

April '26

Pensions Newsletter

Welcome

This Newsletter from the Pensions Shared Service contains important information for our Pensioners.

More information is available on our website <https://pensionssharedservice.org.uk/pensioners/> an area dedicated to our pensioners.

You can write to us at: **Pensions Shared Service, PO Box 72351, London SW18 9LQ**

Please note that we must receive changes in address or bank/building society details in writing from you by post with your usual signature.

We also now offer face to face video appointments, through Microsoft Teams.

To request a Teams meeting, just email us at pensions@richmondandwandsworth.gov.uk with the subject heading **"Video Call Request"** and your proposed date and time for the meeting and a brief description of what you would like to discuss.

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Pensions Increase 2026

The Government has confirmed that the annual increase to pensions this year is 3.8%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2025. The increase will be applied to pensions from 6 April 2026.

Your April pension payment will not include the full increase because the first 5 days will be paid at the 2025 rate. Your May pension payment will include the full increase.

If some of your pension is made up of Guaranteed Minimum Pension (GMP) then you may not get the full increase applied to your pension. An example of how the increase is calculated is set out later in this Newsletter.

Please note, if left your LGPS employment after 20 April 2025 you will usually only receive a partial increase this April as shown on page 4 of this Newsletter.



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Income Tax

The pension that you receive and your state pension (if you are already receiving one) are taxable incomes. Any other pension or income from other sources may also be taxable. If your total income is above a certain amount you will pay tax. The “certain amount” is known as your **personal allowance** or “free pay” allowance and there are different allowances depending on age and income. Income tax is calculated over a tax year. A tax year runs from 6 April to 5 April the following year. The amount of tax that has to be paid is calculated as a percentage of total income that is above the **personal allowance** within the tax year in accordance with the **tax bands**.

Personal Allowance – The personal allowance represents the amount of income you can receive before you have to pay any tax. The allowances for this year are shown in the table below.

Age / Type of Allowance	Personal Allowance
	2026/2027
Basic	£12,570
You don't get a Personal Allowance if your taxable income is over £125,140.	

Tax Bands – No tax is paid if your income is within your full basic personal allowance. You pay the percentages of tax on each band of income above your personal allowance, as follows:

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	over £125,140	45%

Example: Here is a simple example for a person who is receiving an LGPS pension and a state pension. The pensioner does not have any other income that is subject to tax (such as savings, investment income or other pensions).

	Yearly Income	Monthly Income
LGPS Pension	£9,000.00	£750.00
Basic State Pension	£5,400.00	£450.00
Total	£14,400.00	£1,200.00
Less Tax Allowance	£12,570.00	£1,047.50
Taxable Income	£1,830.00	£152.50
Tax at 20%	£366.00	£30.50
Income after tax	£14,034.00	£1,169.50

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Income Tax – Cont'd

The Tax Office can be contacted on the following telephone number **0300 200 3300**.

For customers who are deaf or hearing or speech impaired: **0300 200 3319** textphone
If you're calling from abroad please telephone: **+44 135 535 9022**.

Please have your National Insurance number with you when you phone.

Write to HMRC at this address:

Pay As You Earn and Self Assessment
HM Revenue and Customs
BX9 1AS
United Kingdom

Pensioner Payroll Is Moving

To continue delivering a high-quality service, we're bringing our pensioner payroll fully in-house. We're pleased to confirm that later this year we will begin making pension payments directly.

Why Are We Making This Change?

Until now, pensioner payroll has been managed by our partner Councils' payroll teams. Bringing this function in-house integrates payroll with our administration system, giving us a single, reliable data source for faster, more accurate processing and a complete, compliant audit trail.

This change will:

- Reduce the risk of discrepancies between pension and payroll systems
- Improve the accuracy and security of payment information
- Strengthen and secure our communications with you

What Happens Next?

We are working closely with each of our partner Council's payroll team to transition all pensioners to our new integrated pension and payroll system:

- **Merton pensioners:** migration completed in time for the **September 2026** payroll run
- **Camden, Waltham Forest and Wandsworth pensioners:** payments made by our team from **November 2026**

You may notice a new payroll reference on your payslip or bank statement, but everything else about your payment will remain the same. This change will improve efficiency and ensure your pension continues to be paid securely and on time.

What This Means for You

Once the new payroll is fully implemented, you'll be able to use our secure **Member Self Service** portal to:

- View your payslips
- View and download annual P60s (from 2027)

Register for Member Self Service at

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

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Pensions Increase 2026

This year pensions will increase by 3.8% from 6 April 2026. The Government sets the level of this increase. If your pension started after 21 April 2025, it will be increased by a proportion of 3.8% as shown in the table below.

Pensions Beginning	Percentage Increase
On or before 21 April 2025	3.80%
22 April 2025 to 21 May 2025	3.48%
22 May 2025 to 21 June 2025	3.17%
22 June 2025 to 21 July 2025	2.85%
22 July 2025 to 21 August 2025	2.53%
22 August 2025 to 21 September 2025	2.22%
22 September 2025 to 21 October 2025	1.90%
22 October 2025 to 21 November 2025	1.58%
22 November 2025 to 21 December 2025	1.27%
22 December 2025 to 21 January 2026	0.95%
22 January 2026 to 21 February 2026	0.63%
22 February 2026 to 21 March 2026	0.32%

Guaranteed Minimum Pension (GMP) – How It Works

If your Local Government pension accrued between **6 April 1978** and **5 April 1997**, you may have a **Guaranteed Minimum Pension (GMP)**.

The GMP is the amount of additional State Pension you (or your spouse, if you're receiving a partner's pension) would have earned under the **State Earnings-Related Pension Scheme (SERPS)** had you been in SERPS rather than the Local Government Pension Scheme.

Important: Your GMP is **included** within your Local Government pension (it's not paid on top). However, increases on the GMP may be paid partly by the **Department for Work and Pensions (DWP)** with your State Pension.

Who pays the annual increase?

If you have a GMP, the DWP will have sent you a notice confirming the amount. Increases are shared as follows:

- **GMP earned before 6 April 1988:**
The **DWP** pays the **full** annual increase with your State Pension.
- **GMP earned on/after 6 April 1988:**
The **Council** pays up to **3.00%** each year.
If the increase is above 3.00%, the **DWP** pays the excess with your State Pension.

This year: The increase is **3.80%**.

- The **Council** will pay **3.00%** on the post-5 April 1988 GMP.
- The **DWP** will pay **0.80%** on the post-5 April 1988 GMP with your State Pension.

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Guaranteed Minimum Pensions (GMPs) – cont'd

An example for someone who has a GMP earned before 6 April 1988 and who retired before 21 April 2025.

Current pension	£300.00	
GMP earned before 6 April 1988 *	£75.00	*[The increase on this amount is paid with your State Pension]
Amount of pension to be increased	£225.00	
Increase of 3.80%	£8.55	
Total Increase payable	£8.55	
Total new pension	<u>£308.55</u>	

An example for someone who has both a GMP earned before 6 April 1988 and a GMP earned after 5 April 1988 and who retired before 21 April 2025.

Current pension	£300.00	
GMP earned before 6 April 1988 **	£75.00	**[The increase on this amount is paid with your State Pension]
GMP earned after 5 April 1988	£25.00	
Amount of pension to be increased	£200.00	
Increase of 3.80%	£7.60	
Plus		
Amount of GMP earned after 5 April 1988 to be increased ***	£25.00	***[The increase above 3% will be paid with your State Pension]
Increase of 3.00%	£0.75	
Total Increase payable	£8.35	
Total new pension	<u>£308.35</u>	


If you have not yet reached State Retirement Age, the Department for Work and Pensions (DWP) will write to you nearer your state retirement age and let you know how much your state pension will be. In the letter the DWP will give details of the Additional Pension or State Second Pension and the amount of the **Contracted-Out Deduction (COD)** that you are entitled to. You will receive this COD as the Guaranteed Minimum Pension (GMP) element in your pension from us when you reach state retirement age and increases on the amount of your GMP will be paid as detailed in the examples above.

Protect yourself from scams

Scams are becoming more common, but a few simple steps can help keep you safe:

- **Be wary of unexpected contact.** Treat unplanned calls, emails or texts with caution even if they include some of your personal details.
- **Take your time.** Genuine banks or financial firms won't pressure you to act quickly.
- **Protect your financial details.** Never share bank or card information unless you're certain who you're dealing with.
- **Secure your devices.** Avoid downloading apps or software from unknown sources. Scammers can use them to view or control your device and access your accounts.

For more advice on avoiding scams, visit MoneyHelper's guide:

 <https://www.moneyhelper.org.uk/en/money-troubles/scams/a-beginners-guide-to-scams>

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Your Questions Answered

Q Why do I pay tax on my pension and who do I need to contact if I have a tax query?

A Your pension is a taxable income and the rate at which you pay tax is determined by HMRC. The tax you pay depends on many factors such as other income, your age and your marital status. If you have a query relating to the tax code that HMRC have issued, please contact the tax office (contact details are on page 3), quoting the reference shown and your National Insurance number.

	Camden	Merton	Richmond	Waltham Forest	Wandsworth
Reference	120/LB2	120/LB22	120/B24	120/LB13	845/LLB10A

Q Can I still receive my pension if I move overseas?

A If you have a UK bank account and you move abroad, you should check that this is possible with your bank. Alternatively, your Pension Fund can pay your pension overseas by using a third party as detailed below

Camden	Merton	Richmond	Waltham Forest	Wandsworth
Xafinity Paymaster	Convera	Equiniti	Convera	Equiniti

Please contact the Pensions Shared Service if you want your pension to be paid into an overseas bank account, we will send you a bank mandate form.

Q What happens to my pension if I die?

A If you pass away, there may be annual pensions payable for a qualifying spouse, civil partner, cohabiting partner or dependent children. You can find the eligibility criteria on our dedicated webpage. A death grant may also be payable. Please visit <https://pensionssharedservice.org.uk/pensioners/death-benefits-for-pensioners/> for further details.

Q I've been asked for information about my pension for a divorce, how much does this cost?

A You will need to tell the Court the value of your pension pot(s). In order to do this you will need to request a Cash Equivalent Value from the Pensions Shared Service by completing the "Pension Sharing on Divorce - Request for a CEV form" at <https://pensionssharedservice.org.uk/forms-and-guides/> There may be a charge for providing you with this information, and details of this will be provided on receipt of your form.

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Changes to LGPS Death Benefits (from 1 April 2026)

The Government is introducing changes to the Local Government Pension Scheme (LGPS) from **1 April 2026** to ensure fairer treatment of survivors and to remove the current age-related restriction on death grants.

What's changing?

- **Equal treatment for survivors**

Survivor pensions and death grants will be equalised regardless of the sex of the deceased member or their surviving spouse/civil partner.

Once confirmed in legislation, equalisation will be **backdated to 5 December 2005**.

- **Removal of the age-75 restriction for death grants**

Previously, no lump-sum death grant was payable if a member dies aged 75 or over. With effect from **1 April 2026**, this restriction will be removed for the LGPS.

The removal will be **backdated for deaths on or after 1 April 2014**.

Do you need to do anything?

No.

- If you're receiving a survivor's pension and are eligible for a backdated increase from 5 December 2005, you do not need to contact us.
- If you were the beneficiary of a member who died after age 75 and are due a backdated lump-sum death grant, you do not need to contact us.

What happens next?

LGPS administering authorities will need to work through the legislation, identify potential cases and recalculate pensions. Pension administration systems will be updated, and in some instances calculations may need to be completed manually. The government department responsible for the LGPS will issue statutory guidance setting out how authorities should identify cases and the expected timescales for this work. This guidance has not yet been published, but the overall timescale is expected to be around 18 months from the date the legislation takes effect. We expect some cases to be completed sooner.

We will identify all affected cases and contact you as soon as possible. There is no need to call or email.

Need more information?

Our website <https://pensionssharedservice.org.uk/pensioners/> has an area dedicated to providing information to our pensioners. It also has our contact details at <https://pensionssharedservice.org.uk/about-us/contact-us/>