

Pensions Newsletter

For deferred members of the Local Government Pension Scheme (LGPS)

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New Member Website

Visit the website here: <https://pensionssharedservice.org.uk/>

Pensions Increase 2019

The Government confirmed an annual increase to pensions this year of 2.4%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2018. The increase was applied to deferred pensions with effect from 8 April 2019. If your pension was awarded part way through the year, it has been increased by a proportion of the full amount in the first year and will increase by the full rate from next year.

Making your wishes known – Expression of Wish Form

The Council as the administering authority for the pension fund has absolute discretion over who receives any lump sum death grant that becomes payable in the event of your death. However it is important to let us know your wishes by completing an expression of wish form.

If you have not already completed one or wish to make a change, please download a new form from our webpage and send the completed form to us either by post or scanned by email – our contact details are on page 4.

You can name anyone you like from your family and friends or even charitable organisations. It is then unlikely that the lump sum death grant will be subject to inheritance tax.

What Lump Sum is payable if you die before your benefits start to be paid?

If you left the LGPS on or after 1 April 2008: a lump sum of 5 times your deferred annual pension will be payable.

If you left the LGPS before 1 April 2008: a lump sum of 3 times your deferred annual pension will be payable.

However, if you left with deferred benefits and die before receiving them **and** you are also an active contributing member of the LGPS when you die, only the higher of the deferred benefit death grant and the death in service death grant will be paid.

Amendments to the Local Government Pension Scheme (LGPS)

The LGPS (Miscellaneous Amendment) Regulations 2018

Early payment of deferred benefits for leavers before 1 April 1998

Last year we informed you of a change to scheme rules if you left the scheme with an entitlement to deferred benefits before 1 April 1998. We informed you that the scheme rules had been changed to allow you take your benefit at age 55 (rather than 60), or from the date your deferred benefit would be payable without a reduction for early payment – this is called your Normal Pension Age (NPA). Your NPA will be between age 60 and 65 depending on when you joined the scheme – you can find this information on your deferred benefit statement.

We are writing to you again to let you know that a further change to the scheme rules has been made which now allows you to take your benefit at any time from age 55 (rather than only at age 55 or NPA) – your former employer does not need to provide consent for you take your benefits between the age of 55 and your NPA. However, you must take payment of your deferred benefit at NPA (if you have not taken payment before).

In addition, you no longer have to leave all local government employment to take payment of your deferred benefit. This means that if you are working in another local government employment (ie a different employment to the one you were in when you built up your deferred benefit) you can now choose to take payment of your deferred benefit and continue in your local government employment.

The above changes are backdated to 17 April 2018.

An application for early payment of your deferred benefit should be made to Pensions Shared Service (see “Contact Us” section on page 4).

Reductions to your benefits for early payment

If you choose to take your deferred benefit earlier than your Normal Pension Age (NPA) they will normally be reduced to take account of the fact that your pension will be paid for longer. How much your deferred benefit is reduced by will depend on how early you take them. The reduction is based on the length of time (in years and days) between the date you take them and the date your deferred benefit is payable without a reduction for early payment. If you are unsure when your NPA is you should check your deferred benefit statement.

The early retirement reduction factors are set by the government and can vary from time to time. The current factors can be found on the national LGPS member website - www.lgpsmember.org/more/reductions.php

More information about claiming your deferred benefits is available on the webpage - www.lgpsmember.org/arl/already-left-when.php

Amendments to the Local Government Pension Scheme (LGPS) - continued

Changes to 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 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 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.

Pensions cold calling ban commenced!

Legislation to ban pensions cold-calling came into force on 9 January 2019, meaning that companies making unsolicited phone calls to people about their pensions face enforcement action, including fines of up to £500,000. The ban was introduced under the Privacy and Electronic Communications (Amendment) (No 2) Regulations 2018. The regulations prohibit cold-calling in relation to pensions, except for circumstances in which the caller is authorised by the Financial Conduct Authority (FCA) or is the trustee or manager of an occupational or personal pension scheme, and when the individual being contacted consents to the calls or has an existing relationship with the caller.

Cold calling is a common warning sign of a scam. Other signs of a scam to be aware of are:

- the offer of a free pension review;
- the promise of guaranteed returns on your investment;
- low tax / tax-free rates, including tax-free lump sums;
- exotic sounding and / or overseas investments;
- pressure to sign up quickly to avoid missing out.

If you are cold-called about your pension or believe you could be the victim of pension fraud, please contact Action Fraud on 0300 1232040. Further information is available on the Action Fraud website: <https://www.actionfraud.police.uk/>

When will we send you claim forms for retirement?

You can draw your deferred benefits in the following ways:

- At your Normal Pension Age (NPA) without reduction
- Before NPA but possibly with early retirement reductions

You can now contact us at any time from age 55 to request early payment of your deferred benefits. If you wish to claim deferred benefits earlier than your NPA please let us know in writing about 3 months prior to the date that you want to start receiving your pension benefits.

If we do not hear from you to request early payment we will write to you offering payment of your full pension benefits approximately 3 months before reaching your NPA.

Any Changes?

Please remember to let us know of any change to your name, address or marital status as quickly as possible. To update us with your personal details, please use our Deferred Benefit ABS Query Form. You can find this by visiting our website:

<https://pensionssharedservice.org.uk> and select "Forms and Guides".

If your marital status changes, you should send us by secure mail your marriage certificate, civil partnership certificate or decree absolute, as appropriate, so that we can validate the change.

Contact Us

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 by post 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.

Information about the scheme is also available at <https://lgpsmember.org/> or our new website <https://pensionssharedservice.org.uk/> which has an area dedicated to providing information for deferred members.

Disclaimer

This Newsletter has been prepared based on the Pensions Shared Service's understanding of the current legislation governing the Local Government Pension Scheme and associated overriding legislation. We make every attempt to ensure the accuracy and reliability of the information in our Newsletters, however, this information is intended for general use and cannot cover every personal circumstance. It represents the views of the Pensions Shared Service and should not be treated as a complete and authoritative statement of the law.

In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this Newsletter does not confer any contractual or statutory rights and is provided for information purposes only.