributions	21 million
Employers contributions	63 million
Transfers received	16 million
Investment Income and Gains	142 million
Increased Asset Value	183 million
Expenditure	
Pension Benefits	58 million
Leavers and Transfers	8 million
Fund Administration Costs	1 million
Value at 31 March 2006	£1,662 million

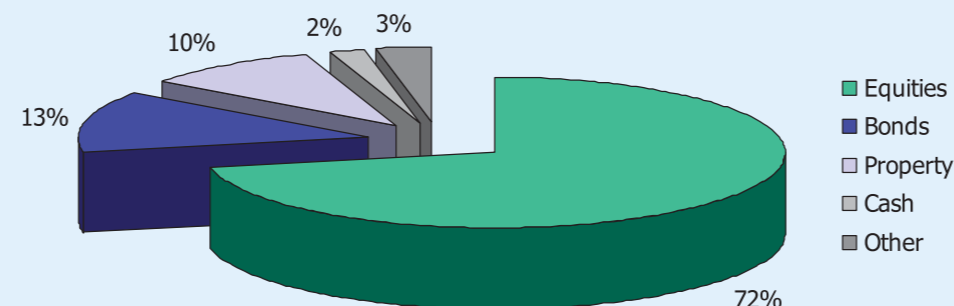
Since 31 March 2006 the value of the fund has increased to £1,739 million, the allocation being as follows:

Asset allocation 31 December 2006	
Equities	1,263,339,178
Bonds	223,166,240
Property	165,632,811
Cash	33,534,475
Other	53,887,582
	1,739,560,286

Top 5 directly held stocks

Company	£	% of Fund
Glaxosmithkline	20,973,859	1.21
Royal Bank of Scotland	20,379,182	1.17
BG Group	17,033,219	0.98
BP	15,057,217	0.87
HSBC	13,734,419	0.79

Asset Allocation as 31 Dec 2006



INCOME TAX

Some pensioners ask why they have to pay tax on their pension when they have paid income tax all their working life. It is important to remember that whilst you were paying into the Local Government Pension Scheme you received tax relief on the contributions you paid. Now that you have retired your personal allowance (plus any other allowances you have) determines how much you can 'earn' before you pay tax. In assessing your code number the tax office uses the amount of your allowances, and other factors such as the level of your State pension, to decide your tax code. This tax code then tells us how much tax should be deducted from your pension.

HM Revenue and Customs (formerly the Inland Revenue) normally send out the tax code numbers to be operated from April 2007 around January/February 2007. It is important that you check that the code number is correct and you are receiving all the allowances you are entitled to.

Personal allowances for 2007/08

Under 65: £5,225
65 – 74: £7,550
75 and over: £7,690

If you do not agree with the tax code number being operated against your pension you should contact the HM Revenue and Customs Office. When contacting them you should quote your national insurance number. Their contact details are as follows:

HM Revenue and Customs Office
Centre 1
East Kilbride
Glasgow
☎ 0845 0703703 (local rate)

NATIONAL FRAUD INITIATIVE (NFI)

As mentioned in previous issues, Aberdeen City Council, along with other authorities and government organisations like the Department of Work and Pensions participate in the National Fraud Initiative to share and compare information.

Why does the Pension Fund participate in the NFI?

The most important reason is to protect your pension fund and ensure that your fund money is not being lost through fraud and error. According to Audit Scotland, the last NFI identified 564 cases throughout Scotland of benefit payments having been claimed fraudulently or in error by public sector employees or pensioners. Aberdeen City Council Pension Fund identified £48,530 of pension overpayments and these overpayments are being recovered.

NFI 2006

We have just received the data from Audit Scotland in respect of the NFI 2006 exercise and over the next couple of months we will be checking this data to identify any possible overpayments. Please be assured however, that we are not targeting or accusing any specific individual or group. The entire exercise is carried out with strict confidentiality. We have to provide the following formal notification regarding the National Fraud Initiative.

Aberdeen City Council as a Local Government body has a duty to protect public funds and must by law provide auditors with such information as they may request. Under NFI 2006 we have provided details of pensioners to Audit Scotland so that they can compare these with information provided by other public bodies. This will ensure that no pensions are being paid to persons who are deceased or no longer entitled to them and that occupational income is being declared when benefits are applied for.

Re-employment

Are you thinking about returning to work for an employer that participates in the Local Government Pension Scheme or have you already done so? If so, remember that you have a statutory duty to inform us of any period of re-employment with this type of employer. Failure to do so may cause your pension to be overpaid. This is one of the checks carried out within NFI. Overpayments will be recovered by the Pension Fund. In some cases these recoveries have been substantial.

PENSION PAYMENT DATES

Your pension is always paid into your bank account on the 15th of each month, unless the 15th is a Saturday or Sunday, in which case it is paid into your bank on the Friday prior to the 15th. In order that any changes of address and bank account details are processed it is important that they reach us in plenty of time.

The pay date and last date for changes up until March 2008 are as follows:

Pension pay date	Last day for bank, address changes
13 April 2007	2 April 2007
15 May 2007	1 May 2007
15 June 2007	31 May 2007
13 July 2007	2 July 2007
15 August 2007	1 August 2007
14 September 2007	3 September 2007
15 October 2007	1 October 2007
15 November 2007	1 November 2007
14 December 2007	3 December 2007
15 January 2008	21 December 2007
15 February 2008	4 February 2008
14 March 2008	3 March 2008

CHANGE OF BANK DETAILS

It is up to you to advise us of any bank or building society change, we will not accept this information from anyone apart from yourself. You should therefore advise us by completing the tear off portion in your payslip, by letter or by downloading a bank mandate from the Pensions Website — www.accpf.org.uk. On receipt of your notification of a change we will confirm receipt of the change and advise you when the account details will be applied.

HOUSING/COUNCIL TAX BENEFIT

We have explained that you need to declare your pension when claiming various benefits. But are you claiming what you are entitled to? If you have a low income you may be entitled to a rebate on Housing/Council Tax Benefit. For more details and an application form you should contact (01224) 346789.