

Deferred

Members Newsletter 2021

For more information visit the national Local Government Pension Scheme Members website: www.lgpsmember.org

Welcome to the 2021 newsletter for deferred members of the Local Government Pension Scheme (LGPS).

We have produced this newsletter jointly with other LGPS funds. For more information about your pension benefits, contact Staffordshire Pension Fund.

➤ Frequently asked questions

What are deferred benefits?

Deferred benefits are worked out for you if you leave the LGPS before you retire.

They're held in your pension fund until:

- your normal pension age (NPA);
- you take 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 only 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've left the employment your benefits are linked to. Your benefits would be increased for a late payment, 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're due or before your NPA. If you decide to take your deferred benefits before your NPA, they'll 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%
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

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 Online' on our website: <https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>

Can I take my deferred benefits if I can't work because of ill health?

If you can't work because of ill health, you may be able to have your benefits paid in full, with no reductions, whatever your age was when you left the LGPS.

If you think this may apply to you, contact your former employer. They will then ask an independent registered medical practitioner to give an opinion before they decide whether they can approve your application.

How do my deferred benefits keep their value against inflation?

Every April, your deferred 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 2021, this is 0.5%.

If you became a deferred member before 1 April 2020, you'll get the full 0.5% increase. If you became a deferred member after 1 April 2020, a proportion of the 0.5% increase will be added to your pension.

What happens to my deferred benefits if I die?

If you die while you're 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 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.

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, visit www.staffspf.org.uk/Home.aspx and log in to the secure members' area 'My Pension Portal'. In the near future you will be able to use the Portal to tell us who you would like the death grant to be paid to. In the meantime please obtain a form from our website: <https://www.staffspf.org.uk/Members/New-Members/Joining/Death-nomination/Life-Cover-Death-grants-and-making-a-nomination.aspx>

How do I update my personal details?

If any of the personal details shown on your statement

have changed, you can update them online by logging in to your 'My Pension Portal' account. Or, you can let us know your new address by filling in an online form on the Contact Us page of our website. Alternatively you can email us at: pensions.enquiries@staffordshire.gov.uk

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.

➤ Extra protection if you were in the LGPS on 31 March 2012

Following the McCloud court case about age discrimination in pension schemes, the Government has proposed extending the final pay underpin (a type of pensions protection). This was granted to older members when the current LGPS career average scheme was launched on 1 April 2014 to everyone who was a member of the LGPS on 31 March 2012, and who continued to be a member of the LGPS after 1 April 2014, no matter their age. When you retire, we will check whether the final salary protection that you could have been awarded would have been greater than the benefits available through CARE. (You do not need to ask us to do this.)

➤ Exit payment cap

In November 2020, the Government introduced a £95,000 exit cap (limit) on the amount of money a public-sector employer can pay when an employee leaves them.

This would be a compensation payment to an employee for loss of office. In February 2021, the Government reversed this rule and the cap no longer applies. However, the Government has said that it still plans to reform public-sector exit pay and that it will make some new proposals 'at pace', so there may be more changes to exit pay in the future. The exit cap does not apply to members with a deferred benefit. If you are also currently employed and pay into the LGPS and would like more information about the exit cap, contact your employer.



➤ Rejoining the LGPS

If you rejoin the LGPS with another Local Authority Pension Fund, your new pension Fund will ask if you have any LGPS pension benefits with other LGPS Funds. It's important that you tell your new LGPS Fund about any LGPS benefits you have with other Funds.

You should do this as soon as possible because time limits apply. You have 12 months to apply to transfer your previous LGPS benefits to your new Fund.

Let your new Fund know about your other LGPS benefits even if you do not

want to transfer them to your new Fund, because you may need to fill in a form to say that you want to keep your benefits separate. You should also let your new Fund know about any other pension benefits that you have with other pension schemes that you're interested in transferring into the LGPS.

If you rejoin the LGPS with the same Fund, you may still have choices to make about your pension accounts, so it's important that you read and fill in any forms that your Fund gives to you.

➤ Watch out for scammers

You may think that it could never happen to you, but pension scammers are experts at getting their hands on your hard-earned retirement savings. Scams are hard to spot because fraudsters often have credible websites and make false claims, such as being government approved, to gain your trust. A scam may begin with a phone call out of the blue offering you a free pension review. This is pension 'cold calling' and it is illegal. **Reject all unexpected offers.** Research the company you're dealing with and always get impartial advice before making a decision about your pension. To find out more, visit: www.fca.org.uk/scamsmart/how-avoid-pension-scams

Do you have a cohabiting partner (someone you live with as if you were married)?



If you left the LGPS after 31 March 2008 and live with a partner of either the opposite or same sex, your partner may receive a survivor's pension when you die.

If you retired or left the LGPS before 1 April 2008, and were married or in a civil partnership, a survivor's benefit will be paid, but a cohabiting partner's pension benefit is not payable.

However, before we pay a survivor's pension, we must be satisfied that your relationship meets certain conditions laid down by the LGPS. Please check the Fund's website to find out what these conditions are. <https://www.staffspf.org.uk/Members/New-Members/Joining/Death-nomination/Cohabiting-Partner.aspx>

'Pensions made simple' videos

We appreciate that pensions can sometimes be difficult to understand. That's why we have teamed up with the Local Government Association and some other LGPS pension funds to make seven short and simple videos to help you to understand your pension better. You can watch the videos online at: www.lgpsmember.org/more/Videos.php

If you're hard of hearing, or your workplace disables sound on videos, you can click CC in the bottom right-hand corner of the screen and it will bring up subtitles.

Find out more about your pension by signing up to My Pension Portal

If you haven't already signed up to My Pension Portal, you can sign up now by going to our website: <https://staffspf.hostingsf.aquilaheywood.com/>

As mentioned in other articles in this newsletter, by signing up to My Pension Portal you can:

- update your address;
- see how much your benefits might be if you take them at a date other than your NPA;
- look at your options for exchanging some of your pension for a larger lump sum; and
- check what benefits your dependants could receive if you die while you have deferred benefits.

You can also use the 'Contact Us' option to send us any questions you have about your pension.

If you have already registered for an online account, remember to log on to let us know about any changes to your details.

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