

## Active Members Newsletter 2022

Welcome to the Summer 2022 newsletter for active Members of the Local Government Pension Scheme (LGPS)

The 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, 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).

## Additional Voluntary Contributions (AVC)

If you have an AVC Plan with one of the Funds 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.



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

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

## **Does my Pension Increase in line with inflation?**

Inflation and price increases are a concern for many of our Members at the moment and whilst you are not yet accessing your Pension, it is reassuring to know that your Pension is automatically increased in line with inflation.

So how does this work?

Since 2014 the pension you have built has been a Career Average Revalued Earnings (CARE) Scheme.

This means that every year of membership you build up a proportion of your pensionable earnings (i.e., pensions contributions from your salary) and this is added into your pension account. At the end of the year, this year's contributions are added to the total pension pot you have built up in previous years.

Every April, your total pension pot is then increased in line with inflation. The increase is applied to the total pension pot you have built up in the CARE Scheme and is measured by the Consumer Price Index (CPI) at the previous September. For April 2022, this increase is 3.1%.

Once you do retire, the LGPS provides you with a secure and guaranteed income, which also increases in line with inflation every year. Neither your pension pot nor, your pension are affected by how well investments perform.

## **Have you been absent from work due to long-term sickness or during child/maternity related leave and received reduced pay, as a result?**

If so, you should make sure your CARE Pensionable Pay, shown on your Annual Benefit Statement, has been increased from your actual pay (reduced pay) to an Assumed Actual Pay i.e., the pay you would have received had, you not been absent from work.

Assumed Actual Pay provides 'a notional pensionable pay' to ensure a Members pension is not affected by any reduction in pensionable pay. This could be due to a period of sickness, injury, reduced pay, no pay, or child related leave.

Staffordshire Pension Fund has 33,000+ active members, across over 500 different Employers and it is impossible for us to check that we have received the correct pay for every contributing Member.





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It is in your interest to check your pay details recorded on your Annual Benefit Statement, as an incorrect submission may not be picked up and this could affect your future benefit entitlement.

If you believe the actual earnings figure on your Annual Benefit Statement is incorrect you should contact your Employer.

## **Valuable benefits of being a member of the LGPS**

### **A secure pension**

Your pension is worked out every year and added to your pension account. Each year, 1/49th of your pensionable pay is put into your pension account. At the end of the year the total amount of pension in your account is adjusted in line with changes in the cost of living (inflation).

### **Tax relief**

As a Member of the LGPS, you receive tax relief on the contributions that you pay. You also have the option to exchange part of your pension for tax-free cash when you take it.

### **Flexibility to pay more or less contributions**

You can boost your pension by paying more contributions, which you would get tax relief on. You can also pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the Scheme. It is designed to help Members stay in the LGPS when times are financially tough.

### **Peace of mind**

Your family enjoys financial security, with immediate life cover and a pension for your spouse, civil partner or eligible cohabiting partner and eligible children in the event of your death in service. If you become seriously ill and you've met the two-year vesting period, you could receive your pension straight away.

### **Freedom to choose when to take your pension**

Your pension is usually payable from your Normal Pension Age which is linked to your State Pension age. You can choose to retire and take your pension at any time between age 55 and 75. If you choose to take your pension before your Normal Pension Age it will normally be reduced, as it's being paid earlier. If you take it later than your Normal Pension Age, it will be increased because it's being paid later.

### **Redundancy and efficiency retirement**

If you are made redundant or retired in the interests of business efficiency when you are over age 55, you will receive immediate payment of the pension you have built up – providing you have met the two-year





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vesting period. Any additional pension you have bought would be reduced if you are under your Normal Pension Age when you retire.

## **Flexible retirement**

Flexible retirement helps you ease into retirement. If you reduce your working hours or move to a less senior position, you may be able to take some or all the benefits you have built up. You may wish to consider flexible retirement if:

- you are over age 55;
- you have met the two-year vesting period; and most importantly
- your Employer agrees.

Your benefits may be reduced for early payment if you retire flexibly before your Normal Pension Age.

You should contact your Employer in the first instance if you are thinking of taking Flexible Retirement, as it is their discretion to allow you to do this and not an automatic right.

## **Thinking of opting out? Consider the 50/50 section instead!**

Did you know that, since 1 April 2014, there have been two sections in the LGPS – the main section and the 50/50 section?

In the main section of the scheme, you pay normal contributions and get your normal pension build-up. In the 50/50 section you pay half your normal contributions, and build up half your normal pension during the period you are in that section, and still benefit from full:

- life cover;
- Ill-health cover; and
- survivor benefits if you die.

The 50/50 section is designed to be a short-term option for when times are tough financially. This means that you can save money and still build up valuable pension benefits.

If your current financial situation is causing you to consider opting out of the LGPS, why not take a look at the [50/50 section](#)?

Please note, if you elect to join the 50/50 section and your Employer then goes through their 3-yearly automatic enrolment exercise, you will be moved back into the main section. If you still wish to be in the 50/50 section, you will have to make a further election.





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## Are your Nominated Beneficiaries up to date?

A death grant lump sum of up to three times your pay may be due to your loved ones if you die. As an active contributor to the LGPS, you should regularly review and update your death grant nominations. If your personal circumstances change, or if you would like to tell us about new nominees (the people you want to receive the lump sum), please visit our website and fill in a nomination form.

[Staffordshire Pension Fund - Death grant and making a nomination \(staffspf.org.uk\)](http://staffspf.org.uk)

## 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>





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)

### **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 eight 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](http://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.



### **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.

### **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 we compare 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 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.

**What happens if I leave the LGPS?**

If you qualify for protection and have membership in the LGPS after 31 March 2014, the changes will apply to you even if you leave the Scheme.

**Contacting the Pensions Team**

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