

Pensions Shared Service Newsletter

For members and prospective members of the Local Government Pension Scheme (LGPS)

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Annual Benefit Statements

Your Annual Benefit Statement has been sent to your home address. Please read the notes pages included with your statement carefully as they include important information about how your statement has been prepared.

You will receive more than one statement if you are contributing to the scheme in respect of more than one post. Statements for any previous jobs with the Council for which you have a deferred benefit are produced separately.

If you joined the LGPS after 31 March 2018, your first statement will be issued next year.

If you have a query about the information contained in your Annual Benefit Statement (ABS), please complete our **ABS Query Form** specifically designed for this exercise. The ABS Query Form can be downloaded here **www.wandsworth.gov.uk/pensions**

When you have completed the form please attach it to an email and send it to pensionsabs@richmondandwandsworth.gov.uk

The subject line of your email should be “Active ABS 2018”. Please keep in mind that we won't be able to deal with your enquiry unless it is made via this method. Please read the notes pages accompanying the ABS or visit the national LGPS members' website **<https://lgpsmember.org/>** before contacting us as the answer to your question may be covered in the notes or on the website.

If your query relates to information that we have been given, for example pay details or the number of hours you work in a week, we will check this with your employer. You will then see the changes on your next statement.

We have issued over 25,000 individual benefit statements so we will be dealing with a lot of queries at this time and some of these will require you, us and your employer to put right. It may take a while therefore to review all the queries, so we ask for your understanding whilst we deal with these.

Amendments to the Local Government Pension Scheme (LGPS)

There have been some changes to the Scheme this year following the introduction of the LGPS (Amendment) Regulations 2018 which came into force on 14 May 2018. The changes for deferred members which allows them to draw their benefits from age 55 without requiring their former employer's consent are covered in our Deferred Members' Newsletter on our webpage. The changes for active members are set out in this section.

Changes to pre- April 2014 AVC contracts - if you are a member of the LGPS who is, or was, paying Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes to the rules including how you can take your AVC plan.

If you are currently paying AVCs:

- you can now pay up to 100% (rather than 50%) of your pensionable pay into your AVC plan.
- AVCs will now also be deducted from any voluntary overtime you work (if you pay AVCs as percentage of your salary).

When you take your AVC plan:

- if you leave the scheme with a deferred benefit you can now buy additional pension from the LGPS with your AVC plan when you take your benefits from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.
- when you take your main scheme benefits you will no longer be able to leave your AVC invested and take it later.
- if you die before taking your AVC and a lump sum is to be paid from your AVC plan your pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the Council it is unlikely to be subject to inheritance tax.

For information about the other ways you can use your AVC plan see the national LGPS website - www.lgpsmember.org/more/AVCOptions.php

Expansion of the underpin - the way your pension is calculated in the LGPS changed from 1 April 2014. If you were a member of the LGPS before 1 April 2014 any benefits built up to 31 March 2014 are protected as final salary benefits and will normally be calculated using your membership to 31 March 2014 and your final year's pay.

An additional protection was put in place for members who were active members of the LGPS on 31 March 2012 and who were within 10 years of age 65 at 1 April 2012. Subject to certain conditions, these members will get a pension at least equal to that which they would have received had the scheme not changed on 1 April 2014. This protection is known as the underpin.

This underpin protection has now been extended to also apply to people who were active members of a different public service pension scheme on 31 March 2012 and who were within 10 years of age 65 on 1 April 2012; if these people join the LGPS and transfer their pension benefits from the other public service pension scheme into the new LGPS scheme and part or all of that transfer buys final salary benefits in the LGPS, subject to certain conditions, the underpin will apply. More information on the underpin is available on the national LGPS website - www.lgpsmember.org/more/underpin.php

Your Pension Contribution

The contribution rates for employees are set by the Government. The current bands are set out below - reflecting the April 2018 increase on pensionable pay in line with the cost of living.

Contribution table 2018/19

If your actual pensionable pay is: **You pay a contribution rate of:**

Up to £14,100	5.50%
£14,101 to £22,000	5.80%
£22,001 to £35,700	6.50%
£35,701 to £45,200	6.80%
£45,201 to £63,100	8.50%
£63,101 to £89,400	9.90%
£89,401 to £105,200	10.50%
£105,201 to £157,800	11.40%
£157,801 or more	12.50%

You pay contributions on your normal salary or wages plus any shift allowance, bonuses including PrP, overtime (both contractual and non-contractual), pay for child related leave and any other taxable benefit specified in your contract as being pensionable. If you earn enough to pay tax, you receive tax relief on your contributions.

You should always check your payslip to make sure that pension contributions are being deducted.

You can either contribute to the Scheme as a 'Main Section' member, or in the '50/50' section. As the name suggests, within the '50/50 Section' you pay half the contributions and get a lower annual pension in return, whilst retaining full life and ill-health cover. The 50/50 section is designed to help members stay in the scheme, building up valuable pension benefits, during times of financial hardship. Further information and a form for the '50/50' section is available on our website.

Can I pay more to increase my benefits? Yes there are options to increase your retirement benefits in the LGPS including APCs and AVCs as well as outside the LGPS. Visit www.wandsworth.gov.uk/info/200260/finance_department/2298/information_for_active_members/3 to find out more about these options.

Death Grant Lump Sum from the LGPS

If you were to die in service a non-taxable death grant lump sum of 3 times your annual assumed pensionable pay is paid no matter how long you have been a member of the LGPS, provided you are under age 75 at the date of death.

The Council has absolute discretion over who receives any death grant lump sum but it is helpful if you let us know your wishes by completing an Expression of Wish Form. It is then unlikely that the death grant lump sum will be subject to inheritance tax.

Please note that if you also have a deferred pension or another pension in payment from the Scheme the only amount payable as a death grant lump sum will be the greater of:

- a) the death in service death grant (or the aggregate death in service death grants if you are an active member in more than one employment), and
- b) the aggregate of the death grants due in respect of the deferred pension and pension in payment.

Pensions Taxation - Annual Allowance

HM Revenue and Customs impose two controls on the amount of pension savings you can make without having to pay extra tax. These controls are known as the Annual Allowance and Lifetime Allowance. This is in addition to any income tax you pay on your pension once it is in payment.

What is the Annual Allowance?

The Annual Allowance (AA) is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. This is in addition to any income tax you pay on your pension once it is in payment.

If the value of your pension savings in any one year (including pension savings outside of the LGPS) are in excess of the annual allowance, the excess will be taxed as income. The Government reduced the AA from £255,000 to £50,000 from 6 April 2011 and then reduced it again to £40,000 from 6 April 2014. Further changes to the annual allowance have been made for higher earners from 6 April 2016, which resulted in special transitional rules for the 2015/16 tax year.

Am I likely to be affected by the Annual Allowance?

Most people will not be affected by the AA tax charge because the value of their pension saving will not increase in a year by more than £40,000, or, if it does they are likely to have unused allowance from previous years that can be carried forward.

You are most likely to be affected if:

- you have a lot of scheme membership and you receive a significant pay increase, and/or;
- you pay a high level of additional contributions, and/or;
- you are a higher earner, and/or;
- you transfer pension rights into the LGPS from a previous public sector pension scheme under the preferential club transfer rules and your salary (full time equivalent) upon joining the LGPS is somewhat higher than the salary you earned when you left the previous scheme, and/or;
- you combine a previous LGPS pension benefit that was built up in the final salary section of the LGPS with your current pension account and your salary (full time equivalent) has increased significantly since leaving and re-joining the scheme, and/or;
- you have accessed flexible benefits from a defined contribution scheme on or after 6 April 2015

We will inform you if your LGPS pension savings exceed the standard AA in any year by no later than 6 October in the following financial year.

More information on the annual allowance is available on the national LGPS website - https://www.lgpsmember.org/docs/LGPS%20factsheet_AA.pdf there is also a quick check tool to check if your LGPS pension saving in a tax year is likely to exceed the annual allowance <https://www.lgpsmember.org/more/aa-quick-check-tool.php>

For information on the lifetime allowance please visit - https://lgpsmember.org/docs/LGPS%20factsheet_LTA.pdf

General Data Protection Regulation (GDPR)

You will probably recall receiving numerous communications from organisations about GDPR and data privacy. GDPR is a new set of European Union (EU) regulations which came into force on 25 May 2018. It changes how organisations process and handle data, with the key aim of giving greater protection and rights to individuals.

The Government has confirmed that the UK's decision to leave the European Union will not alter this.

Previously in the UK the Data Protection Act 1998 set out how your personal information could be used by companies, government and other organisations. The GDPR replaces the Data Protection Act 1998. A new Data Protection Act 2018 contains additional personal data provisions complementing GDPR.

Under GDPR, there are new and extended rights for individuals in relation to the personal data an organisation holds about them, for example, an extended right to access and a new right of data portability.

In addition, organisations have an obligation for better data management and a new regime of fines will be introduced for use when an organisation is found to be in breach of the GDPR. You can obtain further information about these rights from the Information Commissioner's Office at: **www.ico.org.uk**

A Question and Answer factsheet on GDPR is available on our webpage: **www.wandsworth.gov.uk/pensions**

The Administering Authority of your pension fund has published its privacy notice in line with the new requirements, setting out why certain data is held; the reason for processing the data; who it shares the data with and how long the data will be retained. Within the notice, members are also provided with additional information about their rights under the legislation. The privacy notice is available on our website, along with, links to privacy notices for us (the Pensions Shared Service) and the other Administering Authorities in our Partnership.

We have also issued all scheme employers with a Memorandum of Understanding, which confirms the joint roles and responsibilities with regards to the sharing of information that enables us to provide an efficient and effective service to our scheme members and stakeholders.

The processing of data in the National Fraud Initiative (NFI) data matching exercise is carried out with statutory authority under the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the Data Protection Act 2018 or the GDPR.

Any Changes?

Please remember to let us know of any change to your name, address or marital status as quickly as possible.