



# West Yorkshire Pension Fund

N E W S L E T T E R

## Book now for our eleventh annual meeting

Cedar Court Hotel Wakefield • 4th November 2011

We'd like to invite you to our 11th annual meeting on 4th November.

Robert Matthews from the Money Advice Service will be our guest speaker at this



year's meeting, offering some topical advice on how to manage your money (read more about their services on page 2).

Rodney Barton, our Director, and our external investment advisers will as usual present a detailed summary of the fund's performance over the year.

Councillor Ian Greenwood, chair of both the West Yorkshire Pension Fund Joint Advisory Group and the Investment Advisory Panel, will chair the meeting.

After the presentations you'll be able to put your questions to our panel of senior managers.

We're very pleased to announce that the National Federation of Occupational Pensioners (NFOP) has agreed to sponsor the refreshments at this year's meeting.

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### Also in this issue...

Government to treat LGPS separately in talks

- Last chance to combine benefits
- 2011 fund report
- Introducing Club Together
- Looking after your family

## Annual meeting

Continued from page 1

With 180 Branches around the country offering local fellowship and support, the National Federation of Occupational Pensioners is the largest and oldest occupational pensioner organisation in the United Kingdom.

**NFOP** campaigns and consults with government to improve the lives of its members through improved pensions, health services and transport. You can read more about their work of the NFOP at [www.nfop.org.uk](http://www.nfop.org.uk)

**The Money Advice Service** is a free, independent service set up by government and funded by a levy on the financial services industry. The service aims to give clear, unbiased money advice to help people make informed choices about their finances. Find out more at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

### When and where

The meeting is on 4th November 2011 at the Cedar Court Hotel in Wakefield, which has plenty of car parking.

The meeting starts at 11.00am.

### How to book

To book a place, phone **01274 434999**. We'll send you more information about the meeting once you've booked.

So we can help you quickly when you phone, please tell us your WYPF member number if you know it, or your National Insurance number.

**Places are limited so please book early!**

# 'Unique' LGPS gets separate treatment

**The government accepts that the Local Government Pension Scheme is unique and should be reviewed separately.**

Though the government has so far used Lord Hutton's recommendations as the basis for negotiations with the trade unions, they are really looking at two separate issues:

- how public-sector pension schemes should change in the long term to make them fair and sustainable, and
- what scheme members should pay into their pensions.

When the government's Comprehensive Spending Review said that public-sector workers should pay an average of 3.2% more in pension contributions from 2012, many felt that this could force too many members to leave the LGPS, even though low-paid workers would be protected from the increase.

The Local Government Employers group, the National Association of Pension Funds, Lord Hutton and even the government's own Communities and Local Government department (that looks after and publishes the LGPS rules) spoke out against increasing LGPS members' contributions by too much.

### Unique funding arrangement

Lord Hutton's report suggested that all public-sector pension schemes would be reviewed at the same time, by the same negotiation process.

But the government, in a written statement, now accepts that the LGPS has a unique funding arrangement and should be reviewed separately from other schemes:

*"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."*

If the Local Government scheme can find savings – through scheme reform – equivalent to increasing average contributions by 3.2%, LGPS members may not face the same increases as those announced in July 2011 for other public-sector pension scheme members.

When we went to press, we had no further information about how negotiation with the unions is progressing. But we'll keep you up-to-date on this on our website at [www.wypf.org.uk](http://www.wypf.org.uk)



## WYPF valued

Pension funds like ours are valued every three years to match our **assets** (the money in the fund) to our **liabilities** (what we will have to pay out in benefits). The result of the

recent valuation is that with 93% of the money we need to meet our long-term commitments (one of the best funding levels of all LGPS funds) we're in a 'good financial position'.

Even so, many of our employers have had to pay higher contributions. The average is now 15.6%, though every employer pays a contribution rate set for their own members.

# Introducing Club Together

We're often asked if we can arrange special offers and discounts for our members, so earlier this year we launched 'Club Together' as a new WYPF service for retired members. The new service was so well received that we are now working with Club Together to launch a similar service for our active members and their families.

## Who are Club Together?

**Club Together** is run by Xafinity Paymaster. Their twice-yearly magazine features special offers and discounts for pension-scheme members and their families. The idea behind the club, which already has over one million members from big organisations like the NHS, is that members who 'club together' can share their expertise and have more 'clout'.

## The Club Together magazine

Have a look at the enclosed sample **Club Together** magazine to see what you can expect from future issues, which should have around twice as many pages. The magazines will be packed with interesting and useful articles written by members and external experts. And you'll be able to win great prizes in their regular competitions.

**Club Together** will send you their magazine twice a year along with your West Yorkshire Pension Fund newsletter. You'll also get other offers and discounts from **Club Together** in between the two editions of the magazine.

**Club Together** is free for you and helps save us a lot of money on postage too.

But if you don't want to get the **Club Together** magazine again or hear about their other discounts and offers, just phone us on 01274 434999 and we'll make sure you don't receive anything else.

We haven't sent you a magazine if you previously told us that you don't want information on discounts and offers. But if you'd like to try **Club Together**, phone 01274 434999 and we'll make sure you get the next edition. It's as easy as that. If you're under 18 we'll start to send you the magazine when you're 18.



# Tax: Pension allowances slashed

**The government controls how much you can build up in your pension 'pot' through two tax allowances. You can go over these allowances but if you do you'll end up paying a hefty tax charge.**

**Annual allowance:** the most you can pay into your pension, or pensions, each year and still get tax relief. Slashed from £255,000 to £50,000 in April 2011.

**Lifetime allowance:** the most you can build up in pensions during your working life before you pay tax on it. To be slashed from £1.8m to £1.5m in April 2012.

These allowances take all your pension 'products' into account.

The lifetime allowance change is more likely to affect you if you're a 'high earner'. But the annual allowance reduction could affect you if you're paying high levels of extra contributions or if you get a big pay rise, even if you're more modestly paid. This is because the annual allowance is worked out as 16 times the increase in the value of your benefits from one year to the next.

## What can I do if this affects me?

Unfortunately we can't give you any advice about this. But we're looking into adding information to our pension statements that will help you take action

on your personal tax position.

If you are building up a high level of pension or will do before you retire, please visit [www.hmrc.gov.uk/pensionschemes/lifetime-allowance/savings.htm](http://www.hmrc.gov.uk/pensionschemes/lifetime-allowance/savings.htm) for more information and to apply for **Fixed Protection**.

## Last chance to combine!

If you have deferred LGPS benefits that you kept separate, you now have one last opportunity to link them to your current WYPF pension.

**The deadline is 30 September 2011.**

If we haven't already written to you about this, it's important you phone us now on **01274 434999**.

## Getting more from your pension

# Thinking about paying extra?

**Members of public-sector pension schemes are likely to have to start paying more and working longer when these pension schemes change.**

Though it says our scheme won't change for at least three years – perhaps more – the government is clear on one thing: when the scheme changes, the benefits you have already built up will be fully protected.

So if you're thinking about improving the benefits you have in today's scheme before things change, you have a chance now – and for at least three more years – to pay more and get more!

If you decide to pay extra, your employer can take your extra contributions straight from your pay.

And if you pay tax you'll get tax relief on your contributions, just like on the contributions you pay already. So if you're a basic-rate taxpayer, paying an extra £100 a month will really only cost you £80 (£20 of what the taxman would normally get goes into your pension instead). If you're a higher- or an additional-rate taxpayer you'll benefit even more from tax relief.

Read on to find out more about the two ways you can pay extra contributions: ARCs and AVCs.

## ARCs – Additional Regular Contributions

ARCs go straight from your pay into your pension with us. That means you know what you'll get for your extra contributions.

When you pay ARCs you take out a contract to pay extra contributions for an agreed length of time to buy a bigger guaranteed pension direct from us.

You buy the extra yearly pension in blocks of £250, and you buy up to £5,000 worth.

Use our ARCs calculator at [www.wypf.org.uk/ARCCalc.aspx](http://www.wypf.org.uk/ARCCalc.aspx) to find out how much it would cost you to buy some extra pension. Or phone us on 01274 434999 and we'll be happy to help you look at the costs with you.

When's the best time to start paying ARCs? It may sound like a cliché, but the sooner you start the better your chance of having the kind of retirement lifestyle you want.

## AVCs – Additional Voluntary Contributions

- Choose one of our two AVC plan providers (Prudential or Scottish Widows) to invest your additional payments.
- Choose the type of investments you want to make.

AVCs are one of the most effective ways to make sure you're saving enough to get the tax-free cash and regular income you want for your retirement.

### Three good reasons to choose AVCs

#### 1. Money in your pocket

You can normally take 100% of your AVCs as a tax-free cash lump sum, as long as it isn't more than 25% of all your pensions combined. Or you can use some (or all) of your AVCs to give you a taxable income in retirement.

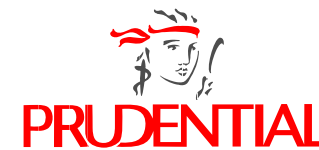
#### 2. You're in control

You can stop, restart, and adjust your payments at any time according to your needs. Stopping or reducing your payments will affect your benefits in retirement.

#### 3. Flexible investment

You'll have a choice of funds to invest in and you'll be able to review them regularly to make sure they meet your needs.

### How to contact our AVC providers



Email [wypf@prudential.co.uk](mailto:wypf@prudential.co.uk)  
Or call the Pension Connection on **0845 607 0077** (local rate call)  
Open 9.00am to 7.00pm Mon to Fri  
9.00am to 1.00pm Saturday  
Prudential won't charge for any information it gives you when you call.



[www.scottishwidows.co.uk/westyorkshire](http://www.scottishwidows.co.uk/westyorkshire)  
Member helpdesk **0845 733 0805**  
Open 9.00am to 8.00pm Mon to Fri  
9.00am to 1.00pm Saturday

Your fund value may go down as well as up, and your retirement fund value may be less than what you have contributed. Please be aware that if you stop paying contributions the charges will continue.

# Fund report 2011

## Introduction by Rodney Barton – Director

The year saw considerable uncertainty on the economic front and consequently on investment markets. For example, the FTSE 100 fell by 12.5% in the first quarter, before recovering to finish the year almost 8% up.

Other markets have behaved in a similar fashion. Against this backdrop I am pleased to report that the value of the Fund had risen to £8.65 billion by the end of the financial year.

The total return on investments in the year was 9.5%, a top quartile performance when compared to the other local government pension funds. This has therefore been a very successful year for the Investment Advisory Panel and our investment managers, and builds on the

long-term success they have had, which is explored a little more in the full Annual Report, which will be on the website once the audit is completed.

The number of active members fell over the year, but total membership continues to rise, as a greater number joined the pensioner payroll than usual, and the number of deferred beneficiaries rose too. The pensions administration section has handled this additional workload efficiently, and, from the comments we receive, we believe to the satisfaction of the members.

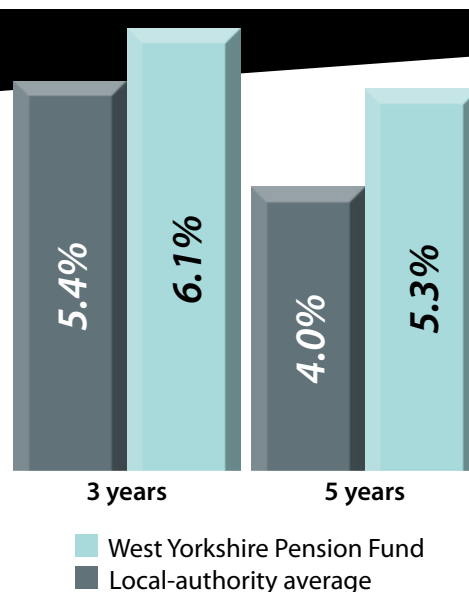
I hope you find the following summary interesting, and encourage you to have a look at the full Annual Report on our website when it is published this autumn.

## Performance

Each financial year, our investment performance is measured independently against other local-authority pension funds.

For the year to 31 March 2011, our investment return of 9.5% was slightly above the local-authority pension fund average of 8.2%.

And our average 'annualised' investment return over the last three and five years (shown on the chart) compares favourably with the average for all local-authority pension funds.



## Fund account

<b>Opening assets of the fund at 1 April 2010</b>	<b>7,939.5</b>
<b>Investment and income</b>	
Net return on investments	718.2
Income received (including contributions and transfers in)	415.9
<b>Benefits</b>	
Benefits paid (including administrative expenses of £5.3m)	- 423.3
<b>Closing net assets of the fund at 31 March 2011</b>	<b>8,650.3</b>
Closing net assets made up of:	
Market value of fund investment portfolio	8,608.2
Net current assets (debtors, overdraft and creditors)	42.1
<b>Total</b>	<b>8,650.3</b>

at 31 March 2011

## Ten biggest equity holdings

	Company	Market value £m	Percentage of total fund
<b>1</b>	BP	191.5	2.2
<b>2</b>	HSBC	171.2	2.0
<b>3</b>	Royal Dutch	165.0	1.9
<b>4</b>	Vodafone	159.2	1.9
<b>5</b>	Rio Tinto	127.0	1.5
<b>6</b>	Glaxo Smithkline	113.4	1.3
<b>7</b>	BHP Billiton	113.1	1.3
<b>8</b>	BG Group	92.8	1.1
<b>9</b>	British American Tobacco	88.6	1.0
<b>10</b>	Astra Zeneca	65.0	0.8

## Analysis of investments held at 31 March 2011

		Book cost	Market value	%
<b>United Kingdom</b>				
<b>Quoted</b>				
Fixed interest	Public-sector bonds	351.9	362.4	4.2
	Corporate bonds	210.0	213.1	2.5
Index linked	Public sector	321.0	407.8	4.8
	Corporate	36.4	48.6	0.6
Ordinary and convertible shares (equities)		1,750.5	3,065.7	35.7
Unit trusts – other		32.3	92.9	1.1
<b>Unquoted</b>				
Cash deposits		195.9	195.9	2.3
Unit trusts – property		203.8	281.9	3.3
Fund of hedge funds		299.4	340.2	4.0
Currency funds		149.6	156.4	1.8
Private equity		83.9	105.3	1.2
<b>Sub total UK</b>		<b>3,634.7</b>	<b>5,270.2</b>	<b>61.5</b>
<b>Foreign</b>				
<b>Quoted</b>				
Fixed interest	Public-sector bonds	97.8	111.5	1.3
	Corporate bonds	67.2	68.8	0.8
Index linked	Public sector	91.3	96.1	1.1
Ordinary and convertible shares (equities)		1,417.6	2,231.6	26.0
Unit trusts – other		191.0	500.1	5.8
<b>Unquoted</b>				
Unit trusts – property		25.4	24.8	0.3
Private equity		217.2	272.9	3.2
<b>Sub total foreign</b>		<b>2,107.5</b>	<b>3,305.8</b>	<b>38.5</b>
<b>Total</b>		<b>5,742.2</b>	<b>8,576.0</b>	<b>100.0</b>

Nearly 228,000 members and beneficiaries from 224 employers are part of WYPF

## Membership trends

Membership	31 March 2011	31 March 2010
Active members	92,707	95,483
Beneficiaries		
Current pensioners (including widows and children's pensions in payment)	66,546	63,224
Deferred members:		
Deferred pensioners	61,390	58,523
Undecided leavers	3,160	2,883
Frozen refunds	3,985	3,996
<b>Totals</b>	<b>227,788</b>	<b>224,109</b>

## Joiners and leavers

Joiners	2010/2011	2009/2010
Employees/councillors joining with no previous membership	7,728	10,858
Employees with transfers from:		
Other local-government funds	68	83
Other pension schemes	105	221
<b>Total joiners</b>	<b>7,901</b>	<b>11,162</b>
<b>Leavers</b>		
Members awarded immediate retirement benefits	3,210	2,559
Benefits awarded on 'death in service'	108	94
Members leaving with entitlement to deferred benefits, transfer of pension rights or a refund.	7,355	7,219
<b>Total leavers</b>	<b>10,673</b>	<b>9,872</b>

We have restated the 2010 numbers because of a change in accounting policy.

# Useful to know...

## Moving house?

Don't forget to give us a call on 01274 434999 to let us know.

## Are we addressing you correctly?

Every home in the UK has a 'complete postal address' that helps Royal Mail deliver mail quickly, accurately and cost effectively.

Starting this month we're checking all our members' addresses against the Royal Mail's **Postcode Address File** database to make sure we're using your complete postal address.

This helps us save money too, by reducing the number of wrongly addressed envelopes we get back and have to send again.

### What if my address is wrong?

In a very few cases, Royal Mail may list your address differently to the way you think it should be. We can't change this for you, but Royal Mail will correct their database if you e-mail the right details to [addressmaintenance@royalmail.com](mailto:addressmaintenance@royalmail.com)

More at [www2.royalmail.com/customer-service/personal-customers/receiving-mail](http://www2.royalmail.com/customer-service/personal-customers/receiving-mail)

## Looking after your family

We automatically pay **husbands, wives** and **civil partners** a pension if you die, but other partners won't get a pension unless you first nominate them, so don't delay.

### Can I nominate my partner?

To be able to nominate your partner you must:

- be free to marry them or enter into a civil partnership with them, and
- have been living together as husband and wife or civil partners, and be financially interdependent, for at least two years.

Both you and your partner must sign the forms when you nominate them.

We pay cohabiting partner pensions based on your membership after 6 April 1988.

If you want to nominate your partner please phone us on **01274 434999**.

## Protecting your money

Under the National Fraud Initiative, public agencies and local authorities 'share and compare' the information they hold about us. When information doesn't tie up, it's investigated, often by the police. We take part in this initiative too.

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PO Box 67, Bradford, BD1 1UP • Phone: 01274 434999 • Email: [wypf@bradford.gov.uk](mailto:wypf@bradford.gov.uk) • Website: [www.wypf.org.uk](http://www.wypf.org.uk)

The information in this newsletter relates to WYPF active members only and can't be treated as a statement of law.

Please contact us if you would like this newsletter in large type, Braille, on tape or in another language.