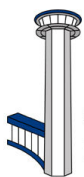


# **ABERDEEN CITY COUNCIL PENSION FUND**

## **BENEFIT STATEMENT 2009**



**Aberdeen City Council**  
Pension Fund

**THE LOCAL GOVERNMENT PENSION SCHEME**  
(LGPS) - SCOTLAND

## **LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND)**

### **2009 Annual Benefit Statement and Newsletter**

Welcome to your new-look benefit statement for 2009. This statement shows the value of your deferred benefits as at 6 April 2009, being the last pensions increase date.

Please remember that this statement is only an estimate and you should not treat it as a guarantee of your entitlement. Your actual benefits will vary depending on the reason for your retirement and will be calculated under the regulations in force at the time you retire.

It is extremely important that you keep your personal details up-to-date, as incorrect information may delay the payment of your pension. If you change your name, your address, or your marital status, please advise us in writing as soon as possible, enclosing a copy of certificates where appropriate.

If you have any queries on the enclosed statement, or feedback regarding the information provided, please contact us, quoting your National Insurance number. Our contact details are on the back of this statement.

### **GUIDANCE NOTES (PART ONE)**

#### **Security of Pension**

The rules of the Local Government Pension Scheme (LGPS) for Scotland are written under statute, which means that your deferred benefits are safe, secure and fully guaranteed. They will continue to increase with the cost of living before and after retirement.

#### **How did you calculate my pension benefits?**

Your deferred benefits were calculated based on your length of membership in the LGPS and your final pay to date of leaving. For part time employees the membership was based on the proportion of full time equivalent membership, but the final pay was the full time pay for the post.

#### **Payment of Benefits**

The normal pension age for the Scheme is 65 (although you may choose to defer drawing your benefits till later). However they may be put into payment earlier, and in full, on the grounds of permanent ill health. Contact the Pension Fund if you require more information about applying for early retirement on the grounds of ill health.

You can, if you wish, choose to take your deferred benefits early. You must have your former employer's consent to draw your benefits before age 60. Benefits paid early may be reduced to take account of their early payment and the fact that your pension will be paid for longer. Your former employing authority may use their discretion to waive any reduction on compassionate grounds. An application for this should be addressed, in writing, to the Pension Fund giving full details of why early payment is being requested.

## GUIDANCE NOTES (PART TWO)

### **Lifetime Allowance**

This is the total capital value of all pension benefits you can have in tax-registered pension arrangements – not just the LGPS – before triggering an excess benefits tax charge. If the value of your pension benefits when you draw them is more than the lifetime allowance you will have to pay tax on the excess benefits. When you claim your deferred benefits we will ask you for details of any other pension benefits you have so that we can calculate if you have exceeded the allowance. The limit is unlikely to affect all but the highest earners in the immediate future.

### **Giving up Pension for Lump Sum**

At retirement you can choose to give up (“commute”) part of your pension in exchange for a tax-free lump sum, which can be up to 25% of your Lifetime Allowance. You will receive £12 extra lump sum for every £1 of annual pension given up. You can also take any in house AVC fund you may have as a lump sum, provided that your overall lump sum does not exceed the 25% limit.

Before you retire we will give you details of your pension options.

### **Death Benefits**

If, when you die, you have deferred benefits in the LGPS your spouse or civil partner and your children (if any) may be entitled to pension benefits. Survivors’ pensions are shown for your information. Children’s benefits are not shown.

#### *Survivors’ Pensions*

The survivors’ pension is only payable to legal spouses or civil partners. In the case of a widower or civil partner, only membership accrued since 6 April 1998 is counted. For more details on this and pensions for eligible children, see your Guide to the LGPS\*.

#### *Children’s Pensions*

Children’s pensions are only payable to an eligible child. The child’s eligibility is assessed by dependency on the scheme member – he/she must have been dependent at the date of death.

A child’s pension which comes into payment on or after 6 April 2006 will be paid until age 17 unless the child is in receipt of full time education or training, in which case it will be paid no later than age 23. Where a child is physically or mentally incapacitated the pension will be payable for life.

#### *Death Gratuity Lump Sum*

This is a lump sum of three times the current value of your deferred annual pension. You can nominate who you wish to receive this benefit and your wishes will be followed wherever possible. Making a nomination means that any lump sum payable can be paid quickly and will not be subject to Inheritance Tax.

Any nomination made ceases to have effect if you subsequently marry or enter into a civil partnership. You can make or change a nomination by using our Nomination of Beneficiary form\*.

\*Available for download from our website, or from our office on request.

## **GUIDANCE NOTES (PART THREE)**

### **Rejoining the LGPS**

If you rejoin, you can elect to cancel your deferred benefits and combine your periods of membership, or keep your two periods of membership separate if this is more beneficial. The time scale on making an election to cancel your deferred benefits depends on whether you rejoin the LGPS in England and Wales or in Scotland. Ask your new pension provider for more details.

### **No Refund if Deferred Benefits Held**

Should you currently be a member of a Scottish LGPS other than the Aberdeen City Council Pension Fund, or become such a member in future, we strongly advise you to inform your scheme administrator of this and any other LGPS pension entitlement. If you leave your new post you will not be entitled to a refund of contributions in respect of your re-employed post. If you claim the refund, which may amount to no more than a few hundred pounds, you will lose your entitlement to your existing deferred benefits, which could be a substantial sum.

### **Transfer of Pension Benefits**

Your deferred benefits can be transferred to another Local Government employer or to a Public Sector scheme, where the transfer in general is likely to buy day for day membership in a final salary scheme.

However, you should think carefully before transferring your deferred benefits to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or an employer's money purchase scheme. Under a money purchase scheme employees pay money into a retirement fund which is invested, for example, in the stock market. When the employee retires, the retirement fund is used to buy an annuity - a financial product which provides an income for the rest of that person's life. The size of the pension therefore depends on how well the retirement fund performs, and also on what annuity rates (which are affected by interest rates) are available on retirement. The investment performance risk of the pension is borne by the employee, not the employer.

You should remember that by transferring the value of your pension benefits out of the LGPS you would be giving up benefits that will be increased in line with the cost of living both before and after you retire.

### **Pensions Increase**

Deferred benefits (including the lump sum benefits) are increased annually. The rate of increase is based on the rise in the Retail Prices Index for the year to the previous September. However, should your deferred benefits be brought into payment before age 55 on the grounds of permanent ill health, the pensions increase is only payable before your 55th birthday if you are certified as being incapable of engaging in any regular full time work; if you are not so certified, or your deferred benefits are brought into payment with your former employing authority's consent before age 55, the benefits will be paid at a flat rate until age 55. Then they will be increased by the accumulated effect of inflation since they were brought into payment.

## **Modification**

In 1948 the Government introduced compulsory flat rate modification which meant that all new contributors to the Scheme had their contributions reduced by 6 pence per week. A corresponding reduction was made at state pension age to their LGPS pension. Existing employees in the Scheme could elect to have their pension modified.

In April 1980 all superannuation contributions and service modification was ended. Pre 1 April 1980 service was still treated as modified, with the appropriate reduction being made at state pension age. If you are affected by this your modified pension is shown.

## **NEW LGPS (SCOTLAND) REGULATIONS 2009**

You may be aware that the Government over the last few years has been reforming pensions across the public service, which includes the LGPS. Most public service pension schemes have now reformed, with the LGPS for Scotland having made changes to their regulations from 1 April 2009.

Although the changes from 1 April 2009 will not affect your current deferred benefits, you should be aware that the design of the LGPS has significantly changed for current members, in the event that you decide to re-join at a later date.

Highlights of the new Scheme include:

- New higher rate of  $1/60^{\text{th}}$  of final pay for every year of membership
- No automatic lump sum, but option to commute up to 25% of fund value into lump sum
- Improved death cover – 3 times actual pay
- Pensions for nominated co-habiting partners
- Better targeted ill health pensions
- Minimum pension age of 55 for all new scheme members
- 5 tier contribution rate structure, beginning at 5.5%
- Average employee rate of 6.3%

This is only a brief summary of changes to the Scheme, and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. If you have any questions or would like advice, please contact us.

We hope you find this benefit statement useful and informative. If you have any questions or would like more information, please contact us. Our contact details are on the back of this benefit statement.

## WEBSITE RELAUNCH 2009

The Pension Fund website [www.accpf.org.uk](http://www.accpf.org.uk) is currently being redesigned to refresh the overall look and feel, to improve "findability" of information, to meet accessibility guidelines and to provide a secure area for employers to complement the Internet Member Self Service area, which so far this year has seen more than 250 password requests from members.

You can access Internet Member Self Service from our home page. Once registered to use the service, you will be able to check your details and inform us of any changes that need to be made, view previous benefit statement details and use the Benefit Projector to calculate estimates of future benefits.

## NATIONAL FRAUD INITIATIVE

The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error.

The Pension Fund has a statutory obligation to participate in the NFI and your pension data will be used along with other authorities and government organisations like the Department of Work and Pensions to share and compare information.

## DATA PROTECTION

For the purposes of processing your personal information, Aberdeen City Council (ACC) as the administering authority for the Aberdeen City Council Pension Fund is the Data Controller. The nominated representative of the Data Controller is the City Solicitor. You have a right to obtain details of the personal information which ACC holds about you by making a request in writing to the Pensions Manager at the address below, accompanied by a Subject Access Fee of £10.

## CONTACT DETAILS

**Aberdeen City Council Pension Fund  
Pensions Section  
AECC – 2nd Floor  
Balgownie One  
Conference Way  
Bridge of Don  
Aberdeen  
AB23 8AQ**

**Helpline: 01224 814949  
Fax: 01224 814969  
E-Mail: [pensions@accpf.org.uk](mailto:pensions@accpf.org.uk)  
Web: <http://www.accpf.org.uk>**