

# Pensions Newsletter

## Welcome

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

### Impact of Coronavirus: service update

In responding to the pandemic emergency, the Pensions Shared Service has operated in full accordance with government guidelines. This included the difficult decision to close our office in March 2020 to safeguard staff and visitors alike. At the time of writing, our office remains closed to visitors until further notice.

Our service planning has prioritised, and will continue to prioritise, the payment of your pension each month without disruption.

### Contacting us

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)

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

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## Pensions Increase 2021

The Government has confirmed that the annual increase to pensions this year is 0.5%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2020. The increase will be applied to pensions from 12 April 2021.

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 11 days will be paid at the 2020 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 |
|---|--------------------|
|   | 2021/2022          |
| Basic   | £12,570            |
| 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 £12,570       | 0%       |
| Basic rate         | £12,571 to £50,270  | 20%      |
| Higher rate        | £50,271 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      | £12,570.00        | £1,047.50        |
| Taxable Income          | £1,830.00         | £152.50          |
| Tax at 20%              | £366.00           | £30.50           |
| <b>Income after tax</b> | <b>£14,034.00</b> | <b>£1,169.50</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 6.00 pm Monday to Friday  
Closed on weekends and bank holidays

Phone lines are less busy before 10am, Monday to Friday.

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 2021

This year pensions will increase by 0.50% from 12 April 2021. The Government sets the level of this increase. If your pension started after 27 April 2020, it will be increased by a proportion of 0.50% 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 27 April 2020           | 0.50%                      |
| 28 April 2020 to 27 May 2020         | 0.46%                      |
| 28 May 2020 to 27 June 2020          | 0.42%                      |
| 28 June 2020 to 27 July 2020         | 0.38%                      |
| 28 July 2020 to 27 August 2020       | 0.33%                      |
| 28 August 2020 to 27 September 2020  | 0.29%                      |
| 28 September 2020 to 27 October 2020 | 0.25%                      |
| 28 October 2020 to 27 November 2020  | 0.21%                      |
| 28 November 2020 to 27 December 2020 | 0.17%                      |
| 28 December 2020 to 27 January 2021  | 0.13%                      |
| 28 January 2021 to 27 February 2021  | 0.08%                      |
| 28 February 2021 to 27 March 2021    | 0.04%                      |

## 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 0.50%, 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 0.50%                 | £1.13                 |  |
| Total Increase payable            | <b>£1.13</b>          |  |
| Total new pension                 | <b><u>£301.13</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.

## Pension Scams

Pension scams have increased during the COVID-19 pandemic.

In 2020, Action Fraud reported a 400% rise in coronavirus-related fraud, and a measurable increase in attempted pension scams.

The usual methods for pension fraudsters to approach their victims are via telephone (cold calling) or unsolicited emails, so neither have been hampered by the lockdown measures. Meanwhile potential victims, now accustomed to everyone getting in touch this way, may be less on their guard.

To help protect yourself:

- Reject offers that come out of the blue - if you get a cold call about your pension, the safest thing to do is to hang up
- Beware of adverts online
- Check who you are dealing with - use the financial services register on the Financial Conduct Authority website at: **fca.org.uk**
- Do not click on links or open emails from senders you do not know
- Do not give out personal details.

If you suspect a scam,  
call Action Fraud on 0300 123 2040  
or visit their website at: [actionfraud.police.uk](http://actionfraud.police.uk)

Be aware that if you have already invested in a scam, fraudsters are likely to target you again or sell your details to other criminals.



## National Fraud Initiative (NFI)

This article is for information only – you are not required to take any action.

The Councils in our Pensions Shared Service partnership are participating in an exercise to promote the proper spending of public money. We are required by law to protect the public funds we administer. We may share information provided to us with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud.

The Cabinet Office conducts data matching exercises to assist in the prevention and detection of fraud. The processing of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under its powers in Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the Data Protection Act 1998 or UK GDPR.

For this initiative, we provide details of pensions so that they can be compared with information provided by other public bodies to ensure that no pensions are being paid to pensioners who are deceased or who are no longer entitled to them, and also with Housing Benefit records to ensure that occupational pension income is being declared.

These exercises help to ensure the best use of public funds. The NFI is highly successful at what it does, matching an extensive range of data from almost 1,300 organisations from across the UK to help prevent and detect fraud. Over the years it has enabled participants to identify fraud and overpayments totalling in excess of £1.39 billion. I hope you find this re-assuring in terms of the controls over both the pension fund and indeed all the public sector resources that our Councils administer.

We follow the Code of Data Matching Practice issued by the Audit Commission to ensure that appropriate safeguards are built into the exercise. Its provisions not only help ensure compliance with the law, but are aimed at increasing confidence that potentially intrusive activities are undertaken in a proportionate way with due respect for legitimate privacy concerns whilst permitting those involved in fraudulent activities to continue to be identified.

If you would like further information about NFI generally then all the key documents are available at <https://www.gov.uk/government/collections/national-fraud-initiative>

## 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)