

Pensions Update

Autumn 2008

The Local Government Pension Scheme

Improvements to the Scheme from 1 April 2008

A new-look pension scheme was introduced from 1 April 2008, and all existing members of the LGPS at 31 March 2008 moved to the new Scheme at 1st April. The new-look Scheme contains a number of improvements to the benefits available to members and their dependants:

- Improved accrual rate of pension for each year of membership
- Ill-health benefits based on ability to obtain gainful employment, rather than on the length of time a member has paid into the pension scheme
- Increased lump sum death benefits
- Introduction of survivors' pensions for nominated cohabiting partners

More information on the improvements, and also on the new method of increasing your pension benefits through the payment of Additional Regular Contributions, is contained in this Update.



Working in Partnership

Improvements to the Scheme from 1 April 2008

Ill health retirement

The new scheme introduces better targeted benefits if you are unable to work because of serious illness.

If you have to leave work at any age due to permanent ill-health the new scheme provides a tiered ill-health retirement package. This gives graded levels of benefit based on how likely you are to be capable of gainful employment after you leave.

If you have at least 3 months membership of the pension scheme and you have no reasonable prospect of being capable of gainful employment before Normal Retirement Age (age 65), ill health benefits in the new scheme are based on your membership built up to date of leaving plus all of your prospective membership from leaving to age 65. In other words, your pension will be based on the membership you would have had if you had stayed in the Scheme until age 65. The example below shows how this would work:

Member 1 retires on ill-health aged 33 with 7 years of post April 2008 membership, and final pay of £20,000.	
Accrued membership	= 7 years
Enhancement to age 65	= 32 years
Total membership	= 39 years
His annual pension is:	$39/60 \times £20,000 = \mathbf{£13000.00}$

If you have at least 3 months in the pension scheme and you are unlikely to be capable of gainful employment within 3 years of leaving, but you may be capable of gainful employment at some date in the future before age 65, ill health benefits in the new scheme are based on your membership built up to leaving plus 25% of your prospective membership from leaving to age 65. The example below shows how this would work:

Member 2 retires on ill-health aged 33 with 7 years of post April 2008 membership, and final pay of £20,000.	
Accrued membership	= 7 years
Enhancement	= 8 years (32 years x 25%)
Total membership	= 15 years
His annual pension is:	$15/60 \times £20,000 = \mathbf{£5000.00}$

If you have at least 3 months in the pension scheme and you are permanently incapable of carrying out your local authority employment, but are likely to be capable of gainful employment within 3 years after leaving, you may be entitled to payment of your accrued pension until such time as you obtain gainful employment, or your former employer decides that the payment should cease. Your former employer will be required to review your entitlement if payments are still continuing after eighteen months. The example below shows how this would work:

Member 3 retires on ill-health aged 33 with 7 years of post April 2008 membership, and final pay of £20,000.	
Accrued membership	= 7 years
Enhancement to age 65	= 0 years
Total membership	= 7 years
His annual pension is:	$7/60 \times £20,000 = \mathbf{£2333.33}$

There are protections for Scheme members who were in the Scheme at 31 March 2008, who were aged 45 or over on 31st March 2008, to ensure that they receive no less than they would have done under the previous Scheme.

Improvements to the Scheme from 1 April 2008

Improved death benefits

Provided that you pay into the LGPS on or after 1st April 2008, there are improvements to the Scheme's benefits if you die.

The death in-service tax-free lump sum, known as a "death grant", has increased from 2 to 3 times your annual pensionable pay. If you are part-time, the benefit is three times your actual part-time pay.

If you leave with deferred benefits and die before receiving them, the death grant has increased from 3 to 5 times your deferred annual pension; and for the death of a pensioner, it has increased from 5 to 10 times the annual pension being paid, less the amount of pension already paid out.

Remember, you can say who you would like to receive any death grant payable, by completing an Expression of Wish Form available from Liberata Pensions. It is important that you keep this form up to date but, whilst taking your wishes into account, the London Borough of Bromley will make the final decision as to whom the death grant is to be paid.

Survivors' Pensions for Nominated Cohabiting Partners

Benefits payable on the death of a member of the Local Government Pension Scheme (LGPS) include pensions for children, for a surviving spouse or registered civil partner and, provided the scheme member paid into the LGPS on or after 1 April 2008, for a nominated cohabiting partner.

To be able to make a nomination, all of the following conditions must have applied to both you and your nominated co-habiting partner for a continuous period of at least 2 years on the date you both sign the nomination form:

- both you and your nominated co-habiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your nominated co-habiting partner have been living together as if you were husband and wife, or civil partners, and
- neither you or your nominated co-habiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
- either your nominated co-habiting partner is financially dependent on you or you are financially interdependent on each other.

A nomination is not valid if all of the above conditions have not been met for a continuous period of at least 2 years on the date you sign the nomination form.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It does not mean that you need to be contributing equally.

On your death, a survivor's pension would be paid to your nominated co-habiting partner if:

- the nomination had effect at the date of your death, and
- your nominated cohabiting partner satisfied us that the above conditions had also been met for a continuous period of at least 2 years immediately prior to your death.

A pension cannot be paid to a cohabiting partner if there is no valid nomination form held on your pension records.

If you would like a nomination form to nominate a cohabiting partner for a survivor's pension, please contact the Liberata Pensions Team. 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 automatically covered for a survivor benefit in the event of your death.

Improvements to the Scheme from 1 April 2008

Increasing your pension through Additional Regular Contributions (ARCs)

There is now provision in the new-look scheme to enable you to purchase, at full cost to yourself, an additional amount of annual pension. by the payment of Additional Regular Contributions (ARCs).

You may purchase additional pension amounts of £250.00 per year, up to a maximum additional pension of £5000.00 per year. Payments are made by monthly contributions for a period chosen by yourself, and you can also decide whether or not to include dependants' benefits when making your election.

A spouse's or partner's pension will be equivalent to 37.5% of the member's additional pension. A single eligible child would receive 18.75%, and if there are two or more eligible children, the total additional pension will be 37.5% divided equally between the total number of children.

The cost will depend on your age at the date you start the ARCs contract, the length of time that you wish to pay over and the amount of pension that you wish to purchase. You can elect to start an ARCs contract at any time that suits you, and the payment term will be a complete number of years.

The examples below will give you an idea of how this works:

A man aged 35 who wanted to purchase an additional £250.00 annual pension over the next fifteen years would need to pay ARCs of £14.04 per month.

If he wanted to buy an additional £1000.00 pension over the same period, it would cost him £56.16 per month (i.e. 4 x £14.04 per month).

If he also decided that he wished to provide for additional dependant's pension after his death, he would need to pay £15.54 per month over the next fifteen years for each £250.00 of his own pension, or £62.16 per month to purchase £1000.00 of his own pension.

You can also improve your benefits package by paying contributions to Norwich Union, Bromley's in-house Additional Voluntary Contributions (AVCs) provider.

If you wish for more information about paying ARCs or AVCs, please contact Liberata Pensions.

The changes to the Scheme outlined in this newsletter apply only to current members. The changes do not apply to people who left or retired before 1 April 2008, or to Councillors.

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 916 pieces of correspondence in the last year, of which 99% 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 92% of 148 transfer-in quotations and 81% of 47 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% of 263 retirement grants within the performance standard
- issue a benefit statement annually to all active and deferred members -
We will be issuing 4963 active statements and 3105 deferred statements
- advise pensioners, each April, of the annual increase to their local government pension -
We have issued 4157 pensions increase letters to the Council's pensioners.

NOT A MEMBER?

We are often asked 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 a member, and wish to consider joining, please contact the Pensions Team for more information. 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 order to protect your interests the Council is required under the Scheme Regulations to set up a two-stage appeal procedure. Full details of these 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

Website 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

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

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

Website 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