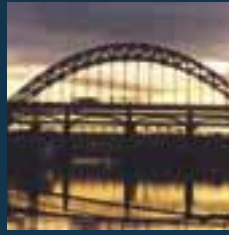


Tyne and Wear Pension Fund

Administered by South Tyneside Council



Mr A B Sample
123 Sample Street
Any Village
Any City
Any County
AB1 2CD

Your Pension Statement 2007



Dear Mr Sample

The Local Government Pension Scheme (LGPS)

Pensions, people living longer and financial security have all been in the news recently. You may also be aware that the LGPS has changed over recent years and will be changing again in April 2008. In this time of increased interest and change, do you know how much pension you have?

Is your pension going to be enough for you?

To help answer this, I am pleased to provide you with your annual mailing from the Tyne and Wear Pension Fund which includes:

- **Your Annual Pension Statement**

This statement will let you see how your LGPS benefits are building up. It is for the year up to 31 March 2007.

Please remember that it is intended to be a general guide and you should not make any decision regarding retirement based only upon the details contained in it.

Further information is available from our leaflet "A Simple Guide to the LGPS" which is available on our website at www.twpf.info This website also includes more useful information and links to other pension websites such as to the national LGPS website at www.lgps.org.uk and the Communities for Local Government (CLG) website at www.communities.gov.uk

If you have another period of membership within this Fund, you will receive a separate statement. If you also have deferred pension benefits, you should have received your statement recently.

- **Your Fund Members Annual Report for 2006/07**

This is a summary of the Fund Report and Accounts. It provides you with information about how the Fund is invested and how it is performing. You can view the full Report and Accounts on our website at www.twpf.info

Other Pensions

For those of you who would normally receive a forecast of your State Pension Benefits, please note the Department for Work and Pensions (DWP) is updating their computer systems and is currently unable to provide any figures. Please see the State Pension Benefits page of this statement for further information.

If you have any investments in an Additional Voluntary Contribution (AVC) Plan, you will get a separate statement from the provider. Please check this carefully.

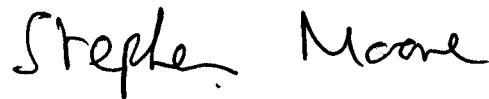
LGPS Changes

We have advised you in previous statements that a new LGPS will be introduced in April 2008. You may also recall that the LGPS rules are set by CLG and not by this pension fund.

Although the LGPS is changing the rules are not yet finalised. We have tried to give you the most up to date information. You will find more details on the changes later in this statement.

If you have any queries about your statement or indeed any pension matters, please contact the Pensions Office for assistance. Contact information is shown on the back page of this statement.

Yours sincerely



Stephen Moore
Head of Pensions

Your Personal Details at 31 March 2007

Name Anyone Sample
National Insurance Number AB12CD45
Membership ID Number 12345678
Sex M
Date of Birth 01/01/1970
Marital Status* Married
Employer Tyne And Wear Sample Employer
Period of Membership* 10 Years 123 Days
Final Pay* £1,234.56

(*)See matching Notes on this page

Marital Status

Please do not worry if we have recorded your marital status incorrectly. This will be checked at retirement and before any survivors' benefits are paid. The value of your survivors' benefits may change if you remarry after your retirement.

Period of Membership

This is generally the period during which you have paid contributions into the LGPS up to 31 March 2007, together with any period credited to you on transfer from another pension scheme. It also includes any added years of membership that you have paid for up to 31 March 2007. It is based on whole time membership. If you have taken part in any days of industrial action, this statement may not take account of this and may require a small adjustment.

If you have another period of membership within this Fund, you will receive a separate statement for each separate period of membership.

Part Time If you work or have ever worked **part time** while paying into the LGPS, your part time membership will be converted into whole time membership. For example:

- 4 years working at half time would convert to 2 years of whole time membership
- 1 year working 30 out of 37 hours per week would convert to 296 days of whole time membership.

Term Time If you work or have ever worked **term time** while paying into the LGPS, your term time membership will be converted into whole time membership. For example:

- 1 year working whole time hours during 46 weeks of the year would convert to 323 days of whole time membership.

Final Pay

Your employer has supplied us with this pay figure. It may not take account of any recent changes to your pay due to Job Evaluation or other locally negotiated pay agreements. It is for the year up to 31 March 2007. Final pay is usually the pensionable pay you earn and pay contributions on in your final year before you retire.

If you work **part time or term time** the figure used to work out your retirement benefits is the pensionable pay you would have received if you had worked whole time.

Certificate of Protection due to reduction in pay.

If your employer has provided a Certificate of Protection due to a reduction in pay, this statement does not take account of that certificate.

Your LGPS Benefits

Estimates

Current Value of your Benefits to 31 March 2007

The benefits shown below are based on the LGPS rules that applied on 31 March 2007

Period of membership to 31 March 2007	10 Years 123 Days
Annual Pension	£1,234.56
Tax Free Lump Sum	£1,234.56
Spouse's / Civil Partner's Pension	£1,234.56

Future Value of your Benefits to age 65

Please note - The benefits shown below are based on the LGPS rules that applied on 31 March 2007 and are for information only. Your benefits will change in line with the new look LGPS from 1 April 2008.

Please read the articles on the following pages for further information about the new look LGPS. As a very general guide 1/60 pension and no lump sum is broadly equal to 1/80 pension and 3/80 lump sum.

Period of membership to age 65	10 Years 123 Days
Annual Pension	£1,234.56
Tax Free Lump Sum	£1,234.56
Spouse's / Civil Partner's Pension*	£1,234.56 *Pension amount may change if your marital status changes after retirement

Benefit Options

The benefits shown here are your standard benefits. You will have the opportunity to change your benefits package and give up some of your pension for a bigger lump sum. Subject to limits, you can exchange £1 of pension for £12 of lump sum upon retirement. You will receive information about this when your benefits become payable.

Guaranteed Pensions Increases

Under current LGPS rules, pensions are increased every year in line with inflation, as measured by the Retail Prices Index. You will qualify for increases to your pension every year if you are over the age of 55. Increases are also paid to those who retire before the age of 55 due to ill health.

Value of Death in Service Benefits to 31 March 2007

Lump Sum Death Grant	£123.45
Death Grant Nomination Form held by this Fund	Y
A spouse's / civil partner's pension would also be payable to your husband, wife, or civil partner for the rest of their life.	
Children's pensions would also be payable to any dependant children.	

Notes On Your LGPS Benefits

The benefits quoted on the opposite page are calculated using your personal details held at the date the statement was prepared. We have taken care to ensure that these details are accurate. However, if you do find an error please call the Pensions Helpline as soon as possible on 0191 424 4141.

If you have any investments in an AVC Plan, you will get a separate statement from the provider. Please check this carefully.

Current Value of your Benefits

Your current benefits are calculated on your period of membership and your final pay to 31 March 2007 using the following calculation:

- Annual Pension = $1/80 \times$ your final pay \times your period of membership
- Lump Sum = $3 \times$ your annual pension.

Future Value of your Benefits

Your future benefits to age 65 are based upon the membership you could build up in the LGPS if you continue working for the same number of hours as at 31 March 2007 until your 65th birthday.

The value of your benefits is shown in today's terms on the current LGPS rules, as we are unable to take account of any future rule changes or pay increases. If you choose to retire before your 65th birthday, the value of your benefits may be reduced. If you choose to work beyond your 65th birthday, the value of your benefits may be increased.

Please remember, the value of your benefits shown is based on the LGPS rules applying on 31 March 2007. Your future benefits will change in line with the new look LGPS from 1 April 2008.

Value of Death In Service Benefits

If you die whilst a member of the LGPS, generally any death grant will be paid to either:

- Your nominated beneficiary/beneficiaries
- Or
- Your estate, if a nomination is not held.

If you have not already done so, you may wish to complete a Death Grant Nomination Form so that we know who you would like to receive any cash lump sum that is payable upon your death. Forms are available from our website and from the Pensions Office.

The Fund has the final decision over who receives any death grant and may decide it is reasonable to make any payments due to another person. For example, this may happen if a form is not kept up to date and the contents are deemed no longer appropriate.

Please ensure that you keep any Death Grant Nomination Form up to date.

General LGPS Information

The LGPS is a national scheme that provides you with a range of benefits. It is a **Final Salary Pension Scheme**, which means that most of the benefits are based upon your length of membership and your final pay. The LGPS is sometimes known as a **Defined Benefit Scheme**.

Information on your LGPS pension benefits is based on the regulations in place at 31 March 2007. The amounts shown are what you could get. The amount you get when you actually retire may be different because of changes in your circumstances or changes in the LGPS rules.

Under the present LGPS legislation the benefits of the LGPS are not dependant upon investment performance.

Recent changes to the current LGPS

Although there will be a new LGPS in April 2008, some changes have been made to the existing rules.

CLG have issued two new sets of Amendment Regulations. These are called the Local Government Pension Scheme (Amendment)(No 2) Regulations 2007 and the Local Government Pension Scheme (Amendment)(No 3) Regulations 2007.

Further information about these and other amendments can be found on CLG's website at www.xoq83.dial.pipex.com

Providing for your retirement and planning ahead

We have shown you the value of your LGPS pension benefits – are you going to have enough income to enjoy your retirement?

If you don't think so, there are two ways you can increase your pension benefits through the Tyne and Wear Pension Fund. These are:

Buying extra membership – You can start a contract with the Pension Fund to purchase a specified amount of membership between your next birthday and your 65th birthday. If this is something you are thinking about you will need to let us know before 31 March 2008. After this date you will only be able to buy extra pension. Further information is given later in this statement.

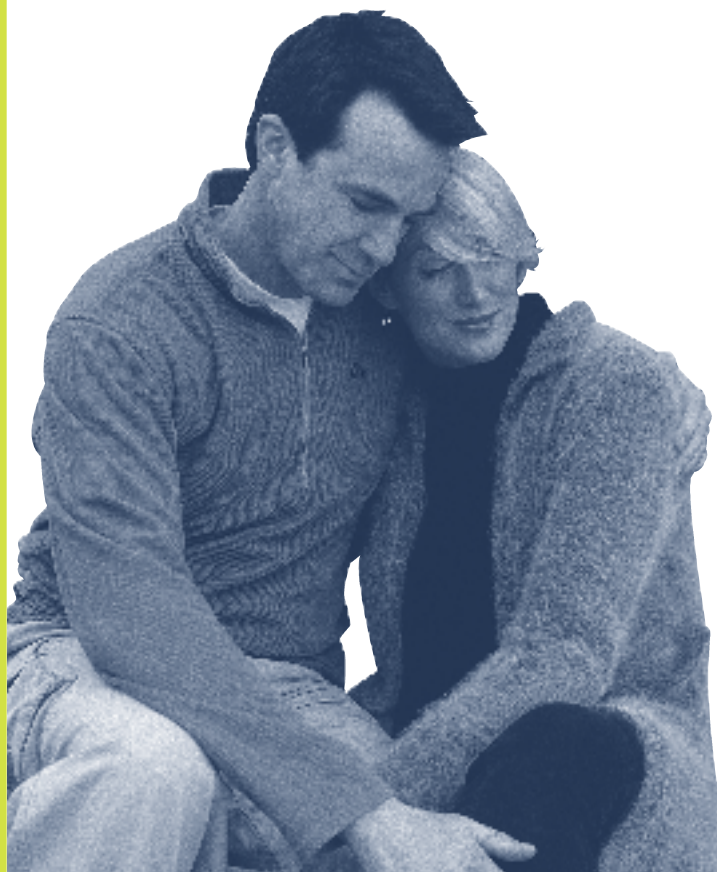
Paying AVCs - Our In House AVC plan is provided by the Prudential. Contributions are deducted directly from your pay and any tax relief is automatically given. Your contributions will build up a fund which at retirement can be used to buy extra pension benefits.

The recent new Regulations contain changes relating to payments into LGPS AVC plans. Instead of paying up to 100% of your pensionable earnings into an LGPS AVC Plan, from April 2007 you can only pay 50%.

For further information you can contact the Prudential on their Pensions Connections helpline by telephoning 0845 607 0077 or by visiting their website at www.pru-localgov.co.uk

There are many other ways of increasing your income for retirement, such as Free Standing AVCs, Stakeholder Pensions and Personal Pensions. These products are not available through the Tyne and Wear Pension Fund, so you would need to arrange them yourself.

If you are currently paying AVCs, you may wish to review your payments now that there is greater flexibility in the LGPS and improved death grants under the new look LGPS.



Features Of The New Look LGPS

We told you earlier that the LGPS rules will be changing. To help you understand these changes we have compared the existing rules with the new rules. There is further information on the next pages.

Provision	Existing LGPS	New Look LGPS
Scheme Type	Final Salary	Final Salary
Accrual Rate	1/80	1/60
Lump Sum	Automatic 3/80 lump sum plus option to exchange £1 of pension for £12 of lump sum up to 25% of capital value of benefits	No automatic lump sum - option to exchange £1 of pension for £12 of lump sum up to 25% of capital value of benefits
Contribution Rate	6% (5% for protected members)	Tiered contributions dependant on pay
Normal Pension Age	65	65
85 Year Rule	Protection for all pre – 1 October 2006 members up to 31 March 2008 plus further protection for some members	Protection for all pre – 1 October 2006 members up to 31 March 2008 plus further protection for some members (under review and may change)
Earliest Retirement Age	Age 50	Age 50 for members in LGPS on 31 March 2008, rising to age 55 by 2010 Age 55 for members joining LGPS on or after 1 April 2008
Flexible Retirement	All benefits	Partial benefits
Ill Health Benefits	Immediate unreduced benefits payable at any age for those certified as permanently incapable of continuing to carry out their own job or available comparable post. With 5 or more years membership, enhancement as laid out in Regulations	Multiple tiers Level of enhancement determined by future employment prospects (under review and may change)
Pensionable Pay	Best of last 3 years pay, usually the final year, or Certificate of Protection of Pay when pay reduced by employer	Best of last 3 years pay, usually the final year, or the best 3 years consecutive average pay (revalued) in the last 10 years when pay reduced
Death in Service Grant	2 times salary tax free lump sum	3 times salary tax free lump sum
Survivor's Pensions	Spouse or civil partner only. Payable for life	Spouse, civil partner or nominated cohabiting partner. Payable for life
Children's Pensions	Payable to eligible dependant children, up to age 23 for new dependant pensions from 1 April 2006	Payable to eligible dependant children up to age 23
Buying Added Years	Option to purchase up to 6 2/3 years membership	Option to buy additional annual pension in multiples of £250 up to £5,000

There may be further changes to these Regulations

New Look LGPS

On these pages, we will explain in a little more detail how the LGPS is changing and what you can expect from the new look Scheme. These changes have been made because, on average people are living longer and receiving their pension for longer. This has led to a general review of public sector pension schemes, including the LGPS.

Please remember, there may still be more changes - this is the latest information at the time of printing your statement.

Is It Still A Final Salary Scheme?

The LGPS is remaining as a Final Salary Pension Scheme. However, the accrual rate is changing. This means that, from 1 April 2008, for every year you are a member you will earn 1/60 of your final salary instead of 1/80.

What About My Lump Sum?

As the rate of pension is higher, there is no automatic lump sum. However, you can still get a tax free lump sum by exchanging some of your pension. For every £1 of pension you give up, you will receive £12 of lump sum. There is more information on this later.

Your pension benefits are not dependant upon investment performance and are not affected by stock market changes.



What Will I Pay?

From 1 April 2008, all existing and new members of the LGPS will pay new contribution rates, as shown in the table below.

Pensionable Pay	Contribution Rate
Up to £12,000	5.5%
£12,000.01 to £14,000	5.8%
£14,000.01 to £18,000	5.9%
£18,000.01 to £30,000	6.5%
£30,000.01 to £40,000	6.8%
£40,000.01 to £75,000	7.2%
More than £75,000.01	7.5%

Your rate of contributions is based on your pay. If you work part time or term time your rate will be based on the pay you would earn if you worked full time. Your employer will decide your band and when you move between bands. The bands will increase annually with inflation.

Your employer will continue to pay contributions into the new look LGPS on top of the contributions you currently pay.

What If I Have Protection To Pay 5%?

If you currently pay 5%, your contributions will gradually rise over a three year period starting 1 April 2008 to match the new rates shown in the table below.

Date From	Contribution Rate
01.04.08	5.25%
01.04.09	5.5%
01.04.10	6.5%

Your contributions will rise until they match the correct rate for your pensionable pay as shown in the first table above.

What About Casual Workers?

If you are a casual worker, whether or not you transfer to the new look LGPS depends on the working arrangement between you and your employer.

After 1 April 2008, a casual worker can only be in the LGPS if they are contracted to work for 3 months or more.

If you are unsure about your contract, you should contact your employer.

When Can I Retire?

The LGPS retirement age is remaining at 65. However, you can retire before then.

If you retire voluntarily your benefits may be reduced because they are being paid early.

You will also need your employers consent if you are under age 60.

Whether you retire voluntarily or on the grounds of redundancy or efficiency, you must be at least age 50 on or after 1 April 2008. This will rise to age 55 on 1 April 2010.

All members joining the LGPS after 1 April 2008 will automatically have a minimum retirement age of 55.

However, remember ill health benefits may be paid at any time.

You can be a member of the LGPS beyond age 65. If you retire after age 65 your benefits could be increased, but must be paid before age 75.

What About The 85 Year Rule?

This no longer exists within the new look LGPS. However, the protection for members who joined before 1 October 2006 will remain. These are

- Full protection if you were born before 1 April 1956
- Tapering protection if you were born between 1 April 1956 and 31 March 1960

Please note consultation on extending full protection to members born before 1 April 1960 is still taking place. At the time of writing, the outcome is unknown.

What If I Have To Retire Due To Ill Health?

A new multi tier system will be introduced. This is still under review and may change.

What About My Pay Figure?

Your benefits will normally be calculated on your last year's Final Pay. If you work part time or term time it would be the pay you would earn if you worked full time.

If you suffer a reduction in pay for any reason you can choose to use the average of the best three consecutive financial years' pay (1 April to 31 March) within your last ten years before retirement.

What About My Membership Before April 2008?

You will keep what you have built up to date under the old LGPS rules. It will be based on 1/80 of final salary for each year of membership and a lump sum three times the value of your pension.

You will automatically be transferred into the new look LGPS and start building up benefits under the new rules.

The example below shows how the new look LGPS will work for existing members.

Example (In Rounded Figures)

On 31 March 2018, a member retires with 20 years of membership and a final pay of £18,000

Membership before 1 April 2008 is 10 years

Pension is $10 \times 1/80 \times £18,000 = £2,250$
Lump Sum is $3 \times £2,250 = £6,750$

Membership after 1 April 2008 is 10 years

Pension is $10 \times 1/60 \times £18,000 = £3,000$

Benefits paid
Total Pension = £5,250
Total Lump Sum = £6,750

As you see this member will get an automatic lump sum of £6,750.

This member could choose to increase this to a maximum of £24,906 by exchanging £1,513 of the £5,250 pension.



What Happens When I Die?

Death benefits will be improved within the new look LGPS.

If you die whilst in service, the tax free lump sum payment is now three times your salary. If you are in receipt of a pension and under age 75, the tax free lump sum will be 10 years of pension less the value of pension payment already made to you.

What About My Dependants?

Survivor's benefits will be changed within the new look LGPS. Following the recent introduction of benefits for civil partners, benefits are now to be introduced for nominated cohabiting partners based on membership from 6 April 1988. You will need to prove that you have been cohabiting for at least two years and that you are financially dependent on each other to qualify. We still need some further information from CLG about this. We will keep you informed.

The rate at which survivor's benefits are built up has not changed. It stays at 1/160 for each year of pensionable membership.

Pensions will be payable to eligible dependant children. The value of the pension will be based on the number of children and whether a pension is payable to a spouse, civil partner or cohabitating partner.

Can I Pay More?

You will be able to buy extra pension in multiples of £250 up to a maximum of £5,000.

This can be for yourself or for yourself and your dependants.

What Do I Need To Do?

You don't need to do anything at all. An active member of the LGPS on 31 March 2008 will automatically be transferred to the new look LGPS.



The Future

There are proposals to introduce a cost sharing mechanism between employers and members by 31 March 2009. This may lead to further changes to the member contribution rates. These proposals are still being discussed - we will keep you informed.

Like To Know More?

You can find further information on the new look LGPS, along with links to other useful pension information, on the following websites:

- Tyne and Wear Pension Fund at www.twpcf.info
- Communities and Local Government at www.communities.gov.uk/lgps
- LGPS national site at www.lgps.org.uk

Your Notes

Important Information From The DWP

It is important you read the notes below.

The Department for Work and Pensions has been unable to provide a forecast of your estimated State Pension entitlement this year.

This is because Parliament has now approved a number of changes to the State Pension rules. These changes affect people who reach State Pension age on or after 6 April 2010.

The computer systems that are used to provide State Pension forecasts are in the process of being updated to reflect these changes. Because of this we are unable to provide you with a State Pension forecast this year.

Normal service will be resumed as quickly as possible. We hope that the annual statement you receive next year will include a State Pension forecast reflecting these changes.

If you would like more information about State Pension reform please visit www.dwp.gov.uk/pensionsreform

If you would like more information about your State Retirement Pension statement please contact the DWP Future Pension Centre on 0845 3000 168.

How To Contact Us

Our information is available in other ways on request.

We can provide information in other languages, Braille or large print.

We also have access to audio aids and BSL (British Sign Language) interpreters.

There are a number of ways you can get in touch with us.

If you need any further information on the LGPS please contact us at:



Postal Address
Tyne and Wear Pension Fund
PO Box 143
Hebburn NE31 2WT



Pensions Helpline
Tel 0191 424 4141
or 0845 625 4141



Fax 0191 424 4171



Email pensions@twpf.info



Web www.twpf.info

Personal Callers

You can visit us during office hours at the Civic Centre, Campbell Park Road, Hebburn, Tyne and Wear, NE31 2SW.

You don't need to make an appointment.

Office Hours

Monday to Thursday 8.30am to 5.00pm

Friday 8.30am to 4.30pm

Please quote your National Insurance Number and your Membership ID Number so we can quickly trace your records.

Moving House

Your employer supplies your address details to the Pension Fund. Therefore, please remember to inform your employer of your new address.

Data Protection

We use the information you give us (and in return the information we give you) to do the tasks required for the administration of your pension, to carry out the Fund's official business and to help stop crime and prevent fraud. Under the Data Protection Act 1998, South Tyneside Council is the Data Controller (the holder, user and processor) of the pension information held about you.