

# Pensions Update

Summer 2010



## The Local Government Pension Scheme



**LIBERATA**

Working in Partnership

## NOMINATING A COHABITING PARTNER

**S**cheme members (excluding Councillor members) are able to nominate a cohabiting partner of either the opposite or the same sex to receive a survivor's pension on their death.

Subject to certain conditions, you can nominate your partner to receive a Survivor's Pension by completing a Nomination of Cohabiting Partner form, which is available from Liberata at the address on page 6 of this Newsletter. A pension cannot be paid to a cohabiting partner unless we have a valid nomination form.

The Survivor's Pension paid to a nominated partner will be based on any period of your Scheme membership that has occurred from 6 April 1988 onwards.

It is now possible to elect to pay additional pension contributions in respect of any period of membership occurring prior to 6th April 1988, in order to be credited with additional survivor benefits in respect of a surviving nominated cohabiting partner.

These contributions are known as additional survivor benefits contributions (ASBCs). ASBCs may be paid in respect of the whole of any period of membership occurring before 6th April 1988, or in respect of complete years of membership only.

An election to pay ASBCs must be made no later than **31st March 2011**. For more information on ASBCs, and an election form, please contact Liberata at the address on page 6 of this Newsletter.

**Please note that, if you are married, or are in a registered civil partnership, you do not need to complete a survivor's pension nomination form for your husband, wife or registered civil partner – they are already covered for a survivor benefit in the event of your death. Survivor's pensions for civil partners are now based on the whole period of your pensionable membership.**

## SELF-SERVICE PENSIONS

**Y**ou can now access your own pension records online, through AXISe Internet Member Self Service (AIMSS). 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), Co-habiting Partner details (if applicable) and personal details such as change of address or name. This service is available 24 hours a day, 365 days a year.



Details of how to use AIMSS are available from Liberata by emailing your request to [pensions@bromley.gov.uk](mailto:pensions@bromley.gov.uk). You will need to have a password, which you can obtain by emailing your request to the same address.

## THE BROMLEY PENSION FUND

Bromley's Pension fund is administered by the London Borough of Bromley's Investment Sub-Committee, whose primary role is to oversee the investment of the fund and monitor the fund's financial position.

The Council currently employs two investment managers: Fidelity Pensions Management and Baillie Gifford & Co.

The net assets of Bromley's Pension Fund totalled £448m as at 31st March 2010 and comprised:

<i>UK Equities</i>	<i>£112m</i>	<i>Overseas Equities</i>	<i>£119m</i>
<i>Pooled Investments</i>	<i>£212m</i>	<i>Cash</i>	<i>£5m</i>


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 last full valuation as at 31st March 2007 found that the value of the fund's assets represented 81% of the value of its liabilities, up from 66% in 2004, mainly due to better than predicted investment returns. 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 12 years. The next full valuation (as at 31 March 2010) will take place during 2010/11.

## EARNINGS BANDS FOR PENSION CONTRIBUTIONS

For the year 1 April 2010 to 31 March 2011 the earnings bands for the assessment of pension contributions are remaining the same as for the previous year. The bands are shown below:

Full-time equivalent salary	Contribution rate per year
<b>£0—£12,600.00</b>	<b>5.5%</b>
<b>£12,600.01—£14,700.00</b>	<b>5.8%</b>
<b>£14,700.01—£18,900.00</b>	<b>5.9%</b>
<b>£18,900.01—£31,500.00</b>	<b>6.5%</b>
<b>£31,500.01—£42,000.00</b>	<b>6.8%</b>
<b>£42,000.01—£78,700.00</b>	<b>7.2%</b>
<b>Over £78,700.00</b>	<b>7.5%</b>

Members who used to pay a protected rate of 5% have a phased increase in their contribution rate. Their contribution rates are shown below:

Councillor members are not affected by the rate changes above, and continue to pay 6%.

## REDUCTIONS IN PENSIONABLE PAY

Your retirement benefits will normally be based on your full-time equivalent pensionable pay in the last 365 days before retirement, or, if the pensionable pay in one of the two previous years is higher, on the pay in that earlier year. This pensionable pay figure is called **Final Pay**.

If you have a reduction in pay in your last 10 years of employment, you have the option on retirement to have your final pay calculated on the average of any 3 consecutive years (ending on a 31 March) in the last 13. This is only available if your pay is reduced or restricted for one of the following reasons:

- because you choose to be employed by the same employer at a lower grade or with less responsibility (other than if you choose to do so for the purposes of flexible retirement);
- for the purposes of achieving equal pay in relation to other employees of your employer;
- as a result of a job evaluation exercise;
- because of a change in your contract of employment resulting in the cessation or restriction of, or reduction in, payments or benefits specified in your contract of employment as being pensionable pay; or
- because the rate at which your rate of pay may be increased is restricted in such a way that it is likely that the rate of your retirement pension will be adversely affected.

The best 3 year average in the last 13 is only of benefit if you retire or leave within 10 years of your pay being reduced or restricted. You might benefit by choosing deferred benefits, but this is only possible where a change in your contract of employment is confirmed by your employer.

More information about pension options following a cut in pay is given in the fact sheet 'Reductions in Pay' available from Liberata at the address on page 6 of this Newsletter.

## HIGH EARNERS

Tax changes have been introduced from 6 April 2010 onwards which may affect high income employees, with income (from all sources) of over £100,000. In some cases, there will be restrictions in higher rate pensions tax relief from 6 April 2011.

Further guidance for Scheme members who believe that they may be affected by the changes is given in the High Earners Fact Sheet is available from Liberata at the address on page 6 of this newsletter.

## CHANGES TO THE EARLIEST RETIREMENT AGE

The Normal Retirement Age in the Local Government Pension Scheme (LGPS) is 65. This means that you can retire and receive your LGPS benefits without any reductions from age 65. You can choose to retire and receive payment of your benefits at any time from age 60 onwards, although your benefits may be reduced to take account of the fact that they will be in payment for a longer period. If you retire after age 65, your benefits will be increased.

From **1 April 2010** the earliest age from which you can retire with immediate payment of your benefits with your employer's consent, or on the grounds of redundancy, has been raised from 50 to **55**. If you leave before age 55 on grounds other than permanent ill-health your accrued benefits will be held as deferred benefits in the pension fund until you attain age 60.

You may have to retire, perhaps because of permanent ill health which affects your ability to do your job. Ill-health benefits can be paid at any age and are not reduced for early payment. In some circumstances, your benefits are increased to make up for your early retirement on health grounds.

**In all cases, it is your employer who makes the decision to allow the payment of retirement benefits before age 60.**

## PENSIONS KEY PERFORMANCE STANDARDS

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

Liberata's commitment to Scheme members is:

As Administrators of the Local Government Pension Scheme we aim to provide you with good quality service and to communicate effectively. We will:

- respond to e-mails and written enquiries within 10 working days of receipt -  
We have responded to 810 pieces of correspondence in the last year, of which 99.51% were within the performance standard
- process each stage of a transfer of pension rights (to or from the Scheme) within 10 days of receiving the required information -  
We have issued 95.03% of 161 transfer-in quotations and 96.08% of 102 transfer-out quotations within the performance standard
- process retirement grants (lump sums) within 10 working days of retirement, provided that we have all the necessary information -  
We have paid 97.29% of 258 retirement grants within the performance standard
- issue a benefit statement annually to all active and deferred members -  
Statements were issued to all active members in October and all deferred in August
- advise pensioners, each April, of the annual increase to their local government pension -  
Pensions Increase letters were issued to all the Council's pensioners in March.

## NOT A MEMBER OF THE PENSION SCHEME?

You may wonder why we send this newsletter to non-members. We send it because we have a responsibility to inform both members and potential members of changes to the Scheme.

**If you are not paying into the Scheme, you could be missing out on:**

- A pension payable for life
- A tax free lump sum on retirement if you so choose
- Immediate life cover of 3 years' pensionable pay
- Dependant pension for widows/widowers, civil or nominated partners and children
- Ill health benefits, sometimes with an added period of membership
- Early payment of benefits if made redundant, age 55 and over  
(Benefits payable subject to qualifying conditions)

Benefits for Councillor members differ in some respects from those shown above.

For more information on the Scheme, visit [www.lgps.org.uk](http://www.lgps.org.uk)

If you are not a member, and wish to consider joining, please contact Liberata for an option form. You can normally join at any time up to age 75, but do not leave it too late!

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

## 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 8666 9919

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

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

## USEFUL CONTACTS

### London Borough of Bromley

Resources Directorate

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

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](http://www.pensionsadvisoryservice.org.uk)

### For the Pensions Ombudsman

**Telephone** 020 7834 9144 at the above address

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

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

## LARGE PRINT VERSION AVAILABLE

The text of this newsletter is available in a large print format from Liberata Pensions on 020 8666 9919.

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