

Deferred Pension Scheme Member Newsletter - Summer 2023

Welcome to the 2023 edition of our Newsletter for deferred pension scheme members of the Staffordshire Pension Fund. It is filled with a range of topics which we hope you will find interesting and informative.

Reassurance about your pension

The rising cost of living has left lots of people with new money worries, but we want to reassure you that your pension with the Staffordshire Pension Fund remains secure and will provide you with an annual increase which is linked to inflation (please see the article 'How is my pension increased?').

My Pension Portal (MPP) – view your Annual Benefit Statement



MPP enables you to go online to view your Annual Benefit Statement, it will tell you how much your benefits are and when they are payable from. You can also run estimates of your pension to see what the reduced value of your benefits would be if you are considering claiming them from the age of 55.

By logging on to MPP you can also:

- Keep us up to date, by amending your personal information;
- View and print your Annual Benefit Statement; and
- Look at 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 do so here: <https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>

Additional Voluntary Contributions (AVC's)

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

- Standard Life
- Scottish Widows
- Utmost Life

Your annual statement at 31 March 2023 will be available on MPP by the end of July.

For Scottish Widows, Standard Life and Utmost Life plan holders your annual statement can be found within the "My Documents" area on the My Pension Portal (MPP).

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. In September 2022, the CPI was 10.1%.

If you became a deferred Member before April 2022, you receive the full CPI increase of 10.1%.

If you became a deferred Member after 1 April 2022, a proportion of the 10.1% increase will be added to your pension but you will receive the full annual CPI increase in subsequent years.

Pensions Scams are on the rise

**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 might indicate your pension could 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 their Members and follow the principles of the Pensions Scams Industry Group (PSIG) Code of Good Practice. In accordance with industry best practice the Staffordshire Pension Fund has made the pledge to combat pension scams.

The 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>

Changes to Pension Transfer Rules.

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

Of course, most transfers are genuine, safe and legitimate. But with immediate effect, 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 clear sign of a scam or fraudulent practice. 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 characteristics of the scheme you are asking to transfer to indicate that you might be at risk of being scammed. These might include unregulated or high-risk investments, unclear fee structures or advice taken from overseas or unregulated advisers.

State Pension Age Review

The Government is required to undertake a regular review of the State Pension age (SPa).

The SPa is currently age 66 and will rise to age 67 between 2026 and 2028, before rising again to age 68 between 2044 and 2046. At the first review in 2017, the Government accepted the recommendation that the SPa should rise to age 68 over the period 2037 to 2039; however, it outlined this would be subject to further review.

The 2023 review confirms the rise in SPa to age 67, between 2026 and 2028, is still appropriate. However, the Government does not intend to change existing legislation to implement the recommendation of the 2017 review at the current time. It plans to have a further review within two years of the next Parliament to consider whether the rise in SPa, to age 68, should occur earlier. The Government must publish the report no later than 29 March 2029.

Pension Dashboards are coming - but not until 31 October 2026

You may have picked up in the wider press about the introduction of Pensions Dashboards, which will enable you to view information on all your different pension pots in one place; allowing you to better plan for your retirement.

Why are dashboards being developed?

The UK job market has moved on from the “job for life” attitudes of previous generations. Studies have shown that the average UK worker will have six different job roles throughout their working life, and many pension pots.

Currently, you have to look at each of your different pension pots separately, which makes it hard to get a clear picture of what your retirement income will look like. The Pensions Dashboard Programme aims to make keeping track of your pension(s) and planning for retirement much easier by consolidating your pension information from different sources in one place.

Retirement - Questions and Answers

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 Normal Pension Age (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 on the Fund's website:

<https://www.staffspf.org.uk/Members/Active-Members/Leaving-the-Scheme/Retirement/Early-Retirement/Early-Retirement.aspx>

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>

How do I claim payment of my Deferred Benefit?

Staffordshire Pension Fund will contact you approximately 3 weeks prior to your Normal Pension Age (NPA), i.e. the date your pension is due to be paid without a reduction, to offer payment. However, if you would like to request payment before your NPA, but on or after age 55, you are required to give the Pension Fund 3 months' notice. The request for early payment of deferred benefits should be given in writing, quoting your National Insurance number.

Email: pensions.enquiries@staffordshire.gov.uk

You will be sent a retirement pack containing a final estimate of your pension benefits together with forms to be completed in order to finalise your benefit entitlement approximately 3 weeks prior to your claim/payment date. If we hold an email address for you, an electronic copy of the documentation will be issued via the Staffordshire County Council Secure File Transfer system. When you get the retirement pack from us, you will have two options to complete the forms:

1. (preferred method) – please complete the forms on-screen (you can type in your name as a signature) and save them locally to return them. You must then also send in a scan or photo of a form of identification, such as a birth certificate or driving licence, together with any other certificates relating to your marital status (which are requested on the forms) – these can be scanned copies or photographs of the documents.
2. (if you have issues with on-screen completion) – please print the forms to complete by hand. You can then post them to us or, if you wish, re-scan them or photograph them and return them by email.

On receipt of your completed documentation, we aim to make payment of any retirement grant within 18 working days (which includes the Bankers Automated Clearing System transaction). Your pension (together with any arrears) will be paid in the next payroll run after your information has been received.

Pensions deal with a large number of retirements each month and process these in order based on the date they are due for payment. Please only chase us if you have not received this paperwork less than 3 weeks before the payment date.

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

You can apply for payment of your deferred benefits at any age, without reduction if, because of your health, you would be permanently incapable of continuing in the job you were working in when you left the LGPS. If you left the LGPS after 31 March 2008 there is a further requirement that you are unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit or by your normal pension age, whichever is the earlier.

In this context gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months. If you think this may apply to you, you should complete an application form and send it to your former Employer. They 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. The application form is available on our website:

<https://www.staffspf.org.uk/Members/Deferred-Members/When-can-I-take-my-deferred-pension.aspx>

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 will be the same as your lump-sum retirement grant, shown on your annual benefit 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 into your secure My Pension Portal account on the Members' area of our website:

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

More general information about death benefits can also 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?

Scheme members can update their address details directly by logging into your My Pension Portal account:

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

Alternatively, you can fill in an online form on the contact page of our website:

<https://www.staffspf.org.uk/Contact-Us/I-wish-to-change-address.aspx>

If any other of the personal details shown on your annual benefit statement have changed, for example your name, marital or partnership status, please notify Pension Services. The details should be given in writing, quoting your National Insurance number and enclosing copies of any supporting documentation if appropriate (e.g. photocopy of your marriage certificate, civil partnership certificate or decree absolute). Our address is:

Pensions Services Section
1 Staffordshire Place
Tipping Street
Stafford
ST16 2DH

Alternatively, you can email us at:

pensions.enquiries@staffordshire.gov.uk

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 considered 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 very 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 October 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 the '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>