

Bromley

Pension Update



Spring 2015

Bromley pension newsletter

A lifetime's savings lost in a moment

Be aware that pension scams are on the increase.

The scammers will

- Claim that you can access your pension before age 55
- Approach you uninvited by phone, text message or in person door to door
- Entice you with upfront cash
- Offer free 'pension review' or try to lure you in with 'one off' investment options.

But what they will not tell you is that you will probably never see your pension again.

Check the facts before you make an irreversible decision and never be rushed or pressured into making a decision.

Tax changes

The Lifetime Allowance

The lifetime allowance is the total value of all pension benefits you can have without triggering an excess benefits tax charge.

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

The lifetime allowance for 2011/12 was £1.8 million and reduced to £1.5 million for 2012/13. It remained at £1.5 million for 2013/14 and for 2014/15 has been reduced to £1.25 million.

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.

You may apply for **Individual Protection 2014 (IP14)** if your pension benefits were valued above £1.25 million as at 5 April 2014. If your application is successful, you will be entitled to a protected lifetime allowance equal to the value of your benefits as at 5 April 2014 up to a maximum of £1.5 million. You have until 5 April 2017 to apply for IP14.

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.

In the LGPS, the period used to assess this, known as the 'pension input period (PIP)' runs from 1 April to 31 March.

The annual allowance for tax years 2008/09 to 2013/14 was £50,000.00 and for 2014/15 it is £40,000.00.

Most people will not be affected as your pension benefits will not increase by more than £40,000, and if it does, you are able to utilise any unused allowance from the previous three years.

Additional pension contributions

There may be times when you may need to consider adding to your pension in the LGPS. This could be because you joined later in your career or have had a career break and want to buy extra pension or maybe you have lost pension due to an unpaid absence.

Paying Additional Pension Contributions (APC) either regularly over a number of complete years or as a one-off lump sum will allow you to add extra pension or make up for lost pension. The maximum amount of annual pension you can buy using an APC is £6,500 (as at 1.4.2014). This figure will increase each year in line with the cost of living. Buying lost pension is important if you have pre-1st April 2014 membership and wish to protect your benefits in a number of different circumstances.

If you wish to purchase additional or lost pension, please refer to the modeller to calculate the costs.

<http://www.lgps2014.org/content/how-do-i-buy-extra-or-lost-pension>

If you wish to proceed with your application, please complete and print the appropriate application form at the above link and return it to the Pension Team: the address can be found at the end of this newsletter.

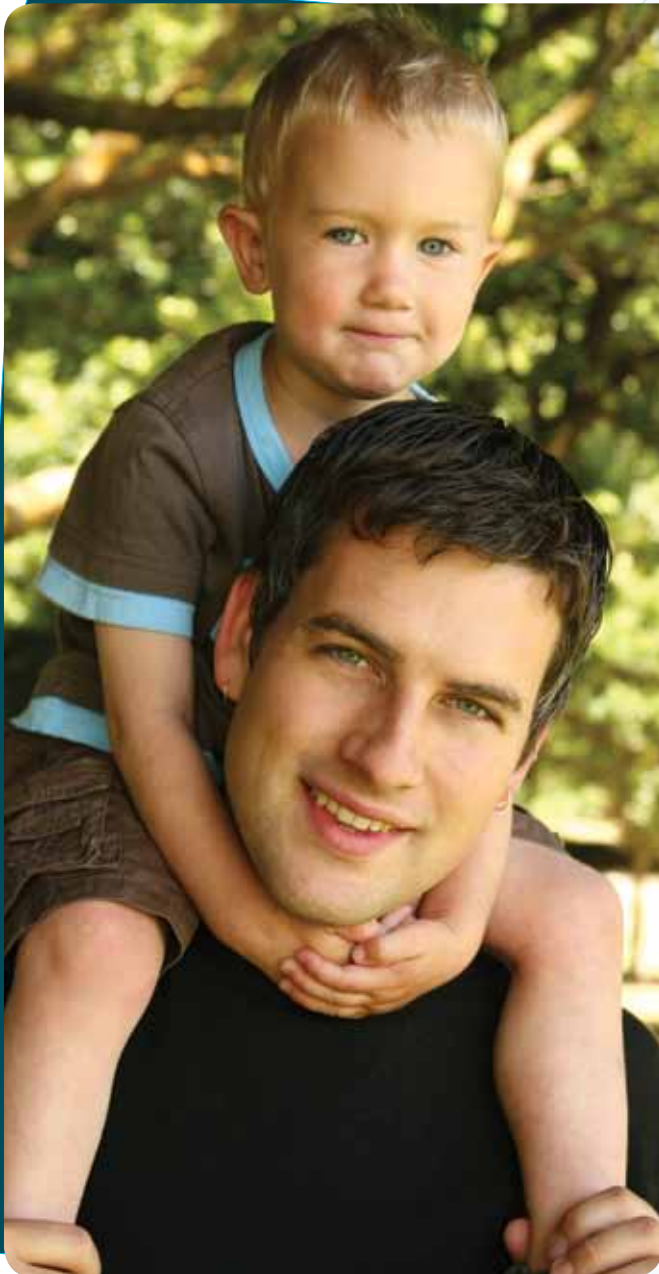
Pension key performance standards

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

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**
780 pieces of correspondence responded to in the last year, of which 99.50% were within the performance standard (99.55% in 2012/13)
- **Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information**
98.21% of 143 transfer-in quotations (97.80% in 2012/13) and 96.54% of 90 transfer-out quotations (97.39% in 2012/13) issued within the performance standard
- **Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information**
98.25% of 272 retirement grants paid within the performance standard (99.59% in 2012/13)
- **Issue a benefit statement annually to all active and deferred members**
Statements issued to all active and deferred members in September
- **Advise pensioners in April of the annual increase to their local government pension**
Pensions increase letters issued to all pensioners in April.



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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 investment strategy review in 2012, new Fund managers were appointed in both 2012/13 and in 2013/14 and the Fund now employs three investment managers: Baillie Gifford, Blackrock, Fidelity, MFS and Standard Life. They are responsible for managing investment portfolios comprising Diversified Growth Funds (c.10% of total Fund), Global Equities (c.70%) and fixed income (c.20%). Further appointments are likely to be made in 2014/15.

The net assets of Bromley's Pension Fund totalled £628m as at 31st March 2014 and comprised:

UK Equities (quoted) £32m
Overseas Equities (quoted) £291m
Pooled Investments £294m
Cash/other £11m

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 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 Audit Commission's legal powers and the reasons that it matches particular information, see <http://www.audit-commission.gov.uk/fairprocessing>.

Income and Expenditure for the year ended 31st March 2014

Income	Expenditure
Employer contributions £24.0m	Pensions £23.4m
Employee contributions £5.6m	Lump sum benefits £5.9m
Transfer Values received £5.1m	Transfer Values paid £1.6m
Investment income £7.7m	Administration £0.6m
Net gain on investments £34.8m	Fund management expenses £1.8m

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 2013 found that the value of the Fund's assets represented

82% of the value of its liabilities, down slightly from 84% in 2010. That valuation set employer contribution rates for the following three years aimed at increasing the fund's solvency level to 100% over a period of 15 years. The next full valuation (as at 31 March 2016) will take place during 2016/17 and will set employer contribution rates for the three years commencing on 1st April 2017.

Pensions on-line

You can now access your own pension records online, through Altair Member Self Service (MSS). This service allows you to view your record, and carry out your own pension benefits calculations, such as:

- deferred benefits
- pension predictions
- lump sum commutation options
- redundancy estimates

You also have the option of updating your Expression of Wish record (by downloading and submitting a signed Form) and personal details such as change of address or name. This service is available 24 hours a day, 365 days a year.

You will need to obtain an activation key to access the Altair Member Self Service function, which you can request by accessing <https://bromleypensionsonline.bromley.gov.uk> and then the activation key and details of how to use MSS will be sent direct to you.

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. 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.



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The 50/50 section

If you are deterred from joining or remaining in the Local Government Pension Scheme because of the cost of paying the contributions, you may like to know that the Scheme now allows members to elect to contribute 50% of the normal rate of contribution, and receive 50% of the pension benefit. This means that the pension will accrue at the rate of 1/98th of pensionable pay, instead of 1/49th, for the period that the election is in force.

Regardless of which Section you are in you get full life assurance cover, full ill health cover and full survivor benefits in the event of your death.

A person cannot elect for the 50/50 Section before the employment has commenced, before being enrolled automatically by their employer, or before opting in. Members can elect to move from the Main Section to the 50/50 Section and back again as many times as they wish. A member in the 50/50 Section always has the right to elect to rejoin the Main Section following the beginning of the next pay period after their election.

If you have more than one job you can elect for the 50/50 Section in one, some or all your jobs.

If you choose to move to the 50/50 Section any extra pension contributions or additional voluntary contributions (AVCs) would continue to be payable in full (not at half rate). The only exception to this is that any additional pension contributions (APCs) you are paying to purchase extra pension would have to cease (unless those APCs are to purchase pension 'lost' during a period of authorised unpaid leave or absence or during a period of unpaid additional maternity, paternity or adoption leave).

The 50/50 Section is designed to be a **short-term** option for when times are tough financially. Because of this your employer is required to put you back into the main section of the LGPS approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three

years thereafter). Your employer will move you back into the Main Section of the scheme at that time irrespective of when your election to join the 50/50 Section took place (even if, for example, you had only elected for 50/50 the previous month). Your employer will tell you when this is about to happen. If you wish to continue in the 50/50 Section at that point you would need to make another election to remain in the 50/50 Section.

Your employer cannot ask you or force you to join the 50/50 Section. If, however, you wish to do so, you can do this by completing and returning an Election to change from Main Section to '50/50' Section Form which is available from the Pensions Team.



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

Website www.liberata.com

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

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

Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone 0845 600 2537

The Pensions Advisory Service (TPAS)

This service is available to assist members with any difficulties that they cannot resolve with their pension schemes.

11 Belgrave Road
London
SW1V 1RB

Telephone 0845 601 2923

Website www.pensionsadvisoryservice.org.uk

For the Pensions Ombudsman

The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme, or matters of fact or law.

Telephone 020 7630 2200 at the TPAS address above
Website www.pensions-ombudsman.org.uk

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

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

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