Pensions up 3.1%

Could you foster someone?

New tax allowances
So from now on many inflation linked items will be going up in line with CPI rather than the retail prices index - more about this inside.

Also inside, we have the usual round up of pensions news, tax updates and the like, and also a slightly different type of story - one from Manchester City Council’s fostering team. Inside is a real life story they have sent us, and it makes very thought provoking reading.

Remember, Grapevine is your magazine, so do get involved... send us your recipes, funny stories - you name it, and if we publish your contribution, we’ll send you an exclusive GMPF brolly.

All the best,

Fred Dale
Head of Pensions Administration

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**Understanding your P60 & payslip**

Packaged with this Grapevine is a very important document - your P60 and payslip. The top half of the document is your payslip for April, and shows details of your pension from us before deductions, and the amount of tax we have taken.

The bottom half of the document is your P60 - your summary of tax and pension for the year up to 5 April 2011. You may need to present this, for example if you make a claim for Tax Credits, so please keep it in a safe place.

The Lifetime Allowance is a limit on the total amount any of us can build up in pensions - it is currently £1.8 million. This box shows what percentage of this is used up by your GMPF pension.

If someone asks for your P60, you can tear it off, keeping the payslip part for yourself.
Pensions up 3.1%

We’re pleased to tell you that your pension from us will be going up by 3.1% this time round. But did you know that the Government now uses a different measure of inflation to work out the level of increase?

What’s the new measure?

Traditionally, increases in all public sector pensions have been based on the change in the Retail Prices Index (RPI), but from April 2011 the increase will be based on changes in the Consumer Prices Index (the CPI).

How do RPI & CPI work?

The basic principle is the same with both measures of inflation… the Government puts together an imaginary ‘basket of goods’ containing literally hundreds of items - everything from lip gloss to fuel and computer games to DVD players. The Government then looks at the prices of these items up and down the country, and measures how their prices change over time. There are many similarities between the basket of goods used for both RPI and CPI, but there are some differences too. Here’s what the National Statistics’ guide has to say:

“The CPI uses essentially the same basic price data as the RPI but differs from it in some important respects as highlighted here:

- The goods and services covered by the index: For instance, CPI does not include Council Tax and a number of housing costs faced by homeowners. But there are also some services covered by CPI - such as charges for financial services - which are not in RPI.
- The people whose expenditure is covered: CPI covers a broader population than RPI.
- The way in which the goods and services are classified: The CPI structure follows international definitions while RPI has its own specific structure.

Can GMPF ignore the change, and carry on applying RPI?

No – we are bound by law to increase pensions as instructed by the Government. We cannot pay either a higher or lower amount.

Will everyone get the full 3.1% this month?

No, they won’t - please read on as at least one of the following will apply to you...

1. The full increase will only apply next month: that’s because pensions don’t actually go up until part way through April... the 11th this year.

2. Are you a new pensioner? If you retired after 12 April 2010 then you won’t get the full year’s increase. The table below shows the various dates and rates...

3. Are you under 55? In this case, unless you retired on ill health, your pension won’t start increasing until your 55th birthday.

4. Were you in the Fund before 6 April 1997? If so, and you have reached State pension age, you probably have something called a GMP (Guaranteed Minimum Pension). This isn’t a separate pension but rather a minimum amount your Fund pension has to reach. GMPs also attract pensions increase but at least some of this increase is paid along with your State pension.

Increases for new pensioners

<table>
<thead>
<tr>
<th>Date of retirement</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 April 2010 - 26 April 2010</td>
<td>3.10%</td>
</tr>
<tr>
<td>27 April 2010 - 26 May 2010</td>
<td>2.84%</td>
</tr>
<tr>
<td>27 May 2010 - 26 June 2010</td>
<td>2.58%</td>
</tr>
<tr>
<td>27 June 2010 - 26 July 2010</td>
<td>2.33%</td>
</tr>
<tr>
<td>27 July 2010 - 26 Aug 2010</td>
<td>2.07%</td>
</tr>
<tr>
<td>27 Aug 2010 - 26 Sept 2010</td>
<td>1.81%</td>
</tr>
<tr>
<td>27 Sept 2010 - 26 Oct 2010</td>
<td>1.55%</td>
</tr>
<tr>
<td>27 Oct 2010 - 26 Nov 2010</td>
<td>1.29%</td>
</tr>
<tr>
<td>27 Nov 2010 - 26 Dec 2010</td>
<td>1.03%</td>
</tr>
<tr>
<td>27 Dec 2010 - 26 Jan 2011</td>
<td>0.78%</td>
</tr>
<tr>
<td>27 Jan 2011 - 26 Feb 2011</td>
<td>0.52%</td>
</tr>
<tr>
<td>27 Feb 2011 - 26 Mar 2011</td>
<td>0.26%</td>
</tr>
</tbody>
</table>

For more about CPI and RPI please visit: www.statistics.gov.uk
Your tattyfilarious tax guide

You may remember a few years ago the trouble comedian Ken Dodd got into over a ‘misunderstanding’ about his income tax! Fortunately for most of us, things are much more straightforward, and any tax you have to pay is taken by us at source. So here’s a quick look at the tax allowances for this year...

Just like at work, you have an amount you can receive free of tax - a tax allowance. For most of us, this is just based on the personal allowance. The amount varies depending on your age, but for example, from this April, someone under 65 can receive £7,475 free of tax. That’s £1000 more than last year. As you will see from the table below, there are different allowances for different ages. So if you’re 75 or over, you can receive over £10,000 free of tax*.

There are also other allowances which will apply to some members, such as blind person’s allowance and married couple’s allowance. But these don’t apply to many of us, so we’ve not included them here.

Personal allowance (under 65) £7,475
Personal allowance (65 -74)* £9,940
Personal allowance (75 & over)* £10,090

*As shown, the 65s and overs get higher allowances, but these are reduced if total income is over £24,000.

New local government job?

Please remember, you must tell us if you get another job with any employer who offers membership of the LGPS - whether or not you join the Scheme. In some cases, working for this type of employer will affect your pension.

Frequently asked questions

I’ve been sent a Notice of Coding (form P2) - what is it?

It confirms your tax code, but you don’t have to do anything, as the HMRC (in other words the taxman) will tell us at GMPF.

How is my tax code worked out?

Your Notice of Coding (form P2) explains it. But in a simple case, tax free income for the year is worked out, then divided by 10 to give the code. For example someone with just the personal allowance of £7,475 with no adjustments, say for State pension, would have a code of 747L.

Should I even pay tax as a pensioner?

It’s up to the taxman to decide. As you can see on the left, if you receive more than your allowance, you pay tax on the remainder.

I think I’m paying too much tax - can GMPF change it for me?

No, you need to start by speaking to the HMRC - only they can change your tax code. Then if they do, we will take a different amount of tax. See opposite page for HMRC contact details.
Make a difference to a child’s life!

Have you, or someone you know, ever considered fostering? This touching story from Manchester City Council’s foster service shows just how rewarding it can be…

“Do you give hugs?” - this was the main question nine year old Chris asked before he went to live with his new foster carers in Manchester six years ago.

Neglected and physically assaulted at home, Chris was - at the age of seven - the main carer and protector of his two little sisters.

Now, aged 16, he is an intelligent, confident, gifted teenager with an amazing 15 GCSEs, who is studying for his A levels, and wants to go on to drama school.

Here’s his story in his own words:

“My mum and dad divorced when we were young. We slept on a mattress on the floor with no carpets, and then we went to a women’s refuge until my mum met my stepdad and we moved to Manchester.

“We never had proper meals; we were just given a pack of custard creams, or a six pack of crisps.

“One day my stepdad lashed out at me and hit me in the face.

“At school the next day I think a teacher passed information on and we got picked up by a social worker. We didn’t go back home.

“We went to an emergency placement for about a week and then to a few other placements.

“After about a year Julia and Paul came to see us. We had to do a questionnaire to find out what they were like. We asked ‘do you give hugs?’ They said yes. We moved in with them.

“They were nice, they had things like a computer that we hadn’t had before, and a family dog that we used to take for walks to the park.

“We started to trust them. They did things for us. We felt safe.

“At school I began moving up until me and two other boys were at the top of the class.

“Before I was taken into care I was very shy, with very low self esteem. Now I’m completely different.

“But I’m not the only young person like this. There’s lots of children out there in situations like I was, or even worse off than me and my sisters.

“You start off in life, and it wasn’t great, and then you get this second chance at a life... and it’s foster carers like mine that make that second chance happen. I wouldn’t have had that without them. They’re amazing.”

Foster carers can and do make a real difference to children’s lives. If you think you can give a child or a young person a second chance at a life, you can find out more from Manchester City Council’s fostering service by calling 0800 988 8931 or by visiting their website at: www.fosterformanchester.com

There is also a website which covers the North West, and this is: http://youcanfoster.org
We always pay your pension in advance on the first banking day of the month - but sometimes this isn’t the 1st of the month, for example when the 1st falls on a weekend or a bank holiday. So here’s a handy cut out & keep calendar, showing all the paydays for the next 12 months...

Pay days are marked in pink:

Bank holidays & weekends are marked in pale blue:

Remember for any tax queries please ring the HMRC on 0845 3000 627.
New bank account?

If you want your pension paying into a different bank account, your bank or building society won’t tell us, so please make sure you do! Please note we cannot take bank changes over the phone, so you need to drop us a line or call in at our offices.

If you can get online, the easiest way of changing your bank details is to download a bank change form, fill it in, and send it in to us. Simply go to www.gmpf.org.uk and go to the pensioners’ homepage where you will find a link.

Don’t miss the boat!

Please make sure we find out about bank changes by the 15th of the month. That way, we can make sure the change is done in time for the following payday. If you don’t tell us in time, we may try and make a payment to your old bank account, and find it has already been closed. If this happens, your old bank will return the payment to us, and we will forward it to your new account.

Why not join the club

We’ve been approached by a company called Xafinity Paymaster, to offer you free membership of a pensioners’ group called Club Together.

Take a look at your FREE magazine

Members get a free magazine twice a year, containing articles written by members and external experts on everything from benefits and tax, to surfing, cooking and the best and worst holiday destinations. The magazine gets a 90% approval rating from its readers.

Members suggest products and services which are then negotiated by the club. The Member Panel then reviews them before they are introduced to other members in the magazine and newsletters. The club is proud that over 86% rate the offers as ‘good’, ‘very good’ or ‘excellent’ - though please note that the offers are not endorsed by GMPF.

Joining is easy

GMPF will not pass any of your details to Club Together. To join, you must fill in the tear off slip attached to the enclosed sample Club Together magazine. You will then continue to receive Club Together communications unless you opt-out, which you can do by contacting Club Together at any time.

Your data is secure

If you join, Club Together will store your name and address and other details to enable it to send you their communications but they will not pass them onto third parties. Partners may collect your data directly if you enquire about an offer but have agreed not to use your data for any other purpose than dealing with your enquiry.

Moving house?

Please remember to let us let us know if you move house, or if this newsletter didn’t come to the right address.

We are happy to hear from you by phone, fax, email, post or in person at our offices.

Please see the back cover for all our contact details.
Introduction

This summary report is based on information taken from our full Report & Accounts for the year to 31 March 2010.

The year to 31 March 2010 has seen a significant recovery and improvement in fund value building on the Fund’s track record of excellent long term returns. The report shows the Fund starting the year with a value of £7.8 billion, and growing to an impressive £10.4 billion, giving investment returns for the year in excess of 36%.

In fact by February 2011, the Fund had grown in value even more, to an all time high of £11 billion.

In spite of these achievements, we recognise that these are very difficult times for employers paying into GMPF, and we will be working with them to manage the scale of any employer increases.

In his introduction, the Chair paid tribute to Councillor Roy Oldham, who passed away last year. Roy had been the Chair of the Management Panel, and a driving force behind GMPF for almost a quarter of a century. He leaves behind the legacy of a fund which is amongst the best funded local authority funds in the country.

Peter Morris, Director of Pensions

Top 20 equity holdings

Carnival: This top 20 investment is the largest cruise vacation group in the world, with a portfolio of cruise brands which includes Carnival Cruise Lines, Princess Cruises, Cunard Line, Ocean Village and P&O Cruises.

Together, these brands operate 95 ships, including Carnival Dream pictured here. At 130,000 tons, she is one of the largest ships in the fleet, and boasts a giant outdoor cinema, a spa, a miniature golf course and even a waterslide and splash zone.
Total Main Fund £10,091 million

Internally managed £1,471 million
Cash & Private Equity £925 million
Property £546 million

Externally managed £8,620 million
Securities Portfolio
- UBS £4,971 million
- Capital £1,569 million
- Legal & General £2,068 million
Property Venture Fund
- GVA Grimley £12 million

Benchmark asset allocation

Equity/non equity split
EQUITIES 65%
NON EQUITIES 35%

Non equity split
- UK INDEX LINKED 8.3%
- OVERSEAS INDEX LINKED 4.0%
- UK GOV’T BONDS 13.1%
- OVERSEAS GOV’T BONDS 8.3%
- UK CORPORATE BONDS 17.7%
- OVERSEAS CORPORATE BONDS 2.3%
- CASH 17.7%
- PROPERTY 28.6%

UK/overseas equity split
UK EQUITIES 50%
OVERSEAS EQUITIES 50%

Overseas equity split
- EMERGING 10.0%
- PACIFIC 12.5%
- JAPAN 17.5%
- EUROPE 30.0%
- NORTH AMERICA 30.0%
How we performed

And here's the Fund's result from the various types of investments - our returns. The graph below shows our returns from each type of investment, compared with the 'market' (in other words average returns for that type of investment). And the graph below compares our returns with other local authority pension funds like us.

INVESTMENT RETURNS
Year ended 31 March 2010

Net assets statement as at 31 March

<table>
<thead>
<tr>
<th></th>
<th>2010 £’000</th>
<th>2009 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK equities</td>
<td>2,480,650</td>
<td>1,743,236</td>
</tr>
<tr>
<td>Overseas equities</td>
<td>2,163,797</td>
<td>1,516,139</td>
</tr>
<tr>
<td>UK fixed interest corporate bonds</td>
<td>458,115</td>
<td>211,724</td>
</tr>
<tr>
<td>Overseas fixed interest corporate bonds</td>
<td>110,581</td>
<td>114,088</td>
</tr>
<tr>
<td>UK fixed interest government bonds</td>
<td>382,543</td>
<td>123,720</td>
</tr>
<tr>
<td>Overseas fixed interest government bonds</td>
<td>201,331</td>
<td>180,185</td>
</tr>
<tr>
<td>UK index linked</td>
<td>320,391</td>
<td>366,414</td>
</tr>
<tr>
<td>Overseas index linked</td>
<td>49,861</td>
<td>107,814</td>
</tr>
<tr>
<td>Property</td>
<td>364,001</td>
<td>386,216</td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>2,150</td>
<td>307</td>
</tr>
<tr>
<td>Pooled investment vehicles</td>
<td>3,063,886</td>
<td>2,606,938</td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>888,036</td>
<td>369,680</td>
</tr>
<tr>
<td>Other investment assets</td>
<td>203,062</td>
<td>56,941</td>
</tr>
</tbody>
</table>

Investment assets
10,688,404

Derivative contract liabilities (1,580)
Other investment liabilities (261,341)

Investment liabilities
(262,921)

Current assets 26,636
Current liabilities (7,357)

Net current assets
19,279

Net assets of Fund
10,444,762

<table>
<thead>
<tr>
<th>Duration (years)</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>10.6</td>
<td>9.6</td>
</tr>
<tr>
<td>15</td>
<td>8.3</td>
<td>7.5</td>
</tr>
<tr>
<td>10</td>
<td>6.1</td>
<td>5.7</td>
</tr>
<tr>
<td>5</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>1</td>
<td>7.1</td>
<td>7.1</td>
</tr>
</tbody>
</table>

*GMPF’s rank within Local Authority funds
How the figures add up...

Here you will see how much members and employers paid in, compared with how much was paid out in benefits. After other payments in and out, the amount available for investing was £187 million.

### Income (£ millions)
- Employees contributions: 123
- Employers contributions: 286
- Transfers in (Individual): 29
- Income from investments: 222
- **Total Income**: 660

### Expenditure
- Benefits paid out: 421
- Investment & administration costs: 12
- Transfers out: 40
- **Total expenditure**: 473

**Money available for investment**: 187

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You can download a PDF version of the full Report & Accounts for the year to 31 March 2010 from our website, [www.gmpf.org.uk](http://www.gmpf.org.uk).

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**Anything to declare?**

Remember, if you are claiming any sort of benefit, for example housing benefit, you need to declare that you draw a pension from us, in case its value has to be taken into account.

If you don’t do this, although you might not regard yourself as a criminal, it really is a form of fraud.

**Plan ahead**

Another from of potential fraud is where one of our members dies and we don’t find out, meaning we carry on paying the pension.

Normally this is a genuine error, and is easily put right. And you can help prevent this happening in the first place by making sure that whoever is going to look after your affairs after you’ve gone lets us know as soon as possible. They can let us know by phone on: **0161 301 7100**.

That way we can stop your pension before any wrong payments have been made, and of course put into place any new pensions which may arise – for example a pension for your husband or wife.

To pick up any overpayments, we take part in the National Fraud Initiative, which cross checks the records from pension schemes like ours with the Department for Work & Pensions’ database. This picks up cases of fraudulent claims, which are then investigated further, sometimes in conjunction with the Police.

We’ve also signed up for a service called Tracesmart, which runs a check each month against the General Register Office’s records. They then let us know the names of members who may have passed away without us being aware.

We then carry out further checks, including sending a Life Certificate, which asks the member to contact us if they are still alive. So if you get one of these from us, please don’t be offended... it really is in your interest to fill it in and send it back.

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For more information about the National Fraud Initiative, and how Tameside takes part in it, please see: [www.tameside.gov.uk/fraud](http://www.tameside.gov.uk/fraud)
Pensioners’ Forum 2011

2nd innings for
Old Trafford Cricket Ground

The Point Conference Centre, Old Trafford Cricket Ground, 10:00am to around 3:00pm

Friday 7th October 2011

We are pleased to invite you to our pensioners’ forum, which once again will be held at Old Trafford Cricket Ground. This venue was new to us last year, and we were so impressed with it that we’ve gone for the same again.

What’s in store
If you’ve been before, you’ll know exactly the type of thing to expect…. The day will start with refreshments in our hospitality and exhibition area, where you can pick the brains of the experts we’ve laid on from various organisations.

Then later we move through to the adjacent conference room for presentations, largely about you and your pension. Then we break for lunch, followed by a second chance to ‘grill the experts’.

Getting there
Although not right in the city centre, the venue has excellent public transport links. Several buses stop nearby, and it has its own Metrolink tram stop. For those of you who prefer to drive, there’s a huge on site free car park.

How to apply
Tickets are free of charge, but are limited, so we’ll be drawing names out of a hat. To be in with a chance, simply fill in the slip below and send it to us by 30 June 2011. We’ll do the draw in August and send out your ticket shortly after that if you’ve been successful.

Please think of your fellow pensioners and please only apply for a ticket if you intend to use it.

Please enter me in the draw for a ticket for the 2011 Pensioners’ Forum

Your full name: ____________________________

Your Pension Number: ____________________________

See enclosed payslip if you don’t know your pension number

Signed: ____________________________

Please place in an envelope and mail to:
Communications Team,
Greater Manchester Pension Fund,
Concord Suite, Manchester Road,
Droylsden, Tameside, M43 6SF.
This actor was born in 1911. Who is he?

This rugby player wore number 11 for his country. Who is he?

Who directed the 2001 version of the film Ocean's Eleven?

Who was the first man to walk on the moon during the Apollo 11 mission?

What was taking place here in 1918?

Who was the first man to walk on the moon during the Apollo 11 mission?

GMPF brollies up for grabs

There are two ways of getting yourself an exclusive GMPF brolly... the first way is to enter our prize quiz on the left - first correct answer out of the hat wins one... and as it’s 2011, all the questions link to the number eleven.

And the second way is to send us something we can use in Grapevine. We’re always on the lookout for things sent in by YOU our readers....

You might write in and tell us about a hobby you enjoy, or you could send us a funny story (preferably a clean one - adults might be reading) if you’re a dab hand in the kitchen, why not send us a tasty recipe. Perhaps you’ve been on your travels, and would like to send in a write up on your favourite holiday destination. Or if you’ve got green fingers, why not send in some gardening tips that other readers could benefit from.

Send us whatever you like - and if we use it, you win a brolly!

Please contact Simon or Malcolm by letter or by email:

Communications Team, Pensions Office, Concord Suite, Manchester Rd, Droylsden, Tameside, M43 6SF.

malcolm.tyrer@gmpf.org.uk
Recently I had a call from Peter regarding his elderly, unmarried Aunt Edith who lived in another part of the country. He said Social Services had placed her in a care home, as she was no longer able to care for herself at home.

Peter was rather outraged at the apparent high handed attitude of the local authority as he told me he was the next of kin and couldn’t understand what right the local authority had in interfering in her affairs.

I explained that the local authority has statutory duties of care to their elderly residents. I found out that Peter rarely visited his aunt, so it was no surprise that he was out of touch with developments.

I told Peter that unless his aunt had taken action, whilst she was fit and well and had made a Lasting Power of Attorney to cover the possibility that one day she might be in the situation where she couldn’t manage her affairs, then the local authority were safeguarding her interests and the only solution was for him to apply to the Court of Protection to become her Deputy.

I further explained that this could take at least 6 months, in which period aunt’s affairs were in a state of limbo.

Another couple, Bill and Joan, had addressed such issues, whilst they were both fit to do so. Sadly, Joan was now suffering from dementia and Bill had bowel cancer. It seemed likely that Bill might die before Joan.

Some years before, Bill & Joan had visited their solicitor and changed the way that they owned their house, instead of the survivor owning all the house after the first of them died (this is called a joint tenancy), they now owned the house as tenants in common. This meant they each owned a distinct half share in the house, which instead of going outright to the survivor of them, went in accordance with their wills, which was drawn up as part of their sensible asset preservation planning.

The wills gave the survivor of them the right to live in the house until death or earlier if the survivor no longer permanently lived there.

Sadly Bill died before Joan, who then went into a care home. The house was sold by their two sons, who had been appointed executors of Bill’s will and the attorneys of Joan, under a Lasting Power of Attorney, which she made whilst fit and mentally capable.

What happened to the sale proceeds of the house?

Bill’s half share passed under his will to his two sons. Joan was in care and self funding her care costs, so her sons made sure she received all the benefits she was entitled to, and taking into account her State and occupational pensions looked at the shortfall in her fees. They then took financial advice and purchased an annuity based on Joan’s life expectancy. This annuity made up the difference in her care costs for the rest of her life.

So with good planning, half the value of the house was preserved against care costs and a large proportion of Joan’s half share was also preserved, to pass onto her sons and their families on her death.

The moral of these 2 stories is it’s never too early to take good specialist legal advice and put it into action.

“Are you a ditherer or a doer when it comes to decisions about making a Will or a Lasting Power of Attorney?” asks Moira Percival from Gorvins Solicitors...

Where there’s a will

Moira Percival is a partner with Gorvins Solicitors of Stockport and a local member of Solicitors for the Elderly and a member of STEP (Society of Trust and Estate Practitioners). Moira is this year’s President of Stockport Incorporated Law Society.

This article has been written by Gorvins, and any questions about its content should be directed to them. For legal advice please speak to Gorvins or any solicitor specialising in this type of work.
Can we help you?

To speak to one of our pension payroll team, please have your pension number handy then call us on the number below.

If you prefer to email us or visit our website, we have shown these details too...

0161 301 7100
mail@gmpf.org.uk
www.gmpf.org.uk
Greater Manchester Pension Fund
Concord Suite, Manchester Road
Droylsden, Tameside, M43 6SF