

WEST MIDLANDS



PENSION FUND

West Midlands Pension Fund

Helping to bridge the pensions gap



What is the 'pensions gap'?

It is common knowledge, among public sector employees, that there is a 'gap' between the income required for a comfortable retirement and the actual income that many people can expect from their pensions. This is not a comment on the quality of the pension schemes provided within the public sector, but a fact that many employees simply do not take advantage of the scheme's availability as soon as they can, or simply join the scheme later on in their career after a period of non-pensionable employment.

The pensions gap has been underlined due to the recent poor performance of the stock market – decreasing the value of many of today's private arrangements – and the gradual erosion of the state pension.

In many individual cases, the problem has been compounded by career breaks and changes in employment, which have reduced the total period of service counting towards the potential maximum retirement benefit.

As a result, many people are now facing an uncertain financial future.

Most local government employees are fortunate in that they are already members of the LGPS. However, this does not mean that Scheme members can automatically look forward to a financially secure and comfortable retirement. Many members will not receive the maximum benefits, due to them joining later on in life, or due to them experiencing career breaks during their working life.



While membership of the LGPS will provide you with a regular income when you retire, recently published figures show that most local government employees retire, on average, after ten years of Scheme membership and, on average, receive an annual pension of around £3,800 (plus any state benefits). A lump-sum would also be due to those members who have membership prior to 1 April 2008 (plus any state benefits). For many, this leaves a significant pensions gap.

How do I know if this may affect me?

To help judge whether you will have a pensions gap, you could ask yourself these simple questions:

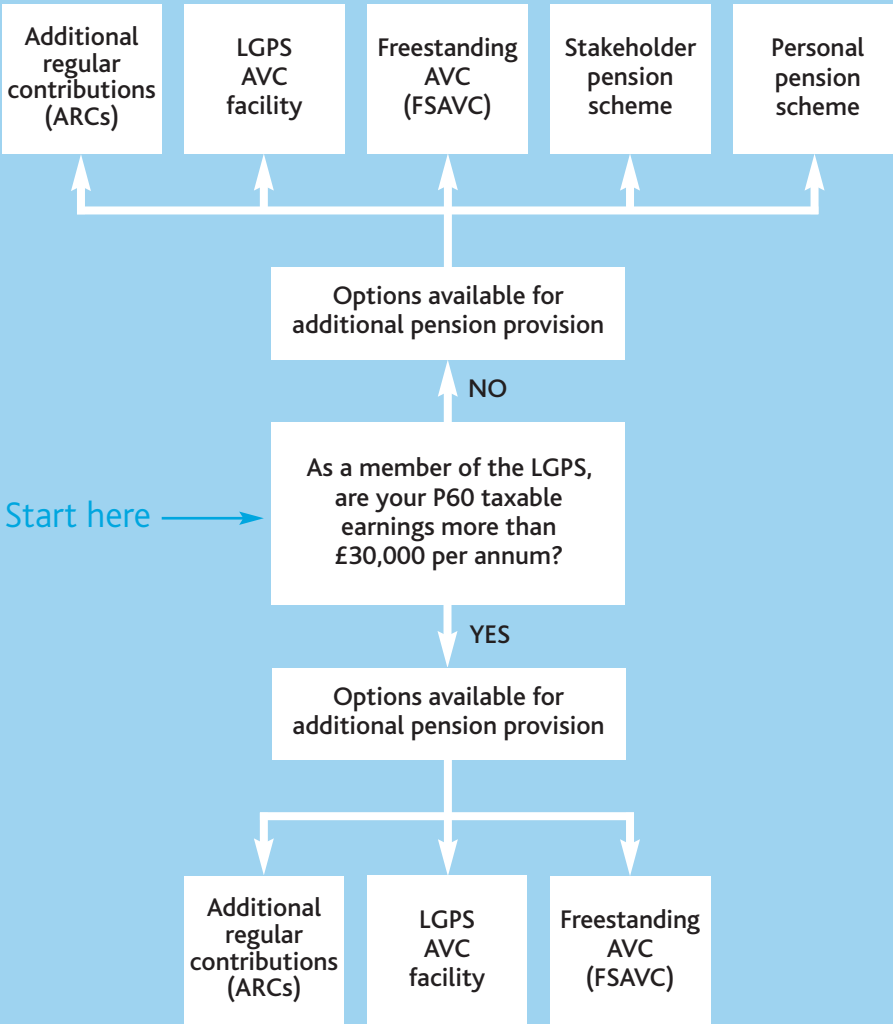
- ▶ Have I had a career break, and not made the relevant contributions?
- ▶ Do I have earnings that are not included for pension purposes; this could be, for example, overtime or non-contractual elements of your pay that pension contributions are not paid on?



How do I do something about my pensions gap?

If the answer to any of the above questions is yes, you may need to review your situation and consider 'topping up' your pension arrangements. There are several ways of doing this, including additional regular contributions (ARCs), additional voluntary contributions (AVCs) and stakeholder pensions.

Flow chart of options available



What are additional regular contributions (ARCs)?

Contributions are deducted from pay by your employer, attracting tax relief. Additional pension is purchased in multiples of £250 per year, up to a maximum of £5,000. Contracts may commence up until the day before your 64th birthday and can cease at any time. The cost is dependant on factors relating to age, sex and the length of the payment period selected. There is the option to purchase additional pension with a proportion of the additional pension payable to dependants.

Further details regarding ARCs, including a personal quotation, can be obtained from the Fund directly. Contact us using the details on the back page.

How does this compare with additional voluntary contributions (AVCs)?

Additional voluntary contributions (AVCs) were introduced by overriding legislation in 1988. The Fund cannot invest your AVCs (the rules of the scheme do not permit the Fund to do so). Because of this, the Fund has appointed Prudential as its in house AVC provider.

What are the advantages of AVCs

- › **Tax relief** – contributions attract tax relief at source, dependent on whatever the rate of tax you pay.
- › **Value for money** – the AVC scheme is a group arrangement with terms negotiated by the West Midlands Pension Fund on your behalf.
- › **Flexibility** – you can change your contributions to suit your circumstances: start, stop, increase or decrease at any time.
- › **Choice** – you select from a wide choice of investment funds where your contributions should be invested. You can switch funds at any time.

For further information on paying AVCs, you can contact Prudential direct on 0845 607 0077 or visit Prudential's website at www.pru.co.uk





How do these compare to a stakeholder pension?

The LGPS rules do not allow the Fund to provide a stakeholder arrangement, although many organisations, such as the TUC, have set up group arrangements. Details of the TUC stakeholder plan are available from Prudential.

Provided that your earnings do not breach HM Revenue and Customs limits (currently around £255,000), you can also contribute to a stakeholder pension scheme as well as being a member of the LGPS. Benefits from a stakeholder plan can be taken at any time between the ages of 55 and 75, regardless of whether you have retired from the LGPS or not. The accumulated funds

within your stakeholder account are used to buy an annuity or pension, with up to 25% of the fund value being taken as tax-free cash if you wish.





Information produced by the Fund can be made available in several formats including large sight text, Braille and several community languages. If you have any special requirements or would like to speak face to face with a member of staff, please contact us to arrange how we may best meet your needs.

Please remember that special requirements may take a little longer than normal to organise, but you have our assurance that we will do our best to ensure you receive the information in the most appropriate and efficient manner possible.

Data Protection

To protect any personal information held on computer, West Midlands Pension Fund is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection Act grounds should contact the Fund's Data Protection Officer on (01902) 554498, via email at dataprotection@wolverhampton.gov.uk

This authority is under a duty to protect the public funds it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.



Contact information

Email us on:

PensionFundEnquiries@wolverhampton.gov.uk

Telephone our Helpdesk on:

0300 111 1665

Visit our website at:

wmpfonline.com

Fax us on:

0845 230 1565

Minicom/Typetalk:

01902 554607

Write to us at:

West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP

Send us a text on:

Text WMPF + your message
to 60066

Standard short code network charges apply

Lines are open during the
following times:

8:30am to 5.00pm Monday-Thursday

8:30am to 4.30pm Friday

Calls may be monitored for
training purposes

Help and information

Further information

We will ensure that all of our members are provided with relevant further information on request.

Comments and complaints

We welcome and value your comments on the standards of service we provide. If you have any comments you wish to make please contact us at the address shown at the top of the page.

We would also like to hear from you if you are not satisfied with the way you have been treated. If you wish, you can

speak to Brian Bailey, Director of Pensions, on his personal number (01902) 552020 on any weekday between 9.00 and 9.30am or via email:

brian.bailey@wolverhampton.gov.uk

.....
If you wish to make a formal complaint, you can write to:

Complaints and Compliments

Office of the Chief Executive

Civic Centre

St. Peter's Square

Wolverhampton

WV1 1NX