

Deferred

Members Newsletter Summer 2015

Brought to you by:



Pension Fund

Warwickshire Council



Cheshire Pension Fund

Welcome to the 2015 edition of the newsletter for deferred members of the Local Government Pension Scheme (LGPS).

This newsletter has been produced jointly by the Shropshire, Cheshire, Oxfordshire, Staffordshire and Warwickshire Pension Funds. 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 (ABS).

Have the benefits shown on my statement increased from last year's statement?

Yes, your benefits increase each year in line with inflation and the amount shown on your ABS includes the increase due this year. The increase is based on the CPI as at the previous September and was set at 1.2%. This increase has been applied with effect from 6 April 2015.

If your deferred pension started after 21st April 2014, it will be increased by a proportion of the 1.2%. You will get a full years increase with effect from 11 April 2016.

What reduction is applied if I take my benefits early?

The reduction is based on how early you retire (in years and days). E.g. If your normal retirement age is 65, and you ask for payment from age 60, the reduction to your pension is applied for taking benefits 5 years early. The early payment reductions apply to both your pension and lump sum and are applied when you make this choice. The reduction applicable depends how long before your normal retirement age you want the payment to start.

For further information on these reductions please refer to your Funds website.

Remember if you left your job before 31 March 2014, payment of your pension

before age 60 can only happen with the agreement of your former employer.

Please Note: If you are still in Local Government employment you may not be able to claim payment of your deferred benefits until that employment has ended. Always check with your fund.

If I die before receiving my deferred benefit how much is the death grant?

If you left the LGPS before 1 April 2008, the death grant is the deferred lump sum retirement grant; after 31 March 2008 the death grant is 5 times the annual deferred pension. In either case the value is increased in line with inflation to the date of your death.

If you are still contributing to the LGPS in another employment any death grant due is the greater of the death in service grant or the deferred pension death grant.

What if I left my job after the change in regulations from 1 April 2014?

If applicable your benefit statement will show the current combined value of your pension and where appropriate, a lump sum retirement grant. Any pension built up from 1 April 2014 is revalued at 1 April 2015, this figure is then added to any benefits accrued from membership before 31 March 2014 for the pension increase to be added, the total is shown on your ABS.

Freedom & Choice Legislation

How do the changes affect members of the LGPS?

The Chancellor in his April 2014 budget announced new pension freedoms for people aged 55 or over, who have Defined Contribution pension benefits. The new legislation became effective from 6 April 2015.

The Local Government Pension Scheme is not a Defined Contribution Scheme it is a Defined Benefit Scheme, therefore these new pension changes do not directly apply to members of the LGPS.

Safeguarding transferring pension benefits to an alternative arrangement.

Deferred Members can still transfer pension benefits to alternative providers after 1 April 2015.

However, the rules state that the member should take Independent Financial Advice from an approved Financial Advisor, before proceeding with the transfer, and if the value of the transfer is greater than £30,000 this advice is mandatory. If necessary LGPS Funds will be able to exercise powers to delay or reduce transfers out if the receiving scheme does not meet HMRC requirements.

Members transferring LGPS benefits out of the scheme will also be asked to confirm they are aware that they are giving up valuable retirement income for themselves and their dependants and may have a tax bill to pay as well as other costs due to the receiving scheme.

The Pensions Regulator (TPR) has issued guidance for members who are targeted by companies attempting to access their pension savings. An extract from the TPR's website says:

"Pensions are changing. From April 2015, pension scheme members can access their pension savings in new ways. Pension scammers will try to lure members with promises of one-off investments, pension loans or upfront cash. Most of these are bogus. Pension scam models are also changing, many scammers are directing members to transfer into single member occupational schemes in an attempt to escape scrutiny."

The TPR advice says: Pension scams are on the increase in the UK, please check the facts to stop a lifetime's savings being lost.

For more information on Pension Scams see TPR website:

www.thepensionsregulator.gov.uk/pension-scams.aspx

Where can I find advice?

The government provides a free and impartial advice service, called Pension Wise.

You will find more details at:

www.pensionwise.gov.uk

Or by phone at:

0300 330 1001

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 via the State Pension helpline.

Telephone: 0845 300 0168

Website: www.gov.uk/state-pension-statement

The Money Advice Service

This service offers free and impartial money advice.

Telephone: 0300 500 5000

Website: www.moneyadvice.service.org.uk/en