



# Pensions Newsletter

## Contents

Page 1	Insight lunches Contribution bands
Page 2	Freedom & Choice – pension flexibility Changes to the LGPS
Page 3	Changes to the tax controls on pensions Contact details

## Insight Lunches

Want to learn about the LGPS? Why not attend one of our insight lunches:

**Increasing your pension benefits – July 3<sup>rd</sup> at 12pm**

**An introduction to the LGPS – July 28<sup>th</sup> at 12pm**

Click [here](#) for course outlines. Contact your [HR Business Unit](#) to book a place.

## Change to contribution bands

The contribution rate you pay depends on how much you are paid and is currently between 5.5% and 12.5% of your pensionable pay. From April 2015 the pay bands have been increased in line with inflation (Consumer Price Index).

It is unlikely that many members will see a change in their contribution rate but you may wish to check your most recent payslip. Below are the pay bands and rates that apply from April 2015.

If your actual pensionable pay is:	You pay a contribution rate of:
Up to £13,600	5.5%
£13,601 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 - £101,200	10.5%
£100,201 - £151,800	11.4%
More than £151,801	12.5%

## Freedom & Choice – Pension Flexibility

Over recent months there has been a great deal of information in the media and elsewhere about the Government's announcement in the 2014 Budget that reforms to workplace pensions would be made, effective from 6 April 2015. These reforms offer greater flexibility ('Freedom and Choice') in the way individuals aged 55 and over can access any Defined Contribution (DC) pension savings they may have.

It's important that as a member of the Local Government Pension Scheme (LGPS) you understand that you are a member of a public sector Defined Benefit (DB) scheme and therefore the flexibilities being introduced under 'Freedom and Choice' **do not impact on how you can take your Defined Benefits from the LGPS.**

There are, however, some indirect changes which will impact upon any members of the LGPS who are considering transferring the value of their accrued LGPS Defined Benefit pension rights from the LGPS to a DC arrangement offering 'flexible benefits'. For further information about these changes click [here](#) to read a Q&A document.

### Pension Scams

An increasing number of companies are targeting savers with pension scams claiming that they can help them take their pension cash early. Individuals may be targeted through websites, mass texting or through cold calls.

LGPS members should be wary about giving any information in response to these approaches and of being talked into transferring their pension benefits to other pension arrangements before reaching retirement age.

The Pensions Regulator provides further information about the dangers of pension scams – click [here](#) to access this. If you think you may have been contacted by someone who is not legitimate or if you think you have been a victim of fraud you can contact Action Fraud on 0300 123 2040 or at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

## Amendments to the Local Government Pension Scheme

The Local Government Pension Scheme (Amendment) Regulations 2015 came into force on 11 April 2015. The main changes are listed below:

- **Opting out of the LGPS** – members opting out of the scheme with an entitlement to a deferred benefits will, in future, no longer be able to join their periods of membership together if they re-join the scheme
- **Reductions in hours due to ill health** – an amendment has been made to ensure that if you have to reduce your contractual hours of work due to ill health there is no impact on the pay used to work out the lump sum death grant and survivor benefits if you subsequently die in service
- **Payments of pension to a child** – if you die while leaving a young child, the scheme can now make payment to another person on their behalf whilst they are too young to manage their own affairs

For further information and a full list of the amendments please contact the Pensions Office.

## Changes to the Tax Controls on Pensions Savings

As a member of the LGPS you receive tax relief on your contributions as they are deducted from your pay; because of this tax relief HM Revenue and Customs (HMRC) impose two controls on the amount of pension savings you can have before you have to pay extra tax. The two controls are known as the **lifetime allowance** and the **annual allowance**; the government have announced further reductions to the lifetime allowance from April 2016.

**Lifetime Allowance**- is the total value of all the pension benefits you can have without having to pay a tax charge when you draw them. If the value of your pension benefits when you draw them is more than the lifetime allowance you will have to pay tax on the excess benefits.

The lifetime allowance is currently £1.25 million but will reduce to **£1 million** from **April 2016**. Despite this reduction most people will not be affected by the lifetime allowance charge. It is expected that members who have already built up pension savings of more than £1 million will be able to apply for protections to help reduce or mitigate your lifetime allowance tax charge. Further details will be provided once we know more about the protections.

**Individual Protection (IP2014) reminder** - if your pension rights were valued at more than £1.25 million on 5 April 2014 and you don't have primary protection you can still apply for Individual Protection.

Individual Protection will protect your lifetime allowance to the value of your pension rights on 5 April 2014 (up to a maximum of £1.5 million). IP2014 is available even if your pension savings on 5 April 2014 have a value of more than £1.5 million.

If you successfully apply for IP2014 you will be given a protected lifetime allowance equal to the value of your pension savings on 5 April 2014 subject to a maximum of £1.5 million. To apply for IP2014 you will need to complete the application form which is available on the HMRC website by clicking [here](#). Your form must be received by HMRC before 6 April 2017.

## Contact Details

If you would like more information about any of the items included in this newsletter or about any other aspect of your pension please contact the Pensions Service:

-  Pensions Office  
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-  [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)
-  020 7332 1133/3039
-  [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

The Pensions Office is located on the 3<sup>rd</sup> Floor North Wing.

## Our Newsletters

The City of London's Pensions Service produced this newsletter. This newsletter is not an interpretation of the pension scheme or any other regulations. The relevant regulations will be used to reach a decision in any dispute or disagreement. Information about the scheme is available at [www.lgps2014.org](http://www.lgps2014.org) or [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

Previous versions of newsletters in addition to our standard pension forms and guides are also available on our [website](#)