

# Pensions Newsletter

## Welcome

This Newsletter from the Pensions Shared Service has been written for our Pensioners.

### Impact of Coronavirus: service update

We are doing everything we can to minimise disruption to our service during the Coronavirus outbreak.

Measures are in place to ensure that we can continue to pay pensions and administer the pension scheme during this national emergency.

The safety and wellbeing of our staff and everyone who accesses our services is our priority and therefore our team is working remotely. Our offices are closed to visitors.

### Contacting us during the outbreak

The answer to most queries in relation to your pension can be found on our website: [www.pensionssharedservice.org.uk](http://www.pensionssharedservice.org.uk)

See also the Coronavirus (COVID-19) FAQs on pages 5 and 6.

If you need to contact us, we encourage you to email [pensions@richmondandwandsworth.gov.uk](mailto:pensions@richmondandwandsworth.gov.uk)

## Contents

Page 1 Pensions Increase 2020

Page 2 Income Tax

Page 3 Income Tax – Cont'd  
HMRC App

Overseas Certificates

Page 4 Pensions Increase 2020  
GMPs

Page 5 GMP's (Cont'd)  
Coronavirus (COVID-19) FAQs

Page 6 Coronavirus (COVID-19) FAQs  
(Cont'd)  
Becoming a Local Pension Board member

Need more information?

## Pensions Increase 2020

The Government has confirmed that the annual increase to pensions this year is 1.7%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2019. The increase will be applied to pensions from 6 April 2020.

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 5 days will be paid at the 2019 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
	2020/2021
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
<b>Income after tax</b>	<b>£14,020.00</b>	<b>£1,168.33</b>

## 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](http://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 2020

This year pensions will increase by 1.70% from 6 April 2020. The Government sets the level of this increase. If your pension started after 21 April 2019, it will be increased by a proportion of 1.70% 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.

<b>Pensions Beginning</b>	<b>Percentage Increase</b>
On or before 21 April 2019	1.70%
22 April 2019 to 21 May 2019	1.56%
22 May 2019 to 21 June 2019	1.42%
22 June 2019 to 21 July 2019	1.28%
22 July 2019 to 21 August 2019	1.13%
22 August 2019 to 21 September 2019	0.99%
22 September 2019 to 21 October 2019	0.85%
22 October 2019 to 21 November 2019	0.71%
22 November 2019 to 21 December 2019	0.57%
22 December 2019 to 21 January 2020	0.43%
22 January 2020 to 21 February 2020	0.28%
22 February 2020 to 21 March 2020	0.14%

## 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 1.70%, 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	<b>£300.00</b>	
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 1.70%	£3.83	
Total Increase payable	<b>£3.83</b>	
Total new pension	<b><u>£303.83</u></b>	

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.

### Coronavirus (COVID-19) FAQs for LGPS members from the Local Government Association

**Q: I am concerned about my financial situation because of the COVID-19 – what can I do?**

A: The Money Advice Service has published guidance on how to deal with the financial effects that you may be suffering due to the coronavirus pandemic. It covers all aspects of your finances including problems with paying mortgage and rent payments, debt and claiming benefits <https://www.moneyadviceservice.org.uk/en/articles/coronavirus-and-your-money>

**Q: The coronavirus pandemic is affecting stock markets, will this affect the value of my LGPS pension?**

A: No, the LGPS is a defined benefit pension scheme which means your pension is based on your salary and how long you've paid in. Your pension is not linked to stock market performance, so both your contributions and your pension, whether in payment or not, will be unaffected.

**Q: I am receiving a pension from the LGPS, will my pension still be paid to me?**

Yes, the Pensions Shared Service will prioritise paying pensions during these uncertain times.

**Q: Could pension scams increase during the Coronavirus (COVID-19) outbreak?**

A: Yes, watch out for scams related to coronavirus (COVID-19). These scams take many forms and could be about bank accounts, insurance policies, pensions transfers, or high-return investment opportunities, including investments in crypto assets.

Scammers are sophisticated, opportunistic and will try many things. They're also very likely to target the vulnerable. Beware of investments that appear to be too good to be true.

## Coronavirus (COVID-19) FAQs (continued)

To help protect yourself from scammers you should:

- reject offers that come out of the blue
- beware of adverts on social media channels and paid for/sponsored adverts online
- use the Financial Services Register and Warning List to check who you're dealing with.
- do not click links or open emails from senders you don't already know
- avoid being rushed or pressured into making a decision
- if a firm calls you unexpectedly, use the contact details on the Register to check that you're dealing with the genuine firm
- not give out personal details (bank details, address, existing insurance/pensions/investment details).

If you suspect a scam, call Action Fraud straight away on 0300 123 2040.

## Becoming a Local Pension Board member

The governance arrangements for the Local Government Pension Scheme (LGPS) provide members and employers with an opportunity to become more involved with the oversight of their pension funds. Members and employers sit on Local Pension Boards (LPB) to help ensure that the LGPS is well managed and representative at a local level.

Each administering authority in our partnership (Camden Council, Merton Council, Waltham Forest Council and Wandsworth Council) has a legal responsibility to maintain and manage their LGPS fund. This role is referred to as the "scheme manager" in the Public Service Pensions Act 2013. The LPB (assists in securing compliance with the Regulations, any other legislation relating to the governance and administration of the LGPS, and requirements imposed by the Pensions Regulator in relation to the LGPS.

It is important that LPB members have the time to commit to attend meetings, undertake training and effectively represent members.

If you think that the skills you have developed from your career might suit a role as a board member then please let us know. If you are interested in joining the LPB please put a subject heading in your email "Local Pension Board" and briefly outline your key skills. We will then arrange for a response from the administering authority. Our email address is below.

If your Local Pension Board does not have a vacancy at this time, your expression of interest will be noted and you will be contacted when a position on the LPB becomes available.

## Need more information?

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

During the Coronavirus national emergency, to assist us in focusing our staffing resources on delivering pension benefits, please only contact us by email:

**[pensions@richmondandwandsworth.gov.uk](mailto:pensions@richmondandwandsworth.gov.uk)**

Our response times may extend as current events develop.