

# London Borough of Hackney Pension Fund

## Annual Newsletter 2011

### 10 Major Benefits of being in the LGPS

- ✓ Your employer contributes more to the scheme than you do.
- ✓ No hidden fees or charges you simply pay a percentage of your pay.
- ✓ You receive tax relief on pension contributions.
- ✓ Guaranteed pension benefits are based on your time in the scheme and your final salary.
- ✓ There is no investment risk, you receive a guaranteed package backed by law.
- ✓ Pensionable benefits can be released early should you have to retire on medical grounds.
- ✓ Survivor's pension benefits paid to Spouses, Civil Partners, Nominated Cohabiting Partners and Dependant Children.
- ✓ Lump sum payment of 3 times pay, paid to the ones you care for in the event of your death in active service.
- ✓ You can take a tax free cash lump sum on retirement.
- ✓ Pensions increase in line with inflation.

### In this newsletter

- Public Sector Reviews
- How is the Fund doing?
- Don't forget to tell us
- Contact details

## Public sector pensions are being reviewed by the Government – how does this affect members of the LGPS?

### There is a review of public sector pension schemes – how is this likely to impact on members of the LGPS?

You will no doubt have seen all the press coverage around public sector pensions – Yes they will be changing, but the benefits you have earned to date will be protected. If you are a pensioner or a deferred member (i.e. no longer contributing) you will not be affected by the forthcoming changes.

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Key recommendations that could affect you:

- Changes to your retirement age to rise in line with State Pension Age
- Protection of benefits earned
- Employee contribution increases have been announced for other public sector schemes, but LGPS is being discussed separately and increases may not be as high as other schemes
- Existing benefits will retain link to final salary, but new benefits from date of change will be on career average

### The Scheme continues to be an important benefit to you

Members are advised not to take any action in respect of their pension benefits until the full details of any revised Scheme are available. The review aims to ensure that you will continue to benefit from an excellent retirement package. You will still benefit from employer contributions (which are much higher than you pay), life assurance cover and protection for your family. If you do not stay in the Scheme you may lose some or all of these benefits and protections, and may need to find another way of saving for your retirement and providing protection for your family. Your employer is unlikely to make any contributions to other pension arrangements that you might make.

**We will provide updates as changes are announced.**

## How is the Fund doing?

### SUMMARY ANNUAL REPORT 2010-2011

The following is a summary of the Pension Fund Annual Report & Accounts for the year to 31st March 2011. How the fund performs has no impact on your pension benefits as your benefits are defined in law. If you want to find out more information, full copies of the accounts will be available on the Pension Fund website

<http://hackney.xpmemberservices.com>



- Fund Value £800 Million
- 17,596 Members
- Benefits paid out - £39 million

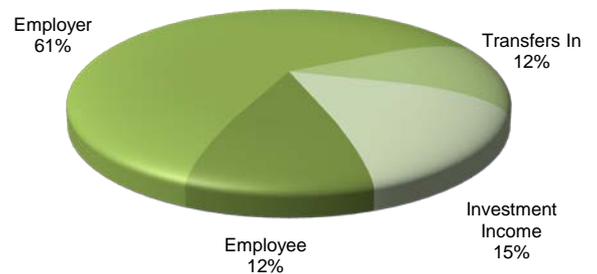
## Where does the money come from?

**Did you know employers have contributed over £216 million towards the retirement fund for their employees over the last 5 years in the Hackney Pension Fund?**

The Fund's investments are a significant source of income, but they are neither the only nor the largest contributor.

As shown in the chart below, employer contributions are the biggest contributor to the fund (62%), followed by investment income (15%) and employee contributions (12%). Total money paid into the fund last year amounted to £80.6 million.

Sources of Income 2010/11

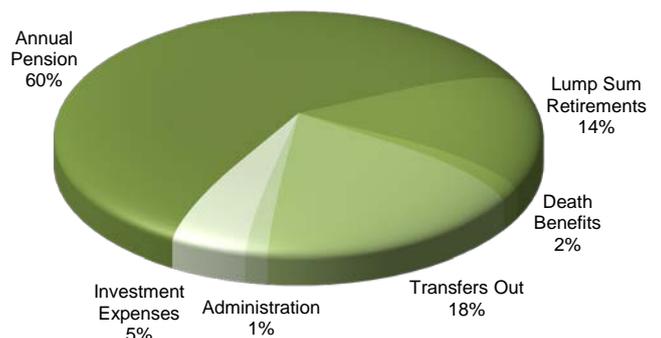


## Where does the money go?

**Did you know the Fund has paid out £143.4 million in pensions over the last 5 years and £23.6 million in lump sum retirement benefits?**

The biggest proportion goes to pay the pensions of former employees and their dependents. Total expenditure for the year amounted to £52 million.

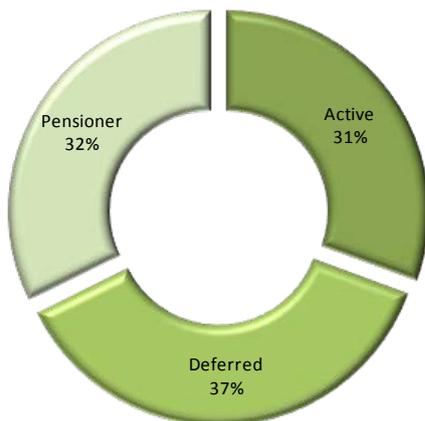
Expenditure 2010/11



## Who are the scheme members?

The membership profile of the Fund at the end of the year shows that just over 1/3<sup>rd</sup> (37%) of the Fund's members are former employees (deferred members) who no longer contribute to the Fund but have yet to draw their pension. Just under 1/3<sup>rd</sup> (32%) are pensioners and a similar proportion (31%) are contributing members.

As the population ages, the Fund is likely to see the percentage of pensioners in the Fund increasing pushing up the level of benefit payments that the Fund has to make.

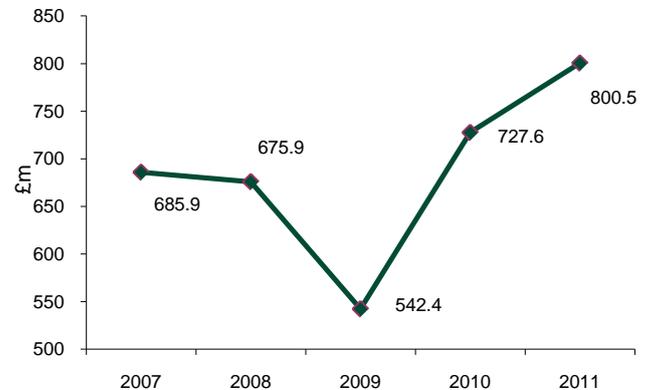


## How is the Fund performing?

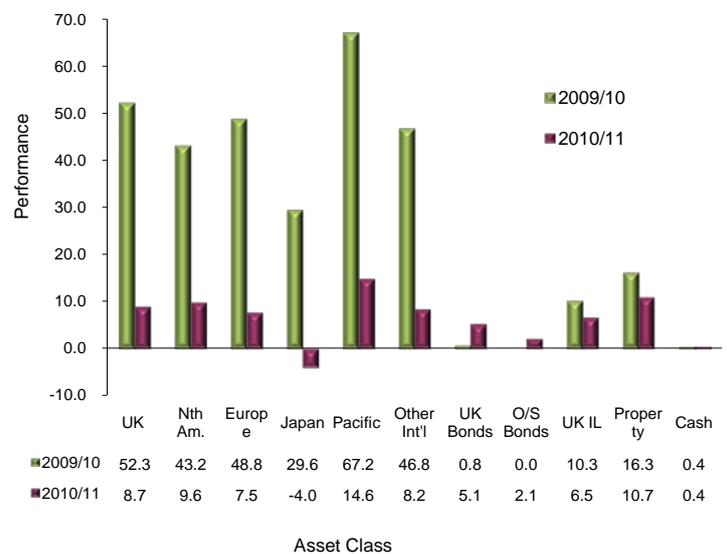
2010/11 saw an ongoing recovery in investment markets, resulting in a net return on investments of £54.1 million and an increase in the value of the fund to £800.6 million, from £727.6 million in 2009/10.

The graph opposite shows the value of the fund over the last 5 years.

Value of fund over 5 years



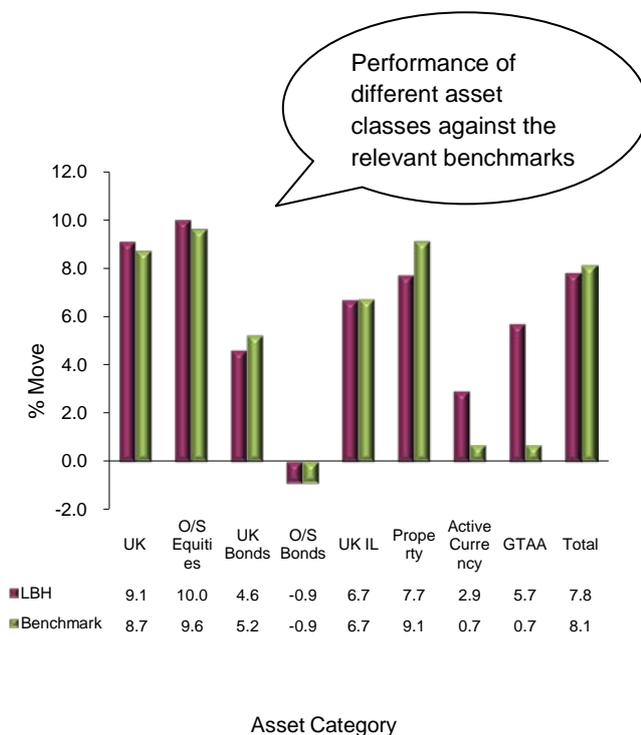
The Fund's 2010/11 performance relative to 2009/10 is shown on the chart below:



The above chart illustrates the ongoing recovery in stock markets, with growth continuing in 2010/11, but less strongly than the spectacular rebound in 2009/10.

## Performance against benchmark

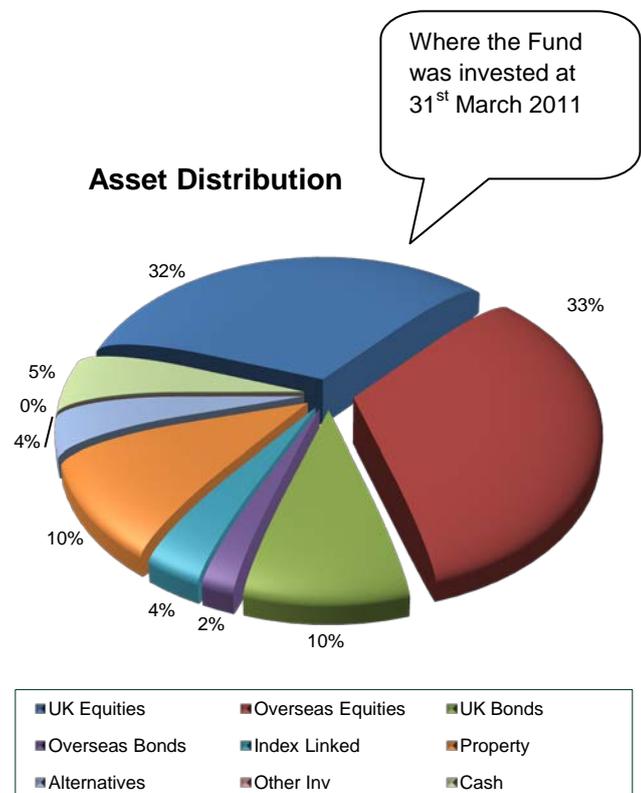
The Fund is set a customised benchmark, which helps measure how well it is performing relative to how it can be expected to perform given market conditions. Performance against benchmark for the past year is shown in the chart below:



The Fund marginally underperformed against benchmark during 2010/11, with overall investment performance up 7.8% compared to the benchmark of 8.1%. In contrast to last year, the Fund outperformed the benchmark in both UK and overseas equities, whilst disappointing performances from UK bonds and property reduced overall performance to below the benchmark.

## Where is the Fund invested?

The asset distribution of the Fund has changed over the year, following a review last year at which it was decided to increase the proportion of the Fund invested in global equities. These now represent 34% of the Fund, compared to 18% last year, whilst the proportion of UK equities has dropped from 49% to 31%. The distribution of other asset classes has remained broadly similar.



## Don't forget to tell us

### Have you moved?

Please let Xafinity Paymaster know – we don't know you've moved unless you tell us!

### Are your details up to date?

Let us know if your marital status changes so we can update your records – contact Xafinity.

Want to change your expression of wish form? – if you have nominated someone to receive a death grant, details are on your Annual Benefit Statement, if there are no details or you want to change your nomination, there are forms on the web site – alternatively contact Xafinity for a form.



### Living with a long term partner?

Did you know you could nominate them to receive a pension in the event of your death?

To find out more visit the website or contact the Pension Administrators

<http://hackney.xpmemberservices.com>

01293 603085

### Want to put some extra money aside for your retirement?

You can increase your retirement benefits by either paying additional contributions to buy extra pension in the LGPS – contact Xafinity for details.

Or you can pay into a separate savings pot with Additional Voluntary Contributions – Prudential is the Hackney preferred provider of these – contact number 0845 607 0077

## Contact Us

If you need to talk to someone about your pension benefits or to give us a change of your circumstances, such as a change of address please contact the pension administrators:



London Borough of Hackney Pensions  
Xafinity Paymaster  
Russell Way, Crawley,  
West Sussex, RH10 1UH



[hackney.pensions@xafinitypaymaster.com](mailto:hackney.pensions@xafinitypaymaster.com)



01293 603085

Should you need to contact an Officer at the Council then queries can be addressed to:



Financial Services Department  
Finance & Resources Directorate  
London Borough of Hackney  
Keltan House  
89-115 Mare Street  
London  
E8 4RU



[pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk)