

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.

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Pensions Increase 2024

The Government has confirmed that the annual increase to pensions this year is 6.7%. This is the equivalent of the Consumer Prices Index (CPI) for the 12 months ending September 2023. The increase will be applied to pensions from 8 April 2024.

Your April pension payment will not include the full increase because the first 7 days will be paid at the 2023 rate. Your May pension payment will include the full increase.

If some of your pension is made up of Guaranteed Minimum Pension (GMP) then you may not get the full increase applied to your pension. An example of how the increase is calculated is set out later in this Newsletter.

Please note, if left your LGPS employment after 22 April 2023 you will usually only receive a partial increase this April as shown on page 4 of 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
	2024/2025
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, in May, 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 2024

This year pensions will increase by 6.7% from 8 April 2024. The Government sets the level of this increase. If your pension started after 23 April 2023, it will be increased by a proportion of 6.7% as shown in the table below.

Pensions Beginning	Percentage Increase
On or before 23 April 2023	6.70%
24 April 2023 to 23 May 2023	6.14%
24 May 2023 to 23 June 2023	5.58%
24 June 2023 to 23 July 2023	5.03%
24 July 2023 to 23 August 2023	4.47%
24 August 2023 to 23 September 2023	3.91%
24 September 2023 to 23 October 2023	3.35%
24 October 2023 to 23 November 2023	2.79%
24 November 2023 to 23 December 2023	2.23%
24 December 2023 to 23 January 2024	1.68%
24 January 2024 to 23 February 2024	1.12%
24 February 2024 to 25 March 2024	0.56%

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 6.70%, the Council will pay a 3.00% increase and the DWP will pay a 3.70% 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 24 April 2023.

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 6.70%	£15.08	
Total Increase payable	£15.08	
Total new pension	<u>£315.08</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 6.70%	£13.40	
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	£14.15	
Total new pension	<u>£314.15</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 state pension rises by 8.5% from April 2024

The Government confirmed in last November's Autumn Statement that the State Pension will rise from April 2024 by 8.5%.

This rise is in line with the government's 'triple lock', which guarantees that the increase payable from April will be the highest of three measures - the September 2023 CPI inflation measure, average earnings growth between May and July 2023 (including bonuses), or 2.5%.

As September's CPI measure was 6.7%, this means state pensions will go up by average earnings growth instead, which was higher at 8.5%.

The McCloud Remedy in the LGPS

When the Government reformed public service pension schemes in 2014 and 2015, older members were protected from the changes.

In December 2018, the UK Courts ruled that younger members of the Judges' and Firefighters' pension schemes had been discriminated against because the protections did not apply to them. This ruling is called the McCloud judgment after a member of the Judges' pension scheme involved in the case.

The rules of all public service pension schemes, including the LGPS, changed from 1 October 2023 because of the ruling. The changes are known as the McCloud remedy and they remove the age discrimination found in the McCloud judgment.

In the LGPS, older members were protected by the underpin. When a protected member retired, their pension in the career average scheme was compared with the pension they would have built up in the final salary scheme. If the final salary pension would have been higher, their pension increased by this final salary underpin amount.

From 1 October 2023, eligible younger members are also protected by the underpin. Not all LGPS members are eligible for protection. The underpin will protect the pensions of eligible members that they built up in the remedy period. The remedy period is from 1 April 2014 to 31 March 2022. Underpin protection stopped earlier if you left the LGPS or reached age 65 before 31 March 2022. For information visit: <https://www.lgpsmember.org/mccloud-remedy/>

What do I need to do if I am affected?

You don't need to do anything. If you are protected and your LGPS pension is already being paid to you, we will work out if your pension will increase. We will do this as soon as we can, but reviewing all pensions in payment will take around 12 months.



Please be assured that we will contact anyone whose pension in payment will increase because of the McCloud remedy. We will only write to you if the new rules mean that your pension will increase and we will pay any arrears due.

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.