

# BCSSS

## pensions news

For members of the British Coal  
Staff Superannuation Scheme

Winter 2013/2014

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## BCSSS Pension Increase January 2014

In summer 2013, we wrote to explain that the funds released by the 2012 valuation were allocated to provide three separate pension increases, equivalent to 2% of your Guaranteed Pension, in 2014, 2015 and 2016. These will be shown on payslips as 'new level bonus'.

The first of these increases will be effective on the first day of January 2014 and will be applied to all your benefits paid from the Guaranteed Fund. Please note that members with GMP-only, bonus-only or EPB-only entitlements will not receive these increases.

Members already receiving their BCSSS pension will receive details of the 2014 increase with their January payslip. The illustrations below show how the increase will appear on your payslip.

### Payslip up to November 2013

#### Scheme Guaranteed pension

This is your basic retirement pension and includes any increases linked to the Retail Prices Index (RPI) over the twelve months to November.

#### Level Bonus pension

These are the bonuses which were awarded following the Scheme's valuation in 2009.

Payments this Period		Deductions this Period	
Scheme Guaranteed	336.59	Tax	85.76
Level Bonuses	39.92		
Reducing Bonus	52.32		
<b>Total</b>	<b>428.83</b>	<b>Total</b>	<b>85.76</b>

2572.98	514.40	0.00	0.00	<b>343.07</b>
<b>Gross</b>	<b>Tax</b>	<b>Gross</b>	<b>Tax</b>	
<b>This Year to Date</b>		<b>Previous Employment</b>		<b>NET PENSION</b>

<b>British Coal Staff Superannuation Scheme</b>	<b>Pay Date</b>	30/11/2013	<b>Tax Code/ Tax Basis</b>	BR
	<b>Period Number</b>	8 2013/2014	<b>Membership Number</b>	A123456
			<b>Members Name</b>	SMITH

#### Reducing Bonus pension

These are the bonuses which were awarded following the Scheme's valuations prior to 2009. These bonuses became reducing bonus pensions as a result of the deficit revealed by the 2009 valuation.

**In December 2013 both the Reducing Bonus pension and Level Bonus pension will be added together and called Reducing Bonus pension.**

## Payslip January 2014 onwards

(Assumed 3% RPI increase for illustration only)

### Scheme Guaranteed pension

This is your basic retirement pension and includes any increases linked to the Retail Prices Index (RPI) over the twelve months to November.

### New Level Bonus pension

These bonuses were awarded following the Scheme's valuation in 2012. These bonuses will be effective from 1 January 2014, 1 January 2015 and 1 January 2016 based on 2% of your Scheme Guaranteed Pension as at the day before the effective date.

Payments this Period		Deductions this Period	
Scheme Guaranteed	346.69	Tax	87.11
New Level Bonus	6.73		
Reducing Bonus	82.14		
<b>Total</b>	<b>435.56</b>	<b>Total</b>	<b>87.11</b>

3437.37	687.27	0.00	0.00	<b>348.45</b>	
<b>Gross</b>	<b>Tax</b>	<b>Gross</b>	<b>Tax</b>	<b>NET PENSION</b>	
<b>This Year to Date</b>		<b>Previous Employment</b>			

<b>British Coal Staff Superannuation Scheme</b>	<b>Pay Date</b>	31/01/2014	<b>Tax Code/ Tax Basis</b>	BR
	<b>Period Number</b>	10 2013/2014	<b>Membership Number</b>	A123456
			<b>Members Name</b>	SMITH

### Reducing Bonus pension

These bonuses were awarded following the Scheme's valuations prior to 2012. These bonuses became reducing bonus pensions as a result of the deficit revealed by the 2012 valuation. From January 2014 this bonus will be reduced by any RPI increase added to your Guaranteed Pension until it is reduced to zero.

continued overleaf

## BCSSS Pension Increase January 2014 *continued*

The level bonuses which had previously been awarded became subject to the standstill provisions of the Scheme and were converted to reducing bonuses.

Whilst the standstill provisions of the Scheme mean that your Bonus Pension can be reduced it is important to remember that the Scheme's Guarantee provides members with two significant protections.

- Firstly it ensures that your total pension (i.e your Guaranteed Pension plus your Bonus Pension) cannot fall.
- Secondly it ensures that your Guaranteed Pension increases each year in line with the Retail Prices Index (RPI).

Deferred members will be notified of the increase in their annual benefit statement, to be sent in summer 2014.

Although the usual RPI increase will still be applied to your Guaranteed Pension in January, the standstill arrangements mean that there will be a corresponding reduction in the bonus element of your pension which effectively cancels the RPI increase out. This adjustment does ensure, however, that your total pension does not fall. The 2% increase in 2014, 2015 and 2016 is not affected by this process.

The Trustees have worked very hard to be in a position to provide increases to pensions for the period up to 2016. However, the longer term financial position of the Scheme remains uncertain. At each of the last two valuations the Actuary's assessment of the Fund revealed that the Guaranteed Fund – the fund which holds the assets to pay Guaranteed Pensions – was underfunded. Assets had to be borrowed from the Investment Reserve to top up the Guaranteed Fund.

### What does this mean for members after 2016?

The next valuation of the Scheme is due to be carried out as at 31 March 2015. Any surplus in the Guaranteed Fund arising from a future valuation of the Scheme must first be used to repay the money owed to the Investment Reserve (£1,584m as at 31 March 2012, the date of the last valuation). Only after the borrowing is repaid can surpluses be transferred to the Bonus Augmentation Fund to provide new bonuses. Consequently, it is difficult for the Trustees to see how they will be in a position to pay any overall pension increases in 2017, 2018 and 2019. As they have done in this valuation, however, the Trustees will continue to monitor the situation between now and then to consider any options to improve the position.



## Summary of the Scheme's Accounts for the year to 31 March 2013

At the Scheme year-end, 31 March 2013, the Fund stood at £9,099 million. The Fund Account is shown below.

<b>The Fund Account</b>	<b>2013</b> £million	<b>2012</b> £million
<b>Income</b>		
Income from investments	<b>147</b>	<b>149</b>
<b>Total Income</b>	<b>147</b>	<b>149</b>
<b>Expenditure</b>		
Pensions and lump sums	<b>(672)</b>	<b>(672)</b>
Running costs:		
Investment management	<b>(24)</b>	<b>(28)</b>
Other administration costs	<b>(7)</b>	<b>(7)</b>
Payments to Guarantor	<b>(47)</b>	<b>(47)</b>
<b>Total Expenditure</b>	<b>(750)</b>	<b>(754)</b>
<b>Change in market value</b>	<b>948</b>	<b>126</b>
Net Increase/(Decrease) in Fund during year	<b>345</b>	<b>(479)</b>
Net assets at 31 March 2012/2011	<b>8,754</b>	<b>9,233</b>
<b>Net assets at 31 March 2013/2012</b>	<b>9,099</b>	<b>8,754</b>

After making payments of £719 million during the year to members (£672m) and to the Guarantor (£47m), the total value of the Fund rose by £345m.



## Summary of the Scheme's Accounts for the year to 31 March 2013 *continued*

### The Scheme's investments

Over the year to March 2013, the return on the Fund was 12.9%. Actual returns exceeded benchmark for both the portfolio as a whole, and for each individual asset class with the exception of the Uncorrelated asset class.

### Annualised Return on Investment Assets to 31 March 2013

	Trailing 1 year		Trailing 3 years	
	Scheme %	Benchmark %	Scheme %	Benchmark %
<b>Cash</b>	2.27	0.51	2.64	0.58
<b>Fixed Income</b>	9.67	8.44	7.49	7.03
<b>Equities</b>	16.97	16.62	9.12	8.47
<b>Property</b>	6.01	2.10	8.22	7.24
<b>Infrastructure</b>	14.52	3.28	3.28	4.06
<b>Uncorrelated</b>	10.84	16.62	13.90	7.33
<b>Total</b>	<b>12.9</b>	<b>12.46</b>	<b>8.82</b>	<b>7.87</b>

### Asset Allocation

At the end of the year to 31 March 2013, the actual proportion of investment assets held at market value in comparison to the target asset allocation was as follows:

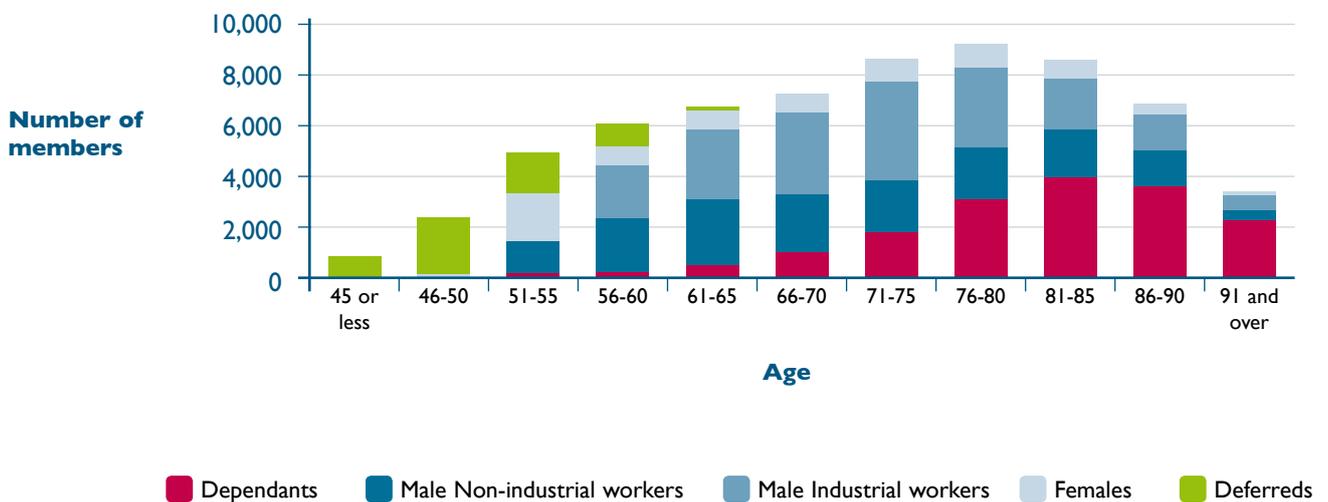
		Actual %	Target Asset Allocation %
<b>Cash &amp; Fixed Income</b>	Cash	1.0	2.0
	Fixed Income	16.4	18.0
<b>Equities</b>	Passive Equity	33.7	32.5
	Active Equity (including long/short equity)	22.8	22.5
	Private Equity	11.3	10.0
<b>Property</b>	UK Property	7.5	8.0
	Infrastructure	2.0	2.0
<b>Uncorrelated Investments</b>		5.3	5.0
<b>Total</b>		100.0	100.0

## Scheme Membership Details

Details of the Scheme's Membership as at 31 March 2013 and 31 March 2012 are set out below.

	As at 31 March 2013	As at 31 March 2012
<b>Deferred pensioners</b>	<b>5,301</b>	<b>5,881</b>
<b>Pensions in payment</b>		
Former contributors	41,110	42,067
Widows/widowers	16,408	16,826
Children	181	195
<b>Total pensions in payment</b>	<b>57,699</b>	<b>59,088</b>

The graph below shows details of the number of members at the 2012 valuation date.



## Benefits on Death

### Will BCSSS benefits be payable on your death?

Generally speaking, if you have paid Family Benefit Contributions, a pension for life is payable to your widow, widower or civil partner. If you are unmarried, a pension may be payable (at the Trustees' discretion) if there is a partner of either sex who was financially dependant on you at your time of death.

### How to let the BCSSS know your wishes

#### Pensions

If you do not leave a legal spouse or civil partner, you can provide the Scheme with information about someone who you would wish to be considered for a dependant's pension. Unmarried members who have an adult dependant partner can write in confidence to the Administration Office setting out the nature of their relationship and any wishes in respect of their pension. You can write to us at any time; the information will be recorded on your confidential BCSSS file. If a claim is received from your dependant after your death, the information you have provided will then assist the Trustees in determining whether the claimant meets the qualifying conditions.

#### Lump sums

Deferred pensioners, and pensioners in the first five years of retirement, can also make an election in respect of any death benefit lump sum payable, allowing payment to be made at the discretion of the Trustees. Where a payment is made at the discretion of pension scheme trustees, there is usually no requirement for the death benefit lump sum to be paid into a member's estate. The lump sum would also be removed from the assessment for Inheritance Tax. This does mean that the Trustees cannot be bound to follow the member's wishes although, where a declaration is made, they would usually be willing to do so.

To help the Trustees reach a decision, members can complete a nomination form to confirm to whom they would like the benefit to be paid. It is always helpful to know what a member would wish to happen in such circumstances, and members who have not yet completed a declaration form are encouraged to do so.



#### Keeping your declaration up to date

Members' circumstances do change over time and it is sensible to keep your nomination up to date, especially if you have had a significant life event after completing your last nomination form – for example, a marriage, divorce, death amongst your nominated beneficiaries or birth of a new potential dependant.

These nominations apply only to cash sums payable on a member's death, not to any pension that may become payable to a surviving spouse or other dependant. There are no cash sums payable on the death of a spouse or other dependant.

## Trustee News

### Committee of Management Re-appointment

Ray Proctor's current term of office as an Appointed Trustee was due to come to an end in April 2014. The Trustees believed it would be beneficial for Ray to serve as an Appointed Trustee for a further term. The Guarantor has approved the Trustees' proposal and Ray's term has been extended until April 2016.

### Pensioner Representative Election

Pensioner Representatives on the Scheme's Committee of Management are elected from each BCSSS constituency for a period of four years. Allen Clark's term of office as Pensioner Representative for the Scotland and North East England constituency came to an end on 30 September 2013. The constituency held an election during 2013 and Allen was re-elected. He will now serve for a further four year period, to the end of September 2017.

### Result in detail

- Four candidates stood for election.
- 4,203 members voted, almost 36% of the 11,817 who were eligible to vote.
- Allen Clark, the successful candidate, received over 37% of the votes cast.

Allen Clark	1,580
Paul Allen	1,406
Neil Logan	918
William Allison	293

Our congratulations go to Allen.

Thanks to all those who took the time to vote and to those who stood for election.

### Forthcoming election

**A ballot will be held during August/September 2014 for the election of a Pensioner Representative Trustee in the East Midlands, Southern England and Overseas Constituency. The current Pensioner Representative Trustee for this constituency, Bob Chappell, is eligible to stand for re-election if he wishes. Further details of the arrangements for that election will appear in the summer edition of BCSSS Pensions News.**





## Annual General Meetings – 2013 and 2014

The 2013 Annual General Meeting (AGM) was held in Cardiff on Tuesday 24 September 2013. The AGM was attended by 73 Scheme members (up from 53 the previous year) who joined the Committee of Management, Scheme officials and guests to hear presentations from the Scheme Chairman, Philip Read, the Chairman of the Investment Sub-committee, Dick Barfield and the Chief Executive of Coal Pension Trustees Services Limited, Geoff Mellor.

The presentations included a summary of the Scheme's Report and Accounts, updated the meeting with details of Trustee appointments, investment strategy and performance, and provided answers to the questions which members had submitted in advance of the meeting. A note of these questions and the answers provided at the meeting is now available on the Scheme Publications section of the BCSSS website.

The presentations were followed by an open forum session where members were able to raise questions from the floor. Copies of the presentations made to the AGM and a transcript of the open forum session can be requested from the Scheme Secretary at the address given on the back page of this newsletter.

**The 2014 AGM will take place on 9 September 2014 in Derby. Notice of the meeting and information about obtaining tickets will be included in the summer 2014 edition of Pensions News.**

### Pension Paydays for 2014

31 January 2014	30 May 2014	30 September 2014
28 February 2014	30 June 2014	31 October 2014
31 March 2014	31 July 2014	28 November 2014
30 April 2014	29 August 2014	19 December 2014

# News in Brief

## Pension Payroll Arrangements

The Scheme has nearly 58,000 pensioners in payment. To ensure that pensions are paid into bank accounts on time, the payroll has to be processed up to two weeks before the actual payday.

If you are changing your bank account it is very important to let us know as early as possible so that payment can be paid to your new account. It will help to prevent any delay

if you include your Scheme reference number as shown on your payslip (it begins with A and has six digits) on any correspondence. To prevent any delays in payment, you may wish to keep your previous bank account open until you have received a letter from the Administration Office to confirm that your details have been updated.

## The Scheme's website

During the autumn, the information contained on the Scheme's website has been reviewed and revised. A new-look, easy to navigate website, containing up-to-date information about the BCSSS, is almost ready to launch.

We anticipate that the new site will be introduced early in the New Year – the website's address is unchanged, so please keep visiting **www.bcsss-pension.org.uk** to check on the launch, and feel free to send us comments or any feedback you might have on the new site.

## The Scheme's interactive website – My Pension Online

The interactive Scheme website was introduced in November 2012. Letters providing login IDs were sent to all members at the end of 2012 to confirm how to register on the website.

Once you have registered, the interactive site allows you to:

- Check the personal details we hold for you
- Access commonly asked questions and answers about the Scheme and links to Scheme documentation
- Contact the Administration Team online
- Access useful links to other pension related websites.

Deferred members can also view a statement of current benefits and pensioners can view online payslips and tax information.

The interactive website address is: **https://www.mypensiononline.com/BCSSS**

During 2013, the Trustees extended the options available from the interactive website. The facility to make on-line changes to their address and bank details is now available to those members who have registered for the interactive website.

If you have lost your login ID details, please contact the Administration Team for assistance.

**All members can of course continue to contact the Scheme by phone or by letter.**



## Get in touch – we're here to help

For more information about the Scheme, visit the Scheme website at:

[www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)



### What is your question about?

Payment of your pension or entitlement to benefits

The deduction of tax from your pension

#### Telephone:

**Surname A-J**  
**0845 609 0012**  
(UK local no.)

**(+44) 114 203 4613**  
(Abroad standard charge no.)

**Surname K-Z**  
**0845 609 0013**  
(UK local no.)

**(+44) 114 203 4629**  
(Abroad standard charge no.)

OR

**Write:** The Administration Office, BCSSS, 5th Floor,  
The Fountain Precinct, Balm Green, Sheffield S1 2JA

OR

**E-mail:** [bcsss.enquiries@aonconsulting.co.uk](mailto:bcsss.enquiries@aonconsulting.co.uk)

**Remember to quote your National Insurance/Scheme Number**

#### New HMRC contact details

HMRC have changed their address and contact telephone number. If you write to them, please use this new address:

**HM Revenue & Customs**  
**Pay As You Earn**  
**PO Box 1970**  
**Liverpool**  
**L75 1WX**

Their new telephone number is  
**0300 200 3300.**

Please quote reference 428/NCBP

**A question on Trustee policy or the level of service provided by the Scheme.**

**Write:**

BCSSS Scheme Secretary, Coal Pension Trustees Services Limited,  
Ventana House, Concourse Way, Sheaf Street, Sheffield S1 2BJ

OR

E-mail: [bcsss.enquiries@coal-pension.org.uk](mailto:bcsss.enquiries@coal-pension.org.uk)

You can also log in to our alternative website, [www.mypensionline.com/BCSSS](http://www.mypensionline.com/BCSSS) using your login ID, to check the personal details we hold for you, contact the administration team online, and much more.

## Have we got the right address for you?

It is important that we know how to contact you. Remember to notify the administration office if you move house. If you know of any former colleagues who have moved recently, why not remind them to give the administration office their new address.

BCSSS Pensions News is also available on CD, please contact the Scheme Secretary if you wish to receive a copy on CD.

