

Pensions Newsletter

Welcome

This Newsletter has been written for our Pensioners. Our aim is to provide information that you will find both useful and interesting.

We will also let you know about changes as a result of new legislation.



Please let us know if you have any comments or suggestions about our newsletters.

Our contact details are on page 6 of this Newsletter.

Contents

| | |
|--------|--|
| Page 1 | Pensions Increase 2018 |
| Page 2 | Income Tax |
| Page 3 | Income Tax – Cont'd Marriage Allowance Overseas Certificates |
| Page 4 | Pensions Increase 2018 GMPs |
| Page 5 | GMP's (Cont'd) General Data Protection Regulation (GDPR) Wandsworth Pension Pay Dates |
| Page 6 | Richmond Pension Pay Dates Join the Local Pension Board Need more information? |
| Page 7 | National Fraud Initiative (NFI) Misleading websites, emails and phone numbers |

Pensions Increase 2018

The Government has confirmed that the annual increase to pensions this year is 3.0%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2017. The increase will be applied to pensions from 9 April 2018.

Your pension will be increased if:

- you are aged 55 or over (from age 55 it will increase to the level it would have been, had it been increased every year since your date of leaving); or
- you are receiving a spouse's, partner's or child's pension; or
- you retired on ill health grounds.

Your April pension payment will not include the full increase because the first 8 days will be paid at the 2017 rate. Your May pension payment will include the full increase.

An example of how the increase is calculated is set out later in this newsletter.

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 |
|---|--------------------|
| | 2018/2019 |
| Basic | £11,850 |
| You don't get a Personal Allowance on taxable income over £123,700. | |

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 £11,850 | 0% |
| Basic rate | £11,851 to £46,350 | 20% |
| Higher rate | £46,351 to £150,000 | 40% |
| Additional rate | over £150,000 | 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 | £7,500.00 | £625.00 |
| Basic State Pension | £6,350.00 | £529.17 |
| Total | £13,850.00 | £1,154.17 |
| Less Tax Allowance | £11,850.00 | £987.50 |
| Taxable Income | £2,000.00 | £166.67 |
| Tax at 20% | £400.00 | £33.33 |
| Income after tax | £13,450.00 | £1,120.84 |

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**.

Telephone opening hours: 8.00 am to 8.00 pm Monday to Friday
8.00 am to 4.00 pm Saturday
9.00 am to 5.00 pm Sunday

Phone lines are less busy before 10am, Monday to Friday and less busy on Sundays.

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

Further information is available on the HM Revenue and Customs (HMRC) webpage:

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees>

Online forms are available on this webpage to inform HMRC if you have changed your name or address or to check your Income Tax for the current year.

Write to HMRC at this address for all Income Tax queries except complaints.

You do not need to include a street name, city name or PO Box when writing to this address:

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

HM Revenue and Customs (HMRC) Marriage Allowance

If your income is less than £11,850 in the 2018 to 2019 tax year, you may be able to reduce your spouse or civil partner's tax by up to £ 238.

The Marriage Allowance will let you transfer some of your Personal Allowance to your partner. This is the amount of income people can get before paying tax.

You can apply for Marriage Allowance online: **<https://www.gov.uk/marriage-allowance>**

If your application is successful, changes to your Personal Allowances will be backdated to the start of the tax year (6 April).

Overseas Pensioners

All pensioners who are resident overseas will be asked to complete and return an annual life certificate. We have to send certificates because it is one of our audit requirements and also because we have a 'duty of care' to protect our members' money and guard against fraud.

If you live overseas, towards the end of April, we will send you a letter with the certificate. Please sign and return your certificate as soon as possible. Your pension payments may be stopped if we do not receive your completed certificate.

Pensions Increase 2018

This year pensions will increase by 3.00% from 9 April 2018. The Government sets the level of this increase. If your pension started after 24 April 2017, it will be increased by a proportion of 3.00% as shown in the table below. If you are currently under age 55 you will not receive any increase until you reach age 55. However, this does not apply for widow's, widower's, civil partner's, partner's or children's pensions or if you retired because of permanent ill health, and increases will automatically be paid on these pensions regardless of age.

| Pensions Beginning | Percentage Increase |
|--------------------------------------|----------------------------|
| 24 April 2017 or before | 3.00% |
| 25 April 2017 to 24 May 2017 | 2.75% |
| 25 May 2017 to 24 June 2017 | 2.50% |
| 25 June 2017 to 24 July 2017 | 2.25% |
| 25 July 2017 to 24 August 2017 | 2.00% |
| 25 August 2017 to 24 September 2017 | 1.75% |
| 25 September 2017 to 24 October 2017 | 1.50% |
| 25 October 2017 to 24 November 2017 | 1.25% |
| 25 November 2017 to 24 December 2017 | 1.00% |
| 25 December 2017 to 24 January 2018 | 0.75% |
| 25 January 2018 to 24 February 2018 | 0.50% |
| 25 February 2018 to 24 March 2018 | 0.25% |

Guaranteed Minimum Pensions (GMPs)

If your Local Government pension was calculated on your (or your spouse's) pension scheme membership between 6 April 1978 and 5 April 1997, you may have earned a Guaranteed Minimum Pension (GMP). The GMP is the amount of additional state pension that would have been payable to you (or your husband or wife if you are receiving a partner's pension) if you (or your spouse) had been in the State Earnings Related Pension Scheme (SERPS) during employment with the Council rather than the Local Government Pension Scheme. Your GMP is included in your Local Government pension (it is not an addition to it) but the increases on the amount of the GMP may, in part, be paid by the Department for Work and Pensions (DWP) with your state pension.

If you have earned a GMP you will have received a notice from the DWP telling you how much this is and we have included details of this amount in your Annual Increase letter. Increases on the GMP are calculated in two parts depending on whether the GMP was earned before 6 April 1988 or after 5 April 1988. This is because the DWP pays the full increase on the GMP earned before 6 April 1988 and the Council pays some or all of the increase on the GMP earned after 5 April 1988. The Council only has to pay a maximum increase of 3.00% on the GMP earned after 5 April 1988. For this year, as the increase is 3.00%, the Council will pay the full increase on the GMP earned after 5 April 1988. An example of how the increase is calculated this year is shown on the next page.

Guaranteed Minimum Pensions (GMPs) – cont'd

An example for someone who has a GMP earned before 6 April 1988 and who reached State Retirement Age before 6 April 2016:

| | | |
|-----------------------------------|-----------------------|--|
| 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 3.00% | £6.75 | |
| Total Increase payable | £6.75 | |
| Total new pension | <u>£306.75</u> | |

For those who reach State Retirement Age on or after 6 April 2016 and the DWP has informed you that you have a GMP, the Council will pay the full amount of increase on your total pension.

General Data Protection Regulation (GDPR)

The General Data Protection Regulation (GDPR) is a new set of European Union (EU) regulations which are due to be implemented in the UK on 25 May 2018. The Government has confirmed that the UK's decision to leave the European Union will not alter this.

Currently in the UK the Data Protection Act 1998 sets out how your personal information can be used by companies, government and other organisations. The GDPR will replace the Data Protection Act 1998.

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 will 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

Wandsworth Pension Pay Dates

| 2018 | | | 2019 | | |
|-----------|-----------|------|----------|----------|------|
| Month | Month | Day | Month | Month | Day |
| April | Monday | 30th | January | Thursday | 31st |
| May | Thursday | 31st | February | Thursday | 28th |
| June | Friday | 29th | March | Friday | 29th |
| July | Tuesday | 31st | | | |
| August | Friday | 31st | | | |
| September | Friday | 28th | | | |
| October | Wednesday | 31st | | | |
| November | Friday | 30th | | | |
| December | TBC | | | | |

Richmond Pension Pay Dates

2018

| Month | Month | Day |
|-----------|-----------|------|
| April | Thursday | 26th |
| May | Friday | 25th |
| June | Tuesday | 26th |
| July | Thursday | 26th |
| August | Friday | 24th |
| September | Wednesday | 26th |
| October | Friday | 26th |
| November | Monday | 26th |
| December | Monday | 24th |

2019

| Month | Month | Day |
|----------|---------|------|
| January | Friday | 25th |
| February | Tuesday | 26th |
| March | Tuesday | 26th |

Local Pension Board

Do you want to get more involved in the running of the Wandsworth pension fund (now merged with the Richmond pension fund) as a pensioner member representative?

This is an opportunity to become more involved with the oversight of the Wandsworth merged pension fund. The Local Pension Board has been established to ensure that the LGPS is managed well at a local level.

It will be important to appoint members who have the time to commit to attend meetings, undertake training and effectively represent members.

For an informal discussion about this role you may telephone contact Paul Guillotti - Assistant Director of Resources (Financial Services) on 020 8871 6402 or via email at pguillotti@wandsworth.gov.uk If you wish to be considered for the Local Pension Board please email a statement outlining your interest and how you would meet the requirements to become a local scheme board member to pensions@wandsworth.gov.uk or write to our address below. Applications must be received by 15 May 2018.

Need more information?

If you would like more information about any of the items included in this Newsletter, please contact the Pensions Service on **020 8871 8036**.

Or write to: **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 with your usual signature

Or email: pensions@wandsworth.gov.uk

Or visit the Service. Our office is open from 9am to 5pm from Monday to Friday. We are located in Room 57a on the ground floor of Wandsworth Town Hall.

The Council has a controlled access system in the Town Hall. If you visit us you will need to report to the reception desk in the Marble Hall.

Information about the scheme is also available at <https://lgpsmember.org/> or www.wandsworth.gov.uk/pensions

National Fraud Initiative (NFI)

This article is for information only – you are not required to take any action. The Council is participating in an exercise to promote the proper spending of public money. We are required by law to protect the public funds we administer. We may share information provided to us with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud.

The Cabinet Office conducts data matching exercises to assist in the prevention and detection of fraud. The processing of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under its powers in Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the Data Protection Act 1998 or the GDPR.

For this initiative, we provide details of pensions so that they can be compared with information provided by other public bodies to ensure that no pensions are being paid to pensioners who are deceased or who are no longer entitled to them, and also with Housing Benefit records to ensure that occupational pension income is being declared.

These exercises help to ensure the best use of public funds. The NFI is highly successful at what it does, matching an extensive range of data from almost 1,300 organisations from across the UK to help prevent and detect fraud. Over the years it has enabled participants to identify fraud and overpayments totalling in excess of £1.39 billion.. I hope you find this re-assuring in terms of the controls over both the pension fund and indeed all the public sector resources that this Council administers.

We follow the Code of Data Matching Practice issued by the Audit Commission to ensure that appropriate safeguards are built into the exercise. Its provisions not only help ensure compliance with the law, but are aimed at increasing confidence that potentially intrusive activities are undertaken in a proportionate way with due respect for legitimate privacy concerns whilst permitting those involved in fraudulent activities to continue to be identified.

If you would like further information about NFI generally then all the key documents are available at <https://www.gov.uk/government/collections/national-fraud-initiative> If you do have any questions about or concerns over NFI, then please do contact me at Alix.Wilson@richmondandwandsworth.gov.uk

Alix Wilson
Head of Shared Audit Service

Misleading websites, emails and phone numbers

Some websites, emails or phone numbers can look like they're part of an official government service or that they provide more help than they actually do.

This might mean you pay for services that you could get cheaper or for free if you used the official government service.

Search on GOV.UK to find official government services and phone numbers - for example if you want to apply for a driving licence or passport or a European Health Insurance Card.