

Deferred

Members Newsletter

Summer 2013

Brought to you by...

Cheshire Pension Fund



Staffordshire Pension Fund
Local Government Pension Scheme



Welcome to the 2013 edition of the newsletter for deferred members of the Local Government Pension Scheme (LGPS).



We are pleased to announce that this newsletter has been produced jointly by the Cheshire, Shropshire County, Staffordshire and Warwickshire Pension Funds, all having contributed to the design of both this newsletter and your annual benefit statement. You should still contact your pension fund directly if you wish to change your personal details using the contact details shown on your Annual Benefit Statement.

Pensions continue to be high profile, and this year has seen a worrying rise in pension scams targeting the benefits of deferred members. Please read our article on pension fraud and avoid falling victim to these scams, which could potentially mean you lose out on valuable pension benefits.

You may have heard in the press that changes to the LGPS will become effective from April 2014. Don't worry; your deferred benefits won't be affected by any of the

changes as they have already been calculated.

If there's any information that you would like covered in future newsletters please get in touch using the contact details that are on your Annual Benefit Statement.

We hope you enjoy reading the newsletter and find the information useful. If you have any comments or suggestions that would help us to improve your statement or the newsletter we would be very happy to hear from you.

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Beware of pension fraud!

Companies are targeting people with retirement savings claiming that they can help to cash in your pension early. They could contact you via e-mail, phone or text to tell you that you could be entitled to a cash payment from your pension. However, what they won't tell you is that you will face a tax bill of more than half of your pension savings if you choose to transfer them to another arrangement and receive a cash payment before age 55. This type of arrangement is known as 'pension liberation'.

What is pension liberation, and how does it work?

Fraudulent companies will ask you to transfer your pension to another arrangement and 'borrow' money from your pension fund and pay you a cash lump sum. These companies may also deduct fees from your fund (often 10% - 20% of your fund) when it is transferred to their account, which further decreases the amount of cash you would actually receive.

What's the risk?

If you receive a cash payment from your pension fund before age 55 you could be liable to a tax charge of up to 55% on your benefits, on top of any fees charged to you by the company. If these arrangements sound too good to be true, they generally are and should be avoided to ensure that you don't lose out on your pension benefits. The lure of receiving a cash payment is no substitute for the guaranteed, inflation proofed benefits you will receive if you take your pension at the normal retirement age.

What can I do to avoid being a victim?

The Pension Regulator has issued five tips to avoid falling victim to the scam:

- Never give information out to a cold caller
- Check the company and any advisers they employ, as they should be registered with the Financial Services Authority

- Ask for a statement showing how your pension will be paid at retirement
- Speak to an independent adviser for unbiased advice
- Never be rushed into agreeing a transfer.

If you think you have been made an offer to 'liberate' your pension please contact Action Fraud on **0300 123 2040**.

More detailed information can be found on the pensions advisory service website at the following address: www.pensionsadvisoryservice.org.uk/media/930662/members_leaflet.pdf



Pensions Increase

Your pension is increased annually in line with the rise in the Consumer Price Index (CPI), in accordance with the Pensions Increase Act 1971.

Increases are awarded in April but they are based on the rise in the CPI over the 12 months to the previous September. The pensions increase for 2013 has been set at **2.2%** and has been applied from **Monday 8 April 2013**.

If you left the pension scheme before 24 April 2012, you will receive the full 2.2% increase. If you left the scheme on or after 24 April 2012 you will only receive a proportion of the 2.2%.



FAQs

Have my deferred benefits been increased?

Yes, they will have increased in line with inflation. Please refer to the article on Pensions Increase for more information.

Can I receive my benefits earlier than the date quoted on the Statement?

Yes – but they may be subject to an early retirement reduction. The scheme's normal pension age is 65, but you can choose to take them from age 60 with a reduction in benefits. Please contact us if you require early retirement reduction factors.

You may apply to your former employer to have your benefits released early on ill health grounds. In such circumstances you should contact your former employer, who will arrange for an independent Doctor qualified in Occupational Health Medicine to review your case.

Can I transfer my benefits to another pension scheme?

If you are interested in transferring your accrued pension rights to another occupational pension scheme (outside of Local Government), personal pension plan, stakeholder pension scheme or a buy-out insurance policy you can ask for a transfer value quotation to be provided by the Pension Fund

(known as the 'cash equivalent' transfer value).

What happens if I take up employment with an employer participating in the Local Government Pension Scheme?

If your new employer participates in this Fund or another Local Government Pension Fund they will ask you to complete certain forms to give details of your previous pension history. You must include details of these deferred benefits. You will also be asked if you wish to combine your deferred benefits with membership accruing in respect of your new period of employment. Any decision to combine your benefits must be made within the first 12 months of rejoining the LGPS.

Can you explain what Survivors' Benefits are?

It is a widow(er)'s or civil partner's pension and is only payable to the person to whom you are legally married or with whom you were in a registered civil partnership on your last day of service. If you marry or form a civil partnership after your last day of service a widow(er)'s or civil partner's pension may be assessed on a different basis. If you left the LGPS after 1 April 2008 you can nominate a cohabiting partner to receive a survivor's pension, please contact the fund for more information.

What happens to my Death Grant if I die?

There is also provision for a death grant but the amount payable depends upon whether you die before or after becoming entitled to receive your pension and retirement grant and whether you left the pension scheme before or after 1 April 2008:

- If you left before 1 April 2008 and die whilst your benefit is deferred the payment would be equivalent to the current value of your retirement grant, if in receipt of your pension and die within five years of retiring, your estate will receive a lump sum payment equal to five times your annual pension less any pension already paid
- If you left on or after 1 April 2008, and die whilst your benefit is deferred, the payment would be equivalent to five times the deferred pension
- If in receipt of your pension and die within ten years of retiring, your estate will receive a lump sum payment equal to ten times your annual pension less any pension already paid.

You can nominate who you wish to receive the death grant by completing an expression of wish form, which can be found at the back of your annual statement.

LGPS 2014 update

As you will have seen the scheme is changing again in 2014. Most of the changes won't affect you as a deferred member as **all pensions that have been built up before April 2014 will be protected**. Further information about the changes can be found at: www.lgps2014.org/content/changes-apply-april-2014.





Opt out members/ auto-enrolment

From October 2012, millions of workers are being enrolled into a workplace pension by their employer. If you're enrolled you and your employer will contribute towards it. This will happen even if you have previously opted out of the pension scheme offered by your employer.

The Government are keen to encourage people to start saving, and to help you have more to live on in later life rather than just your State Pension. Larger employers are enrolling their workers first and by February 2018 all employers will have met their staging date and enrolled their employees. Staging dates are determined by the size of the employer's payroll.

When your employer reaches their staging date they will contact you and let you know if you are an eligible employee:

- aged between 22 and State Pension age
- earn more than £9,440 a year
- work in the UK.

Once you are an eligible employee regardless of whether you have opted out of the scheme previously you will be opted back into the scheme, if you decide to re-opt out you will need to complete and submit the relevant form available from the administrator of the pension scheme. You can opt out if you want to, but if you stay in you'll have your own pension when you retire.

If you choose to opt out now your employer has to re-enroll you every three years on the anniversary of the staging date.

You can find out more about being enrolled into a workplace pension at the government's website:

www.dwp.gov.uk/docs/auto-key-facts-enrolment-booklet.pdf



Contacts

If you need to contact us please refer to your Annual Benefit Statement for the details. When contacting us please quote your **National Insurance Number**.

The information in this Newsletter can also be provided in large print, audio CD or Braille format. Please contact us if you require any assistance.

Other Useful Contacts

Request a State Pension Forecast

if you would like to know how much your state pension will be and when you can take it, you can request one online or by calling the state pension helpline.

☎ **0845 300 0168** 🌐 **www.gov.uk/state-pension-statement**

The Pensions Advisory Service (TPAS)

Speak to TPAS for independent advice on pension issues or if a complaint needs to be resolved.

☎ **0845 601 2923** 🌐 **www.pensionsadvisoryservice.org.uk**

The Pensions Tracing Service

Lost contact with an old pension scheme you used to pay into? Use the Pension Tracing Service to track down your old scheme administrator.

☎ **0845 6002 537** 🌐 **www.gov.uk/find-lost-pension**

The Money Advice Service

This service offers free and impartial money advice.

☎ **0300 500 5000** 🌐 **www.moneyadviceservice.org.uk/en**

HMRC

Contact HMRC if you have an enquiry about general tax issues e.g. tax credits.

☎ **0845 300 0627** 🌐 **www.hmrc.gov.uk**

Moving House?

If you have changed address recently or are planning a move please let us know, as there may be a delay in paying your benefits if we lose touch.

You can notify us of a change to your personal details by completing the reply slip included with your benefit statement.