

Pensions Newsletter

Welcome

This Newsletter from the Pensions Shared Service contains important information for our Pensioners.

More information is available on our website <https://pensionssharedservice.org.uk/pensioners/> an area dedicated to our pensioners.

You can write to us at: **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.

We also now offer face to face video appointments, through Microsoft Teams.

To request a Teams meeting, just email us at pensions@richmondandwandsworth.gov.uk with the subject heading “**Video Call Request**” and your proposed date and time for the meeting and a brief description of what you would like to discuss.

We will confirm with an email containing a link to the Teams Meeting. You can join the meeting as a ‘guest’ or sign up for a free Teams account.

Contents

Page 1	Welcome Pensions Increase 2023
Page 2	Income Tax
Page 3	Income Tax – Cont’d HMRC App Overseas Certificates
Page 4	Pensions Increase 2023 GMPs
Page 5	GMP’s (Cont’d) Coronation 2023
Page 6	Contracted-out pension equivalent (COPE) Protect yourself from scams Need more information?

Pensions Increase 2023

The Government has confirmed that the annual increase to pensions this year is 10.1%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2022. The increase will be applied to pensions from 10 April 2023.

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 9 days will be paid at the 2022 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
	2023/2024
Basic	£12,570
You don't get a Personal Allowance if your taxable income is over £125,140.	

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 £125,140	40%
Additional rate	over £125,140	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
Income after tax	£14,034.00	£1,169.50

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.

Open the app and enter your Government Gateway user ID and password to sign in for the first time. If you do not have a user ID, you can create one in the app.

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 2023

This year pensions will increase by 10.1% from 10 April 2023. The Government sets the level of this increase. If your pension started after 25 April 2022, it will be increased by a proportion of 10.1% 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.

Pensions Beginning	Percentage Increase
On or before 25 April 2022	10.1%
26 April 2022 to 25 May 2022	9.26%
26 May 2022 to 25 June 2022	8.42%
26 June 2022 to 25 July 2022	7.58%
26 July 2022 to 25 August 2022	6.73%
26 August 2022 to 25 September 2022	5.89%
26 September 2022 to 25 October 2022	5.05%
26 October 2022 to 25 November 2022	4.21%
26 November 2022 to 25 December 2022	3.37%
26 December 2022 to 25 January 2023	2.53%
26 January 2023 to 25 February 2023	1.68%
26 February 2023 to 25 March 2023	0.84%

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 10.10%, the Council will pay a 3.00% increase and the DWP will pay a 7.10% increase on the GMP earned after 5 April 1988. Examples of how the increases are calculated this year are shown on the next page.

Guaranteed Minimum Pensions (GMPs) – cont'd

An example for someone who has a GMP earned before 6 April 1988 who retired before 26 April 2022.

Current pension	£300.00	
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 10.10%	£22.73	
Total Increase payable	£22.73	
Total new pension	<u>£322.73</u>	

An example for someone who has both a GMP earned before 6 April 1988 and a GMP earned after 5 April 1988 who retired before 26 April 2022.

Current pension	£300.00	
GMP earned before 6 April 1988 **	£75.00	**[The increase on this amount is paid with your State Pension]
GMP earned after 5 April 1988	£25.00	
Amount of pension to be increased	£200.00	
Increase of 10.1%	£20.20	
Plus		
Amount of GMP earned after 5 April 1988 to be increased ***	£25.00	***[The increase above 3% will be paid with your State Pension]
Increase of 3.00%	£0.75	
Total Increase payable	£20.95	
Total new pension	<u>£320.95</u>	

If you have not yet reached State Retirement Age, the Department for Work and Pensions (DWP) will write to you nearer your state retirement age and let you know how much your state pension will be. In the letter the DWP will give details of the Additional Pension or State Second Pension and the amount of the **Contracted-Out Deduction (COD)** that you are entitled to. You will receive this COD as the Guaranteed Minimum Pension (GMP) element in your pension from us when you reach state retirement age and increases on the amount of your GMP will be paid as detailed in the examples above.

The Coronation in 2023 - celebrations and events

People across the country and the Commonwealth are invited to celebrate the Coronation of His Majesty The King and Her Majesty The Queen Consort over a weekend of special events on 6–8 May.

The Coronation of His Majesty The King takes place in the months after his accession, following a period of mourning. In a similar but simpler ceremony, the Queen Consort will also be crowned alongside His Majesty The King as part of the service on Saturday 6 May 2023 at Westminster Abbey.

To find out about all the events planned to celebrate the Coronation and how you can get involved, visit the webpage: <https://coronation.gov.uk/get-involved/>

Contracted-out pension equivalent (COPE)

If you are approaching state pension age, you may receive a letter from HMRC referring to your Contracted-Out Pension Equivalent (COPE).

As part of the changes to the State Pension introduced in April 2016 the Department for Work and Pensions (DWP) introduced a term called Contracted-Out Pension Equivalent.

COPE is an estimated amount for those who were previously 'contracted-out' of the additional State Pension to see how National Insurance (NI) contributions paid before 6 April 2016 will contribute to their overall pension income.

Members of the Local Government Pension Scheme (LGPS) were 'contracted out' of the additional State Pension and paid lower National Insurance contributions. So to take into account that LGPS members have paid less into the NI system, the amount of State Pension they'll get directly from the government will be lower than that received by people with similar earnings who were not contracted-out.

While those individuals who were contracted-out may not be entitled to the full amount of the new State Pension, they will instead receive some of their pension income through a different route. In most cases, their occupational or personal pension scheme(s) should include an amount that is at least equivalent to the additional State Pension they would have got if they hadn't been contracted-out. This is known as the COPE amount.

The COPE amount is now included on State Pension statements. However, the COPE is an estimated figure and has no direct relation to the benefits paid by individual pension schemes, including the LGPS.

If you look at your own State Pension forecast, it states what your State Pension is likely to be when you reach state pension age and then what your COPE amount is separately. The COPE figure is only an estimated figure and is not actually deducted from the State Pension. Since 5 April 2016 an individual's National Insurance record is used to calculate their starting amount and then each year from then on they build up an entitlement to the new State Pension.

The COPE is a single figure covering all of an individual's contracted-out membership, so where a member has had contracted-out membership in more than one pension scheme (or more than one pension fund), it is possible that a person's LGPS pension will appear lower than the COPE.

Protect yourself from scams

Scams can be sophisticated, but if it sounds too good to be true, it probably is.

For more advice on the basic steps everyone should take to avoid scams, check out:

<https://www.moneyhelper.org.uk/en/money-troubles/scams/a-beginners-guide-to-scams>

Need more information?

Our website <https://pensionssharedservice.org.uk/pensioners/> has an area dedicated to providing information to our pensioners.