

BCSSS

Pensions News

For members of the British Coal Staff Superannuation Scheme

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2005 Annual General Meeting

This year's Annual General Meeting (AGM) of members is being held in Chester. The AGM is your opportunity to find out more about how the Scheme is run.

- you will hear reports from the Scheme Chairman, Sheila Gleig, and from Scheme staff
- you will have the opportunity to ask questions and to meet trustees and staff informally before and after the main business of the meeting.

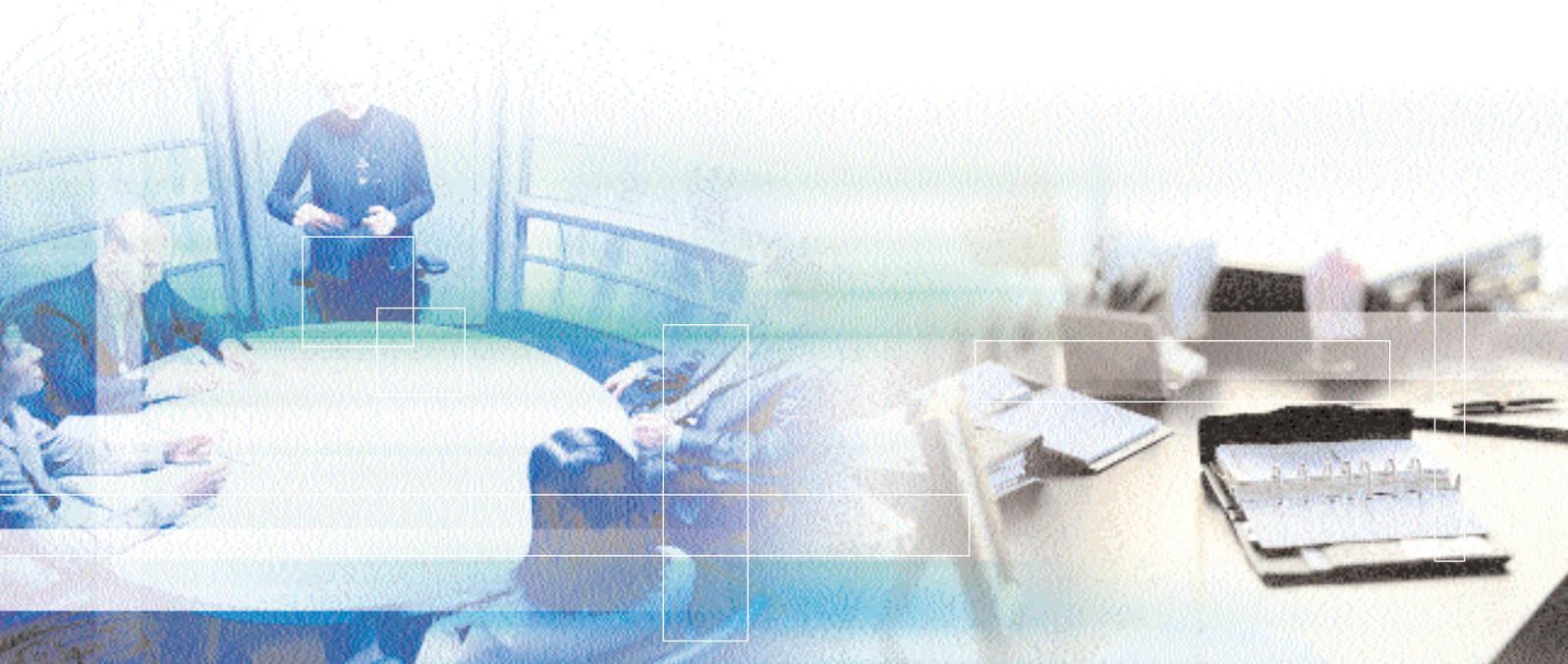
The date: Thursday 29 September 2005, from 1.30pm, formal business starting at 2.00pm

The venue: The Queen Hotel, City Road, Chester, CH1 3AH

Questions can be asked from the floor but it helps to have them in advance so that we have time to prepare a properly considered answer. Clearly it would be inappropriate for questions about your own benefits to be dealt with at the open meeting, so only questions about trustee policy or Scheme management will be taken at the AGM.

At last year's AGM the Chairman attempted to keep the open forum question session at the end of the meeting to the intended question and answer session. In past meetings some members have used the session to make long statements rather than ask questions. After the AGM we surveyed the members who had attended to get their views on how the AGM had been received, and how it could be improved. The vast majority of members replying felt that the AGM was worthwhile and supported the Chairman's attempts to manage the meeting so that as many questions as possible could be answered.

To obtain your ticket for the AGM please write to the Scheme Secretary at the address on the back page of this newsletter. If you have a question that you would like answering at the AGM, then please include it with your ticket request to arrive with the Scheme Secretary no later than 15 September.



Committee of Management update



Ray Proctor has been re-appointed by the Secretary of State for Trade and Industry as a member of the Committee for a further 3 years from May 2005.

Ann Taylor CBE, Director of Coal Health Claims at the Department of Trade and Industry has been re-appointed as a member of the Committee of Management until 30 September 2005.



Pensioner Representative Elections 2005

Ballots were held earlier in the year for the election of Pensioner Representative trustees in two of the four BCSSS constituencies.

The successful candidates were:



- **Bob Chappell for East Midlands, Southern England and Overseas**



- **Stuart Jukes for Yorkshire and North Lincolnshire**

They will serve as Pensioner Representative trustees for three years from 1 April 2005.

Bob was elected to service by his constituency for a fourth term, receiving over 52% of the votes cast. Bob is a former scientist with British Coal and was, prior to privatisation, the appointed trustee from BACM. He is the longest serving trustee having first been appointed in 1989.

Stuart was also elected to service by his constituency for a fourth term, receiving over 68% of the votes cast. He previously worked in the administration of the Scheme and was Superannuation Officer for Yorkshire and West for just under 10 years, having been Deputy Superannuation Officer prior to that.

Our congratulations go to the successful candidates and our thanks to all those who got involved.



Pensioner Representative Elections 2005 continued

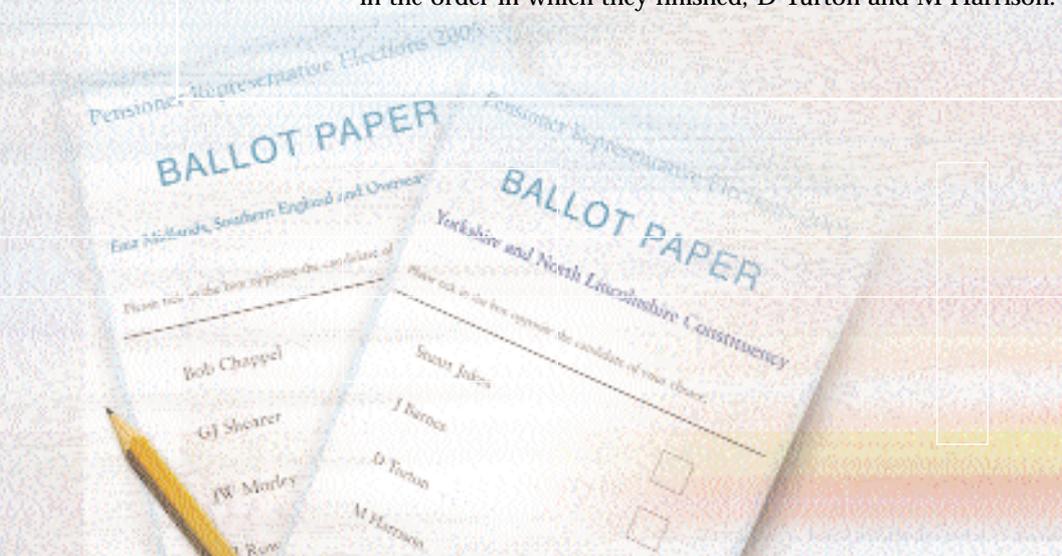
Facts and figures

East Midlands, Southern England and Overseas Constituency

- five candidates stood for election
- 9,283 members voted; 40% of the 23,393 who were eligible to vote
- Bob Chappell, the successful candidate received 4,894 of the votes cast
- of the other candidates, GJ Shearer received 1,421 votes and HD Lloyd 1,148. Other candidates standing in this constituency were, in the order in which they finished, JW Morley and H Rowley.

Yorkshire and North Lincolnshire Constituency

- four candidates stood for election
- 8,722 members voted; 45% of the 19,449 who were eligible to vote
- Stuart Jukes, the successful candidate received 6,004 of the votes cast
- J Barnes received 1,105 votes. Other candidates standing in this constituency were, in the order in which they finished, D Turton and M Harrison.



The next ballot

The period of office for Bleddyn Hancock and Allen Clark, the other two Pensioner Representative trustees, ends on 30 September 2006. Elections in their constituencies, North West England, West Midlands, Wales and Northern Ireland Constituency, and Scotland and North East England Constituency, will be held in the summer of 2006.

As detailed later in Pensions News, elements of the Pensions Act 2004 come into force in phases from April 2005 to April 2006. The new requirements for trustee training, knowledge and understanding will apply from April 2006. These require trustees to have a knowledge and understanding of the law relating to pensions and trusts and also the principles relating to the funding and investment of pension scheme assets. They must also be conversant with scheme documentation. In order to ensure that all BCSSS trustees have the opportunity to meet these requirements, a detailed programme of training sessions has been arranged for the coming year.

As a result of these new requirements the Committee has considered whether changes should be made to the term of office for Pensioner Representatives. The current period of office is 3 years and the Committee is mindful that this is a relatively short period given the effort required to meet the knowledge and understanding requirements. The Committee is considering increasing the period of office to 4 years and phasing the elections so that one constituency holds elections each year. This would have the added advantage in ensuring that continuity is maintained, with the possibility of only one new elected Committee member each year.

Look out for more information about voting or standing for election in future issues of BCSSS Pensions News and on the website.



Update on tax and pension law changes

The Pensions Act 2004 started to come into force in April 2005, with further stages being effective in the autumn and the remainder next April. The tax changes from the Finance Acts 2004 and 2005, originally described as pension tax "simplification" (but now looking far from simple!) come into effect also next year, from 6 April 2006.

As you would expect, the trustees are not leaving matters until next year before taking action. Already, the Scheme's administrators are working on the changes to computer systems and communications to members that will make sure we comply with the new tax laws and provide you with all the information you should need.

As we have reported in previous issues of BCSSS Pensions News, the Pensions Act does not have a great deal of effect on our Scheme – we have a new Regulator to work with, and the trustees are ensuring their training is right up to date to comply with the requirements that they all have adequate "knowledge and understanding" to run the Scheme on your behalf. But with our Government Guarantee, much of the new law that has been reported in the media has no effect on us. The sad news about the funding difficulties of some high-profile companies' pension schemes (like Rover, Courts and TNN for example) will concern us all, but the Pension Protection Fund that will hopefully provide their members with some element of their lost pensions to live on, does not cover the BCSSS, or other schemes with a Government Guarantee.

Looking in more detail at [Tax Simplification](#), effective next year, we broadly welcome the changes, which will result in the position that nearly all of our members will have less tax restrictions on their benefits.

The key points concerning the new legislation for BCSSS members are:

- old style Inland Revenue limits, based on service and final pay, will disappear
- instead, there will be no limit on pensions being drawn, and no additional taxes will be payable on the total value of pensions (over and above State pensions) up to a "Lifetime Allowance". Pensions will be valued according to a new formula set by HM Revenue and Customs (HMRC). In the first tax year (2006/07) the Lifetime Allowance will be £1.5m, and will rise each year for at least the next 5 years.
- that means that there will be no restriction on taking pensions in total of up to £75,000 per annum, or £60,000 after tax free cash is taken. Again, these levels will rise in future.
- any member who is already receiving a pension, and has no other pension savings yet to be put into payment, will have no restrictions on their pension in payment and will be able to receive increases in line with inflation without further checks from HMRC.
- new pensions from other arrangements which bring the total to above the level of the Lifetime Allowance can be drawn (so HMRC will no longer stop a member from taking higher pensions than the HMRC limit) but they may be subject to heavy tax penalties on the excess.

A key area of concern for Scheme members was the change that from 2010 members of approved pension schemes would not be able to draw their pension before age 55. The regulations which will confirm that those who, like BCSSS members, have a pre-existing right can continue to take pension from age 50 have not yet been published by Government. However, we have consulted HMRC and taken advice from our legal advisers, and are satisfied that, in respect of their BCSSS pensions, members will be unaffected by this change.



Update on tax and pension law changes continued

We will be making two factsheets on the new tax framework available to all members in the near future. These will cover:

- a general outline of the new pensions tax framework. How it affects pensioners and deferred pensioners, what information you will need to provide to HMRC in future to help ensure you do not pay too much tax, and what help we will be giving you.
- how to protect your pension from additional tax if you have built up a pension which is above the new "Lifetime Allowance" of £1.5m (2006/07).

The first factsheet will be provided to all deferred pensioners (those whose pensions are not yet in payment). It will have more relevance to them because, being under retirement age, they are more likely to be earning further benefits in other pension arrangements.

The factsheet will also be available on our website later in the year, and any Scheme pensioner is welcome to request a copy from the Scheme Secretary at the address on the back page.

The second factsheet will be of particular interest to former senior staff at British Coal, those with very long service, or those who have built up substantial pension savings from other jobs, or personal pensions. If you:

- have pension savings which in total are over £1.5m in value, or
- have total pensions from all sources (excluding State pension) that are over £60,000 per annum, or
- are still working and in a pension scheme (IWCSSS, another employer scheme, or a personal plan) and expect that at the time you retire one of these conditions might apply

you may wish to obtain our factsheet which will be available in September. Please write to the Scheme Secretary and ask for a copy, or download it from our website. We would stress however that personal tax planning is not a matter the trustees or its advisers can provide assistance with. We would strongly recommend that anyone concerned about tax on their pension after April 2006 should seek independent financial advice.

State benefits update

Information about State benefits is included where we think this may be of interest to members. If you would like further information please contact the relevant Government office. BCSSS staff are not able to provide any advice or further information about State benefits.

Changes to Pension Credit

The Government introduced the Pension Credit on 6 October 2003, and the DWP advises us that from April 2005 the rates for the Pension Credit have changed.

People should apply for Pension Credit if they are aged 60 and over, live in Great Britain, and have a weekly income of less than £109.45 if they are single or £167.05 if they are part of a couple. People aged 65 and over who have made modest financial arrangements for their retirement are likely to be entitled even if their weekly income is considerably higher - up to about £151 for single

people or about £221 for couples. Some people who are severely disabled, look after a person who is severely disabled or who have certain housing costs eg. mortgage interest payments, may get Pension Credit even if their income is higher.

To apply, or for more information, call The Pension Service on freephone 0800 99 1234 (textphone 0800 169 0133).

Or visit www.pensions.gov.uk/pensioncredit for more information.



State Pension Forecasts

If you are living in the UK and are more than four months and four days away from State pension age, you may request a State pension forecast from The Pension Service.

The State pension forecast shows the amount of State pension you have earned already and the amount you can expect at State pension age in today's money values.

You can request a forecast from The Pension Service as follows:

By Telephone: 0845 3000 168

By Textphone: 0845 3000 169

On-line: www.thepensionservice.gov.uk

By post: State Pension Forecasting Team, Future Pension Centre, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA.

If you live outside the UK, you can request a forecast by contacting the HMRC's Centre for Non-Residents at www.hmrc.gov.uk/cnr

State Pension Deferral

When you reach State pension age you may claim your State pension then, or you may choose to take it a later date and receive extra State pension instead. If you are already in receipt of a State pension, you can decide to stop claiming it for a while in order to receive extra State pension at a later date.

From 6 April 2005, if you choose not to take your State pension for a period after your State pension age, you will have the additional option of taking a lump sum instead of extra State pension.

The extra State pension you can earn is 1% for every five weeks you do not draw your State pension (this is greater than the rate used before 6 April 2005). This extra State pension is paid on top of your normal State pension when this comes into payment, and is increased each year along with the rest of your State pension. You will not receive State pension for the weeks you do not claim as you will get a higher pension instead.

You can only claim a lump sum payment if you put off claiming your State pension for at least twelve consecutive months falling after 5 April 2005. The one-off lump sum is based on the amount of normal weekly State pension you would have received, plus interest added weekly and is taxable.

Prior to 6 April 2005, you could only earn extra State pension for up to five years, whereas now, you can put off claiming your State pension for as long as you want up to age 75.

Additional information, including the effects of State pension deferral on other State benefits and tax can be found on the Department for Work and Pensions (DWP) website:

www.dwp.gov.uk/lifeevent/penret/penreform/6_s_p.asp

Please note if you have taken the levelling option the deduction from BCSSS pension at State retirement age will be implemented regardless of State pension deferral.

Scheme Secretary



Dawn Shirley was appointed as Scheme Secretary to the Committee of Management on 7 April 2005. As reported in the January 2005 edition of Pensions News, Dawn replaces John Haigh who stood down as Scheme Secretary on 6 April 2005 to take on a new role at Coal Pension Trustees.

Dawn has nineteen years experience in pensions and qualified as an Associate of the Pensions Management Institute in 1994.

She started her career in pensions in 1986 working on the BT Pension Scheme. She spent ten years with BT as a pension administrator, technician and pension policy adviser. Following this she spent just over a year with a pension consultancy, and then moved to Capita Hartshead, one of the country's largest third party pension administrators, where she spent nearly eight years, as a scheme secretary and client manager for a number of pension schemes.

Dawn is looking forward to helping members and supporting the Scheme's Committee of Management in managing the Scheme for many years to come.

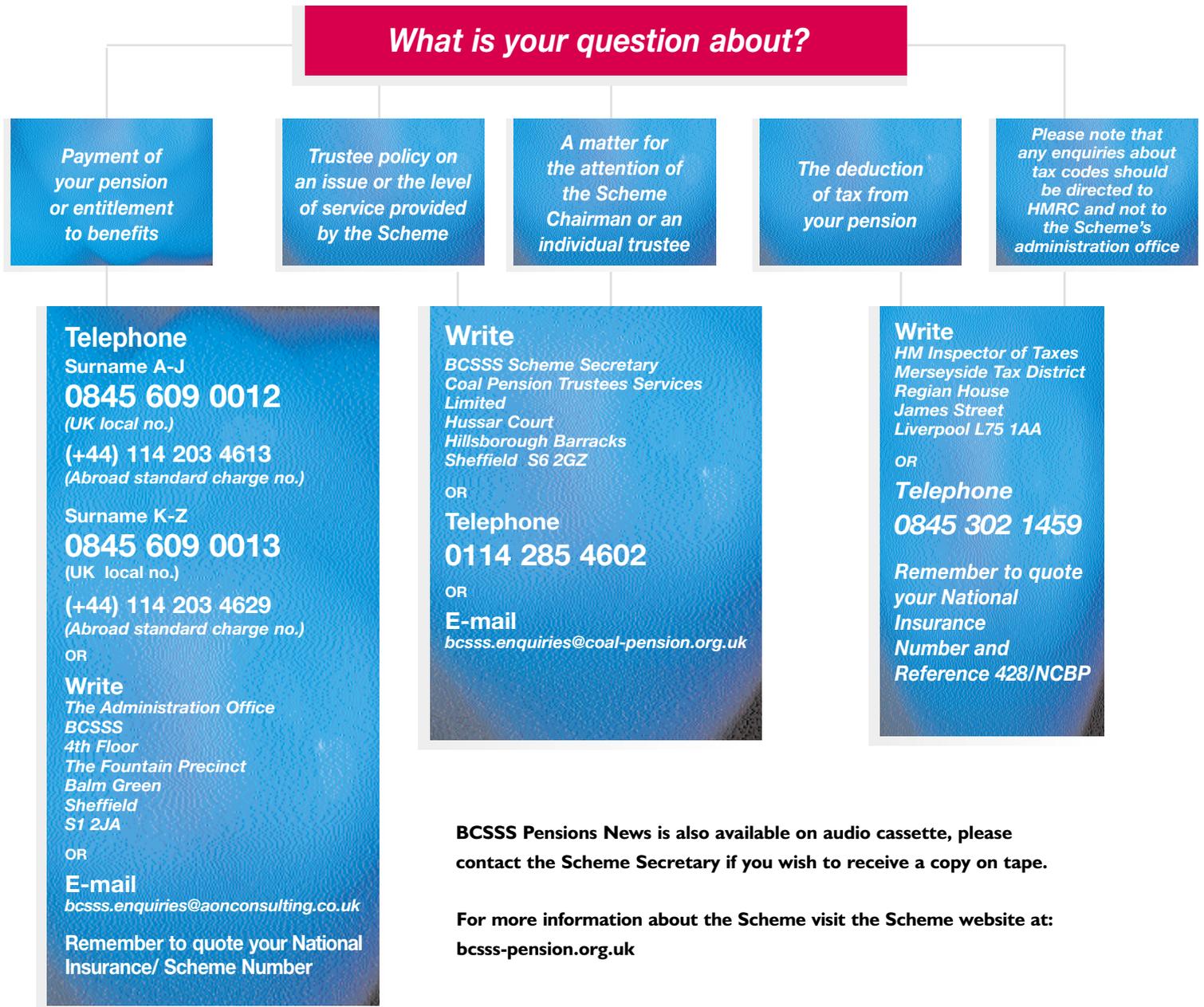
Administration Office

The Scheme's administration office has moved to new accommodation within Sheffield city centre. They can now be contacted at – BCSSS, 4th Floor, The Fountain Precinct, Balm Green, Sheffield, S1 2JA.

All of the contact telephone numbers remain unchanged and a mail re-direction service will be used for the foreseeable future.



Get in touch - we're here to help



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.