

Pensions Shared Service Newsletter

For members and prospective members of the Local Government Pension Scheme (LGPS)

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COVID 19 Update

Due to the ongoing national emergency, our office in Wandsworth Town Hall is not currently available for visitors to the Pensions Shared Service.

Information on how to contact us is set out in the ABS article below.

The answer to most queries in relation to your pension can be found on our website: www.pensionssharedservice.org.uk

Annual Benefit Statements

Your Annual Benefit Statement has been sent to your home address. Please read the notes pages included with your statement carefully as they include important information about how your statement has been prepared.

You will receive more than one statement if you are contributing to the scheme in respect of more than one post. Statements for any previous jobs with the Council for which you have a deferred benefit are produced separately.

If you joined the LGPS after 31 March 2020, your first statement will be issued next year.

If you have a query about the information contained in your Annual Benefit Statement (ABS), please complete our [ABS Query Form](#) specifically designed for this exercise. The ABS Query Form can be downloaded here

<https://pensionssharedservice.org.uk/forms-and-guides/>

When you have completed the form please attach it to an email and send it to pensionsabs@richmondandwandsworth.gov.uk

The subject line of your email should be "Active ABS 2020". Please keep in mind that we won't be able to deal with your enquiry unless it is made via this method. Please read the notes pages accompanying the ABS or visit the national LGPS members' website <https://lgpsmember.org/> before contacting us as the answer to your question may be covered in the notes or on the website.

If your query relates to information that we have been given, for example pay details or the number of hours you work in a week, we will check this with your employer. You will then see the changes on your next statement.

We have issued over 27,000 individual benefit statements so we will be dealing with a lot of queries at this time and some of these will require you, us and your employer to put right. It may take a while therefore to review all the queries, so we ask for your understanding whilst we deal with these.

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 has introduced a consultation on how the LGPS regulations should 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.

No scheme member will see a reduction in their pension benefits due to the judgment.

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.

Exit payments – legislation update

In July 2020, the Government published draft regulations to introduce a limit on the total value of payments that could be made when public-sector employers end a staff member's employment - a £95,000 cap on exit payments.

This includes redundancy payments (including statutory redundancy payments) severance payments, pension strain costs which arise when a Local Government Pension Scheme (LGPS) pension is paid unreduced before Normal Pension Age and other payments made as a consequence of termination of employment.

The statutory redundancy element of an exit payment cannot be reduced. If the cap is exceeded, other elements that make up the exit payment will have to be reduced to achieve an exit payment of £95,000.

The Regulations will need to be approved by both houses of parliament and will come into force 21 days after that process is complete. We will keep you updated in the “News” section of our website.

Your Pension Contribution

The contribution rates for employees are set by the Government. The current bands are set out below - reflecting the April 2020 increase on pensionable pay in line with the cost of living.

Contribution table 2020/21

If your actual pensionable pay is: **You pay a contribution rate of:**

Up to £14,600	5.50%
£14,601 to £22,800	5.80%
£22,801 to £37,100	6.50%
£37,101 to £46,900	6.80%
£46,901 to £65,600	8.50%
£65,601 to £93,000	9.90%
£93,001 to £109,500	10.50%
£109,501 to £164,200	11.40%
£164,201 or more	12.50%

You pay contributions on your normal salary or wages plus any shift allowance, bonuses including PrP, overtime (both contractual and non-contractual), pay for child related leave and any other taxable benefit specified in your contract as being pensionable. If you earn enough to pay tax, you receive tax relief on your contributions.

You should always check your payslip to make sure that pension contributions are being deducted.

You can either contribute to the Scheme as a 'Main Section' member, or in the '50/50' section. As the name suggests, within the '50/50 Section' you pay half the contributions and get a lower annual pension in return, whilst retaining full life and ill-health cover. The 50/50 section is designed to help members stay in the scheme, building up valuable pension benefits, during times of financial hardship. Further information and a form for the '50/50' section is available on our website.

The 50/50 section is intended to be a short-term option, your employer is required to re-enrol you back into the main section of the scheme approximately every three years on a re-enrolment date set by them. You are also able to revert back to the main section of the LGPS at any time by informing your employer in writing.

Can I pay more to increase my benefits? Yes there are options to increase your retirement benefits in the LGPS including APCs and AVCs as well as outside the LGPS.

Visit <https://pensionssharedservice.org.uk/active-members/increasing-your-pension-benefits/> to find out more about these options.

CARE pensions increase by 1.7% in 2020

The adjustment to your CARE pension for 2020 is an increase of 1.7%.

Why isn't the 1.7% increase on my 2020 statement? The reason is that the statement only shows your pension up to 31 March 2020 – the day before the 1.7% increase was applied to your pension on 1 April 2020. You'll see the 1.7% increase on your 2021 statement instead.

About the adjustment We adjust your CARE pension every April in line with HM Treasury's Revaluation Order, currently set by the Consumer Price Index (CPI) for the September before the increase date. The adjustment only applies to the CARE part of your pension. If you also have final-salary pension benefits from membership before April 2014 they're worked out differently and the increase does not apply to them until you retire – visit this national LGPS website for further information:

<https://www.lgpsmember.org/arm/already-member-how.php>

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 you 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 pension 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.

Any Changes?

Please remember to let us know of any change to your name, address or marital status as quickly as possible. You can download our ABS Query Form to do this. See page 1.

2020/21 Annual Allowance Changes

The annual pension allowance is the maximum amount of pension savings that you can build up in a year without incurring a tax charge.

In the 2019/20 tax year, the annual allowance of £40,000 could be reduced or 'tapered' for those earning over £110,000 a year (after the deduction of employee pension contributions. For the affected members, for every £2 of 'adjusted income' over £150,000, the annual allowance for that year reduced by £1. Adjusted income is all income (including pensions savings growth) less employee pension contributions.

From Monday 6 April 2020 the income threshold increased from £110,000 to £200,000, so if your income less annual pension contributions is under this amount you won't be affected by the tapered annual allowance.

The annual allowance will only begin to taper if your adjusted income is above £240,000, which is the £200,000 allowance plus the £40,000 you can save into a pension. At the same time the minimum annual allowance goes down from £10,000 to £4,000.

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 or observer then please visit our dedicated webpage for details and current vacancies: <https://pensionssharedservice.org.uk/news/pension-committees-and-local-pension-boards/>

Making your wishes known – the Expression of Wish Form

If you die in service as a member of the LGPS, a death grant lump sum of three times your assumed pensionable pay at your date of death is paid provided you are aged under 75 (restrictions apply if you also have a deferred benefit and/or a pension in payment from a previous period of membership of the LGPS).

If you have not already completed one or wish to make a change to who you would like to receive any death in service lump sum, please download a new form from our webpage and send the completed form to us either by post or scanned by email.