

## Deferred Members Newsletter 2022

Welcome to the latest newsletter for deferred Members of the Local Government Pension Scheme.

The 2022 newsletter is filled with a range of topics which we hope you will find interesting including recent news, details of your pension benefits held by the Staffordshire Pension Fund and how to avoid pension scams.

### My Pension Portal (MPP)



MPP has become increasingly popular with our Members and we have circa 30,000 Members actively using the portal to explore the benefits of the scheme, estimate their retirement options and update personal details.

What can you do on the portal?

- View and update your personal details.
- View and print your Annual Benefit Statements.
- See how much your benefits might be if you take them at a date other than your normal pension age (NPA).
- Look at your options for exchanging some of your pension for a larger lump sum.

If you haven't already signed up to My Pension Portal, you can sign up here: <https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>

### Additional Voluntary Contributions (AVC)

If you have an AVC Plan with one of the Fund's linked AVC providers:

- Standard Life;
- Scottish Widows; or
- Utmost Life,

your annual statement at 31 March 2022 is now available.

For Scottish Widows and Utmost Life plan holders your annual statement can be found within the "My Documents" area on the Fund's online portal MPP.

If you hold an AVC plan with Standard Life your annual statement can now be found on Standard Life's own portal.

<https://www.standardlife.co.uk/> (select Login option)

Your annual statement can be found in the "Mailbox" section.

## **WARNING! Pensions Scams**

**Don't let a scammer  
enjoy your retirement**



Your pension is one of your most important savings and unfortunately this can attract criminals who want to acquire those hard-earned savings. The main hazards are:

### **Pension scams**

Where you are encouraged to transfer your pension savings to a fraudulent pension scheme or to move your pension into high-risk investments.

### **Pension liberation**

Where you access your pension before age 55. Under normal circumstances, this is illegal and will lead to HM Revenue and Customs imposing a tax charge on you of at least 55% of the value of your pension pot. This does not apply, if you are suffering from a health condition, which may mean you have been allowed to access your pension below age 55.

### **Warning signs of Scams**

Watch out for the following signs that may indicate your pension might be at risk:

- you have been offered a free pension review,
- you have been advised to move your pension overseas,
- you have been offered high investment returns,
- you have been asked to transfer your pension quickly,
- you have been promised cash back from a transfer and you are under age 55,



- you have been cold called.

## Staffordshire Pension Fund - pledge to combat Pension Scams



The Pensions Regulator is asking Pension Funds, trustees, providers, and administrators to pledge to do more, to protect Members and follow the principles of the Pensions Scams Industry Group (PSIG) Code of Good Practice. However, in accordance with industry best practice we have made the pledge to combat pension scams.

The Staffordshire Pension Fund already has well established due diligence processes in place to warn and prevent Members from being victims of pensions scams. By doing so we commit to:

- regularly warn Members about pension scams;
- get to know the warning signs of a scam and best practice for transfers, by completing the scams module in the Pensions Regulator's Trustee Toolkit and encourage all relevant staff to do so; and
- Study and use the resources on the Financial Conduct Authority (FCA) scam smart website.

To further assist you to avoid pension scams please see our information page on pensions scams on our website.

<https://www.staffspf.org.uk/Members/Pension-Scams.aspx>

## How is my pension increased?

Every April, your deferred pension benefits are adjusted in line with inflation. The increase applied to your benefits is measured by the consumer price index (CPI) as at the previous September. For April 2022 this increase is 3.1%

If you became a deferred Member before April 2021, you will get the full 3.1%. If you became a deferred Member after 1 April 2021, a proportion of the 3.1% increase will be added to your pension but you will receive the full annual increase in subsequent years.

## New LGPS Member Website



Check out [www.lgpsmember.org](http://www.lgpsmember.org)

The Local Government Pension Scheme (LGPS) Member website has recently been updated to improve the Member experience.

This website is maintained by the Local Government Association and is designed for Members of the LGPS in England and Wales and their dependants. It is a great place to find general information about the LGPS.

The new website has:

- simple navigation;
- easy to use tools and calculators;
- useful links, hints, and tips;
- helpful videos;
- new pages and updated content; and
- faster and more detailed search functions.

It is also mobile friendly and accessible to everyone.

Visit the new website at: [www.lgpsmember.org](http://www.lgpsmember.org)



## Frequently Asked Questions

### What are deferred benefits?

Deferred benefits are the pensions benefits you have built up, if you leave the LGPS before you retire. They are held in your pension pot within the Fund until one of the following happens:

- you reach normal pension age (NPA);
- you elect to receive them before your NPA at a reduced rate, the earliest point being age 55, or after your NPA at an increased rate;
- you are given access to them because of ill health; or
- you decide to transfer benefits out of the scheme, though this is not permitted if you are within 1 year of NPA at the time.

Your NPA depends on when you left the LGPS. If you left the scheme after 1 April 2014, your NPA is linked to your State Pension Age. If you left the scheme before 1 April 2014, your benefits normally have an NPA of 65. In some cases, this can be as early as your 60th birthday if certain protections apply.

### Do I have to retire at my NPA?

If you left the Fund after the 1 April 1998, you can take your deferred benefits at any time, from the age of 55 until age 75, as long as you have left the employment your benefits are linked to. Your benefits would be increased for taking your pension later than your SPA, but they must be paid by your 75th birthday.

If you left the LGPS before 1 April 1998, you must take your benefits when they are due or before your NPA.

If you decide to take your deferred benefits before your NPA, they will normally be reduced, as your pension will 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:



### Early retirement reductions

Years early	Pension reduction	Lump sum reduction
0	0.0%	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	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	Not applicable
12	44.0%	Not applicable
13	46.3%	Not applicable

To find out how much your pension benefits would be if you chose to take them at a date other than your NPA, you can use the benefit calculators on My Pension Portal on our website:

<https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>.

### Can I take my deferred benefits if I cannot work because of ill health?

If you cannot work because of ill health, you may be able to have your benefits paid in full, with no reductions, whatever your age is when you seek early payment.



If you think this may apply to you, you should contact us to request an application form. On receipt of the form, you should complete it and then send it to your former Employer who will need to ask an independent registered medical practitioner to give an opinion about your health, before they decide whether they can approve your application.

### **What happens to my deferred benefits if I die?**

If you die while you are a deferred Member of the LGPS, a lump-sum death grant and survivor's pension may be due to your loved ones.

If you left the LGPS before 1 April 2008, the death grant would be the same as your lump-sum retirement grant shown on your statement, including any pension increases since you left the scheme.

If you left on or after 1 April 2008, the death grant would be five times your deferred pension, as well as any pension increases since the date you left.

**Please note:** if you left with deferred benefits and die without receiving them and you are also an Active Member (currently paying in) of the LGPS when you die, the death grant payable is the higher of:

- a lump sum death grant of 5 times (or, if you left before 1 April 2008, 3 times) your deferred annual pension; or
- three times your assumed pensionable pay in your active employment.

You can nominate any person(s) to receive payment of your death grant, by completing a Nomination Form. You can download a copy of the form from our website:

<https://www.staffspf.org.uk/Members/Forms/Nominate-Beneficiary.aspx>

After your death, a pension may be paid to:

- 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.

To find out how much your dependants could get, log in to the secure members' area of our website:

<https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>.



More general information about death benefits can be found on our website: <https://www.staffspf.org.uk/Members/New-Members/Joining/Death-nomination/Payable-in-the-event-of-death/What-is-payable-in-the-event-of-my-death.aspx>

### **How do I update my personal details?**

If any of the personal details shown on your annual benefit statement have changed, you can:

- update them online by logging in to your My Pension Portal account <https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>;
- Let us know your new address by filling in an online form on the contact page of our website <https://www.staffspf.org.uk/Contact-Us/I-wish-to-change-address.aspx>; or
- alternatively, you can email us at: [pensions.enquiries@staffordshire.gov.uk](mailto:pensions.enquiries@staffordshire.gov.uk)

**Please note:** if your marital status has changed, we need to see a photocopy of your marriage certificate, civil partnership certificate or decree absolute, to make the change.

### **Increasing the Normal Minimum Pension Age (NMPA) from 55 to 57**

Very soon, the Government is expected to introduce legislation that will increase the Normal Minimum Pension Age (NMPA). This is likely to mean that the earliest age you can have your pension will increase from 55 to 57 with effect from 6 April 2028.

However, if you were in the LGPS before 4 November 2021, you may still be able to take your pension from age 55 if you choose to do so, but if you do take your pension before your Normal Pension Age (NPA) you will still have early retirement reductions made on your LGPS pension benefits.

Until the Government publishes the full details of the changes, we are unable to provide further information, so please do not contact us for more details. However, do keep an 'eye' on our website, where we will publish any updates as soon as we have them.





## **McCloud update**

### **What is the McCloud court case about?**

When the Government reformed public service pension schemes in 2014 and 2015, they introduced protections for older Members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes had been discriminated against because those protections did not apply to them.

The Government has now confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment' after a member of the Judges' Pension Scheme involved in the case.

### **What does it mean for the LGPS?**

When the LGPS changed from a final salary to a career average pension scheme in 2014, Members who were within 10 years of their Normal Pension Age (usually age 65) on 1 April 2012 were given protection from the changes.

The Normal Pension Age in 2012 was generally 65. In simple terms, when a protected Member takes their pension, the benefits payable under the career average and final salary schemes are compared. The higher amount is paid. This protection is called the underpin.

On 13 May 2021, the Government issued a statement confirming the key changes they will make to the LGPS to remove the age discrimination. We understand they will provide a full response to the consultation later this year.

### **Will the changes apply to me?**

We understand that the changes will apply to Members who:

- were in pension service on 31 March 2012 and
- have pension service after 31 March 2014

If you left the LGPS before 1 April 2014, you built up benefits in the final salary scheme only. These changes will not affect your pension.

### **Will my pension increase**

There will be no change to your pension until you take it. This means that any adjustment for early or late payment can be taken into account when your pension fund compares your career average and final salary benefits.



Most Members are unlikely to see an increase to their pension. Where there is an increase, it is likely to be small. This is because most Members will build up a higher pension in the career average scheme than they would have built up in the final salary scheme.

**When will the changes come into effect?**

We do not expect any changes to be introduced before April 2023.

**What do I need to do?**

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.

**All the latest information**

The following weblink takes you to 'no longer paying in' home page, where you will find scheme guides, forms and further information about your LGPS benefits: <https://www.staffspf.org.uk/Members/Deferred-Members/DeferredMembers.aspx>

