

Deferred Member News

For more information, visit: www.lgpsmember.org | Summer 2022

▶ You may not be able to take your LGPS benefits at 55

The Government has announced that the minimum age that LGPS members will be allowed to take their benefits, other than on ill-health grounds, will rise from 55 to 57 from 6 April 2028.

However, if you were a member of the LGPS on 3 November 2021, you should keep the right to take your benefits from age 55.

The details of exactly how a protected minimum age of 55 will work have yet to be finalised. There are many questions at this stage about how the increase in the minimum pension age will affect LGPS members. We don't know yet, for example, exactly what rules will apply if members want to transfer benefits between pension schemes or between different LGPS pension accounts.

We'll provide further information on our website, or in a separate communication when we can.

The Government is carrying out a review of the State Pension age. If changes are made to your State Pension age, they could affect your normal pension age.

▶ McCloud update

To update page 2 of our [2021 deferred members newsletter](#), we can advise you that we are expecting more detail on the application of the McCloud remedy to the LGPS in Summer 2022 in the form of draft regulations that will come into force on 1 April 2023.

Meantime we would like to reassure you that you do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

For more information, please go to: <https://lgpsboard.org/index.php/structure-reform/mccloud-page>

▶ Contacting us

When contacting us, please quote your National Insurance number or Pensioner Payroll number on all correspondence.

You can contact us by:

Email:

pensions@worcestershire.gov.uk

Phone: Find out who to contact from our website at:

www.worcestershirepensionfund.org.uk

Post: Worcestershire Pension Fund, County Hall, Spetchley Road, Worcester, WR5 2NP.

Worcestershire Pension Fund is not regulated by the Financial Conduct Authority (FCA) which means our staff are unable to give advice about investments or how you can manage your pension benefits. We can provide you with information about how your pension benefits have been calculated and direct you to current Government information.

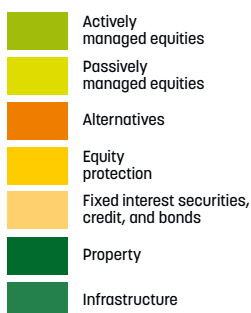
► About the Fund

Although we are only a medium-sized LGPS fund, we are proud of the work that we do to factor in responsible investment; environmental, social and governance (ESG); and climate change issues into our investment decisions.

On 1 September 2021 that work resulted in us being notified by the FRC that we were one of just 125 UK pension funds to have achieved signatory status to the UK Stewardship Code 2020. Also, in LGPS scheme year 2021 / 2022, we:

- Added **UN sustainable development goal (SDG) 12** (Responsible Consumption and Production) to our investment beliefs.
- Completed our second annual **Climate Risk Report**.
- Asked our investment managers to present their Taskforce for Climate-related Financial Disclosure (TCFD) reports and to deliver carbon risk metrics on their portfolios.

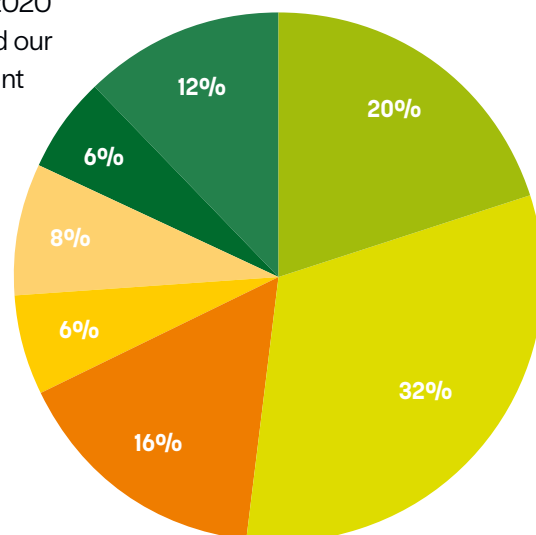
Two headlines from our January 2022 **Climate Risk Report** are that we achieved a 17.77% carbon reduction in our total equities' portfolio between 29 May 2020 and 30 November 2021 and our total equities carbon footprint is 28.05% below blended benchmark.



In LGPS scheme year 2021 / 2022, we aimed to reduce our carbon footprint, whilst either maintaining or enhancing investment returns, by:

- Transitioning assets worth £220m into LGPS Central Limited's All World Equity Climate Multi Factor Fund.
- Investing £75m in Gresham House's British Strategic Investment Fund II which is mix of infrastructure and housing assets and £50m in a First Sentier European Diversified Infrastructure Fund. Both Funds have a requirement for each investment to deliver a positive environmental or social impact.
- Agreeing a £150m investment in Gresham House's Forestry Growth & Sustainability Fund.
- Investing £200m in LGPS Central Limited's Global Active Equity Sustainability Fund that is required to deliver a positive environmental and social impact.

Our member records reached an all-time high of 66,000 on 31 March 2022 when the Fund's value reached £3.5 billion, with an asset allocation of:



Given our scale and level of activity, we have a robust governance structure in place, and you can find out more about this in the **About us** area of our website. Our latest decisions are summarised in the **Pensions Committee** area of our website.

► Pension scams are on the rise

Pension scams are on the rise in the UK. The people behind the scams are good at tricking people into handing over their money. It's important that you've an idea of how to spot a pension scam, even if you think it could never happen to you. Some of the warning signs of a pension scam could be:

- Someone calls you out of the blue, offering a free pension review;
- Someone promises to get you better returns on your pension savings; or
- You're pressured into making a quick decision about transferring your pension.

You can help to protect yourself by learning how to spot a scam. There is more information on the MoneyHelper website: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

If you're thinking about transferring your benefits out of the LGPS, you should always get impartial financial advice. Make sure that the company or person giving you the advice is registered with the Financial Conduct Authority (FCA). www.fca.org.uk

➤ Changes to transfer rules

Late in 2021, the UK Government announced new rules which restrict your right to transfer your pension if any potential risks from scams are identified. These new rules help us to keep your pension savings safe from scammers and criminals.

Of course, most transfers are above board, safe and legitimate. But we can now express any concerns we might have about your transfer under two categories – red flags or amber flags.

Red flags are where there is a clear sign of a scam or fraud.

If we identify any red flags while carrying out these additional checks, we can prevent the transfer from going ahead.

Amber flags are where certain features of the scheme that you're transferring to show that you might be at risk of being scammed. These might include unregulated or high-risk investments, unclear fee structure or advice taken from overseas or unregulated advisers.

If we find any amber flags, you'll have to make a free Pension Safeguarding Guidance appointment with [MoneyHelper](#). This service, backed by the Government, helps people understand their money and pension options. Once you've had your appointment, you can decide whether you still want to go ahead with the transfer.

➤ Updates to our privacy notice



As part of our plan to make sure we keep to the Data Protection Act 2018, we've prepared a privacy notice giving details of our responsibilities regarding your personal information. The notice sets out what information we hold, who we share it with and your rights to access this information.

We want to let you know that, following the introduction of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, we've recently updated our privacy notice. When dealing with transfer requests, and as part of our due diligence process, we must make sure checks are completed before transferring benefits. To check for pension scams, we may need additional information from members. All of the information we collect meets the UK General Data Protection Regulation (GDPR).

You can read the privacy notice on our website.

➤ Your questions answered

What is a deferred pension?

A deferred pension is a pension that you no longer pay into. Your fund works out the value of your deferred benefits and looks after them until you can start to take them. The figures quoted in annual statements are based on your pension starting to be paid at normal pension age (NPA).

What is my NPA?

Your NPA is the standard date we use to quote your unreduced deferred benefits. It's individual to you, depending on when you left the LGPS. If you left:

- After 1 April 2014, your NPA is linked to your State Pension age;
- Between 1 October 2006 and 1 April 2014, your NPA is age 65; or
- Before 1 October 2006, your NPA is normally 65 but could be as early as age 60.

When can I take my deferred benefits?

If you leave the job your deferred benefits are tied to before retirement, you can, under current rules, choose to take your deferred benefits at any age between 55 and 75. You can take your benefits:

- Reduced at any age between 55 and your NPA at a date you choose;
- Unreduced at your NPA;
- Increased after your NPA and up to age 75, at a date you choose (but if you left before 1 April 1998, you can't defer past your NPA); and
- Unreduced at any age before your NPA if your former employer agrees that you meet the rules for permanent ill health, which means you can't work again.

How much will I get if I take my benefits before my NPA?

If you decide to take your deferred benefits before your NPA, they'll normally be reduced. This is because your pension will normally be paid for longer. How much they are reduced by will depend on how early you take them. The current early retirement reduction factors are shown in the following table.

| Years early | Pension reduction | Lump sum reduction |
|-------------|-------------------|--------------------|
| 0 | 0% | 0% |
| 1 | 5.1% | 2.3% |
| 2 | 9.9% | 4.6% |
| 3 | 14.3% | 6.9% |
| 4 | 18.4% | 9.1% |
| 5 | 22.2% | 11.2% |
| 6 | 25.7% | 13.3% |
| 7 | 29% | 15.3% |
| 8 | 32.1% | 17.3% |
| 9 | 35% | 19.2% |
| 10 | 37.7% | 21.1% |
| 11 | 41.6% | Doesn't apply |
| 12 | 44% | Doesn't apply |
| 13 | 46.3% | Doesn't apply |

How do my deferred benefits keep up with the cost of living?

Every April, your deferred benefits are adjusted by the Consumer Prices Index (CPI) as at the previous September. For April 2022, this is a 3.1% increase.

If you became a deferred member before 1 April 2021, you'll get the full 3.1% increase. If you became a deferred member after 1 April 2021, you'll get part of the 3.1% increase.



Can I transfer my deferred benefits to another pension scheme?

You may be able to transfer your deferred benefits to another scheme if you meet certain conditions.

Transferring your pension out of the LGPS is an important decision and one that you should think about carefully.

How do I update my personal details?

If your personal details shown on your annual statement are out of date, let us know by filling in our Notify Change of Personal Circumstances Form that is available from our website at: <https://www.worcestershire.gov.uk/worcestershirepensionfund/info/3/deferred-members/9/deferred-members-forms>

What happens to my deferred benefits if I die?

A survivor's pension may be paid to your dependants, such as:

- Your husband, wife or registered civil partner;
- Any eligible children; or
- If you were a member of the LGPS on or after 1 April 2008, someone you live with as if you were married.

A lump sum death grant may also be due to anyone you've nominated to receive it or to a charitable trust. This amount is separate to the survivor's pension. If you left the LGPS before 1 April 2008, the death grant is three times your deferred pension. If you left on or after 1 April 2008, the death grant is five times your deferred pension.

If you also have an active pension account, only the highest death grant would be paid.