

Pensions Shared Service

Camden • Merton • Richmond
Waltham Forest • Wandsworth

“Live at Lunch” Member Webinar: Local Government Pension Scheme



A Webinar from the Pensions Shared Service with

Martin Doyle – Head of Pensions Shared Service

Carrie Adubofour – Pensions Administration Manager

February 2024 (Microsoft Teams Meeting)





Pensions Shared Service

4 Pension Funds covering 5 London Boroughs hosted here at Wandsworth Town Hall

Around 28,000 active members; 47,000 deferred & 32,000 Pensioners

More than 230 employers

Each year administering:

6,000 new members of the Local Pension Scheme; 2000 transfer investigations;
1,500 new pensioners; 2,500 members leaving before retirement and 650 deaths.

Today's meeting will answer some key questions:

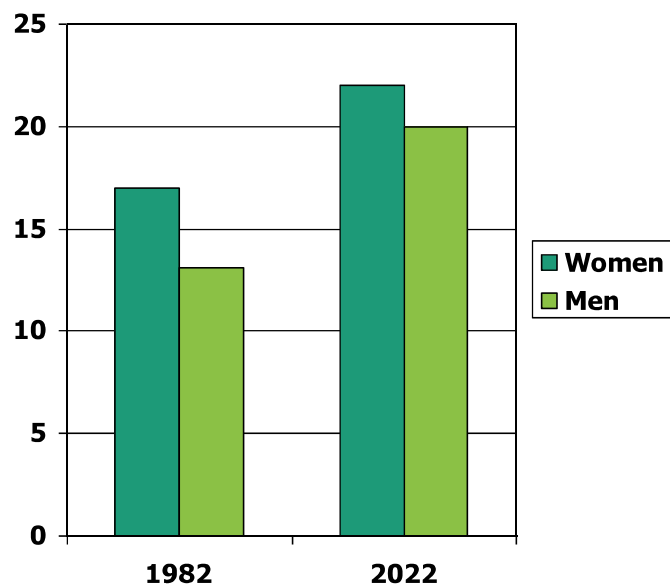
- Why should I be a member of the scheme?
- How are my pension benefits built up?
- What are my retirement options?
- How can I increase my benefits through Additional Pension Contributions (APC's) or Additional Voluntary Contributions (AVC's)
- Can I transfer pension benefits from another scheme or plan?
- What happens if I leave before retirement age?

Plus look at:

- The benefits of our online portal "**Member Self Service**"

Today's Webinar

Importance of Retirement Saving - Longevity



- Approx. 30% of Adult Life in Retirement now
- Nearly one in five UK citizens will live beyond 100

How much is enough retirement income?

Spending might go down



Less or zero mortgage

Children finally left home

Don't have to save for retirement

No National Insurance to pay at SPA

Spending might go up



More holidays

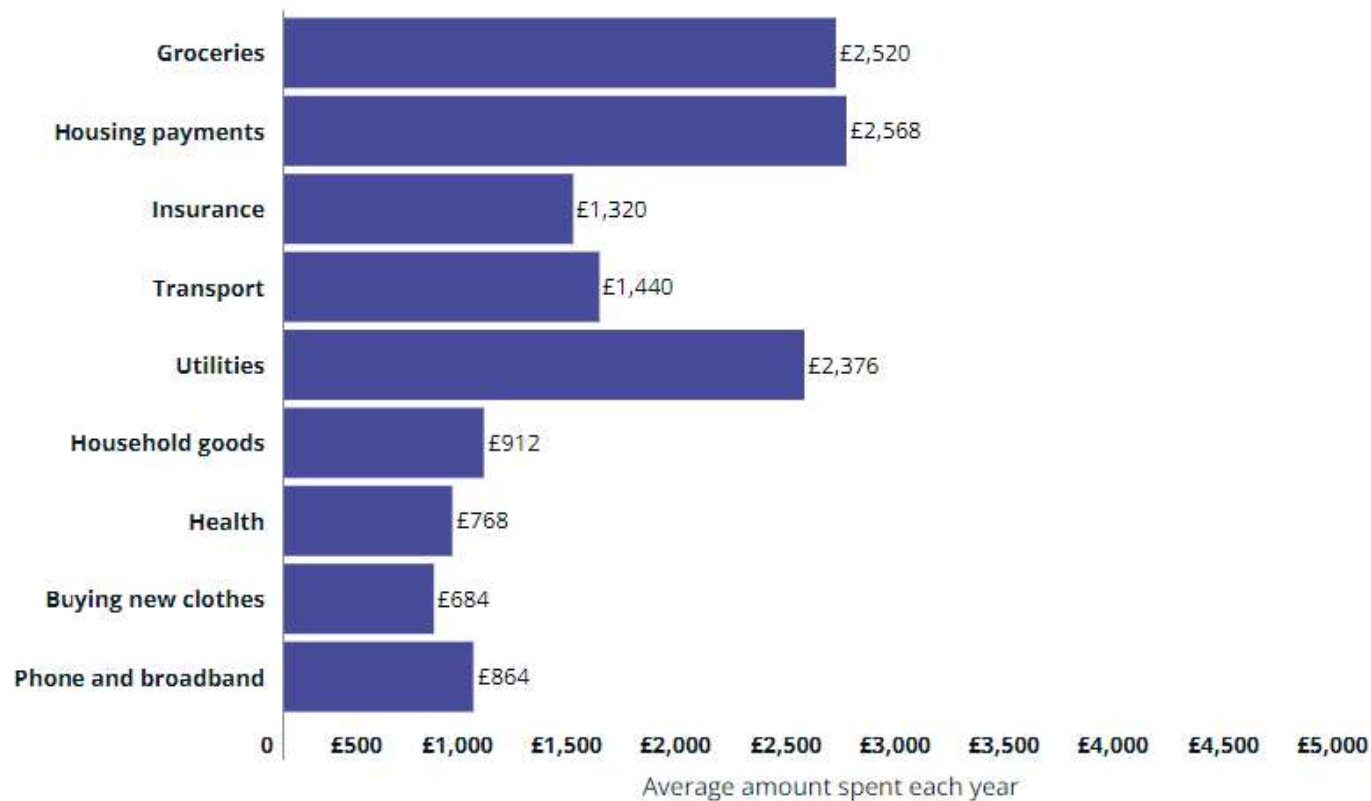
More leisure time

Heating bills

Long term care

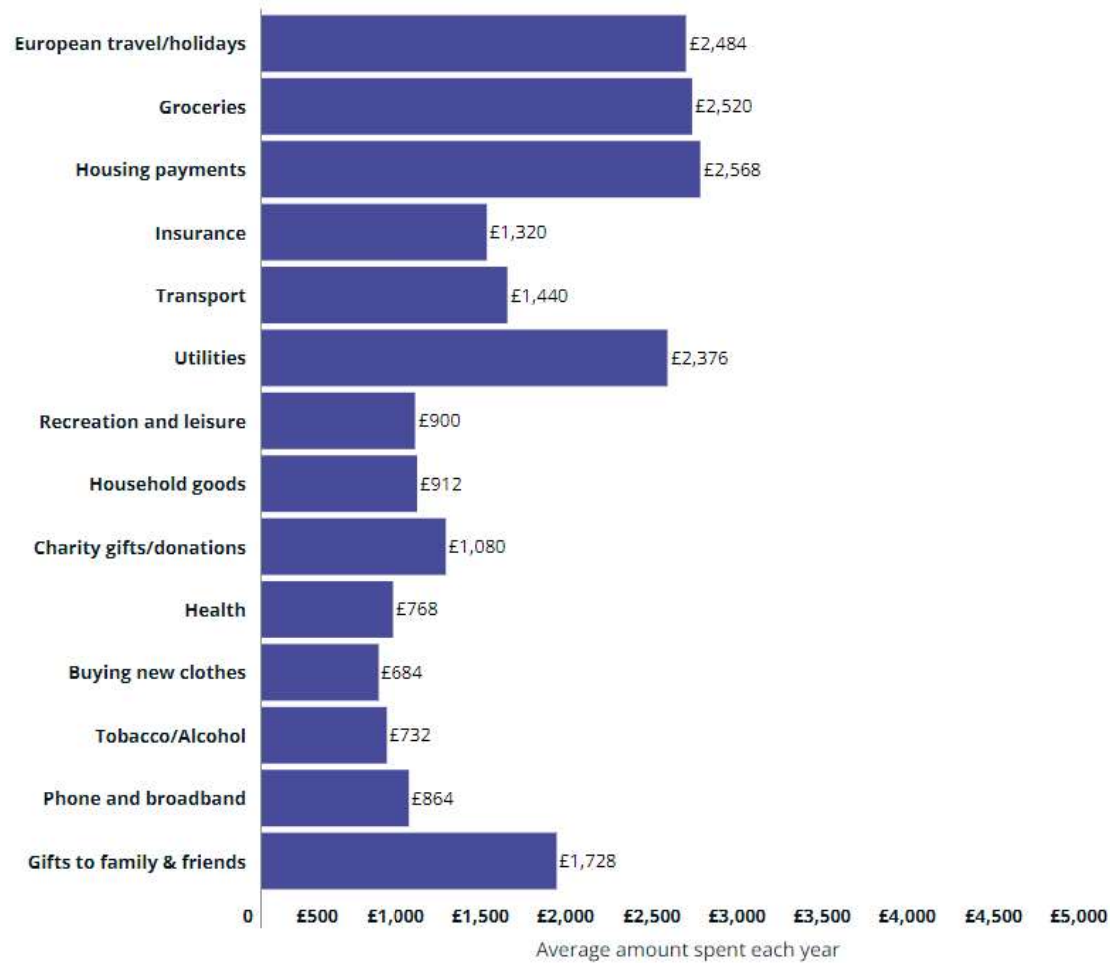
“Which” Magazine Survey of 5000+ Retired Members

Minimum
Living
Standard



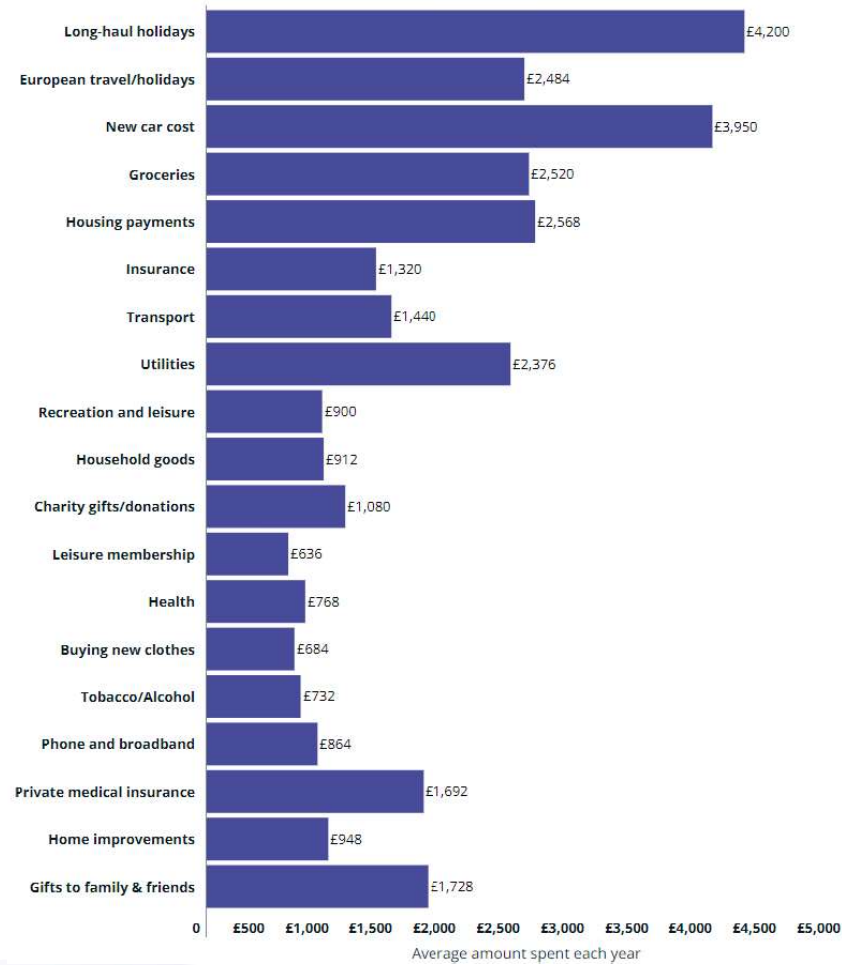
“Which” Magazine Survey of 5000+ Retired Members

Moderate
Living
Standard



“Which” Magazine Survey of 5000+ Retired Members

Comfortable
Living
Standard



Retirement Living Standards – Income Levels for London

	Single	Couple
Minimum	£15,700	£24,500
Moderate	£32,800	£42,900
Comfortable	£45,000	£61,200

<https://www.retirementlivingstandards.org.uk/>



Standards assume
people are
mortgage/rent free

Amounts are **after** tax

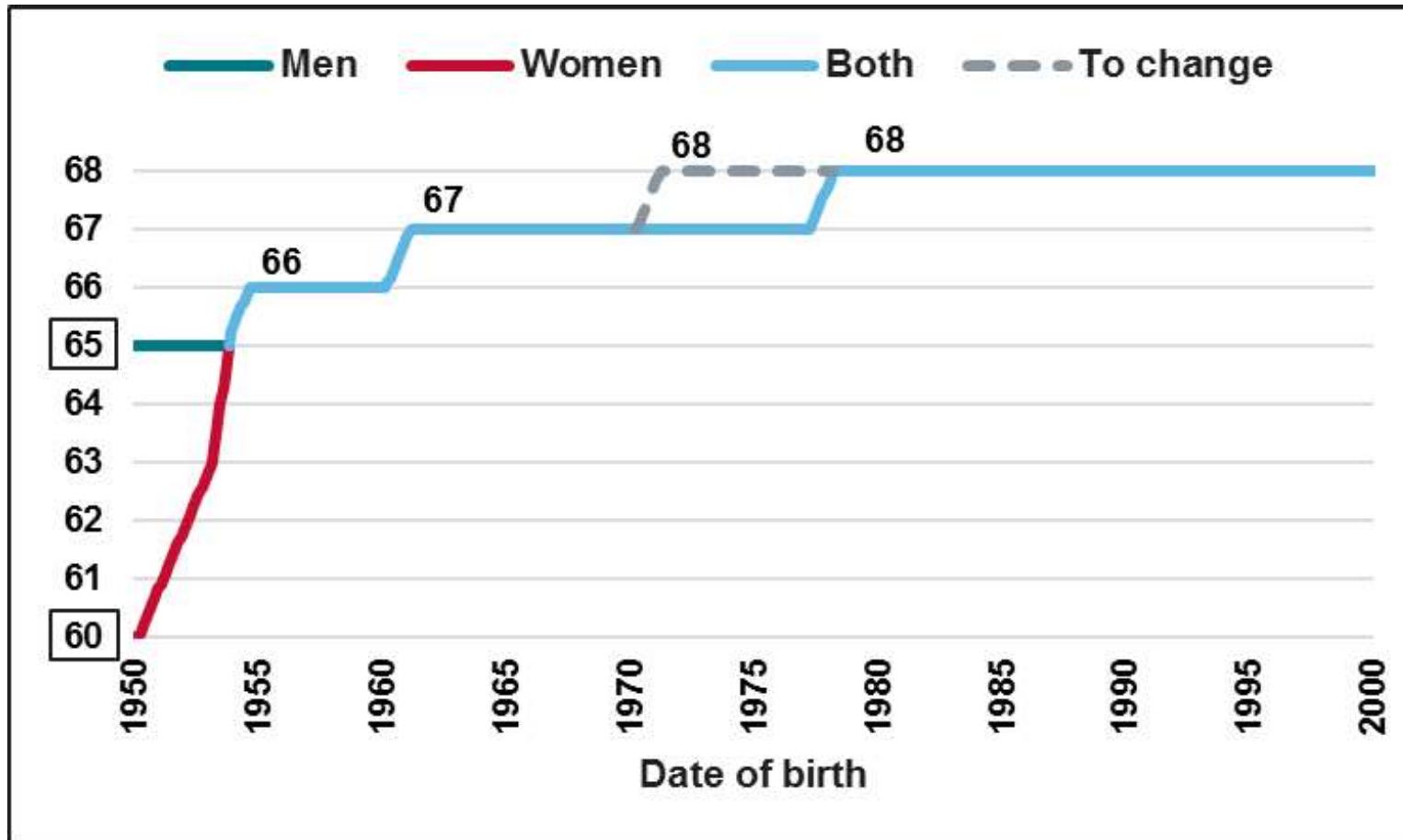


State Pension

When you might get it?

The current legislated pathway is for the State Pension age to rise to 67 between 2026 and 2028 and 68 between 2044 and 2046.

Full state pension for 2024-25 is £11,500 per year





The LGPS

Local Government Pension Scheme

- Statutory Scheme set by regulations made by Parliament (Department for Levelling Up, Housing and Communities)
- Provides Fixed and Defined Benefits – Final Salary/CARE Scheme
- **not linked or subject to market performance**
- Some Employer Discretion – each Employer must have a policy

Pension Account Example – 1/49th of pay

Scheme Year	Yearly Pay	1 April	31 March	Inflation
Yr 1	£30,000	NIL	£612	+10.1%
Yr 2	£31,500	£674	£1,317	+5%
Yr 3	£33,000	£1,383	£2,056	+3%
Yr 4	£34,500	£2,118	£2,822	+3%
Yr 5	£36,000	£2,910	£3,644	+3%

Death Benefits



Death Grant equal to three years pay – you MUST nominate

Death Benefit Expression of Wish on MSS

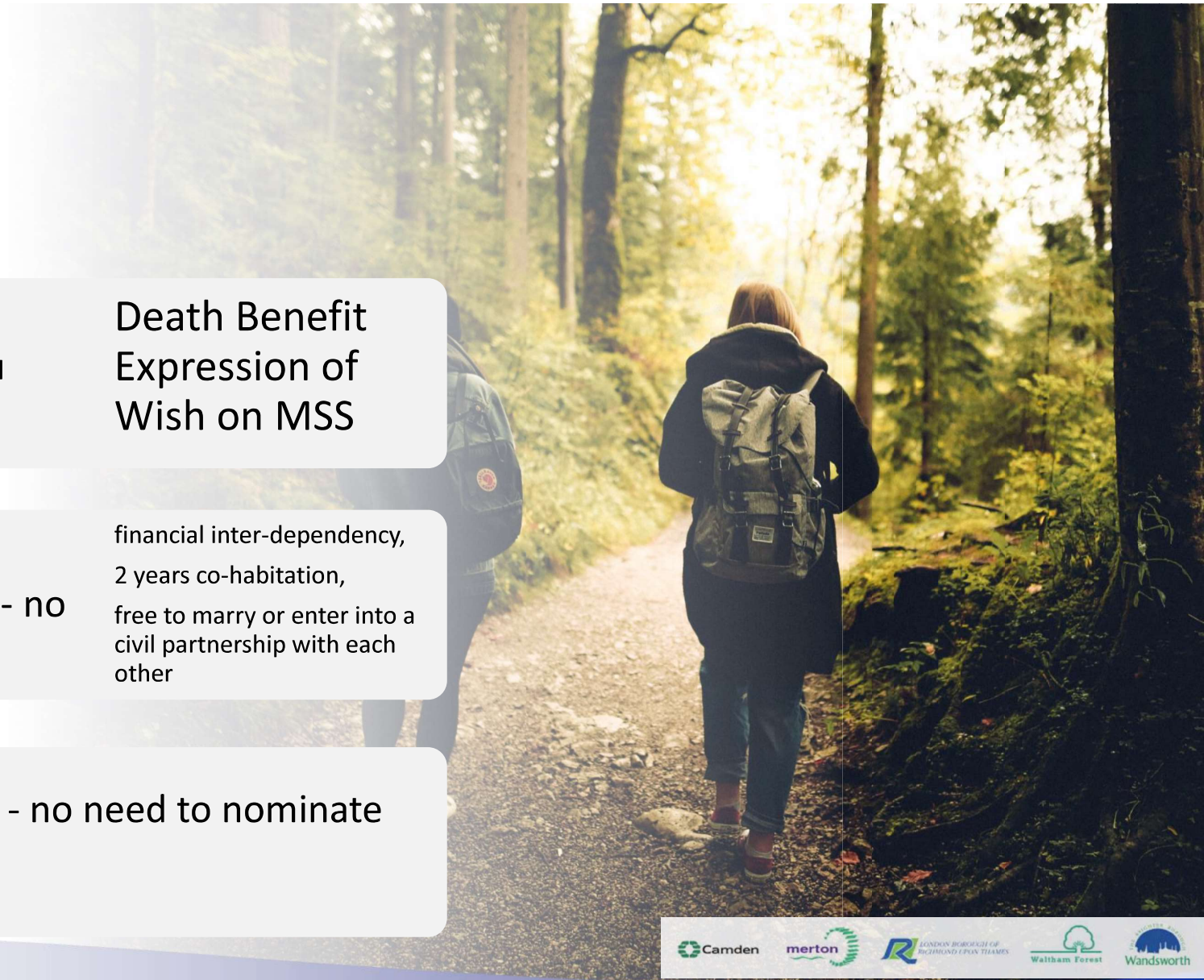


Survivor pensions including cohabitants - no need to nominate

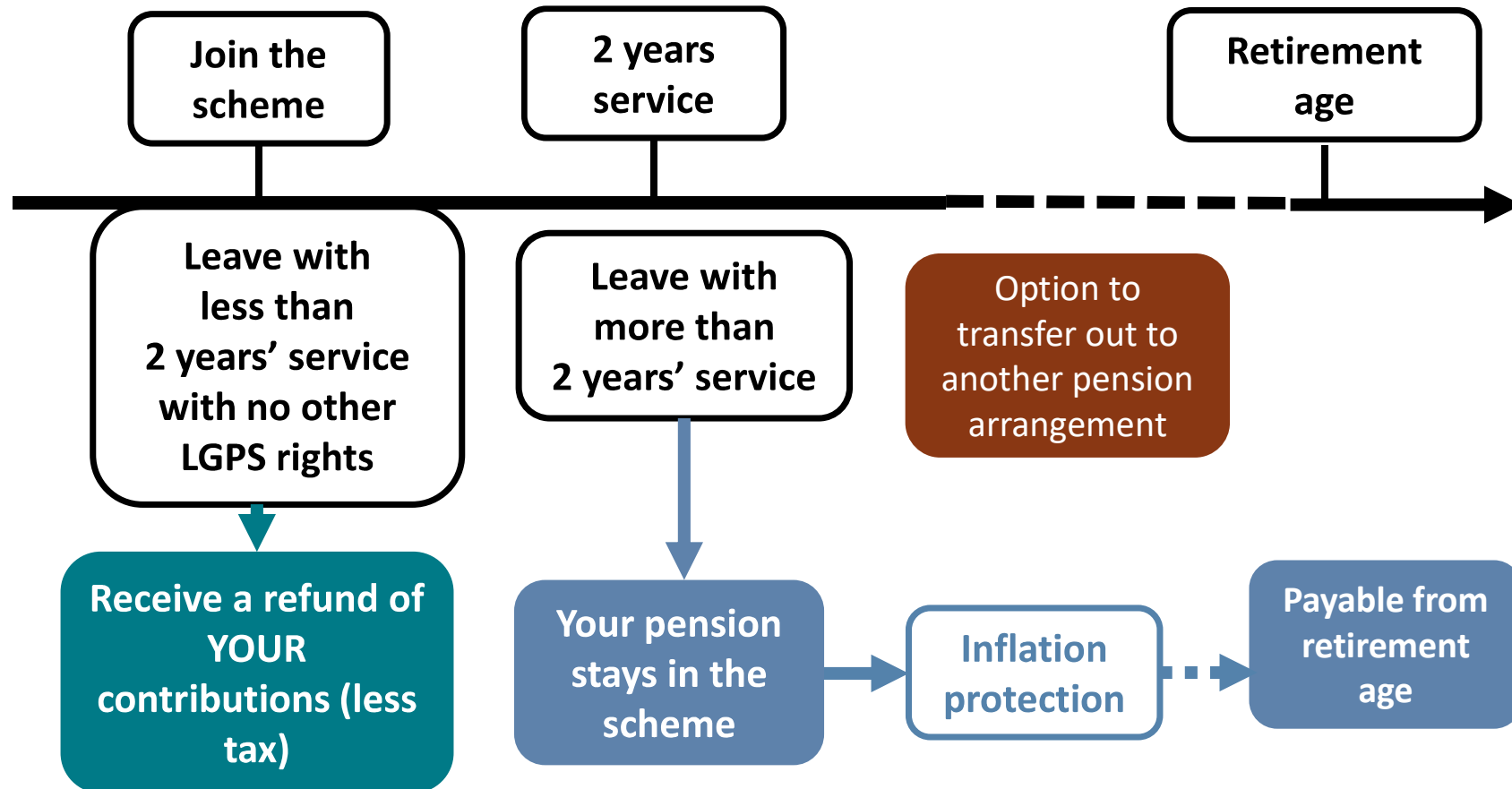
financial inter-dependency,
2 years co-habitation,
free to marry or enter into a civil partnership with each other



Pensions for children - no need to nominate

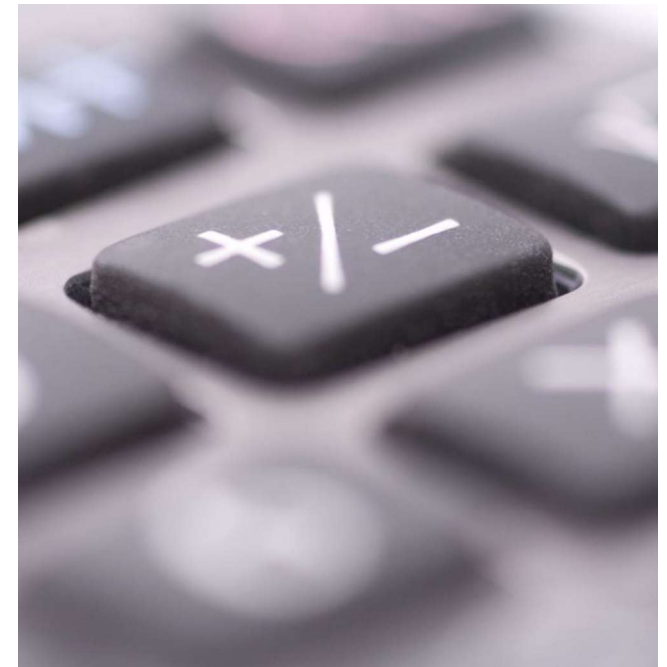


Leaving the scheme



Transfer In?

- Time limits apply – within 12 months of joining
- Other LGPS, occupational or personal pension arrangement
- Individual decision



Member Contributions Table 2023/2024

Actual pensionable pay for an employment	Main section contribution rate for that employment
Up to £16,500	5.50%
£16,501 to £25,900	5.80%
£25,901 to £42,100	6.50%
£42,101 to £53,300	6.80%
£53,301 to £74,700	8.50%
£74,701 to £105,900	9.90%
£105,901 to £124,800	10.50%
£124,801 to £187,200	11.40%
£187,201 or more	12.50%

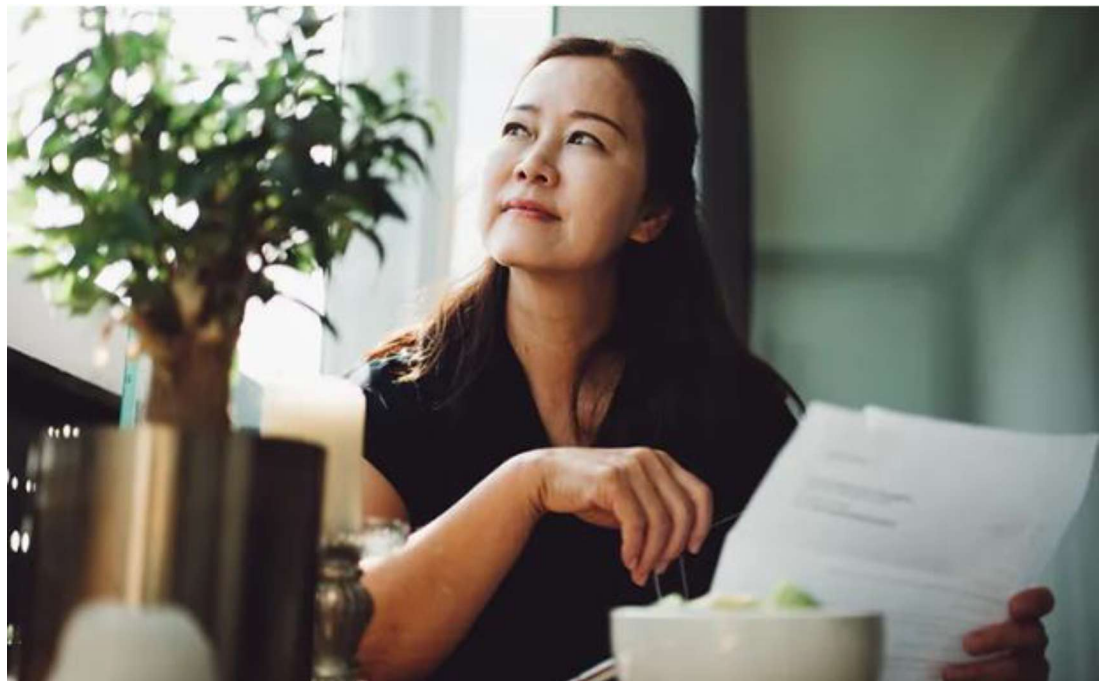
Employer Contributions

- **Employer Contribution – Rate assessed every three years by actuary**
- **Rates subject to change to meet benefits in the future**



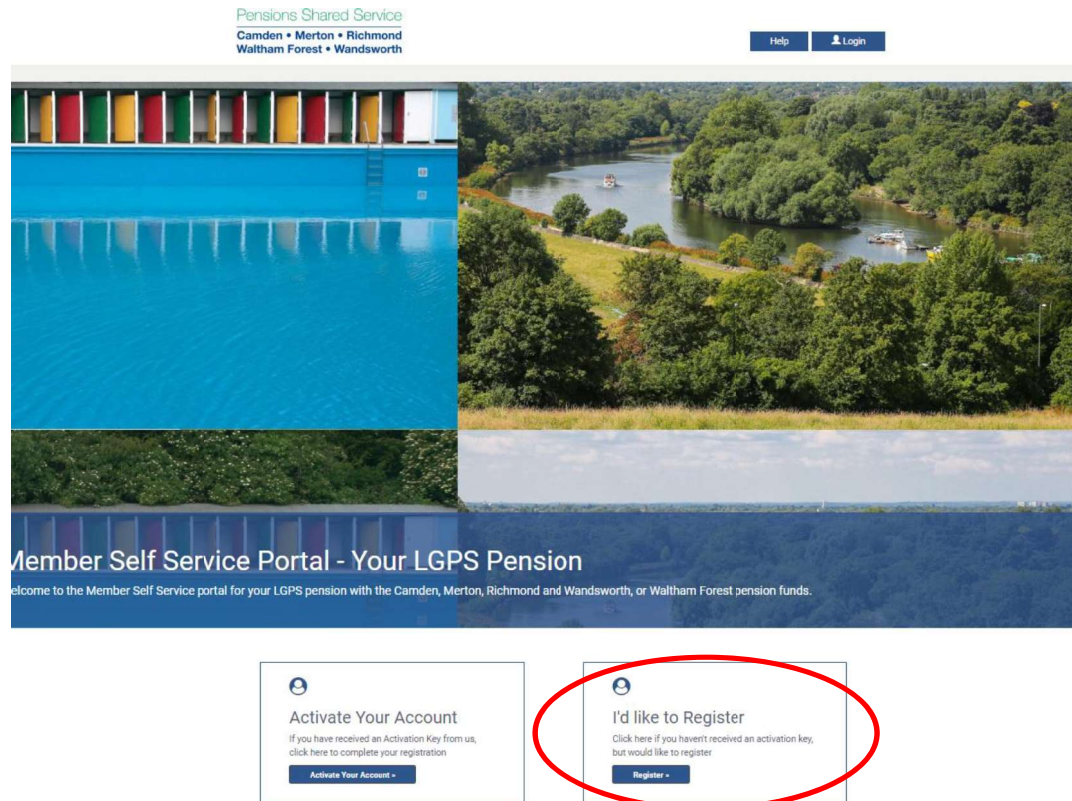
Lost Pensions

- **The average person will have 11 different jobs in their lifetime**
- **Pension pots worth a total of £37bn are lost or dormant across 1.6 million savers in the UK**
- **Keep track via MSS – have you registered?**



Registration

<https://mss.pensionssharedservice.org.uk/>




Sign Up

Sign Up


To request an activation key complete the form below and click the Sign Up button

If the email address you enter matches our records, your activation key will be emailed to you. If you have not received this within 24 hours, please contact us. If the email address you enter does not match our records, you'll be notified, and we'll be in contact with you to advise how to complete your registration.

Surname	<input type="text" value="Surname"/>
NI Number	<input type="text" value="NI NUMBER"/>
Date of Birth	<input type="text" value="dd/mm/yyyy"/> 
Email Address	<input type="text" value="Email Address"/>
	<input type="button" value="Sign Up"/> <input type="button" value="Cancel"/>

Dashboard – Multiple Employments


Your Tasks **Dashboard**

Y A DEMO Scheme: Waltham Forest Pension Fund Reference No 1: Reference No 2: 90028536 Status: Active 

You have other employments available

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Your Tasks **Dashboard**

Y A DEMO Scheme: Waltham Forest Pension Fund Reference No 1: Reference No 2: 90028536 Status: Active 

Status	Active
Job Title	Solicitor Apprentice
Reference No 1	
Reference No 2	90028536
Scheme Name	Waltham Forest Pension Fund
Status	Active
Job Title	Legal Asst
Reference No 1	SECOND
Reference No 2	POSITION
Scheme Name	Wandsworth Pension Fund

Select

Dashboard

Welcome Miss DEMO

<p>Your Details ></p> <p>View and amend your personal details.</p>	<p>Your Tasks ></p> <p>Find tasks and items that you need to complete.</p> <p>There are currently no tasks for you to do.</p>	<p>Employment Details ></p> <p>View your current employment details.</p> <ul style="list-style-type: none">• Financial Details
<p>Pension Benefits ></p> <p>View your pension benefits.</p> <ul style="list-style-type: none">• Benefit Projectors• Current Value of Pension Benefits	<p>Documents ></p> <p>View the documents that relate to you and your pension.</p> <ul style="list-style-type: none">• My Documents• Scheme Documents• Document Upload	<p>Death Grant - Expression of Wish ></p> <p>Make sure your intention is taken into account should a death grant become payable from the scheme.</p> <ul style="list-style-type: none">• Death Grant - Expression of Wish
<p>Ask Us ></p> <p>Find the answers to our most frequently asked questions, submit a query or give us some feedback.</p>	<p>Settings / Configuration ></p> <p>Update your settings.</p> <ul style="list-style-type: none">• Change your Password• Change Security Responses• Consent Withdrawal• Communication Preferences	<p>Your Requests ></p> <p>There are currently no open requests.</p> <p>View all requests</p>

Pensions Benefits – Current Value

Current Value of Pension Benefits

This page shows the current value of your pension benefits, based on the information we've received from your employer to date.

The Current Pension Value is the total of the pension you have built up in the CARE scheme, in addition to any pension you built up in the Final Salary scheme. For more information about the way your pension is calculated, please visit the national members [website](#).

The split of the pension between CARE and Final Salary is shown below, if appropriate.

You can get a breakdown of how your CARE pension has been calculated year on year, by clicking on the CARE Pension amount.

Current Value of Pension Benefits	
Current Pension Value	£2,618.35
Lump Sum	£0.00
Any split between CARE pension and Final Salary pension is shown below.	
CARE Pension	£2,618.35
Final Salary Pension	£0.00

Pension Benefits – Benefit Projectors

Benefit Projectors

Deferred Benefits >

Calculate how much your pension would be worth if you left the pension scheme today and deferred payment until your Normal Retirement Age. You can also calculate how much your pension would be if you left the the pension scheme at a future date and deferred payment until your Normal Retirement Age.

Voluntary Retirement >

Calculate how much your pension would be worth if you were to voluntarily retire.

Death in Service >

Calculate the benefits that could be payable if you were to die whilst an active member of the pension scheme.

Pension Benefits – Voluntary Retirement

Voluntary Retirement Pension Values

These figures are for illustration purposes only. DO NOT make decisions in respect of your benefits without requesting a formal quotation from us.

Pension	£26,510.62
Lump Sum	£0.00
Partner's Pension	£8,118.91
Projected Salary to Retirement	£26,668.84

Conversion Options

Move the sliders to change the values for annual pension and lump sum.

A lump sum of **£0.00** [What is this?](#)

Min Max

An annual pension of **£26,510.62** [What is this?](#)

Leaving Date

CARE Pay

Annual Salary Increase Rate (%)

Additional Options

The above figures are for illustration purposes only. DO NOT make decisions in respect of your benefits without requesting a formal quotation from us.

Update the fields above to process another benefit calculation, and click the Calculate button below.

MSS – Member Self Service

View your pension record

Make changes to your address, email and phone details

Make a death grant nomination

Run calculations including retirement estimates

Contact us with any questions



Additional Pension Contributions (APCs)

- Buy up to £7,579 p.a. of extra LGPS pension
- Pay regularly or by lump sum
- Cost paid for by you, get a pension for you only (your employer can also award extra pension or pay towards cost)
- <https://www.lgpsmember.org/help-and-support/tools-and-calculators/buy-extra-pension-calculator/>

Additional Voluntary Contributions (AVCs)

- External Provider
- Current limit is 100% of your pensionable earnings
- Contributions will attract tax relief
- you can take up to 100% of your fund as a tax free lump sum (subject to HMRC limits)
- <https://pensionsharedservice.org.uk/active-members/increasing-your-pension-benefits/>

Calculating your Local Government Scheme Pension



	Up to 31 March 2008	1 April 2008 – 31 March 2014	From 1 April 2014
Accrual Rate	1/80	1/60	1/49
Contribution	6%	From 5.5% – 7.5%	From 5.5% – 12.5%
Normal Pension Age	65 (pre Oct 2006 joiners have Rule of 85)	65	SPA
Pension Calculation	Final salary / 80 x membership = total annual pension plus automatic lump sum	Final salary / 60 x membership = total annual pension	Each year Salary / 49 is added to your pension pot total pension pot = total annual pension
Automatic tax free lump sum	Yes	No	No

Early Retirement

You can access your pension from age 55. However, you must leave the job you are in to do this.

Voluntarily retiring before your Normal Pension Age means reductions are applied to your benefits. This is because you are being paid for longer.

Some of your pension could be protected if you meet the Rule of 85. To meet this, you must have been a member of the Scheme before 6 October 2006.

YEARS EARLY	PENSIONS REDUCTION %	LUMP SUM REDUCTION %
0	0%	0%
1	4.9%	1.7%
2	9.3%	3.3%
3	13.5%	4.9%
4	17.4%	6.5%
5	20.9%	8.1%
6	24.3%	9.6%
7	27.4%	11.1%
8	30.3%	12.6%
9	33.0%	14.1%
10	35.6%	15.5%
11	39.5%	N/A
12	41.8%	N/A
13	43.9%	N/A

Types of Retirement: 3 Member driven 3 Employer led

Type of retirement	Minimum age for retirement	Employers permission needed?	Are reductions applicable?	Do I need to leave employment?
Normal retirement	State Pension Age (SPA)	No	No	Yes
Voluntary early retirement	55	No	Yes	Yes
Late Retirement	After SPA but before age 75	No	No (enhancements)	Yes
Flexible	55	Yes	Yes	No
Redundancy	55	Yes	No	Yes
Ill Health*	Any	Yes	No	Yes

* Must have met the two year vesting period and meet the criteria. Three tiers of ill health depending on the severity of the condition.

Redundancy Retirement

- If you:
 - lose your job because of redundancy or business efficiency
 - have met the two-year vesting period, and
 - are age 55 or overyour LGPS benefits must be paid to you immediately.
- Pension payable is as accrued to your date of leaving without reduction
- “Strain cost” payable by employer determined by age and distance from Normal Pension Age

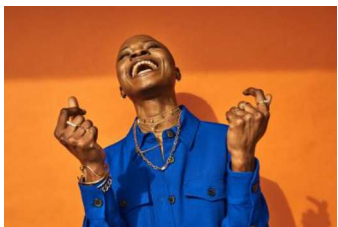
Flexible Retirement

- From age **55** with employer **permission**
- Employee must **reduce** either **hours of work** or **grade**
- Can result in an **employer cost**
- Benefits will be **reduced**, unless 85 year rule fulfilled
- Pension is subject to abatement if employee is re-employed i.e. **no restriction on earnings**.

Ill Health Retirement

- the Council, based on an opinion from an independent registered medical practitioner (IRMP), must be satisfied:
 - permanently unable to do their job
 - not immediately capable of any gainful employment
- Tier 1 – enhanced membership to age SPA
- Tier 2 – enhanced membership 25% to age SPA
- Tier 3 – no enhanced membership
 - ill health benefits no enhancement
 - Payable for 3 years

Benefits Example



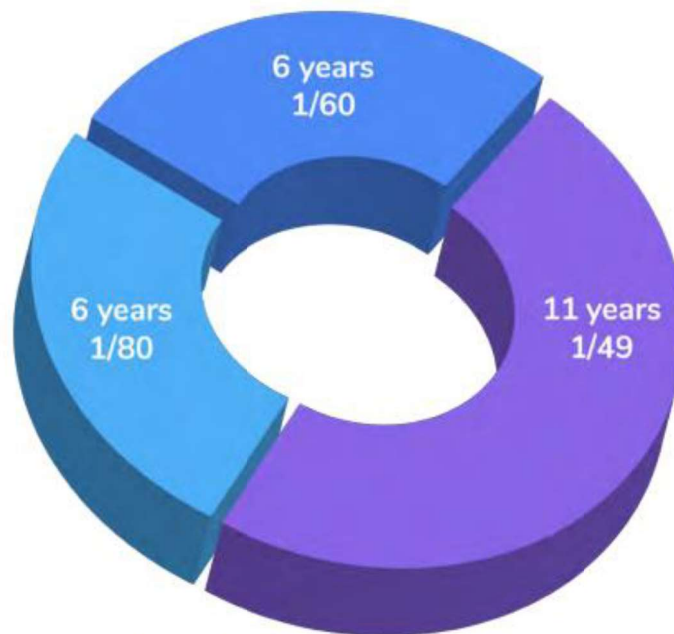
Diane
Retires at 67
Final Salary = £27,612
Joined Fund: 2002

Pension break down:

$£27,612 / 80 \times 6 \text{ years}$
Annual Pension £2,070 +
Lump Sum £6,210

$£27,612 / 60 \times 6 \text{ years}$
Annual Pension £2,761

Yearly Salary / 49 for 11 years =
Annual Pension £6,645



Diane has two options:

Option 1	Option 2
Annual pension £11,476	Annual pension £7,711
Tax free lump sum £6,210	Tax free lump sum £51,400*

*Up to 25% of pension can be taken as a lump sum tax free. Conversion rate is £1 pension - £12 lump sum

The McCloud Remedy

- In 2014 – older members were given an Underpin - could use the old final salary rules if meant a higher pension
- A Court of Appeal ruling in 2018, found this to be unlawful
- Now you will qualify for underpin protection if you:
 - were paying into the LGPS or another public service pension scheme before 1 April 2012; AND
 - were also paying into the LGPS between 1 April 2014 and 31 March 2022; AND
 - have been a member of a public service pension scheme without a continuous break of more than 5 years

What happens if you qualify

Anyone who qualifies is entitled to have their pension built up between 1 April 2014 and 31 March 2022 calculated using final salary rules if it is higher than their CARE pension.

You do not need to take any action – you will be contacted by the PSS if affected

<https://pensionsharedservice.org.uk/news/lgps-rule-change-the-mccloud-judgment/>

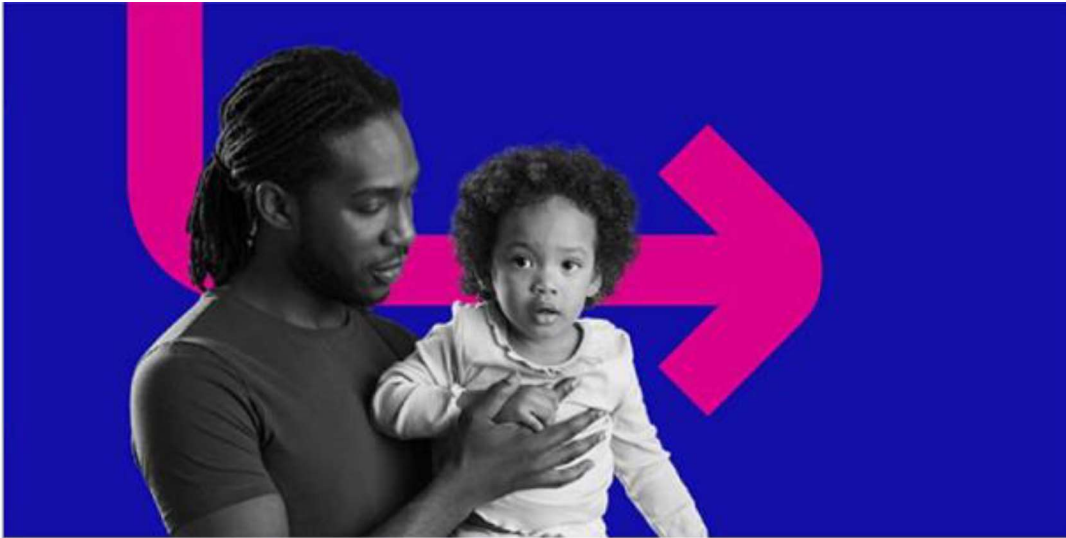


The LGPS provides:

- An annual pension based on your pay and years in the scheme
- A option to take a tax free lump sum – 12:1 conversion
- Life assurance cover of at least three times your yearly pay from the first day you join and cover post leaving
- Partner's and children's pensions
- Enhanced pension paid early if you cannot work permanently because of ill-health
- A pension which will be increased each year in line with inflation after you leave
- A pension that may be paid from age 55
- An employer contribution



Cost of living crisis



Visit <https://www.moneyhelper.org.uk/>

If you're feeling the squeeze, struggling to keep on top of bills, or worried about what the future may hold, MoneyHelper is there to help.

They will help you find the right support, manage your finances and find a way forward, to put you back in control.

- **Did you know you can reduce your contributions and stay in the scheme?**
- You have the option in the LGPS to pay half your normal contributions in return for half your normal pension. It's called the 50/50 section of the scheme and is designed to help members stay in the scheme when times are financially tough. Visit <https://pensionssharedservice.org.uk/active-members/paying-less-into-your-pension/>



Don't let a scammer enjoy your retirement

Millions of people fall victim to pension scams every year. Anyone can be the victim of a pension scam, no matter how financially savvy they think they are. People may be tricked into handing over their entire pension savings to scammers.

Pension scams often include:

- ❖ contact out of the blue
- ❖ promises of high / guaranteed returns
- ❖ free pension reviews
- ❖ access to your pension before age 55
- ❖ pressure to act quickly

You can read more about how to [Avoid pension scams](https://www.thepensionsregulator.gov.uk/pension-scams) at <https://www.thepensionsregulator.gov.uk/pension-scams>



Any Questions?

More Information



Members of the LGPS
Member Self Service is here

Registering is simple -
visit <https://mss.pensionssharedservice.org.uk>
and click on "Register" to start the process

Pensions Shared Service
Camden • Merton • Richmond
Waltham Forest • Wandsworth

National Member Website: <https://www.lgpsmember.org/>

Pensions Shared Service Website:
<https://pensionssharedservice.org.uk/active-members/>

Contacting the Pensions Shared Service –

- Email: pensions@richmondandwandsworth.gov.uk