

Cornwall Pension Fund

Newsletter 2008

New LGPS

The new Scheme was introduced on 1 April 2008 and remains a final salary scheme. This means that your pension benefits will still be worked out on your pay in the final 12 months prior to leaving or retirement and the length of your Scheme membership.



Calculation of Pension

Your pension benefits will now be calculated as the total of two periods of membership. For membership up to 31 March 2008 you will receive a pension of 1/80th per year of service plus a lump sum of 3/80^{ths}. For service from April 2008 you will receive just a pension but this will grow at a faster rate of 1/60th per year. At retirement, you will have the option of converting some of this pension for a cash lump sum at the rate of £12 cash for every £1 of pension you give up.

Lump sum death in service benefit

Under the new Scheme, the lump sum death in service benefit is three times your salary. If you're part time, the benefit is three times your actual part time pay.

Under the Scheme rules, we have total discretion over who to pay - in other words the final decision always rests with us. But there are guidelines as to how we will use our discretion - in all circumstances we will seriously consider your wishes and in most cases will follow them, unless for some reason this is not possible or there are very exceptional circumstances. As there is a discretion there will be no inheritance tax to pay on the benefit.

Please therefore remember it is important that you complete and keep your Expression of Wish form up to date which helps us to decide who will receive this payment should you die in service.

Please contact us if you wish to complete a new Expression of Wish form.

Co-habitee's Nomination Form

The new Scheme now contains a provision to pay a pension to a partner, as well as to a wife, husband or civil partner, in the event of your death.

If you wish your partner to be considered to receive a pension in the event of your death then **you and your partner must complete and return our Co-habitee's Nomination Form. Without this form we will not be able to pay any partner's pension.**

If you are married or in a civil partnership then you **do not** need to complete this form as, under the rules of the LGPS, your spouse or civil partner and eligible children are automatically provided with a pension in the event of your death.

Please contact us if you wish to complete a new Co-habitee's Nomination form.

Ill-health retirement

There is now a three tier benefit structure within the new Scheme.

The three tiers, require a minimum of three months membership in the new Scheme, and are:

- **Tier 1**
 - » **Accrued service plus enhancement of 100% of service to age 65 (if no reasonable prospect of obtaining gainful employment before age 65)**
- **Tier 2**
 - » **Accrued service plus enhancement of 25% of service to age 65 (if likely to obtain gainful employment before age 65)**
- **Tier 3**
 - » **Entitled to accrued benefits only with NO enhancement**
- **Criteria (Tier 3)**
 - » **Permanently incapable of current local authority work but will be capable of gainful employment within 3 years of leaving service.**
 - » **Gainful employment defined as "paid employment for not less than 30 hours per week for not less than 12 months**
 - » **Employee responsible for notifying employer of obtaining employment**
 - » **Employer required to undertake a review after 18 months if pension is still being paid**
 - » **Review by Occupational Health with possibility of stopping pension or moving employee to Tier 2 level of benefits**

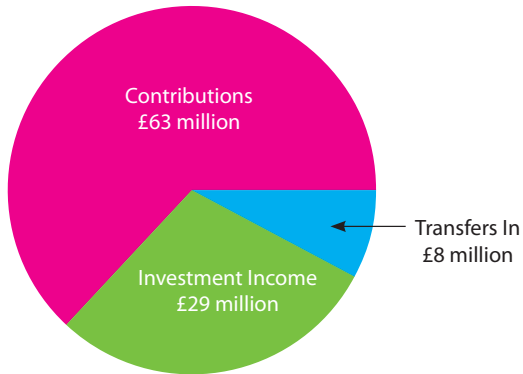
All ill health pensions are paid unreduced and require the approval of a qualified Occupational Health Physician.

Fund Accounts

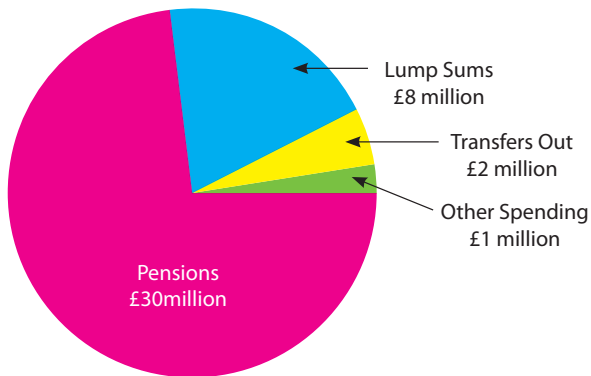
2007/2008

- The year at a glance

Income £100 million

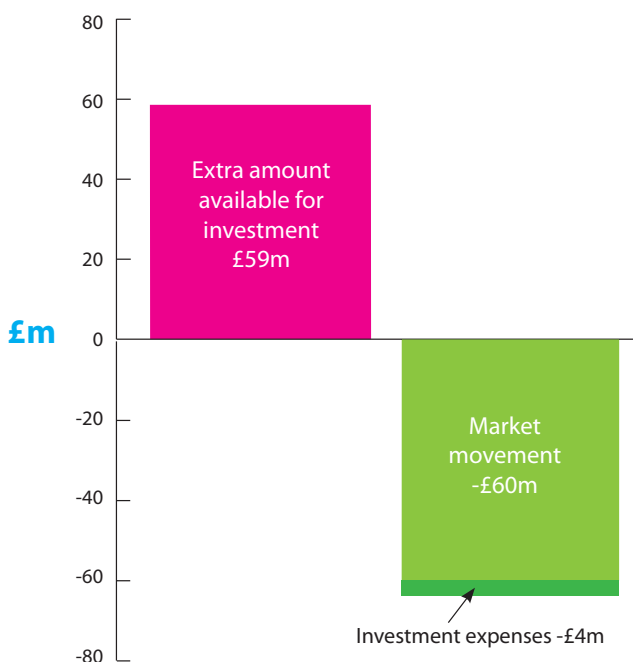


Outgoings £41 million

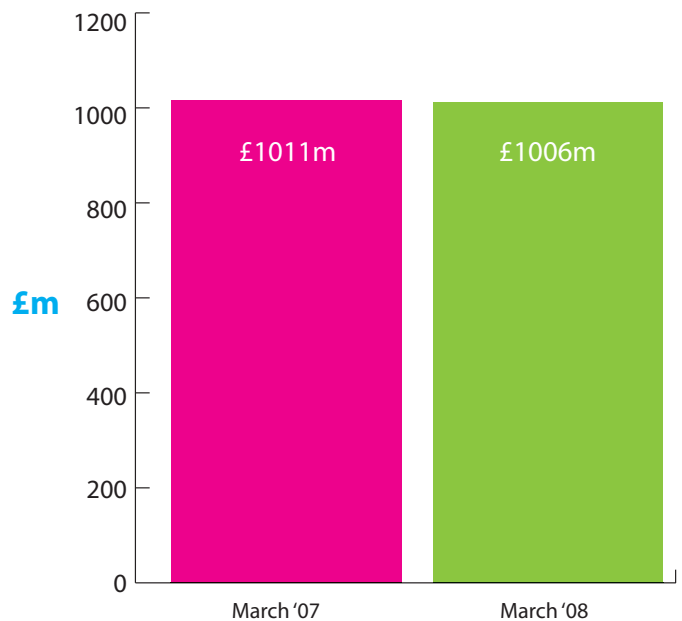


Extra amount available for investment
 (£100m - £41m) = £59m

Impact of market movements in the year



Fund Value £m



Since March 2008 financial markets have suffered further significant falls. Although this may increase the cost of providing pensions in the future there is no risk concerning the ability of the Fund to pay pensions. The benefits are guaranteed by the employers in the scheme.

If you require any further information then please contact us.

Contact

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If you would like this information in any other format please contact 01872 322322