

Pension Update

CPF CHESHIRE PENSION FUND

For you, for now, for the future
lgps

FOR MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) | SUMMER 2018

➤ New data protection regulations come into force

The General Data Protection Regulation (GDPR) is a new set of regulations which came into force on 25 May 2018. Within the UK these regulations make up part of the new Data Protection Act 2018. GDPR changes how businesses process and handle data. The main aim is to simplify data privacy laws, while giving greater protection and rights to individuals.

How does GDPR affect me?

To look after your pension benefits, your pension fund holds certain information about you, including the following:

- Contact details, including your name, address, phone number and email address
- Identifying details, including your date of birth and National Insurance number
- Information about your benefits in the fund, including length of service and salary
- Other information to do with your membership of the fund, which helps us to calculate or pay benefits, for example your bank account details.

We get some of this personal information direct from you. We may also get information from your employer (for example, information about your salary) and from other sources, including public databases. We use this personal information to manage the fund, to calculate pension benefits for you (and any beneficiaries when you die) and to keep to our legal obligations.

As a member of the LGPS you are unlikely to notice any changes with the introduction of GDPR. This is because the pension fund already had procedures in place, under the previous Data Protection Act. The introduction of GDPR simply means that the current requirements on data protection are reinforced.

The pension fund must issue a privacy notice setting out why it holds certain information, the reason for processing the information and how long it will keep it for. The notice also includes further information about your rights.

To find out more about GDPR and how the pension fund uses your information, visit the fund's website www.cheshirepensionfund.org

➤ Increases to the State Pension age

Your normal pension page (NPA) in the LGPS is linked to your State Pension Age.

The Government has proposed to increase State Pension Age to 68, between 2037 and 2039.

This is earlier than the current legislation, which proposed a rise between 2044 and 2046.

If introduced, the change will affect everyone born between 6 April 1970 and 5 April 1978. No-one born on or before 5 April 1970 will see a change to their State Pension age.

For members born between these dates, this could change the date they are able to draw their LGPS benefits.

For more information on your State Pension Age please visit the Department for Work and Pensions website. www.gov.uk



➤ Pensions tax limits

Two tax limits apply to pension savings. A lifetime allowance and an annual allowance.

Lifetime Allowance (LTA)

The LTA is the limit on the total pension benefits you can draw from all your pensions without paying a tax charge. The standard LTA allowance for 2017/18 was £1 million.

If you exceed your LTA you may have to pay a tax charge when you draw your benefits.

The LTA is the limit on all your pension benefits, not only your LGPS benefits. So, your LGPS benefits might not exceed your LTA. But, you may still exceed the limit if you have other pension benefits. For example AVCs, or another workplace pension scheme. Which, when combined with your LGPS benefits, have a value of more than the LTA.

If you exceed your LTA, you do have options how to take your benefits and pay any tax charge. For more information please visit the Fund's website or the HMRC website.

Annual Allowance (AA)

Is the amount your pension savings can increase in any one year, without you having to pay a tax charge. The AA for the 2017/18 tax year was £40,000.

We will contact you by 5 October 2018 if the increase in your pension savings with the Cheshire Pension Fund exceeds your AA.

You may have pension benefits elsewhere. You will need to take these into consideration when calculating your AA growth.

If you exceed your AA, you do have options how to offset or pay any tax charge.

For more information please visit the Fund's website or the HMRC website.

➤ Are your nominated beneficiaries up to date?

As a member of the LGPS, 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. Particularly if your personal circumstances change.

If you would like to update your nominations please fill in the expression of wish form on our website.

➤ Thinking of reducing your pension contributions?

Did you know that there are two sections in the LGPS – the main section and the 50/50 section? In the main section, you pay normal contributions and get your normal pension build-up. (1/49th of your pensionable pay).

In the 50/50 section you pay half your normal contributions and build up half your normal pension. (1/98th of your pensionable pay).

If you move to the 50/50 section, you'll still enjoy full ill-health protection and life cover. And your dependents benefits are not affected if you die.

The 50/50 section can be a short-term option for times when finances are tough. This means you can still build up valuable pension benefits. And save money through lower pension contributions.

If you are considering opting out of the LGPS, why not take a look at the 50/50 section?

It is also flexible. You can switch between the 50/50 section and the main section as your circumstances change.

➤ Pension Scams



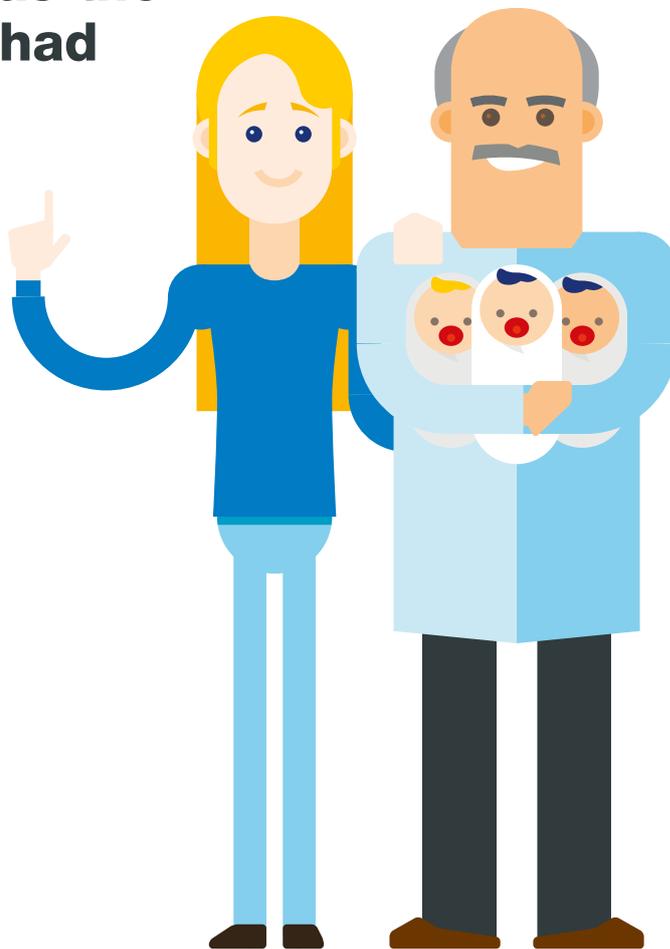
If you are thinking of transferring your pension pot to another pension provider, be sure that you protect yourself from fraudulent companies.

Here are five tips for you to consider before taking any action.

1. If you're using a financial adviser, make sure they are registered with the Financial Conduct Authority (FCA).
2. Avoid or ignore an unsolicited phone call, text or email (one you haven't asked for), these are nearly always going to be a scam.
3. Act straightaway if you think you have been the victim of a scam. Report it to Action Fraud on 0300 123 2040.
4. Be wary of attractive 'deals'. You can visit the FCA website at: www.fca.org.uk/scamsmart to see if the deal you are being offered is a known scam.
5. Always check the investment is a legitimate one, even if it has been recommended by a friend.

➤ High Court Ruling Cohabiting Partners

From 1 April 2008, the LGPS allowed cohabiting partners to receive a survivor's pension. As long as the scheme member had nominated them.



Under a High Court ruling, we no longer have to have received a nomination form to pay a survivor's pension.

This ruling is likely to affect members who died before 1 April 2014, but did not complete a nomination form. Now it is possible to pay a survivor's pension to the eligible cohabiting partner of such members.

This is already the case for LGPS members who died after 1 April 2014.

This ruling could affect you if:

- Your cohabiting partner died before 1 April 2014, and
- Left the LGPS between 1 April 2008 and 31 March 2014, and
- you have not received a survivor's pension.

If you are not affected by this ruling, you may know someone who is. In either case please contact the Fund for more information.

➤ Changes to pre- April 2014 AVC contracts

If you are a member of the LGPS who is, or was, paying Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes to the way your AVCs are calculated and how you can take your AVC plan.

If you are currently paying AVCs:

- you can now pay up to 100% (rather than 50%) of your pensionable pay into your AVC plan.
- AVCs will now also be deducted from any voluntary overtime you work (if you pay AVCs as percentage of your salary).

When you take your AVC plan:

- if you leave the scheme with a deferred benefit you can now buy additional pension from the LGPS with your AVC plan when you take your benefits from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.

- when you take your main scheme benefits you will no longer be able to leave your AVC invested and take it later.
- if you die before taking your AVC and a lump sum is to be paid from your AVC plan your pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

For information about the other ways you can use your AVC plan see the national LGPS website: www.lgpsmember.org/more/AVCOptions.php



➤ Expansion of the Pension protection

The way your pension is calculated in the LGPS changed from 1 April 2014. If you were a member of the LGPS before 1 April 2014 any benefits built up to 31 March 2014 are protected as final salary benefits and will normally be calculated using your membership to 31 March 2014 and your final year's pay.

An additional protection was put in place for members who were active members of the LGPS on 31 March 2012 and who were within 10 years of age 65 at 1 April 2012. Subject to certain conditions, these members will get a pension at least equal to that which they would have received had the scheme not changed on 1 April 2014. This protection is known as the underpin.

This underpin protection has now been extended to also apply to people who were active members of a different public service pension scheme on 31 March 2012 and who were within 10 years of age 65 on 1 April 2012; if these people join the LGPS and transfer their pension benefits from the other public service pension scheme into the new LGPS scheme and part or all of that transfer buys final salary benefits in the LGPS, subject to certain conditions, the underpin will apply.

This change takes effect from 1 April 2014.

More information on the underpin is available on the national LGPS website: www.lgpsmember.org/more/underpin.php

Contacting the Pensions Team

- ☎ 01244 976000
- @ pensions@cheshirewestandchester.gov.uk
- 🌐 www.cheshirepensionfund.org
- ✉ Cheshire Pension Fund
Cheshire West and Chester Council
4 Civic Way
Ellesmere Port CH65 OBE

 CHESHIRE
PENSION FUND

 **lgps**
For you. For now. For the future.