

# Pensions Newsletter

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

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## Pensions Increase 2020

The Government confirmed an annual increase to pensions this year of 1.7%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2019. The increase was applied to deferred pensions with effect from 6 April 2020.

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 – the 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.

### 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.

### Exclusions to payment of a lump sum death grant

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 either the deferred benefit death grant or the death in service death grant will be paid.

Please note that lump sum death grants are only payable provided you are under age 75 at the date of death.

## **Scheme Changes/Court Rulings**

### **Update on the McCloud Judgment**

When the Government moved public service pension scheme members from final salary schemes to Career Average Revalued Earnings (CARE) schemes in 2014 they introduced protections for older scheme members. The Court of Appeal ruled in 2018 that younger members of the Judges and Firefighters Pension schemes were discriminated against because the protections did not apply to them. The Government has confirmed that there will be changes to all public sector schemes (including the LGPS) to remove this age discrimination.

The Government will shortly introduce a consultation on how the LGPS regulations will change to comply with this court ruling. We expect that the eventual outcome will provide eligible younger members with protection that is equal to the protection provided to older members.

The expected protection will compare the benefits payable under the current rules with the benefits that would have been paid if the Scheme had not changed in 2014 and then pays the higher. This protection will apply automatically – LGPS members who meet the qualifying criteria do not need to take any action.

It is important to note that most members will not see an increase to their pension benefits as the CARE scheme is more beneficial for them. For others any increase is likely to be small because of low salary growth since the CARE scheme was introduced. No scheme member will see a reduction in the benefits being paid.

Changes to the Scheme will be backdated to April 2014 and will apply to qualifying members who left the LGPS after that date. Implementing and communicating the changes will be extremely challenging – please see the “News” section of our website for future updates: <https://pensionssharedservice.org.uk/news/the-mccloud-judgment/>

### **Opposite Sex Civil Partnerships**

In December 2019 with the change in law on Opposite Sex Civil Partnerships, the government amended the LGPS regulations. Therefore, should a scheme member die after entering an opposite sex civil partnership their partner would benefit to the same extent as a married partner

### **Transferring out of the LGPS**

You cannot transfer your benefits (other than AVCs) if you leave less than one year before your Normal Pension Age. An option to transfer (other than in respect of AVCs) must be made at least 12 months before your Normal Pension Age.

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, civil partner, eligible cohabiting partner or eligible children.

Further information about transferring out can be found here: [www.lgpsmember.org](http://www.lgpsmember.org)

If you are thinking of transferring your pension benefits out of the LGPS you should be aware that scammers operate in these markets – see our article on page 3.

For more information on when and how to claim your retirement benefits read our article on page 4.

## **Member Self Service (MSS)**

The Pensions Shared Service is introducing a new way for you to access information about your pension account. Like online banking, Member Self Service (MSS) will provide you with an easy way to stay up to date with your pension savings any time of the day or night. Going forward, the Pensions Shared Service will be moving to digital formats as our primary method of communicating with you, expanding the ways that you can access information and submit requests.

When we launch Member Self Service (MSS) later this year and you have registered to use it, you will be able to:

- View your pension account
- Amend your personal details, such as home address, nomination details
- Perform your own pension calculations and “what if” scenarios
- View Annual Benefit statements (ABS) (when available)

## **Paperless Annual Benefit statements**

We currently post an Annual Benefit Statement to you each year which confirms the current value of your deferred benefits. From 2021 onwards, your Annual Benefit Statement will go ‘paperless’, and you will access your statement directly from the Member Self Service website. This will reduce the number of issues with statements being sent by post and means that you will no longer need to worry about misplacing your paper copy.

## **Registering for Member Self Service (MSS)**

Later this year, we will be writing to you with your activation keys and to tell you how to register for Member Self Service.

In the meantime, it’s more important than ever that you tell us about any change in your contact details so we can make sure this information reaches you. We’ll make an announcement on our website when we are sending out the registration letters, so you’ll be able to check there for the most up to date information.

## **The LGPS and stock markets**

You may have seen recent news reports about volatility in the stock markets and the potential resultant impact on Defined Contribution (DC) pension savings.

As a member of the LGPS, you are a member of a public sector Defined Benefit (DB) scheme and therefore your LGPS DB pension savings are not linked to stock market performance and are protected by statute.

Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer-term impacts.

LGPS Scheme members can therefore be assured that both their contributions and their pension, whether in payment or built up to date, will be unaffected.

The only exception to this is Additional Voluntary Contributions (AVCs). If you have an AVC, it is possible the value may have reduced - this will depend on the funds you have chosen to invest in. You should contact your AVC provider for more information.

## Retirement Living Standards

More of us are saving in a workplace pension than ever before. We now have more information, more choices, and more responsibility for our retirement savings. But will the future we want be the future we are able to get?

The Retirement Living Standards, based on independent research by Loughborough University, have been developed to help you picture what kind of lifestyle you could have in retirement.

The standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

For many people their private and state pensions and other savings could go a long way towards these costs. You may need to add other costs depending on your circumstances, such as mortgage, rent, social care costs and any tax on pension income.

Explore the categories to picture what life in retirement could look like for each of the Standards.

Take a look at the website for more information:

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

## How to avoid pension scams - Covid-19 and your pension

Scammers are continuing to target pension pots of all sizes during the Covid-19 outbreak. Before making a decision on your pension savings, read below to find out how to protect yourself from scams.

### 4 simple steps to protect yourself from pension scams

**Step 1 – reject unexpected offers** - if you are contacted out of the blue about a pension opportunity, chances are it is high risk or a scam. If you get a cold call about your pension, the safest thing to do is to hang up - it's illegal and probably a scam. If you get unsolicited offers via email or text, you should simply ignore them.

And do not be talked into something by someone you know. They could be getting scammed, so check everything yourself.

**Step 2 – check who you are dealing with** on the Financial Services Register to make sure that anyone offering you advice or other financial services is FCA authorised, and they are permitted to provide those services regarding pensions <https://register.fca.org.uk/>

Check they are not a clone – a common scam is to pretend to be a genuine FCA-authorized firm (called a 'clone firm'). Always use the contact details on the FCA Register, not the details the firm gives you.

**Step 3 – don't be rushed or pressured** - take your time to make all the checks you need – even if this means turning down an 'amazing deal'.

**Step 4 – get impartial information or advice** - you should seriously consider seeking financial guidance or advice before changing your pension arrangements. Use the FCA register if you do opt for an adviser.

You can report an unauthorised firm or scam to the FCA by contacting their Consumer Helpline on 0800 111 6768 or using their reporting form.

## 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 point 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".

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.

## Contacting the Pensions Shared Service

Responding to the Government's guidance regarding COVID-19, we have adapted our processes. The safety and wellbeing of our staff and everyone who accesses our services is our priority.

Since March 2020 and until further notice, our office in Wandsworth Town Hall is not available for visitors to the PSS.

We continue to deliver our services and respond to emails and letters.

Please only telephone the PSS where urgent, for example, reporting a death. You can also arrange a Skype meeting with us.

We appreciate your assistance as we focus our staffing resources on delivering pension benefits.

Post 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

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

We expect you to use our website <https://pensionssharedservice.org.uk/> for information before contacting us. Information about the scheme is also available at <https://lgpsmember.org/>