

Deferred

Members Newsletter 2020

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

Welcome to the 2020 newsletter for deferred members of the Local Government Pension Scheme.

This newsletter has been produced jointly with other LGPS pension funds. For more information about your pension benefits you should log in to your **online pension account**.

➤ An update from your pension fund – Covid-19

We know that the past few months have been an uncertain time for many of you. We want to remind you that the Local Government Pension Scheme (LGPS) is a defined benefit pension scheme and your benefits are not linked to stock-market changes or how investments perform. Benefits are set out in law. Although short-term investment values may change, the LGPS as a long-term investor is securely managed to deal with any longer-term effects, such as those of the coronavirus. Pension benefits for LGPS members are set out in law and are guaranteed, whether they are being paid or are yet to be paid.

We hope that you keep safe and well during these times.

➤ Frequently asked questions



What are deferred benefits?

Deferred benefits are given to you if you leave the LGPS before retirement. They're held in your pension fund for you until:

- your normal pension age (NPA); or
- you take them before your NPA at a reduced rate, or after your NPA at an increased rate; or
- you decide to transfer them to a different pension scheme.

Your NPA depends on when you built up your benefits. Benefits built up before 1 April 2014 normally have an NPA of 65. In some cases, it could be earlier if certain protections apply. However, benefits built up after 1 April 2014 have an NPA linked to your State Pension age (which may change in the future).

When can I take my benefits?

Your benefit statement shows the date that your LGPS pension benefits are due to be paid to you. This date is known as your 'normal pension age' (NPA). However, remember the LGPS offers you the flexibility to choose to take your benefits at a date other than your NPA.

Taking benefits before your NPA

You can take your deferred benefits early, from age 55, if you've left the job the benefits relate to. If you choose to take your deferred benefits earlier than your NPA, they'll normally be reduced because your pension will be paid for longer. How much your deferred benefits are reduced by will depend on how early you take them.

The current early retirement reduction factors are shown below.

Years early	Pension reduction		Retirement grant reduction %
	Male	Female	All members
0	0.0%	0.0%	0.0%
1	5.1%	5.1%	2.3%
2	9.9%	9.9%	4.6%
3	14.3%	14.3%	6.9%
4	18.4%	18.4%	9.1%
5	22.2%	22.2%	11.2%
6	25.7%	25.7%	13.3%
7	29.0%	29.0%	15.3%
8	32.1%	32.1%	17.3%
9	35.0%	35.0%	19.2%
10	37.7%	37.7%	21.1%
11	41.6%	41.6%	Doesn't apply
12	44.0%	44.0%	Doesn't apply
13	46.3%	46.3%	Doesn't apply

Taking benefits after your NPA

If you left the LGPS after 1 April 1998, you can choose to leave your benefits in the LGPS past your NPA, but we must pay these to you by your 75th birthday. In this case your benefits would be increased for late payment. If you left the LGPS before 1 April 1998, you must take your benefits when they're due.

Find out more by using our online benefit calculators

If you want to get an idea of 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 **your online pension account**.

The online calculators are a quick way of seeing how much your pension

benefits would be reduced or increased by, depending on whether you are thinking about taking them before or after your NPA.

You should always ask us for a formal quotation before making the final decision about when to take your benefits, but the online calculators will help you to find out more about your options.

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

If you have a permanent ill-health condition you can apply to your former employer to have your deferred benefits released at any age, without any reduction.

Your former employer will ask an independent occupational health physician to give an opinion before they decide whether they can approve your application.

For your application to be approved, you must be permanently incapable of doing the job you were in when you left the LGPS. For more information, go to www.lgpsmember.org/arl/already-left-when.php

How do my deferred benefits keep their value against inflation?

Each April, your deferred benefits are adjusted in line with inflation. The pension increase applied to your

benefits is measured by the Consumer Price Index (CPI) as at the previous September. For April 2020, this is 1.7%.

If you became a deferred member before 1 April 2019, you'll get the full 1.7% increase applied to your deferred benefits. If you became a deferred member after 1 April 2019, you'll have a proportion of the increase added to your benefits.

What happens to my deferred benefits if I die?

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

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 deferred benefit statement, including any pension increases since you left.

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.

After your death, the following people may be due a pension.

- Your husband, wife or registered civil partner
- Any eligible children
- If you were a member of the LGPS on or after 1 April 2008, someone you live with as if you were married

Check how much your dependants could get by logging in to **your online pension account**.

You can also tell us who you would like the death grant to be paid to.

How do I update my personal details?

If any of the personal details shown on your statement have changed, you can update us by filling in the relevant **update form**.

If your marital status has changed, we need to see a copy of your marriage certificate, civil partnership certificate or decree absolute, as appropriate, so we can update your record.

You can also change some of your personal details online by logging in to **your online pension account**.

McCloud court case

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were given in other public sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections don't apply to them.

Your LGPS benefits are one of the most valuable assets you own.

However, this makes them attractive to criminals.

Pension scams are on the increase. Fraudsters posing as businesses are becoming more convincing in the methods they use to trick people out of their life savings. Contacting people out of the blue (often referred to as cold-calling) about their pension is now illegal and is usually a sign that the company involved is not what they seem.

The Pensions Regulator has produced a useful guide which tells you what to look out for if you are considering transferring your LGPS benefits to a company offering to manage your pension savings. For more information, please visit the **Pension Regulator's website**.

The Government has said that there'll be changes to all main public sector schemes, including the LGPS, to remove this discrimination. As they're still considering what changes need to be made, we can't show the impact of the judgment in your statement. If you qualify for protection it will apply automatically - you don't need to make a claim. For more information, see the **LGPS website**.

Don't gamble your financial future

You have the right to transfer your deferred benefits out of the LGPS to a defined contribution arrangement which offers flexible benefits. However, it's very important you're aware that transferring out of the LGPS to another pension scheme where your benefits may be linked to investment markets is unlikely to be good for your financial future, except in exceptional circumstances.

If you're thinking of transferring your benefits, make sure you check what LGPS benefits you will be giving up, as well as any costs associated with a transfer, and what transferring your benefits might mean for you in the long term.

Deciding whether to transfer out of the LGPS is a serious financial decision which needs careful consideration. You should only make this decision after taking financial advice from registered independent financial advisors. In some cases, by law you must take financial advice before you can transfer.

For further information, visit the **Pensions Advisory Service** website and the **Pensions Regulator's website**.

➤ Picture your retirement

What kind of lifestyle do you picture for yourself when you retire?

The new Retirement Living Standards, published by the Pension and Lifetime Savings Association, will help you to picture what kind of lifestyle you will be living in retirement.

The Standards aim to give you a realistic starting point to help you develop your own savings targets and plan for the retirement you want.

They feature three different 'lifestyles' – minimum, moderate and comfortable – and illustrate what goods and services you could afford at each level, for a single person and then also for a couple.

They show that (at today's prices) to have:

- a minimum standard of living when you retire, you need to have a pension of £10,200 a year;

- a moderate standard of living, you need to have a pension of £20,200 a year; and
- more financial freedom and some luxuries, you need to plan to have an income of £33,000 a year.

Don't forget these amounts will include your State Pension (full State Pension is currently around £9,110 a year) and any other pensions or benefits you receive. If you're part of a couple, the amount you need to achieve a certain standard of living for each person is likely to be less.

Your LGPS pension benefits explained on your benefit statement will help to pay for your retirement lifestyle. Visit www.retirementlivingstandards.org.uk and explore the categories to help you plan for the retirement you want.

➤ How we communicate with you

We've written to you a couple of times to let you know that we're changing our communications. Instead of sending lots of paper by post, we now send you an email or text when we upload new documents to your account. All of your pension information is stored securely on your **online pension account** - saving trees and saving you storage space.

You can:

- see the current value of your pension
- use our benefits projector to see how much your pension could be in the future
- update your personal details
- access any documents you've asked us for
- if you've asked us for something, track your case
- nominate beneficiaries (people you want to benefit from your pension if you die).

Check out your pension today.

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