

Deferred

Members Newsletter 2021

For more information visit the national Local Government Pension Scheme Members website: www.lgpsmember.org

Welcome to the 2021 newsletter for deferred members of the Local Government Pension Scheme (LGPS).

We have produced this newsletter jointly with other LGPS funds. For more information about your pension benefits, contact Warwickshire Pension Fund.

➤ Frequently asked questions



What are deferred benefits?

Deferred benefits are worked out for you if you leave the LGPS before you retire.

They're held in your pension fund until:

- your normal pension age (NPA);
- you take them before your NPA at a reduced rate, or after your NPA at an increased rate;
- you are given access to them because of ill health; or
- you decide to transfer them to a different pension scheme.

Your NPA depends on when you left the LGPS. If you left the scheme after 1 April 2014, your NPA is linked to your State Pension age. If you left the scheme before 1 April 2014, your benefits normally have an NPA of 65. In some cases, this could be earlier if certain protections apply.

Do I have to retire at my NPA?

You can take your deferred benefits at any time, from the age of 55 until age 75, as long as you've left the job the benefits are linked to.

If you decide to take your deferred benefits before your NPA, they'll normally be reduced as your pension will be paid for longer. How much they are reduced by will depend on how early you take them.

The current early retirement reduction factors are shown in the following table.

Early retirement reductions (as at January 2019)

Years early	Pension reduction	Lump sum reduction %
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29%	15.3%
8	32.1%	17.3%
9	35%	19.2%
10	37.7%	21.1%
11	41.6%	Doesn't apply
12	44%	Doesn't apply
13	46.3%	Doesn't apply

You can leave your benefits in the LGPS past your NPA if you left the scheme after 1 April 1998. Your benefits would be increased for late payment, but they must be paid to you by your 75th birthday. If you left the LGPS before 1 April 1998, you must take your benefits when they're due on or before your normal pension age.

To find out how much your pension benefits would be if you chose to take them at a date other than your NPA, please email: pensions@warwickshire.gov.uk

Can I take my deferred benefits if I can't work because of ill health?

If you can't work because of ill health, you may be able to have your benefits paid in full, with no reductions, whatever your age was when you left the LGPS. For your application to be approved, you must be permanently incapable of doing the job you were in when you left the LGPS.

If you think this may apply to you, contact your former employer. They will then ask an independent occupational health physician to give an opinion before they decide whether they can approve your application.

How do my deferred benefits keep their value against inflation?

Every April, your deferred benefits are adjusted in line with inflation. The increase applied to your benefits is measured by the Consumer Price Index (CPI) as at the previous September. For April 2021, this is 0.5%.

If you became a deferred member before 1 April 2020, you'll get the full 0.5% increase. If you became a deferred member after 1 April 2020, a proportion of the 0.5% increase will be added to your pension.

What happens to my deferred benefits if I die?

If you die while you're a

deferred member of the LGPS, a lump-sum death grant and survivor's pension may be due to your loved ones.

If you left the LGPS before 1 April 2008, the death grant would be the same as your lump-sum retirement grant shown on your statement, including any pension increases since you left the scheme.

If you left on or after 1 April 2008, the death grant would be five times your deferred pension, as well as any pension increases since the date you left.

After your death, a pension may be paid to:

- your husband, wife or registered civil partner;
- any eligible children; or
- if you were a member of the LGPS on or after 1 April 2008, someone you live with as if you were married.

To find out how much your dependants could get, visit: www.warwickshirepensionfund.org.uk

How do I update my personal details?

If any of the personal details shown on your statement have changed, you can let us know by filling in a form (such as the 'change of address' form) on our website. You should scan this form or take a photo and email it to pensions@warwickshire.gov.uk

If your marital status has

changed, we need to see a copy of your marriage certificate, civil partnership certificate or decree absolute, to make the change.



Extra protection if you were in the LGPS on 31 March 2012

Following the McCloud court case about age discrimination in pension schemes, the Government has proposed extending the final pay underpin (a type of pensions protection) granted to older members when the current LGPS career average scheme was launched on 1 April 2014 to everyone who was a member of the LGPS on 31 March 2012, no matter their age. When you retire, we will do a calculation to make sure you benefit from the extended underpin (you do not need to ask us to do this), but in almost all cases we expect the career average scheme to deliver the best benefits.

However, if you are (or could be) a current employee

member of the LGPS, perhaps with a different LGPS fund, and that membership started after 31 March 2012 and you have deferred benefits from a period of pensionable service that includes 31 March 2012, you may be able to combine your deferred benefits with your current membership. If you do this, it could mean that the benefits from your current membership for the period 1 April 2014 to 31 March 2022 could be the better of either what they would be under the career average scheme, or what they would have been if the career average scheme had never been introduced. The changes to the LGPS rules which need to be made because of the McCloud court case are not expected to be in place before April 2022.

➤ Rejoining the LGPS

If you rejoin the LGPS with another pension fund, your new pension fund will ask if you have any LGPS pension benefits with other funds. It's important that you tell your new LGPS fund about any LGPS benefits you have with other funds.

You should do this as soon as possible because time limits apply to some of the options you have for transferring your previous LGPS benefits to your new fund.

Let your new fund know about your other LGPS benefits even if you do not

➤ Exit payment cap

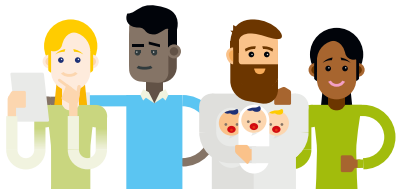
In November 2020, the Government introduced a £95,000 exit cap (limit) on the amount of money a public-sector employer can pay when an employee leaves them. In February 2021, the Government reversed this rule and the cap no longer applies. However, the Government has said that it still plans to reform public-sector exit pay and that it will make some new proposals 'at pace', so there may be more changes to exit pay in the future. The exit cap does not apply to members with a deferred benefit. If you are also currently employed and pay into the LGPS and would like more information about the exit cap, contact your employer.



➤ Watch out for scammers

You may think that it could never happen to you, but pension scammers are experts at getting their hands on your hard-earned retirement savings. Scams are hard to spot because fraudsters often have credible websites and make false claims, such as being government-approved, to gain your trust. A scam may begin with a phone call out of the blue offering you a free pension review. This is pension 'cold calling' and it is illegal. **Reject all unexpected offers.** Research the company you're dealing with and always get impartial advice before making a decision about your pension. To find out more, visit: www.fca.org.uk/scamsmart/how-avoid-pension-scams

Do you have a cohabiting partner (someone you live with as if you were married)?



If you left the LGPS after 31 March 2008 and live with a partner of either the opposite or same sex, your partner may receive a survivor's pension when you die.

If you retired or left the LGPS before 1 April 2008, you can't nominate this person to receive a survivor's pension.

However, before we pay a survivor's pension, we must be satisfied that your relationship meets certain conditions laid down by the LGPS. Please check the Fund's website to find out what these conditions are.

'Pensions made simple' videos

We appreciate that pensions can sometimes be difficult to understand. That's why we have teamed up with the Local Government Association and some other LGPS pension funds to make seven short and simple videos to help you to understand your pension better. You can watch the videos online at: www.lgpsmember.org/more/Videos.php

If you're hard of hearing, or your workplace disables sound on videos, you can click CC in the bottom right-hand corner of the screen and it will bring up subtitles.

Going digital

As part of making our service more accessible to you, reducing our effect on the environment and reducing the overall costs of running the Fund, we are planning to cut down on our use of paper and communicate with you electronically instead.

We will regularly update our website, sending more information by secure emails and setting up a secure Member Self-Service (an online self-service facility where you can see your pension details).

Our plan is to roll this out in stages. We'll keep you updated on our progress and give you more information when we have it.

We appreciate that some members will prefer to continue to receive communications by post, so you will be able to opt out of emails if you want to. If you have any questions or concerns regarding Member Self-Service, please get in touch.

If you would like to join Member Self-Service, please send us your preferred email address to: pensions@warwickshire.gov.uk

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