

Newsletter

Local Government Pension Scheme

AUGUST 2020



Welcome to the latest edition of our annual pensions' newsletter for active members of the Local Government Pension Scheme.

By now you will have received your 2020 Annual Benefit Statement (ABS). A projection of benefits have been included in the statement again this year, but please remember this is based on your pay for the year to 31 March 2020 and assumes this will remain the same until your Normal Pension Age (NPA), in line with the State Pension Age.

The Government has confirmed that there will be changes to all main public sector schemes, including the Local Government Pension Scheme, to remove age discrimination. This ruling is often called the 'McCloud judgment', more information on this can be found on page 3.

Are your nominated beneficiaries up to date?

As an active member of the Local Government Pension Scheme, a death grant lump sum of three times your pay may be payable to your beneficiaries if you die. It is important to check your death grant nominations regularly, particularly if your personal circumstances change. If you would like to update your nomination details please download and complete an [expression of wish form](#) from the Harrow pension fund website.

Or you can email the pension section at pension@harrow.gov.uk to request a form.

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LGPS Employee Pay Bands and Contribution Rates from 1 April 2020

As a member of the LGPS, the contribution rate that you pay depends on your annual pensionable salary. There are nine different pay bands with contribution rates ranging from 5.5% to 12.5% of your pensionable pay.

If you elect for the 50/50 section of the scheme you would pay half the Main section rate. The rate you pay depends on which pay band you fall into. When you join and every April afterwards, your employer will decide your contribution rate. Also, if your pay changes throughout the year, your employer may decide to review your contribution rate at each change.

If you have more than one job, each job will be treated separately. This could mean that you have different contribution rate applying to each of the jobs that you have.

The contribution rates that apply from 1 April 2020 are shown in the table below.

Contribution Table 2020/21			
Pay Bands	Actual pensionable pay	Contribution Rates	
		Main Section	50/50 Section
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,800	5.8%	2.9%
3	£22,801 to £37,100	6.5%	3.25%
4	£37,101 to £46,900	6.8%	3.4%
5	£46,901 to £65,600	8.5%	4.25%
6	£65,601 to £93,000	9.9%	4.95%
7	£93,001 to £109,500	10.5%	5.25%
8	£109,501 to £164,200	11.4%	5.7%
9	£164,201 or more	12.5%	6.25%

McCloud Case

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were provided in other public sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment'.

The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS. This means it has not been possible to reflect the impact of the judgment in your annual benefit statement this year. **If you qualify for protection it will apply automatically - you do not need to make a claim.** For more information, see the [frequently asked questions on the national LGPS website](#)

Pension Scams

Unfortunately, during these unprecedented, challenging and uncertain times, scammers are looking to benefit and take advantage of the situation. We want to make sure that you have taken the right precautions before thinking about transferring your pension elsewhere, so your retirement savings are protected. We strongly recommend that you visit the Financial Conduct Authority (FCA) website at www.fca.org.uk and read the specific guidance relating to COVID-19.

Remember, scammers are sophisticated, opportunistic and inventive. We strongly recommend that you:

- Reject offers that come out of the blue
- Are wary of adverts on social media and sponsored adverts online
- Use the [FCA Warning List tool](#) to check who you are dealing with
- Do not click links or open emails from senders you don't already know
- Avoid being rushed or pressured into making a decision
- do not give out any of your personal details (bank details, address, existing insurance/pensions/investment details).

You can find further information about pension scams on the [Pensions Advisory Service website](#)

Pension Tax Limits

One of the benefits of the Local Government Pension Scheme is that there is tax relief on the contributions you pay into the scheme. However, there are two types of pension growth taxation limits that you need to be aware of – the Annual Allowance and the Lifetime Allowance.

Annual Allowance

The Annual Allowance is the amount by which the value of your pension savings can increase in any one year, without you having to pay a tax charge. The period over which your pension growth is measured is known as the 'Pension Input Period' (PIP). If the value of your pension benefits grows by more than the limit, you may have to pay a tax charge on the extra amount. However, the previous three years 'unused' annual allowance can be used to offset the tax charge. The Annual Allowance amount for 2019/20 was £40,000 and has stayed the same for 2020/21.

Lifetime Allowance

Your lifetime allowance is the overall limit on the amount of pension savings you can build up over your working life without having to pay a tax charge.

The lifetime allowance limit for 2020/21 tax year is £1,073,100.

There are two "Quick Check" tools on the LGPS members' website for members to check if they exceed the allowances and factsheets are available on the Annual Allowance and Lifetime Allowance.

These are available at: -

www.lgpsmember.org/more/aa-quick-check-tool.php

www.lgpsmember.org/more/LTA-quick-check-tool.php

https://www.lgpsmember.org/docs/LGPS%20factsheet_AA.pdf

https://www.lgpsmember.org/docs/LGPS%20factsheet_LTA.pdf

The State Pension

While your LGPS pension forms a very important part of your retirement planning it is important not to forget about your State Pension.

A single tier, flat rate State Pension was introduced in April 2016 for people who reach State Pension Age on or after 6 April 2016. You will be able to claim the new State Pension when you reach State Pension Age if you are:

a man born on or after 6 April 1951

a woman born on or after 6 April 1953

and, normally, have at least 10 years qualifying years on your National Insurance record.

Find out your State Pension Age and how much you can get

As a member of the LGPS you were previously 'contracted out' of the additional State Pension and therefore received a rebate on your National Insurance (NI) contributions.

This rebate ceased in April 2016 and the LGPS is no longer 'contracted out'.

You should be aware that, as a member of the LGPS, if you are eligible for the State Pension you might not receive the full amount. This is because as a member of the LGPS you are likely to have paid a lower amount of National Insurance in previous years.

You can check your State Pension online to find out: -

- how much State Pension you could receive (this amount is also known as your State Pension forecast)
- When you can receive it
- how to increase it, if you can

This can be found at www.gov.uk/check-state-pension

You can also apply for a State Pension Statement by completing a BR19 application form and returning it in the post, more information can be found at:

www.gov.uk/government/publications/application-for-a-state-pension-statement

LGPS National Insurance Database

What is the National Insurance Database?

Harrow Pension Fund participates in a data sharing project with other LGPS pension funds in England and Wales in order to comply with the LGPS regulations.

If a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership elsewhere in England and Wales. Knowing about any other LGPS membership will ensure that the right death benefits can be paid to the deceased member's dependants.

From the 1 August 2019 Administering Authorities can also use the database for purposes other than checking for duplicate death grants – including checking eligibility for transfer, refund and trivial commutation payments, establishing interfund options for re-joining members and tracing lost members.

As the LGPS is administered locally, it can be difficult to tell if an individual has other LGPS records and where these are held. To comply with the LGPS regulations, a national database has been developed that will enable funds to check if their members have LGPS pension records in another pension fund or funds.

What data is shared?

For each member of the LGPS, the database includes a short entry containing:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed,
- A four-digit code confirming the LGPS fund where that member's record is held.

Who hosts the database?

The Database is hosted at the South Yorkshire Pensions Authority, an LGPS pension fund.

How will the data be processed?

Data held on the Database will be processed in accordance with the Data Protection Act 1998, the General Data Protection Regulations and other relevant legislation.

What else will the data be used for?

An extract of the membership information contained in the Database will be shared with the Department for Work and Pensions (DWP) so that the LGPS can participate in the Tell Us Once service.

Tell Us Once is a service offered when an individual registers a death. By participating in Tell Us Once, when the death of an LGPS member is registered, the DWP systems will

ensure that the LGPS pension fund is informed of the death, meaning that the member's records can be processed more quickly than would otherwise be the case.

Who is the data shared with?

Other LGPS pension funds. These are all public bodies named in legislation as administering authorities of the LGPS.

For the Tell Us Once service, an extract of the Database containing individuals' National Insurance Numbers will be securely shared with DWP every month so that they may maintain an up to date record of the LGPS's membership.

Can I opt out of data sharing?

No. As this data sharing is being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.

Your Personal Data

As an administering authority in the LGPS, Harrow Pension Fund needs to hold certain information about you – 'personal data'. This 'personal data' can include:

- Contact details including name, address, phone number and email address
- Identifying information such as your date of birth and national insurance number
- Information about your employment and salary as a member of the LGPS
- Information about your dependents

This personal data will be used to administer the LGPS to calculate and provide you, and your dependants in the event of your death, with pension benefits. The rules that must be followed when storing, using and sharing your personal data are set out in legislation - the Data Protection Act and the General Data Protection Regulations. You can find out about what data is held, when your personal data is shared, the organisations this information is shared with, and the legal basis for processing your personal data in accordance with legislation in the Pensions Fund's Privacy Notice.

National Fraud Initiative

Harrow Council is required by law to protect the public funds it administers. Harrow Council takes part in the National Fraud Initiative; this is an exercise that matches electronic data from key payroll data from pension schemes like ours within and between public and private sector bodies. The data matching allows potentially fraudulent claims and payments to be identified.

Where a match is found it may indicate that there is an inconsistency that 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 more details, please see www.harrow.gov.uk/fraud

Contact Us

Due to COVID-19 the Pension Team are working from home, post can still be sent to the Civic Centre, but it is recommended where possible you email the team.

Email: pension@harrow.gov.uk

Website: www.harrowpensionfund.org

Address: Pension Team, Civic Centre, Station Road, Harrow, HA1 2XF