

Recent Changes to the Local Government Pension Scheme (LGPS)

Joining the LGPS

If you are an employee on a contract for less than 3 months, and you are eligible to be a member of the LGPS, then you can apply to join the LGPS. The rules of the LGPS now say that, if you apply to join, you will be brought in at the beginning of your next pay period, and not from the day you apply to join.

50/50 section of the LGPS

The LGPS has two sections. There is the Main section (that most people are in) where the pension you build up is 1/49th of your pay each year. You can choose to be in the 50/50 section, where you pay half contributions to build up half of the pension that you would if you were in the Main section. If you choose to be in the 50/50 section, your employer will sometimes put you back in the Main section, and if they do they will write to you to tell you. The rules of the LGPS now say that one of these times when your employer will put you back into the Main section is if you are on ordinary maternity, paternity or adoption leave and you have no pay.

Buying back lost pension

If your employer lets you take unpaid leave, you can buy back the lost pension. If you choose to do this within 30 days of returning to work then your employer must share the cost with you. The rules of the LGPS now say that, if you choose to buy back the lost pension after 30 days of returning to work, then your employer can now choose to share the cost with you. You can ask your employer if they will do this.

Opting Out of the LGPS

If you opt out of the LGPS after 11 April 2015, and are entitled to 'Deferred Benefits' that can be left 'on hold' in the Pension Fund, and you re-join the LGPS at a later date then you will not be allowed to join your Deferred Benefits together with that future membership of the LGPS (in which case you would have two separate periods of membership).

Reducing your hours because of ill health

If you have to work less 'contractual' hours because you are ill and then you die while you are paying into the LGPS, the pay that we would use to work out your lump sum death benefit (and any Survivor's pension) will not be lower than the pay that you would have had if you had been able to work your normal hours – so long as your employer's doctor agrees that you had to work fewer hours because of your ill health.

Payments for people who cannot manage their affairs

We are allowed to pay benefits to another person in some cases, such as where a pensioner may have a condition affecting their mental health. The rules of the LGPS now allow us to pay a pension to an eligible child (of an LGPS member who has died) to another person, while the child is too young to manage their affairs.

How to Contact Us

Email - pensions@torfaen.gov.uk

Contact Us page of our website - www.greatergwentpensionsfund.co.uk

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Gwent Pensions News

- for active members who are paying in to the Local Government Pension Scheme (LGPS)

August 2015

Welcome from the Pensions Manager

Welcome to the summer 2015 edition of Gwent Pensions News, our newsletter to update you on the latest news about the Local Government Pension Scheme (LGPS) and other topical pensions matters.

This edition covers the government's new 'Freedom and Choice' policy, that allows some people in 'Flexible Benefit' schemes to take lump sums of money out of their 'pension pots'.

Pensions 'Freedom & Choice'

You may have seen in the media that the government has changed the rules about some types of pension schemes, such as 'Defined Contribution' pension schemes, that allow people to take 'flexible benefits' instead of having to buy an 'annuity' (an income policy). This can include taking cash amounts in stages and taking the entire 'pension pot' in one go.

You can find more information about 'Freedom & Choice' options on the government's **Pension Wise** website:



www.pensionwise.gov.uk

However, these changes do not apply to pension schemes like the Local Government Pension Scheme (LGPS). This is because the LGPS does not provide these new 'flexible benefits', it gives you secure defined benefits that are known as 'safeguarded benefits'.

We also highlight The Pensions Regulator's campaign to make people aware of pension scams.

This newsletter also tells you about: the Greater Gwent (Torfaen) Pension Fund's new Pension Board; our Annual Report & Accounts for 2014/15; and it includes some changes to the rules of the LGPS that we have to tell you about.

Best wishes,

Mary Rollin

Mary Rollin
Pensions Manager



You can see the LGPS benefits that you built up by 31 March 2015 on your Annual Benefit Statement (ABS). Your ABS also shows you the benefits that you are likely to build up in the LGPS if you carry on paying in as you are up to your Normal Pension Age.

LGPS members can choose to retire and take payment of their LGPS benefits any time between the ages of 55 and 75. There is also an option at retirement to choose to give up some of your yearly pension and exchange it for a one-off tax-free lump sum of money. Your ABS shows you your standard yearly pension (and, if you paid in before 1.4.2008, your standard lump sum), and your ABS also shows you the highest lump sum that you could take.

You can read more about the valuable benefits and protections that you are getting by being a member of the LGPS, in the Members area of our website at:

www.greatergwentpensionsfund.co.uk

As well as your yearly pension and your option to take a lump sum of money at retirement, the benefits of the LGPS include: your cover for permanent ill health at any age; your cover for being made redundant over the age of 55; and also protection for your family if you were to die.

Are you thinking of transferring your LGPS ‘safeguarded benefits’ to a pension scheme that offers new ‘flexible benefits’?

In the last few months we have received a number of enquiries from LGPS members who have told us that they are thinking of transferring their LGPS ‘safeguarded benefits’ to another pension scheme that provides ‘flexible benefits’, so that they can ‘cash-in’ their pension savings.

LGPS members can transfer their ‘safeguarded benefits’ to another pension scheme, so long as it is a legitimate (real) pension scheme that is registered with HM Revenue & Customs (the ‘tax man’) and they are not within one year of their Normal Pension Age (which is normally their 65th birthday, or their State Pension Age if that is later at 66, 67 or 68).

If this is something that you are thinking of doing then there are some things that you need to know. These are that:

- You will have to pay for financial advice from an adviser who is registered with the Financial Conduct Authority, if the transfer

value of your LGPS ‘safeguarded benefits’ is £30,000 or more.

- Any cash that you take from your pension savings will be counted by HM Revenue & Customs as part of your earnings for the year. This means that you will have to pay tax if it takes your earnings over the income tax limit. If an amount you cashed-in took you over the higher-rate tax limit then you would have to pay higher-rate tax.



- If you cash-in your pension savings and then spend the money, the Department for Work & Pensions (DWP) can count that money as if you still had it. If you think you might need to claim social security benefits in the future, this could mean that you may not be able to claim them.

You can find more information about this in a DWP leaflet at: <https://www.gov.uk/government/publications/pension-flexibilities-and-dwp-benefits>

A Lifetime’s Savings Lost in a Moment

The Pensions Regulator is highlighting a current problem of pension scams going on that are designed to try and con people out of their money. We are sending a leaflet to every LGPS member to make them aware of the dangers of these scams.

It is important that you read this leaflet so that you are aware of the tricks these scammers are using, and what you can do if you think you are being targeted. One of these tricks is telling people that they can cash-in their pension savings under the age of 55.

If you are under age 55, and a pension scheme or adviser is telling you that they will let you take cash if you transfer your LGPS pension to them, then you should beware as it is likely to be a scam. This is because pensions rules do not normally allow people to access their pension savings under the age of 55, except if they have serious permanent



www.thepensionsregulator.gov.uk
www.pension-scams.com

ill health that stops them from being able to do their job anymore.

If you fall victim to a scam, and transfer your pension savings to it, then you may lose all of your money and also be left with a big tax bill to pay. You can find more information on our website at: www.greatergwentpensionsfund.co.uk/pension-scams

Our new Pension Board

The Local Government Pension Scheme (LGPS) is administered locally across the country by ‘administering authorities’. Torfaen County Borough Council is the administering authority for the Greater Gwent (Torfaen) Pension Fund.

The Council has a Pensions Committee that makes decisions about the Fund. The Committee is made up of elected Councillors of Torfaen Council. You can read more about the Pensions Committee on our website at: www.greatergwentpensionsfund.co.uk/pension-committee

Changes to pensions rules in 2015 mean that each local LGPS Fund has to set up a new Pension Board. The Pension Board includes representatives of scheme members and

scheme employers. It’s role is to look at the decisions that the Pensions Committee has made about the Fund. The representatives on the Pension Board are:

Member Representatives

Anthea Wellington
Bob Campbell
Cheryl Morgan
John Wright
Tim Smith

Employer Representatives

Angharad Price
Meirion Rushworth
Rhian Hayden
Ruth Tucker
Steve Harford

Independent Chair

Ian Coleman

The Pension Fund’s Annual Report and Accounts 2014/2015

The Greater Gwent (Torfaen) Pension Fund has published it’s audited **Annual Report and Accounts** for 2014/15.

During the 2014/15 financial year, the Greater Gwent (Torfaen) Pension Fund achieved a positive annual investment return of 11.84%.

The total assets of the Fund increased from £2.08 billion to £2.28 billion. This increase in value was helped by the fact that the Fund spreads its assets over a wide range of different

types of investments.

The year also saw an increase in the number of Active Members paying into the Fund, which was helpful as there continues to be an increase in the number of Pensioner Members that we are paying pensions to, and also an increase in the number of Deferred Members whose benefits are ‘on hold’ with us.

The main Fund data for the 3 years ending 31st March 2015 are shown in the table below:

Fund Data	2012/13	2013/14	2014/15
Fund Income	£126.63m	£143.71m	£130.77m
Fund Spending	£101.81m	£107.07m	£161.42m
Income after Spending	£24.82m	£36.64m	-£30.65m
Net Assets of the Fund	£1.92bn	£2.08bn	£2.28bn
Number of Active Members	20,582	22,435	22,880
Number of Deferred Members	13,180	14,359	15,153
Number of Pensioner Members	14,296	14,820	15,204

If you would like to read the **full Annual Report and Accounts** you can download a copy from our website at: www.greatergwentpensionsfund.co.uk/annual-reports

There is also a **Summary Leaflet** on the website page that outlines the main points of the Annual Report and Accounts.

