

Deferred

Members Newsletter 2018

For more information visit the national Local Government Pension Scheme Members website: www.lgpsmember.org

Welcome to the 2018 edition of the newsletter for deferred members of the Local Government Pension Scheme (LGPS).

We have produced this newsletter jointly with other LGPS funds and you should contact Worcestershire Pension Fund directly to update your personal details or if you need more information.

New amendment regulations came into force on 14 May 2018. The changes are included in this newsletter, read on to find out how they affect you.

➤ Frequently asked questions

What are deferred benefits?

Deferred benefits are pension benefits calculated when you leave the LGPS before you retire and which are held in the pension fund for you until:

- you decide to transfer them to another pension scheme;
- they are due to be paid at your normal pension age (NPA); or
- your pension is paid to you, earlier than your NPA, if you retire early or due to ill health.

Your NPA depends on when you left the LGPS. If you left the scheme before 1 April 2014, your benefits have an NPA of 65. However, if you left the scheme after this date, your NPA is linked to your own State Pension age.

When can I take my deferred benefits?

This used to depend on what the scheme rules said at the point you left. But due to a very recent change in the scheme rules, most members can now draw their deferred benefits from age 55, although early retirement reductions may apply.

You can draw your deferred benefits in the following ways:

- At NPA without reduction
- Before NPA but possibly with early retirement reductions

If you left before 1 April 1998 the rules are slightly different. If you are under 55 you now have the option to take your benefits at age 55 but early retirement reductions will normally apply. If you don't choose to draw these deferred benefits at 55, you

will have to wait until your NPA to do so.

If you are already 55 or over you don't currently have the option to choose to draw your deferred benefits early without your former employer's agreement, so you must wait until your NPA - in most cases this is 60. This option is being reviewed by Government. However, if you are unable to work again because of ill health, you may be able to receive your pension benefits in full, without a reduction, whatever your age was when you left the LGPS. Please contact your former employer if you think this applies to you.

If you are considering retiring and would like to know more about the process, please visit your pension fund's website or contact your pensions team for further information.

How do I update my personal details?

If any of your personal details shown on your annual statement (including your address) are incorrect, or you want to update the pension fund about any changes, fill in the relevant form (such as the 'change of address' form) on the fund's website.

If your marital status has changed or changes in the future, you should provide the pension fund with a copy of your marriage certificate, civil partnership certificate or decree absolute to authorise the change.

What if I die before receiving my deferred benefits?

If you die before you receive your deferred benefits, your eligible dependants may receive a lump-sum death grant and survivors' pensions.

If you left the LGPS before 1 April 2008, the death grant would be the amount of your lump-sum retirement grant, which includes any increases in your pension since the date you left the scheme. If you left on or after 1 April 2008, the death grant would be the amount of your deferred pension, multiplied by five, including any pension increases since the date you left the scheme.

Who will receive the dependant's pension if I die before taking my deferred benefits?

Your registered civil partner, your eligible children or, if you were a member of the LGPS on or after 1 April 2008, an eligible cohabiting partner (someone you live with, unmarried, as part of a couple) may receive a pension. There is more information on who is eligible on the national LGPS members' website.

There is no need to nominate your husband, wife, civil partner or dependent children for a pension payable on your death, but you should nominate who you would want to receive the lump-sum death grant.

If you have already made a nomination it will be shown on your annual statement. You can make a new nomination or change your current nomination by filling in the form on our website.

How do my deferred benefits keep their value against inflation?

Your deferred benefits are adjusted each April in line with inflation to make sure they follow the cost of living. The pension increase to be applied to your benefits is measured by the Consumer Price Index (CPI) as at the previous September. For April 2018, this was 3%.

➤ Increases to the State Pension age

Based on the recommendations of an independent review of the State Pension age, the Government's new timetable proposes that the State Pension age will increase to 68 between 2037 and 2039. This is earlier than the current legislation, which proposed a rise between 2044 and 2046. The change will affect everyone born between 6 April 1970 and 5 April 1978. No-one born on or before 5 April 1970 will see a change to their State Pension age.

As the normal pension age (NPA) within the LGPS is now linked to State Pension age, this will change the NPA of members born between those dates, unless they left the LGPS before 1 April 2014. Visit the Department for Work and Pensions website for more information on the State Pension age review.



➤ New data-protection regulations come into force

The General Data Protection Regulation (GDPR) is a new set of regulations which came into force on 25 May 2018. Within the UK these regulations make up part of the new Data Protection Act 2018. GDPR changes how businesses and organisations, including pension funds, process and handle data (information). The main aim is to simplify data privacy laws, while giving greater protection and rights to individuals.

How will GDPR affect me?

To look after your pension benefits, your pension fund holds certain information about you, including the following:

- Contact details, including your name, address, phone number and email address
- Identifying details, including your date of birth and National Insurance number
- Information about your benefits in the fund, including length of service and salary
- Other information to do with your membership of the fund, which helps us to calculate or pay benefits, for example your bank account details.

We get some of this personal information direct from you. We may also get information from your employer (for example, information about your salary) and from other sources, including public databases.

We use this personal information to manage the fund, to calculate pension benefits for you (and any beneficiaries when you die) and to keep to our legal obligations.

As a member of the LGPS you are unlikely to notice any changes with the introduction of GDPR. This is because your pension fund already had procedures in place, under the previous Data Protection Act. The introduction of GDPR simply means that the current requirements on data protection are reinforced.

Your pension fund has to issue a privacy notice setting out why it holds certain information, the reason for processing the information and how long it will keep it for. The notice will also include further information about your rights.

To find out more about GDPR and how your pension fund uses your information, visit your fund's website at www.worcestershire.gov.uk/pensions



➤ Pension scams



If you are thinking of transferring your pension pot to another pension provider, be sure that you protect yourself from fraudulent companies.

Here are five tips for you to consider before taking any action.

1. If you're using a financial adviser, make sure they are registered with the Financial Conduct Authority (FCA).
2. Avoid or ignore an unsolicited phone call, text or email (one you haven't asked for), these are nearly always going to be a scam.
3. Act straightaway if you think you have been the victim of a scam. Report it to Action Fraud on 0300 123 2040.
4. Be wary of attractive 'deals'. You can visit the FCA website at: www.fca.org.uk/scamsmart to see if the deal you are being offered is a known scam.
5. Always check the investment is a legitimate one, even if it has been recommended by a friend.

➤ Changes to AVC contracts

If you started paying Additional Voluntary Contributions (AVCs) before 1 April 2014, and also left your employment before this date, the rules around your contract were slightly different to those for contracts taken out after 1 April 2014. If you have not yet taken payment of your AVCs, the rules have brought in the following changes to your previous contract:

Contributions

The maximum contribution limit has increased from 50% to 100% of pensionable pay. This won't affect you unless you also have AVCs with a current job, as a deferred member you can't continue to pay into your AVC after leaving the scheme.

Option to defer payment

You used to have the option to delay taking your AVCs when you took your main scheme benefits. This option is no longer available, AVCs must now be taken at the same time as your main benefits.

Buying extra LGPS benefits

As a deferred member you can now use your AVCs to buy additional pension when you take your main scheme benefits, under all circumstances.

Death benefits

If you were to die before you could take your AVCs, you can now choose who to pay a death grant to.

Combining your AVC pots

If you have more than one AVC pot, either through different jobs or a transfer of AVC benefits from elsewhere, these pots will be automatically joined together when your main benefits are combined. Previously you used to have to tell us to do this.

If you also have an AVC pot which you started paying into before 1 April 2014 and are still paying into, please be aware that some of your old contract rules remain the same. These are that your NPA stays at age 65, and if you started your contract before 13 November 2001, you still have the right to buy scheme membership in some cases.

➤ High Court Ruling- Cohabiting Partners

From 1 April 2008, the LGPS allowed survivor's pensions to be paid to cohabiting partners, as long as they had been 'nominated' by the Scheme member. Under a high court ruling, which you may have heard referred to as *Elmes v Essex*, it is no longer necessary for us to have received a nomination form in order to pay a survivor's pension.

This ruling is likely to affect members who died before 1 April 2014, but did not complete a nomination form before their death. Now it is possible to pay a survivor's pension to the eligible cohabiting partner of such members.

This is already the case for LGPS members who died after 1 April 2014, as the change to the LGPS rules removed this requirement for a nomination to be made. If your cohabiting partner left the LGPS between 1 April 2008 and 31 March 2014, died before 1 April 2014, and you have not received a survivor's pension, you may be affected by this ruling or know someone who is. If this is the case, you should contact your fund.

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