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Welcome

Autumn 2018

Welcome to **Inscribe** the quarterly newsletter for employers within the Royal County of Berkshire Pension Fund. Each edition of **Inscribe** contains the latest news and updates surrounding the Local Government Pension Scheme (LGPS).

Accounts and Investments Summary 2017/2018

The Royal County of Berkshire Pension Fund annual accounts have been produced for 2017/2018. Details of the accounts are confirmed over the next few pages.

- **Fund Accounts 2017/2018**
- **Berkshire Pension Fund facts and figures**
- **Investments update**
- **Who manages our investments?**



Fund Accounts 2017/2018

The Fund's assets continued to grow during the year as investment markets were strong. At the year end assets were in excess of £2.0 billion.

Income		£'000
Employer contributions		81,941
Employee contributions		26,650
Transfer values received		13,403
Investment income		37,734
TOTAL INCOME		159,728
Expenditure		
Benefits Payable		100,493
Payments to and on account of leavers		10,184
Fund administration and management costs		9,204
TOTAL EXPENDITURE		119,881
Change in Market Value of Investments		88,268
Net Increase / (Decrease) in Fund during year		128,115
Balance Sheet		
Investment assets		2,082,344
Investment liabilities		(63,402)
Current assets		9,048
Current liabilities		(15,727)
Net assets at 31 March 2018		2,012,263

Pension Fund facts and figures

27,369
active
members

25,624
former
members

16,955
retired
members



62,000 hits on our website:
www.berkshirerpensions.org.uk



13,326 members registered for
'my pension ONLINE'



290 employers participating in the
Berkshire Pension Fund



Over 41,000 administrative proce-
dures carried out by the pensions
team in 2017/18

Investments update



There were minimal changes in the Fund investments during the financial year as the primary strategic initiative agreed by the Panel was the pooling of the pension fund assets as requested by Government at the end of 2015. Following successful discussions over the last few months, The Royal County of Berkshire Pension Fund has partnered with the Local Pensions Partnership (LPP) to manage the fund's assets which will remain the property of the Berkshire Pension Fund. Other than this, the strategic reduction of the absolute return portfolio formerly advised by Grosvenor was completed at the end of December 2017.

Asset Allocation	2017	2018
Global Equities	48.4%	45.3%
Bonds	13.2%	12.5%
Absolute Return	9.1%	3.9%
Property	13.1%	13.0%
Commodities	2.8%	3.4%
Infrastructure	6.7%	6.2%
Other Current Assets/Liabilities	6.7%	15.7%
	100%	100%

The Fund also increased exposure marginally to other private debt and private equity funds both in the UK and Globally. The higher than usual liquidity will soon be redeployed according to the model portfolio recently agreed with LPP.

More detailed information about the performance of the Fund can be found in the **Investments** section of the Fund's website www.berkshirepensions.org.uk



Who manages our investments?

As at 31 March 2018, the Fund employed the following external managers (excluding General Partners of Limited Partnerships in which the Fund has a partnership interest across various asset classes including private equity, private debt and infrastructure):

Asset Class	Managers
Global Convertible Bonds	<ul style="list-style-type: none">• Aviva Investors• Blue Bay Asset Management
UK & Global Property	<ul style="list-style-type: none">• Aviva Investors Global Services
Global Equities	<ul style="list-style-type: none">• Kames Capital• RWC Partners
Emerging Markets Equity	<ul style="list-style-type: none">• Fidelity International• First State Investments• Morgan Stanley Investment Management• William Blair International
Absolute Returns	<ul style="list-style-type: none">• Grosvenor Capital Management (legacy)

How did the investments perform? The Fund managed a nominal investment return of 4.3% over the financial year and 6.7% per annum over the last three years. In real terms, the Fund's investment return achieved was 1.8% over one year to March 2018 and 4.8% over the last three years, thus under performing the 4.5% real return target for the Fund's investments over one year but slightly exceeding it over the three-year period.

All asset classes experienced strong positive returns until January 2018 when various geopolitical concerns, normalising monetary policies and other uncertainties triggered higher volatility and significant market corrections despite robust economic data. Major central banks are now reducing or preparing to reduce the level of monetary stimulus by raising rates and reducing their balance sheet, whose impact on markets and economic fundamentals will become clearer over the next 12 months.

More detailed information about the performance of the Fund can be found in the Investments section of our website: <http://www.berkshirepensions.org.uk/info/3/investments>



The full Annual Report and Accounts 2018 can be found via our website at:

https://www3.rbwm.gov.uk/bpf/downloads/file/332/annual_report_and_accounts_2017-2018



Make large savings for your organisation and your LGPS members

Shared Cost Additional Voluntary Contributions (SCAVCs) brought to you by experts in tax, salary sacrifice, and the Local Government Pension Scheme.

SCAVCs are an employee benefit provided via salary sacrifice which are set-up and fully managed by AVC Wise Ltd. It's a shared cost scheme where the employee makes a £1 monthly payment into the AVC fund, and the employer makes the remainder via a salary sacrifice arrangement.

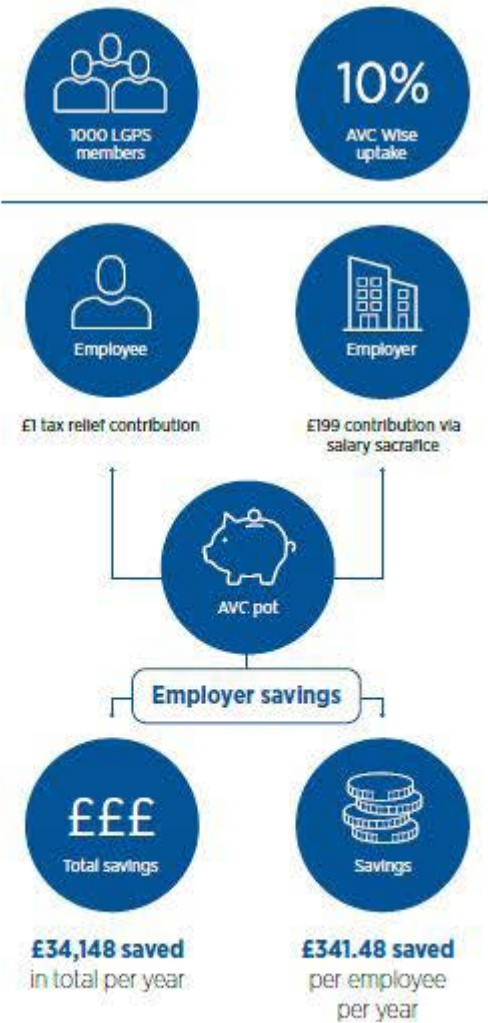
Key benefits of SCAVCs with AVC Wise:

- **Employer savings** - your organisation will enjoy NIC (13.8%) AND Apprenticeship Levy* (0.5%) savings.
- **Employee savings** - your staff benefit from NIC savings in addition to tax, which increases take-home pay when compared to paying AVCs in the standard way.
- Take the admin burden off your team with our fully managed solution, including our innovative web portal, expert AVC Wise staff and marketing support.
- Bespoke worksite presentations and roadshows to educate and inform LGPS members of the benefits and savings available to them.

The potential savings could be of substantial value to your organisation. To explain how you can start saving your organisation and your employees money, please contact AVC Wise Ltd.

E-mail: Jonathan.Kempson@AVCWise.co.uk
Tel: 01252 784 546

Here's an example of how much you could be saving:



*Only applicable to employers with a payroll over £3m where the full Apprenticeship Levy fund is not used

Focus on...

Assumed Pensionable Pay

In our occasional **Inscribe** feature we focus on a particular area of the LGPS regulations in more detail. In this issue we focus on **Assumed Pensionable Pay**.

What is Assumed Pensionable Pay?

Assumed Pensionable Pay (APP) replaces the concept of notional pay in cases of reduced contractual pay or nil pay as a result of:

- **Sickness or injury;**
- **Relevant child related leave (i.e. ordinary maternity, paternity or adoption leave and any paid additional maternity, paternity or adoption leave)**
- **Reserve Forces Service Leave.**

How to calculate APP

The first step is to establish the relevant event. This is the date that the member's pay first reduced i.e reduced from full pay down to half pay.

The next step is to take the **three whole months prior to the relevant event** and calculate an average monthly pay figure. This is your APP calculation.

In the following example a member commenced half pay sickness absence on 15 September 2018. They subsequently leave their job on 31 March 2019.

Despite being on reduced pay since 15 September their pension should continue to be calculated assuming they had been at work throughout based on their normal contract of employment. Their pension does not suffer even though they have been on long term sick leave.

By calculating an APP figure we are able to add this on to the member's actual pensionable pay to 'top it up' to their normal salary level.

Example - A member commenced reduced pay on 15 September 2018 and subsequently leaves employment on 31 March 2019.

Relevant Event: 15 September 2018

Previous three whole months prior to relevant event:

June 2018	£1,450.00
July 2018	£1,450.00
August 2018	£1,500.00
Total:	$£4,400 / 3 = \textbf{£1,466.67 per month}$

Therefore in this example the member's monthly APP is **£1,466.67**.

Once you have calculated the APP you apply it to the whole of the reduced pay period. In this example the member was on reduced pay from 15 September 2018 to 31 March 2019.

The breakdown of pay figures is detailed on the following page.

Month	Cumulative Pensionable Pay (CPP)	Assumed Pensionable Pay (APP)
APRIL 2018	£1,450	£
MAY 2018	£1,450	£
JUNE 2018	£1,450	£
JULY 2018	£1,450	£
AUGUST 2018	£1,500	£
SEPTEMBER 2018	£700.00 (1-14 September)	£782.22 (15 - 30 September)
OCTOBER 2018	£	£1,466.67
NOVEMBER 2018	£	£1,466.67
DECEMBER 2018	£	£1,466.67
JANUARY 2019	£	£1,466.67
FEBRUARY 2019	£	£1,466.67
MARCH 2019	£	£1,466.67
TOTALS	£8,000	£9,582.24

The totals from the CPP and APP columns are then input on the LGS15C leaver form as follows:

CUMULATIVE PENSIONABLE PAY RECEIVED DURING PERIOD 1 APRIL 2018 TO DATE OF LEAVING Please do not include APP figure here	£ 8,000.00
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ASSUMED PENSIONABLE PAY(LEAVE OF ABSENCE)	
Required for any relevant period where the employee has received reduced or no pay as a result of sickness or injury or due to a period of paid child-related leave. NOTE: If at any time during a period of reduced or nil contractual pay the employee's actual earnings are greater than the APP please substitute Actual Pay for APP for these days e.g KIT days.	£ 9,582.24

For the purposes of pension calculations we then add the CPP figures to the APP figure to obtain the total figure to use in the calculation of the member's pension benefits for that financial year.

During a period of reduced pay due to sickness or child related leave, it is important that we are advised of the correct APP figures as the member's pension continues to build up for them assuming they had been at work.

Ill-Health Retirement and Death in Service APP

APP will need to be calculated when an employer terminates an active member's employment on the grounds of:

- **Permanent ill-health with a Tier 1 or Tier 2**
- **Death in Service of an active scheme member**
- **or where a Tier 3 ill health pension is awarded which is subsequently uplifted to a Tier 2 ill health pension.**

The APP figure is calculated in the normal way but using the average of the pensionable pay for the 12 (weekly) or 3 (monthly) complete pay periods prior to the date of termination / death (including any APP credited in and relating to those pay periods), to which any regular lump sums paid in the 12 months prior to the date of retirement / death which the employer determines there is a 'reasonable expectation' would again have been paid to the member are added back into the annual rate of APP.

Example:

A member retires on ill-health Tier 1 on **20 November 2018**. Their monthly salary was **£1,958.33** increasing to **£2,050** from **1 September 2018**. Their APP is calculated as follows:

Relevant Event	20 November 2018
August 2018	£1,958.33
September 2018	£2,050.00
October 2018	£2,050.00
Total	£6,058.33
£6058.33 / 3 X 12 = £24,233.32	

This figure is then entered into the following box on page 2 of the LGS15C Leaver notification:

ASSUMED PENSIONABLE PAY	
ASSUMED PENSIONABLE PAY (Ill-health retirement or Death in Service)	£ £24,233.32 (Please quote annual APP amount)

The annual APP figure is used to calculate the ill-health enhancement (under tier 1 or tier 2 and the Death Grant payable (which is 3 times the annual APP) plus the enhancement attached to the Dependents pension (if applicable).

Ill-health Retirement Tier 1	Full enhancement to member's NPA based on the annual APP figure
Ill-health Retirement Tier 2	Enhancement based on 25% of the period from member's date of leaving to NPA based on the annual APP figure
Death in Service	Tax-free Death Grant equal to three times the member's annual APP at date of Death

How can we help you?

Did you know the pensions team can provide a range of information sessions for you and your scheme members?



Scheme Member Presentations

Information for your staff on the benefits of LGPS membership.

General topics covered include:

- **Benefits of being a scheme member**
- **Life Cover**
- **Retirement options**
- **Increasing and decreasing monthly contributions**
- **Examples of pension calculations**

Pension Surgeries

The team can provide one to one appointments for staff at your place of work (minimum 10 people).

20 minute Appointments are available for scheme members (and non-members) to attend. This is a great opportunity for your staff to speak to an LGPS pensions representative in complete confidence.



Employer Training

Training on all areas of LGPS pension administration for HR and Payroll Officers. Topics covered in training include:

- **Contributions**
- **New starters**
- **Leavers**
- **Final salary calculations**
- **Retirement**
- **Completion of standard forms**

Member presentations and employer training sessions can be tailored to your requirements.

If you would be interested in arranging any of the above pension sessions please contact Joanne Brazier on 01628 796754 or e-mail joanne.brazier@rbwm.gov.uk

Please note there is no fee for running these sessions.

In addition the MHCLG also run regular training events for employers administering the LGPS and these are communicated to employers as and when they are available.

Items of interest

News items from the pensions world.

Be ScamSmart...

...National campaign launched by FCA to combat pension scams.

The Financial Conduct Authority (FCA) and the Pensions Regulator have joined forces to launch a new campaign aimed at raising awareness of the increase in pension scams. The latest figures reveal that victims of pension scammers lost an average of £91,000 each in 2017.

As part of the campaign the FCA have a range of literature, factsheets and posters available to pension funds and employers to use.

The Berkshire Pension Fund have dedicated a section of our website to Pension Scams and what to look out for. http://www.berkshirepensions.org.uk/info/1/members/99/pension_scams

ScamSmart Leaflets

http://www.berkshirepensions.org.uk/downloads/file/330/scamsmart_leaflet

http://www.berkshirepensions.org.uk/downloads/file/331/scamsmart_infographic

Don't let a scammer enjoy your retirement



Pension scams:

what to look out for and how to protect yourself

We conducted a YouGov poll of over 1,000 pension holders aged 45-65.*
Here's what we found...

Nearly a third (32%) said they wouldn't know how to check whether they are speaking with a legitimate pensions adviser or provider



One in eight (12%) said they would trust an offer of a 'free pension review' from someone claiming to be a pensions adviser



Sophisticated scammers lure people into transferring their pensions, stealing an average of £91,000 per scam



38% would get advice from a financial adviser if changing their pension arrangements – check who you're dealing with



Scam tactics include:

- contact out of the blue
- promises of high / guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly



i-Connect

You will have seen in earlier editions of *Inscribe* details regarding i-Connect software. i-Connect is a secure data transfer service, provided by our pension software providers Heywood Limited. This service is in the form of a secure website that allows employers to upload data either by a csv file or by typing the details in. Once received i-Connect will validate the data and, quickly and securely, transfer this data straight into our pension fund administration system, *Altair*, which is also provided by Heywood Limited.

Some of the benefits of using i-Connect include:

- Large reduction for need to complete pension forms
- No year-end return to complete
- Reduction in errors, therefore a reduced number of queries from the Pension Team.
- Reduced transfer time
- Greater security of data
- Better quality data
- Could result in a reduction in your employer contribution rate
- Reduced risk of fines for non-compliance of statutory duties
- Better member experience

no licence fee ... From 1 April 2018 the Pension Fund agreed terms to become a licence holder of i-Connect software. This means using i-Connect is now **free of charge**. All annual fees that would normally be paid by any employers signing up to use i-Connect together with those employers already contracted to use i-Connect will now be paid annually by the Pension Fund.

If you are interested in finding out more information, please contact **Rachael Granger, Technical Analyst**, on **01628 796765** or e-mail **rachael.granger@rbwm.gov.uk**



i-Connect

IMPORTANT reminder for i-Connect users

If you are an existing i-Connect user please ensure that you submit retirement or death in service notifications to the pension team as soon as possible following the member's date of retirement/ date of death using form LGS15C "Withdrawal from the Scheme"

Please complete form LGS15C withdrawal form for this purpose and send to info@berkshirepensions.org.uk

Register for ESS

What can I use ESS for?

ESS enables employers to view and amend their member data held on our pension administration system – *Altair*. ESS offers a wide range of features including:

- ✓ Create new starter pension records for your members
- ✓ Member search facility
- ✓ View and update general information (change of address, update marital status)
- ✓ Update part-time hours and weeks
- ✓ Perform benefit projections
- ✓ View member and non-member documentation
- ✓ Generate and print reports

How do I sign up to ESS?

To coincide with the launch of ESS we issued a special edition **Inscribe** newsletter to employers providing a step by step registration process.

http://www.berkshirepensions.org.uk/downloads/file/298/inscribe_ess_special_edition

A full ESS training guide can be found on our website via the link below:

http://www.berkshirepensions.org.uk/downloads/file/297/ess_training_guide

The guide is also broken down into 8 bite-sized areas for ease of reference:

http://www.berkshirepensions.org.uk/info/2/employers/96/employer_self_service



Employer Contact Information

Please send us your completed forms

As mentioned in previous editions of *Inscribe* we are undertaking an exercise to ensure that our employer contact database is up to date. In order to assist us we would be grateful if all employers could arrange for the **Employer Contact Information Sheet** to be completed and returned as soon as possible. A word version of the Employer Contact Information sheet is available via our website at:

http://www.berkshirepensions.org.uk/downloads/download/75/employer_contact_information_sheet

We would like confirmation of the following information in order to ensure our employer database is up to date:

- Pension Liaison Officer (PLO)
- HR Provider(s)
- Payroll Provider(s)
- Internal Dispute Resolution Procedure (IDRP) Officer
- Occupational Health Physician

Once completed please return as soon as possible to **Joanne Brazier** either by e-mail or post.

Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

E-mail: joanne.brazier@rbwm.gov.uk



Please note that completion of the Employer Contact Information Sheet is necessary in order to register for Employer Self-Service (ESS).

The form must be completed by your Pension Liaison Officer (PLO) in order to authorise your use of the ESS system.

Useful Links

Please find detailed below some further links to external websites containing information relating to the LGPS.

Berkshire Pension Fund website (Employers Section)	http://www.berkshirepensions.org.uk/info/2/employers
Employer Self Service facility	http://www.berkshirepensions.org.uk/info/2/employers/96/employer_self_service
Employer Self Service User Guide	http://www.berkshirepensions.org.uk/downloads/file/297/ess_training_guide
National LGPS website	https://www.lgpsmember.org
LGPS Regs website	http://lgpsregs.org/index.php
HR Guide	http://www.lgpslibrary.org/assets/gas/ew/HRv3.11c.pdf
Payroll Guide	http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.pdf
The Pensions Regulator (Employers Section)	http://www.thepensionsregulator.gov.uk/en/employers
State Pension Age calculator	https://www.gov.uk/state-pension-age
State Pension information	https://www.gov.uk/browse/working/state-pension
'my pension ONLINE'	http://www.berkshirepensions.org.uk/info/9/my_pension_online



Glossary of Pension Terms

49th	Pension build up rate under MAIN Section of the LGPS
50/50	Section of the LGPS under which a member can reduce their monthly pension contribution by half
98th	Pension build up rate under 50/50 Section of the LGPS
APCs	Additional Pension Contributions
CARE	Career Average Revalued Earnings
ESS	Employer Self Service
LGA	Local Government Association
LGPS	Local Government Pension Scheme
LPP	Local Pension Partnership
MAIN	Section of the LGPS under which a member pays their full monthly pension contribution
MSS	Member Self Service
NPA	Normal Pension Age
SPA	State Pension Age

Contact Us

If you would like to discuss any items contained in this newsletter please do not hesitate to contact us on the numbers below:

Kevin Taylor	Deputy Pension Fund Manager	01628 796715	kevin.taylor@rbwm.gov.uk
Philip Boyton	Pension Administration Manager	01628 796752	philip.boyton@rbwm.gov.uk
Sandra Rice	Deputy Pension Administration Manager	01628 796743	sandra.rice@rbwm.gov.uk
Joanne Brazier	Assistant Pensions Manager	01628 796754	joanne.brazier@rbwm.gov.uk
Rachael Granger	Technical Analyst	01628 796765	rachael.granger@rbwm.gov.uk

Royal County of Berkshire Pension Fund

Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF

Helpdesk: 0845 602 7237

(lines are open Monday to Thursday 8:30am to 4:45pm and Friday 8:30am to 4:30pm)

Email: info@berkshirepensions.org.uk
www.berkshirepensions.org.uk