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**London Borough of Hackney Pension Fund
Annual Newsletter 2011-12**

Local Government Pension Scheme Changes and Workplace Pensions

LOCAL GOVERNMENT PENSION SCHEME CHANGES

A statutory consultation on proposed changes to the Local Government Pension Scheme (LGPS) is expected shortly. This is likely to lead to a number of changes in the Scheme from April 2014; however, all pensions built up prior to 2014 will be fully protected. If you are a pensioner or have deferred benefits (i.e. you are no longer making contributions to the Scheme) these changes will not affect you. The Scheme remains a Defined Benefit Scheme and your employer continues to pay contributions into the Scheme on your behalf to provide you with an income in retirement.

The main changes from April 2014 are expected to be:

- Move to CARE - Career Average Revalued Earnings (currently final salary)
- Retirement age for the Scheme to move in line with increases in State Pension Age
- Contribution increases, but only likely to be for those earning in excess of £43,000

Key Benefits that are unlikely to change:

- Death in service - 3x salary
- Ill Health retirement benefits
- Survivors pension benefits

Membership of the Pension Scheme remains a key part of your overall pay and benefits package and scheme members should consider very carefully before making any decisions in respect of their pension benefits, in particular the benefits that you may be giving up should you choose to opt out of the scheme.

Once full details of the changes are available, information will be provided in a variety of formats to enable you to understand them better and how they are likely to affect you.

WORKPLACE PENSIONS

You will no doubt have seen the recent TV and press coverage of workplace pensions coming into force from 1st October 2012. Under the workplace pension rules, the LGPS is a qualifying Scheme. If you remain in the Scheme, you need take no action. Colleagues who do not currently contribute into a pension scheme will be automatically enrolled into a pension scheme over the coming months and years. Further information about workplace pensions will be issued shortly and if you are in employment you will receive correspondence in due course.

**If you need to talk to someone about your membership
or if you want more information about the LGPS
– where can you find help?**

<http://hackney.xpmemberservices.com>

You can contact the Pension Administrators on 01293 603085

Email: hackney.pensions@xafinitypaymaster.com

How is the Fund Doing?

SUMMARY ANNUAL REPORT 2011-12

The following is a summary of the Pension Fund Annual Report and Accounts for the year to 31st March 2012. How the fund performs has no impact on your pension benefits as these are defined in law. If you want to find out more information, full copies of the accounts are available on the Pension Fund website <http://hackney.xpmemberservices.com>

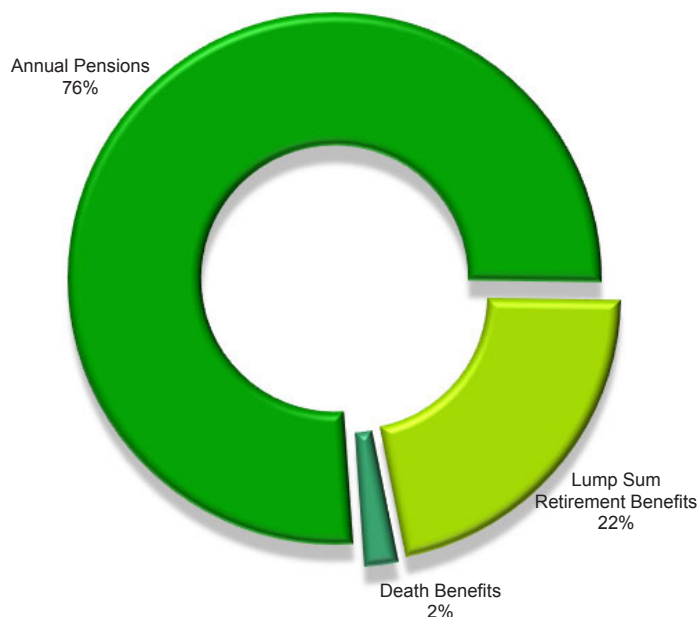
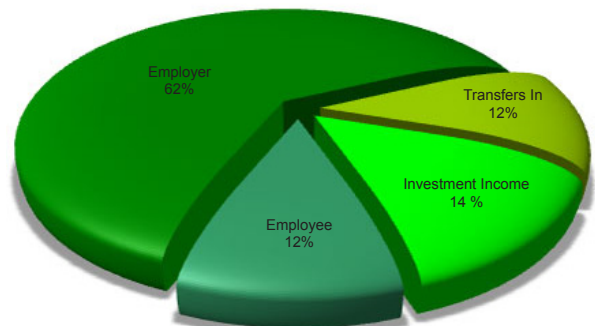
MEMBERS
17,993

FUND VALUE
£845 million

BENEFITS PAID OUT
£44 million

Where does the money come from?

Money to pay for your pension comes from a variety of sources including you, your employer and income from investments that the Fund makes. Did you know employers have contributed almost £100 million towards the Retirement Fund for their employees over the last 2 years in the Hackney Pension Fund?



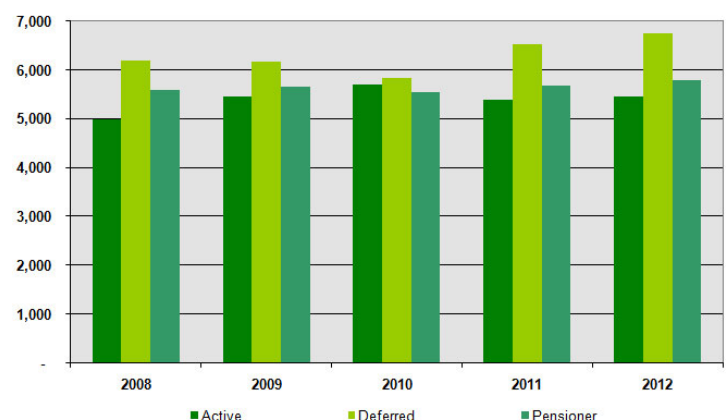
Where does the money go?

Total benefits paid out during 2011/12 amounted to £44.3m mostly as annual pensions to former employees, with annual pensions being increased each year in line with inflation.

Who are the scheme members?

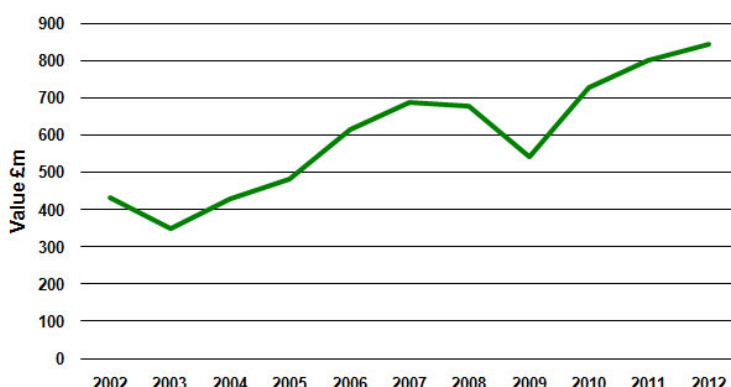
The membership profile of the Fund at the end of the year shows that just over 1/3rd (37.6%) of the Fund's members are former employees (deferred members) who no longer contribute to the Fund but have yet to draw their pension. Just less than 1/3rd (32.1%) are pensioners and a similar proportion (30.3%) are contributing or active members.

With an ageing population and people anticipating longer life expectancy, the Fund is likely to see the percentage of pensioners and, consequently the level of pension benefit payments that the Fund has to make, increasing over time.

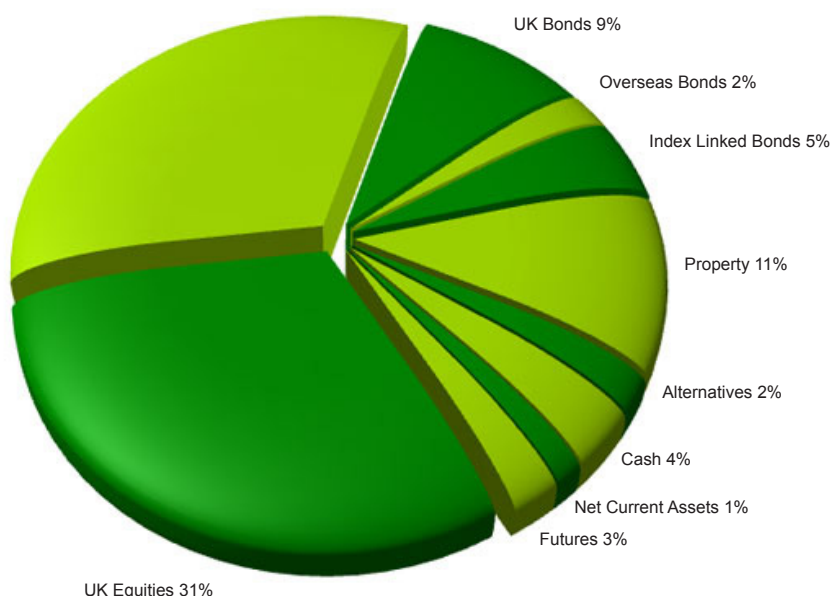


How is the Fund performing?

The Pension Fund has grown over the last financial year benefiting from the recovery in the UK and US markets. Total Fund size at the 31st March 2012 was £844.7 million compared to £800.6 million as at 31st March 2011. This represents an increase over the year of 5.5%, reflecting the impact of the continuing recovery and strong cashflows.



Overseas Equities 32%

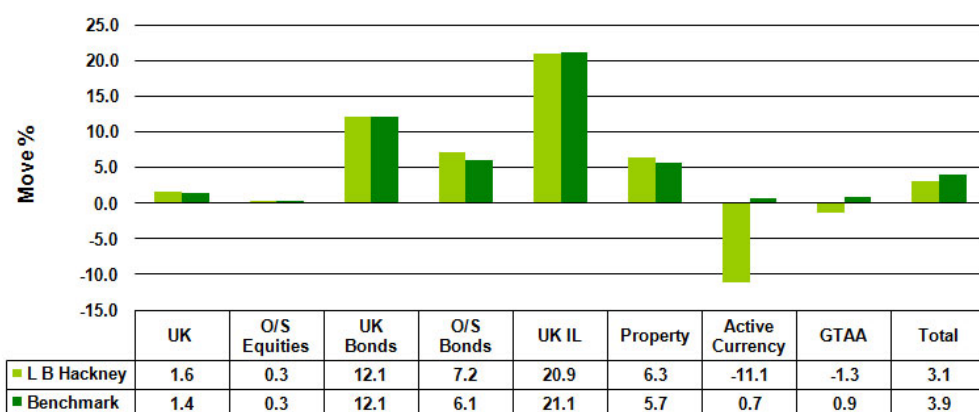


Where is the Fund invested?

The Fund invests in a wide range of investments seeking a return on those investments, taking into account the risks of each investment. The Pensions Sub-Committee takes advice from a variety of advisers and makes decisions on where the money should be invested. The chart opposite shows where the Fund was invested at the end of March 2012.

Unlike some other pension schemes, how well these investments perform has no impact on the pension you receive. Your benefits are defined and set out in law.

The Fund does monitor its performance against a benchmark to determine how well it is performing and the chart opposite shows how well it has done against that benchmark. The investments are managed by external managers on behalf of the Fund and how well the managers do against expectations is measured on a quarterly basis.



Further information on the Fund's investments and how they are managed can be found in the Pension Fund Annual Report and Accounts at <http://hackney.xpmemberservices.com>

Dont forget to tell us



MOVING?

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

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 at <http://hackney.xpmemberservices.com> or contact the Pension Administrators on 01293 603085.

ARE YOUR DETAILS UP TO DATE?

We know time is precious but take a few minutes to make sure your details are up to date.

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

Want to change your death nomination wishes? If you have not nominated someone to receive a Death Grant or you want to change your nomination, there are forms on the website – alternatively contact Xafinity Paymaster for a form.

WANT TO PUT SOME EXTRA MONEY ASIDE FOR YOUR RETIREMENT?

You can increase your retirement benefits by paying additional contributions to buy extra pension in the LGPS – contact Xafinity Paymaster 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 tell us about a change in your circumstances, such as a new address, please contact the Pensions Administrators who are:



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

Telephone: 01293 603085

Email: hackney.pensions@xafinitypaymaster.com

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



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

Email: pensions@hackney.gov.uk

