

# Bromley

## Pension Update



Spring 2020



- Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information. **98.79% of 308 retirement grants paid within the performance standard (99.50% in 2017/18)**
- Issue a benefit statement annually to all active and deferred members. **Statements issued to all active and deferred members by end of August**
- Advise pensioners in April of the annual increase to their local government pension. **Pensions increase letters issued to all pensioners in April**

## Contributions Rates For 2020/2021

The rate of pension contributions that you pay each year is reassessed by your employer at the beginning of each tax year, according to your level of pensionable earnings. The earnings bandings are reviewed each year in accordance with changes to the Consumer Prices Index, and the bandings for 2020/21 are shown below:

Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,800	5.8%	2.9%
3	£22,801 to £37,100	6.5%	3.25%
4	£37,101 to £46,900	6.8%	3.4%
5	£46,901 to £65,600	8.5%	4.25%
6	£65,601 to £93,000	9.9%	4.95%
7	£93,001 to £109,500	10.5%	5.25%
8	£109,501 to £164,200	11.4%	5.7%
9	£164,201 or more	12.5%	6.25%

## Pension Taxation

There are two types of pension taxation that you need to be aware of, the lifetime allowance and the annual allowance.

## The Lifetime Allowance

The lifetime allowance is the total value of all pension benefits (apart from State Pension) you can have during your working life without triggering an excess benefits tax charge. To calculate your lifetime allowance percentage, multiply your annual pension by 20, adding in any lump sum and Additional Voluntary Contributions (AVCs), then divide the total of that by the lifetime allowance limit x 100.

The lifetime allowance covers any pension benefits you may have in all tax-registered pension arrangements – not just the LGPS.

### Lifetime Allowance by Year:

Tax year	Lifetime Allowance
2011/12	£1.8m
2012/13	£1.5m
2013/14	£1.5m
2014/15	£1.25m
2015/16	£1.25m
2016/17	£1m
2017/18	£1m
2018/19	£1.03m
2019/20	£1.055m
2020/21	£1.0731m

If the value of your pension benefits when you draw them is more than the lifetime allowance or more than any protections you may have, you will have to pay a tax charge on the excess benefits.

The rate of tax charge on benefits above your lifetime allowance depends on how the money is paid to you:

- **55% if you get it as a lump sum**
- **25% if you get it any other way, for example pension payments or cash withdrawals.**

If you have not contributed to the Pension Scheme since 5 April 2016, and your pension benefits were worth more than £1.25 million at 5 April 2016, you may apply for **Fixed Protection 2016 (FP16)**. You can still apply if you already have individual protection 2014 or 2016 in place. FP16 protects your lifetime allowance at £1.25 million, but if you later make further contributions to your pension, then this protection will be lost. There is no deadline for applications for FP16.

You may apply for **Individual Protection 2016 (IP16)** if your pension benefits were worth more than £1 million at 5 April 2016. You can still apply if you already have some previous protection in place. IP16 protects your lifetime allowance to the lower of the value of your pension at 5 April 2016 and £1.25 million.

**FP16 and IP16** will stay dormant until you lose or give up your previous protection - **you should tell HMRC in writing if this happens.**

For further information on lifetime allowance including applying for any protection visit HMRC's website:

[www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

## The Annual Allowance

This is the amount by which your pension benefits may increase in any one year without having to pay a tax charge.

The 'pension input period' (PIP) is the period over which your pension growth is measured.

The annual allowance for tax years 2011/12 to 2013/14 was £50,000.00 and since 2014/15 (including 2020/21) it has remained at £40,000.00. You may be able to top this up with unused allowance from the previous 3 tax years.

### How is pension growth calculated?

**Step 1:** Determine the value of your benefits immediately before the start of the PIP and multiplying a factor defined by HMRC – currently 16

**Step 2:** Add any lump sum you are automatically entitled to the amount calculated in Step 1.

## Pension key performance standards 2018/2019

Liberata UK Ltd manage the general administration of the Local Government Pension Scheme for the London Borough of Bromley. Performance standards are used to monitor and improve performance. Performance is reported regularly to the Council and is published annually for the information of Scheme members.

### Liberata's commitment to Scheme members is:

As administrators of the Bromley Fund, we aim to provide you with good quality service and to communicate effectively. Liberata aim to:

- Respond to e-mails and written enquiries within 10 working days of receipt. **374 pieces of correspondence responded to in the last year, of which 99.47% were within the performance standard (100% in 2017/18)**
- Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information. **100% of 128 transfer-in quotations (100% in 2017/18) and 98.10% of 105 transfer-out quotations (98.46 % in 2017/18) issued within the performance standard**



**Step 3:** Adjust the total amount for inflation. This is 1.7% for 2019/20. This is the value at the start of the Pension Input Period

**Step 4:** Determine the value of your benefits built up at the end of the PIP and multiplying by the same factor in Step 1

**Step 5:** Add any lump sum you are automatically entitled to and any Additional Voluntary Contributions (AVCs) you or your employer have paid during the year to the amount calculated in Step 4.

**Step 6:** Deduct the value in Step 3 from the value in Step 5 to get the Pension Input Amount

If the Pension Input Amount is greater than the annual allowance limit, you may be liable to pay a tax charge.

Each year you will be sent a pensions savings statement if your pension savings in the Bromley Fund exceeds the annual allowance limit for that year. The statement is based on the information held on your pension record at the time of the calculation. If you breach the annual allowance, the statement will provide the options you have in dealing with the tax charge.

## Important information:

Since 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April. Prior to 2016/17 the PIP for the LGPS was 1 April to 31 March, except for the year 2015/16 when special transitional rules applied.

From 6 April 2016 the annual allowance was reduced for those individuals who have income over certain levels. In 2020 these levels have been changed, broadly affecting those whose “threshold income” is above £200,000 and “adjusted income” is above £240,000.

- Threshold income is broadly defined as total earnings, less what you pay in pension contributions.
- Adjusted income is broadly threshold income plus the value that your pension grows by over the year.

If you satisfy both points the annual allowance will be reduced by £1 for every £2 that the adjusted income exceeds £240,000. However, the maximum reduction that can apply to the annual allowance is £36,000 leaving an annual allowance of £4,000.

HMRC provides information to help you:  
[www.tax.service.gov.uk/paac](http://www.tax.service.gov.uk/paac)

If you have pension benefits elsewhere, you will also need to take these into consideration. It is your personal responsibility to pay the correct amount of tax.

**This newsletter provides an overview of the rules governing taxation of pension savings. It is your personal responsibility to pay the correct amount of tax. Neither the London Borough of Bromley nor the Pensions Team is able to provide financial advice. If you are unsure about the best course of action, you should contact HMRC on telephone number 0300 200 3300. You may need to take independent financial advice in order to ensure that you understand your tax position.**

## Don't let a scammer enjoy your retirement!

Regulators warn public of pension scammer as victims report losing an average of £91,000 in 2017. Latest statistic revealed, some victims have lost more than £1 million in savings each to fraudsters.

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) have launched a new ScamSmart advertising campaign targeting pension holders aged 45 to 65, the group most at risk of pension scams. This comes as a new poll commissioned by the regulators reveals that almost a third of pension holders aged 45 to 65 would not know how to check whether they are speaking with a legitimate pensions adviser or provider. The regulators have urged the public to be on their guard when receiving unexpected offers about their pension and to check the people being dealt with are legitimate.

Scammers design attractive offers to persuade you to transfer your pension pot to them or release funds from it. Your money is then often invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units – or simply stolen outright.

If you are contacted about your pension, visit ScamSmart before going any further, so that you don't end up becoming the victim of a scammer. FCA and TPR are part of Project Bloom, a multi-agency taskforce which is working to combat pension scams. The taskforce includes the DWP, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, The Pensions Advisory Service, and the National Crime Agency.

Pension scams can cause victims significant harm – both financially and mentally. If you are ever in doubt about a pension offer, visit the ScamSmart website at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

\*FCA Financial Lives

## National Fraud Initiative

The London Borough of Bromley is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent payments to be identified. Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. For further information on the Cabinet Office's legal powers and the reasons that it matches particular information, see [www.gov.uk/government/collections/national-fraud-initiative](http://www.gov.uk/government/collections/national-fraud-initiative).

## Other Data Sharing

London Borough of Bromley participates in a data sharing project with other LGPS pension funds in England, Wales and Scotland. This is undertaken in order to comply with legal requirements contained in the LGPS's governing regulations.

Provisions contained in the LGPS Regulations 2013 mean that, if a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership elsewhere in the country so that the right death benefits can be calculated and paid to the deceased member's dependants.

As the LGPS is locally administered, each pension fund has its own membership records and it can be difficult to tell if an individual has other LGPS records and where these are held. To comply with the requirements set out above, a national Database, hosted at the South Yorkshire Pensions Authority, has been developed that enables funds to check if their members have LGPS pension records in other pension funds.



## What data is shared?

For each member of the LGPS, the Database contains a short entry containing:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed, and
- A four digit number confirming the LGPS pension fund where that member's record is held.

## How is the data held on the Database processed?

The data held on the Database is processed in accordance with the Data Protection Act 1998 and other relevant legislation.

## Are there any other purposes that the Database is used for?

An extract of the membership information contained in the Database is periodically shared with the Department for Work and Pensions (DWP) so that the LGPS can join the Tell Us Once service. Tell Us Once is a service offered in most parts of the country when an individual registers a death.



## Who is the data shared with?

Other LGPS pension funds. These are all public bodies named in legislation as administering authorities of the LGPS.

For the Tell Us Once service, an extract of the Database containing individuals' NI Numbers is securely shared with DWP every month so that they may maintain an up-to-date record of the LGPS's membership.

## How long will this data sharing be undertaken for?

For as long as a) the relevant regulatory requirements remain, and b) the LGPS participates in the Tell Us Once service.

In the event that neither of the above apply, the data sharing will cease to be undertaken.

## Can I opt out of this data sharing?

No. As this data sharing is partly being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.

## Death Grant Expression of Wish Forms

From the moment you join the Scheme until you leave or retire, and sometimes even beyond, you have valuable life cover in the form of a lump sum death grant. As an 'active' contributing member, if you die whilst paying into the Fund, we will pay out a death grant equal to three times your final years' pay.

Although the amount of death grant is governed by the Scheme rules, the Council has absolute discretion in deciding on who to pay any death grant to. The Council may pay the money in one sum or split it among a number of beneficiaries. The LGPS allows you to nominate one or more beneficiaries to whom you would like any death grant to be paid. You can do this by completing and returning an Expression of Wish Form which is sent out with the Annual Benefit Statements each year or can be downloaded from [www.bromley.gov.uk/lgps](http://www.bromley.gov.uk/lgps). The Council will normally follow your wishes, but may not do so if your circumstances have changed since you completed the form, for instance if your marital status has changed, or the person you have nominated has died. It is therefore extremely important that you keep your nomination up to date.



## Money and Pensions Service

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: the Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

Their aim is to ensure everyone in the UK can easily access the information they need to make the right financial decisions for them throughout their lives, making the most of their money and pensions.

The weblink for further information is [moneyandpensionservice.org.uk](http://moneyandpensionservice.org.uk)

## The Bromley Pension Fund

Bromley's Pension Fund is administered by the London Borough of Bromley's Pensions Investment Sub-Committee, whose primary role is to oversee

the investment of the Fund and monitor its financial position. Following an asset allocation strategy review in 2016/17 the Fund now employs four investment managers: Baillie Gifford, Fidelity, MFS and Schroders. They are responsible for managing investment portfolios comprising Multi-Asset Income Funds (20% of total Fund), Global Equities (60%), Fixed Income (15%), and Property (5%).

The net assets of Bromley's Pension Fund totalled £1,039m as at 31st March 2019 and comprised:

- UK Equities (quoted) £36m
- Overseas Equities (quoted) £601m
- Pooled Investments £392m
- Cash/other £10m

### Income and Expenditure for the year ended 31st March 2019

Income	Expenditure
Employer contribution £25.0m	Pensions £27.5m
Employee contribution £6.6m	Lump sum benefits £6.6m
Transfer Values received £2.7m	Transfer Values paid £3.8m
Investment income £20.6m	Administration £1.1m
Net gain on investments £59.9m	Fund management expenses £3.8m

Pension Regulations require an actuarial valuation of the Fund's assets and liabilities every three years to ensure that the Fund is able to meet all its present and future commitments.

The most recent full valuation as at 31st March 2019 found that the value of the Fund's assets represented 110% of the value of its liabilities, increased from 91% in 2016. That valuation set employer contribution rates for the following three years aimed at maintaining the fund's solvency level at 100% over a period of 12 years. The next full valuation (as at 31st March 2022) will take place during 2022/23 and will set employer contribution rates for the three years commencing on 1st April 2023.

## Enquiries and Complaints

If you are not sure which benefits you are entitled to, or if you have a question concerning your benefits, please contact the Liberata Pensions Team. They will try to deal with your query as quickly and efficiently as possible, and it may be possible to arrange a meeting in order to resolve any issues.

In case you are dissatisfied with the way the Council or your employer has interpreted or applied the pension Regulations, then in order to protect your interests the Council is required under the Scheme Regulations to set up a two-stage appeal procedure. Full details of this can be obtained from the Liberata Pensions Team.

Their full address and telephone details are shown below. In addition to the internal dispute processes you also have access to a number of external advisors or regulators who are there to assist you with any issues you may have relating to your pension.

Further details of these organisations are given below.

### Liberata UK Ltd

P O Box 1598, Croydon, Surrey CR0 0ZW

Telephone 020 8603 3429

E-mail [pensions@bromley.gov.uk](mailto:pensions@bromley.gov.uk)

Website [www.liberata.com](http://www.liberata.com)

## Large Print Version Available

The text of this newsletter is available in a large print format from Liberata Pensions on 020 8603 3429.

Further information about the Scheme is available on [www.lgps.org.uk](http://www.lgps.org.uk)

NOTHING IN THIS NEWSLETTER CAN OVERRIDE THE PROVISIONS OF THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS OR RELATED LEGISLATION

## Useful Contacts

### London Borough of Bromley

Chief Executive's Department  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

Telephone: 020 8464 3333

Website: [www.bromley.gov.uk](http://www.bromley.gov.uk)

### Pension Tracing Service

This is a tracing service for ex-members of schemes with pension entitlements, who have lost touch with their previous employers.

### The Pension Service 9

Mail Handling Site A  
Wolverhampton  
WV98 1LU

Telephone 0800 731 0193

Website: [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

### The Pensions Ombudsman (TPO)

TPO provides a service to assist members with any difficulties that they cannot resolve with their pension schemes, and to investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law.

### The Pensions Ombudsman

10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Telephone 0800 917 4487

Website [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### The Pensions Advisory Service

The Pensions Advisory Service (TPAS) dispute resolution function has moved to TPO. However, individuals can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS tends to focus on complaints before the pension scheme's internal dispute resolution procedure (IDRP) has been completed, while TPO typically deals with complaints that have been through IDRP.

### The Pensions Advisory Service

120 Holborn  
London EC1N 2TD  
Telephone 0800 011 3797

Website: [www.pensionsadvisoryservice.org.uk/pension-problems](http://www.pensionsadvisoryservice.org.uk/pension-problems)

### The LGPS's member site

The national website for members of the LGPS in England and Wales provides information and guidance to help members understand their LGPS membership from joining to leaving.

The website has recently launched a series of videos to educate members on their pensions, how to look after it, protection for their family, life after work, lifetime allowance and annual allowance.

**Also, the website has several calculators that will be able to help members with their pension benefits.**

- Contributions Calculator
- Pension Account Modeller
- Lifetime Allowance Quick Check Tool
- Additional Pension Calculator
- Lump Sum Calculator
- Annual Allowance Quick Check Tool

Website: [www.lgpsmember.org/](http://www.lgpsmember.org/)