

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.

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Pensions Increase 2019

The Government has confirmed that the annual increase to pensions this year is 2.4%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2018. The increase will be applied to pensions from 8 April 2019.

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 7 days will be paid at the 2018 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
	2019/2020
Basic	£12,500
You don't get a Personal Allowance if your taxable income is over £125,000.	

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 £12,500	0%
Basic rate	£12,501 to £50,000	20%
Higher rate	£50,001 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	£9,000.00	£750.00
Basic State Pension	£5,400.00	£450.00
Total	£14,400.00	£1,200.00
Less Tax Allowance	£12,500.00	£1,041.67
Taxable Income	£1,900.00	£158.33
Tax at 20%	£380.00	£31.67
Income after tax	£14,020.00	£1,168.33

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

HMRC App

HMRC have now developed an app to find information about your tax, National Insurance, tax credits and benefits on the move.

You can download the HMRC app from:

- the App Store for iOS
- the Google Play Store for Android.

The first time you sign in, you'll need to enter your Government Gateway ID and password. If you haven't got these, go to **www.gov.uk/government-gateway** and register as an individual.

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 2019

This year pensions will increase by 2.40% from 8 April 2019. The Government sets the level of this increase. If your pension started after 23 April 2018, 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
23 April 2018 or before	2.40%
24 April 2018 to 23 May 2018	2.20%
24 May 2018 to 23 June 2018	2.00%
24 June 2018 to 23 July 2018	1.80%
24 July 2018 to 23 August 2018	1.60%
24 August 2018 to 23 September 2018	1.40%
24 September 2018 to 23 October 2018	1.20%
24 October 2018 to 23 November 2018	0.10%
24 November 2018 to 23 December 2018	0.80%
24 December 2018 to 23 January 2019	0.60%
24 January 2019 to 23 February 2019	0.40%
24 February 2019 to 23 March 2019	0.20%

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. 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 2.40%, 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 2.40%	£5.40	
Total Increase payable	£5.40	
Total new pension	<u>£305.40</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.

Changes to the Local Government Pension Scheme Regulations on survivor benefits for same sex spouses and civil partners

A change to the scheme rules has been made to provide that survivor benefits payable to a same sex spouse or a civil partner are equal those paid to the widow of a male member.

Why has the change been made?

The change has been made as a result of a Supreme Court judgment (Walker v Innopsec) which found that Mr Walker's male spouse was entitled to the same benefits that would have been paid if Mr Walker had left a widow in an opposite sex marriage.

Why does this apply to the LGPS?

The government believes that the implication of this judgment for all public service pensions schemes, including the LGPS, is that surviving civil partners or surviving same sex spouses should be provided with benefits equal to those that would be left to the widow of a male member.

When does the change take effect from?

The change is backdated to the date the civil partnerships and same sex marriages were introduced – this is 5 December 2005 for civil partnerships and 13 March 2014 for same sex marriages.

This means that where a member of the LGPS has died leaving a surviving civil partner or a same sex spouse, the survivor's pension in payment will need to be reviewed and any additional amounts paid, where applicable. We are in the process of reviewing the impact of this change and will be contacting affected civil partners and same sex spouses in due course.

The change will automatically be taken into account in survivor benefits paid to civil partners and same sex spouses in the future.

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.

Websites of interest

If you have found websites that you feel could be of particular interest to other retired members then please send us an email with your suggestions – our email address is below. Here are some examples of websites that we think you might find useful:

<https://www.nhs.uk/conditions/nhs-health-check/check-your-heart-age-tool/>

The heart age test tells you your heart age compared to your real age and gives advice on how to reduce your heart age.

<https://www.turn2us.org.uk/>

Turn2us is a national charity helping people when times get tough. They provide financial support to help people get back on track.

<http://www.laterlife.com/>

Nearly every question you could have on approaching and entering retirement is answered, including information on health, travel, finance and leisure.

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@richmondandwandsworth.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.

Wandsworth 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 our new website **<https://pensionsharedservice.org.uk/>** which has an area dedicated to providing information to pensioners.