

WELCOME AND GUIDANCE NOTES

Dear Member

LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND)

2009 Annual Benefit Statement and Newsletter

Welcome to your benefit statement for 2008/09. Inside you will find a copy of the information we hold on your pension record, based on your membership and final pay as at 31 March 2009. We have used this to calculate estimates of your benefits:

- if you were to leave the Scheme now (final pay and service as at 31 March 2009),
- if you were to work to normal retirement age, and
- if you were to die in service.

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 retiral, your final pay and your length of membership, and will be calculated under the regulations in force at the time you retire.

If you disagree with any of the details on this statement, or if you have any questions, please contact us. Our contact details are on the back of this leaflet.

Regulatory and Legislative Changes

The new look Local Government Pension Scheme became operational from 1 April 2009. It continues to be a final salary Scheme with a normal retirement age of 65. Some issues remain outstanding; the most significant of which are the cost sharing provisions. Over the coming year we will ensure Scheme members are updated on work in this area.

GUIDANCE NOTES

These notes answer some of the most commonly asked questions about benefit statements.

Retirement Age

The normal retirement date for the Scheme is your 65th birthday.

Final Pay

This is **an estimate** based on the contributions your employer has told us you paid in the 365 days to 31 March 2009. This could have been affected if you have been absent, or if you paid reduced or back-dated contributions.

Part-time Employees

If you work **part-time** we use the **Full Time Equivalent (FTE) pay** for your post, and calculate your total membership as a proportion of the FTE hours. **This means that the length of service shown will not reflect the actual time you have been in post.** Although we scale down your service, because we scale up your final pay, you will still receive all your benefits.

Total Membership

This is the period during which you have paid contributions to the Pension Fund, plus any previous service transferred in and any additional service you have purchased. If you have more than one record in the LGPS you may receive a separate statement for each one, showing the service recorded on each record. **Additional voluntary contributions are not shown in this statement.** For information about additional voluntary contributions, or other ways of increasing your benefits, please contact us.

Pension Benefits

For the period pre-April 2009

Pension = 1/80 of Final Pay multiplied by total membership

Lump Sum = 3/80 of Final Pay multiplied by total membership

For the period post-April 2009

Pension = 1/60 of Final Pay multiplied by total membership

No automatic lump sum

This means that the lump sum value will be the same in both calculations. You have the option to increase your tax-free lump sum. For more information please contact us.

Death Benefits

If you die in service, your spouse, civil partner or nominated co-habiting partner, and your children (if any), may be entitled to pension benefits. The spouse's or partner's pension (partner's pension) is shown for your information. Children's benefits are not shown.

Partner's Pension

The partner's pension is only payable to legal spouses, civil partners or nominated co-habiting partners. Membership in the Scheme before 6 April 1988 will not be counted when calculating civil partner's and nominated co-habiting partner's pensions, and may not be counted for widower's pensions.

To nominate a co-habiting partner your relationship has to meet certain conditions laid down by the LGPS. For more information, or to obtain the Nomination Of Co-habiting Partner For Survivor's Pension form*, please contact us or visit our website at www.accpf.org.uk.

Death Gratuity

This is a lump sum of three times your annual pay (not increased to FTE pay for part-time members). You may nominate who you wish to receive this sum. Your administering authority has the discretion to pay the lump sum death grant to your nominee, or your executors, or any person who appears, at any time, to have been your relative or dependent. We will follow your wishes wherever possible.

Making a nomination means that the lump sum can be paid out 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. To make or change a nomination, you should complete and sign our Nomination of Beneficiary form*.

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

Your State Pension Forecast - IMPORTANT INFORMATION

- **The figures quoted are estimates and are not guaranteed.**
- The amounts shown are based on the pension rates in payment at the time of the forecast. They do not take into account any change in pension rates that may occur before you reach State Pension age.
- The amounts shown may change if there are changes in the law.
- Your basic State Pension could be worth more than the amount shown. This is because although the exact date has yet to be fixed, between 2012 and 2015 the rates will go up in line with earnings rather than prices. Further information is available from the Department for Work and Pensions (DWP) at www.thepensionservice.gov.uk or by contacting DWP on 08700101684.
- Between 2012 and 2015 the rules for additional State Pension will also be changing. It will gradually become a simple, single-rate weekly top-up to the basic State Pension. This means that the amount of additional State Pension you actually receive at state pension age may be different from that shown in your forecast.
- The “Current State Pension” estimate is based on **your** National Insurance record at the date of the forecast.
- The “Future State Pension” estimate is based on the assumption that you will pay or be credited with full-rate National Insurance contributions from the date of the forecast until you reach State Pension age. If, for any reason, this assumption is incorrect, the estimated amount could be too high.
- If you are a married woman who has chosen to pay the reduced-rate of National Insurance – sometimes called “the small stamp” - your “Future State Pension” amounts are based on the assumption that you will continue to pay reduced-rate contributions.
- The amount of additional State Pension shown may change if you have been a member of a contracted-out pension scheme.
- The Pensions Act 2007 has indicated the Government’s intention to contract defined contribution schemes back into the additional State Pension some time after 2012. So if you are, or become, a member of such a scheme, the amount of additional State Pension we tell you about in this letter may be different by the time you reach State Pension age.
- If you receive more than one State Pension forecast, do not add the amounts together. Always use the more recent forecast you have received.
- The amounts do not include any other income your household might get from income-related benefits such as Pension Credit.
- If you think any of the information in this forecast is wrong, please let the DWP know by telephoning **0845 3000 168**

The leaflet ‘**Your pension statement explained**’ (CPF5) gives more information about your State Pension. If a copy of this leaflet is not enclosed, please visit:

<http://www.pensions.gov.uk/resourcecentre/cpf/cpf5.asp> or telephone 08457 313 233 (Textphone 0845 604 0210) to ask for a copy.

Update 2008/2009

The year ending 31 March 2009 was a busy year for the Fund, with the outcome of the 2008 valuation and the work to prepare for the introduction of the new Scheme on 1 April 2009. However, this work was partially overshadowed by the turbulence we saw in investment markets and the impact this had on the Fund. Over the year we saw equity markets fall by over 30% in Europe and by some 15% in the US. The Fund has maintained a diversified portfolio of assets during this difficult time which has helped to spread the risk of over-exposure to any one investment area or stock. The Fund was also assisted by the continued positive cash flow which meant it could avoid selling investments in falling markets. In order to maintain the success of the Fund, it is our duty to continue to make decisions from the long term perspective and we will do so in what we expect to be another challenging period throughout 2009/2010. Our aim remains to provide secure pensions, effective and efficient administration at a low cost and stable employer contribution rates.

2008/2009 Accounts

	Main Fund £000,s	Transport Fund £000,s
Market Value 31 March 08	1,769,862	53,121
Employee Contributions received	24,464	232
Employer Contributions received	80,192	1,952
Pension Benefits paid	76,964	2,718
Investment Income	10,540	1,998
Administration (including fund management fees)	5,534	67
Market Value 31 March 09	1,416,061	44,085

Investment Performance

Main Fund - The Fund ended the year slightly behind the benchmark having underperformed in Overseas equities and property. The Fund had a return of -20.4%, versus the benchmark of -19.9%. Over the longer term the Main Fund remains in line with the benchmark return.

Transport Fund - The Transport Fund has its own specific benchmark to reflect the closed nature of the Fund. Against the Scheme specific benchmark, the Fund's return was -16.4%, versus the benchmark return of -15.9%.

Top Ten Direct Holdings Main Fund at 31 March 09

	No of Shares	Market Value £000,s	% of the Total Fund
BG Group	1,529,929	16,125	1.12
Vodafone Group	12,473,207	15,305	1.07
BHP Billiton	998,403	13,818	0.96
Royal Dutch Shell	899,237	13,758	0.96
Petrobras	638,300	13,587	0.95
British American Tobacco	804,378	12,967	0.90
Astrazeneca	445,685	10,919	0.76
Amazon	211,800	10,847	0.75
BP	2,274,618	10,719	0.75
Imperial Tobacco	674,622	10,565	0.74

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.

You can also access information through Internet Member Self Service at www.accpf.org.uk. 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.

It is essential that you keep us informed of any change of address or marital status. You can do this through Internet Member Self Service, by phoning us, or by writing to us as per the contact details below.

We hope you find this benefit statement useful and informative. If you have any questions or would like more information, please contact us as shown below.

CONTACT DETAILS

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