



Information for New Pensioners

A guide to the payment of your benefits on leaving the
Local Government Pension Scheme



Introduction

This guide explains how your pension will be paid and how certain changes in your circumstances can affect the amount that you receive. It is intended as a guide only and does not confer any statutory rights.

Service Standards - Our Promise to You

London Borough of Bexley, together with the London Pensions Fund Authority (Local Government Pension Scheme administration) are committed to providing you the following services:

Payment of your pension

We will pay your pension accurately and on time each month.

You will be provided with a password to enable you to access your personal details via the internet. This is called "MyView". If you use this facility you will also be able to view your payslips.

Changing your Personal Details

Where we receive notification of a change to your banking details, address or income tax code we will operate that change in the month in which it is received provided that it reaches Bexley HR Business Centre by the 12th of the month, except December and January when it should be received by the 5th to account for the earlier paydays.

Pensions Increase

In March each year a news item will appear on the Bexley Pensions website giving details of; the rate of percentage increase to be applied to your pension in the forthcoming year; the date from which the increase is payable; the categories of people entitled to receive the increase.

For April payday we will calculate any increase due to you; pay your pension at the new rate; and send to you a letter showing the amount of your increased pension for a full month.

Provision of Information

Bexley Pensions website www.yourpension.org.uk/bexley contains scheme details, news items, annual reports and guides to the scheme.

Soon after the end of each financial year a P60 will be sent to you showing your pension and income tax details for the financial year April to March.

Payment of Benefits Your Lump Sum

We will inform you of the benefits payable by letter to your home address when figures are available. The lump sum will be paid into your bank account after your retirement on the same day as your first monthly pension payment.

Your Pension

Each month you will receive one-twelfth of your annual pension and payment is made directly into the bank or building society account that you have specified. The monthly payments are normally made on the last Thursday of each month. Where this day is a Bank Holiday, payment is made on the next working day. In December and January every year your pension is paid one week earlier.

Your first pension payment will be made on the first available pension pay day following your retirement. If notification of your retirement has been delayed for any reason, or you retire mid-month, the first payment may occur later and will include any arrears due.

Revising your Benefits

Your benefits are calculated on the pay notified to us by your employer. If you receive a payment of which we were not notified when you left (e.g. a back-dated pay rise) then this will be taken into account and your benefits revised, following receipt of the payment details from your employer.

You may give up some of your pension to increase your lump sum. If your pension becomes payable on or after 6th April 2006 you may elect to convert some of your pension to increase your lump sum. To do this you must elect in writing before your benefits become payable. You may not, however, increase it to a level that will take it above the maximum allowed under Inland Revenue rules, which is 25% of the capital value of your accrued LGPS Scheme rights.

If you take up this option, any long term pension payable to a surviving spouse or civil partner in the event of your death will be based on your pension before it was reduced.

What you should do if you are interested in this option

If you are interested in investigating this option, please contact the LPFA who will provide further information (see the end of this guide for contact details).

Checking our Records

At the end of June each year it is necessary for the LPFA to check the details of certain pensioners. If you are one of these pensioners you will be asked to complete and return a form as directed at the time. You should contact us, if you have any difficulties. Address, telephone, fax and email details are at the end of this guide. Any delay in returning the form may result in payment of your pension having to be suspended.

Payroll

London Borough of Bexley's payroll service is undertaken, in house, by the HR Business Centre and their contact details are provided below.

If you change address or your account, it is very important that you notify the HR Business Centre in writing as soon as possible. Failure to inform them in time may result in the late payment of your pension. Please do not rely on the company that holds your account to notify any change in account details; always take responsibility yourself for giving the correct details. Notification can be in writing, or you can make the alteration yourself if you use the MyView facility.

If you leave the UK to live abroad, permanently or temporarily, please notify us as soon as possible so that arrangements can be made for your pension to be paid to you overseas.

If you do not keep the HR Business Centre informed of your current address it could be necessary to temporarily suspend your pension until contact is re-established. This is for data protection and security reasons.

HR Business Centre
London Borough of Bexley
Room 200, Hill View
Hill View Drive
Welling
Kent DA16 3RY

Telephone: 0203 045 4061 or
0203 045 4049

Fax: 0203 045 4063

Income Tax

Your retirement lump sum is not subject to income tax. Retirement pensions, however, are regarded as earned income and as such are taxable.

Information for New Pensioners

In assessing your overall liability for income tax, the Inspector of Taxes will take account of all the taxable income you receive (e.g. pension, State Pension, other earnings, building society interest, dividends etc) and will tell HR Business Centre the tax code to be applied against your pension. While waiting to receive notification of your correct tax code normally the tax code you had while employed will apply. In the absence of this information the emergency code will be used.

Changes in your Tax Code

The Tax Office will notify both you and HR Business Centre of any change to your income tax code. However, HR Business Centre may receive their notification after you and not in time to operate it in the month that you receive your notification. Your new tax code will be shown on your payslip once it is in operation. Any adjustments for over or under deduction of tax will be effected automatically in the following months, unless the Tax Office instructs otherwise.

The State Pension and your Tax Code

The Government pays State pensions without deduction of income tax. The State pension is, however, taxable income and the amount will appear on the notice of coding you receive from the Inspector of Taxes as a reduction to your personal (tax free) allowances. The effect of this procedure is that the tax (if any) deducted from your Local Government pension may include tax in respect of your State pension. Any increase in State pension can result in more tax being deducted from your Local Government pension.

Tax Queries

Any question as to the accuracy of your tax code should be taken up with HM Revenue & Customs.

Telephone the Taxes Helpline : 0845 300 0627

(For opening hours go to www.hmrc.gov.uk)

Alternatively you can write to them using the postal address on the most recent correspondence from them.

If you don't have recent correspondence then write to:

HM Revenue & Customs
Pay As You Earn
PO Box 1970
Liverpool
L75 1WX

You will need to quote your National Insurance Number and your pension payroll reference (Pension Number) that can be found on your payslip, your PAYE reference is 120/SA56743.

Keeping in Touch with the Tax Office

To assist the Tax Office in keeping HR Business Centre informed of the correct tax code to use against your pension it is important that you reply quickly to any Tax Office enquiry, and notify them if you change your address.

Taking up New Employment

A P45 will not be issued to you on retirement as your tax free allowances will be used against your pension. If you start work with a new employer you should complete Statement C on form P46. Your new employer should deduct tax at Basic Rate until they are advised of the correct tax code to apply by their own Tax Office.

P60

Soon after the end of each financial year a P60 will be made available showing your pension and income tax details for the financial year April to March.

Information for New Pensioners

Terminology

The following terms will appear on your payslip if relevant to your benefits:

Term	Meaning
Pension-Basic (Ret)	Original amount of pension
Pension-Increase (Ret)	Pensions Increase on original pension
Pension-Additional (Red/Eff)	Original amount of added years compensation
Pension-Increase (Red/Eff)	Pensions Increase on original added years compensation
Pension-Basic Early (Ret)	Original amount of pension
Pension-Increase Early (Ret)	Pensions Increase on original pension
Injury Allowance –Basic	Original amount of injury pension
Injury Allowance-Increase	Pensions Increase on original injury pension
Tax	Tax deducted from pension

Payroll Reference

Electronic payslips and annual pension statements will include your payroll reference. Please quote this when contacting HR Business Centre.

Charity Giving through Payroll

Charities Trust a Payroll Giving Agency operates a scheme on behalf of London Borough of Bexley enabling you to make donations to charity through deductions from your monthly Bexley pension. If you require more details please contact the HR Business Centre for a copy of the leaflet Charity Giving Through Payroll.

Pensions Increase

Once you have reached the age of 55, your pension payments are reviewed annually in April. However, if you retired on the grounds of ill health, reviews will commence from the April following your retirement. The review increases the amount of pension in payment by a percentage set by the Government, which reflects the rise in the Price Index over the 12 months to the previous September. This is often referred to as 'index-linking'. The increase is not discretionary, does not reflect the performance of the Pension Fund and does not allow any additional increase to be paid.

The amount of the increase awarded may be affected by any entitlement you may have to a Guaranteed Minimum Pension and this is explained in more detail under the heading **Guaranteed Minimum Pension**.

Notifying you of Increases

The actual amount of Pensions Increase you receive each month is shown separately on your annual pension statement and electronic payslip. In April you will receive the increase for the period from the review date to the end of the month and your May payslip will show the increase for a full month.

Guaranteed Minimum Pension (GMP)

As a member of the Local Government Pension Scheme you were 'contracted-out' of the State Earnings Related Pension Scheme (SERPS) (State Second Pension Scheme with effect from 6 April 2002) and paid lower National Insurance (NI) contributions. As a result of being a 'contracted-out' scheme, from State retirement age, the pension benefits payable from the Local Government Pension Scheme must in general be no worse than the benefits that would have been payable had its members been in SERPS.

In respect of service in the Local Government Pension Scheme after 5th April 1978 and before 6th April 1997, there is a guarantee that your Local Government pension cannot be lower than the earnings-related pension you would have received from the State had you not been contracted-out. This is known as your Guaranteed Minimum Pension (GMP). At State retirement age the Department for Work and Pensions (DWP) will send you a statement which includes the amount of your GMP, shown as 'Contracted Out Deduction' (COD).

GMP and Pensions Increase

From State retirement age some or all of the Pensions Increase due in respect of your GMP will be paid by the DWP with your State Retirement Pension and any balance by London Borough of Bexley with your Local Government Pension. For married women, paying reduced rate NI contributions, all the Pensions Increase due will be paid by Bexley. A leaflet about GMP is available on request (see the end of this guide for contact details).

Reduction of Pension at State Retirement Age

If you ceased to contribute to the Local Government Pension Scheme before 1st April 1998, retire before attaining State retirement age and started contributing to the Local Government Pension Scheme before 1st April 1980, you will find that there will be a small reduction to your pension when you reach State retirement age. This reduction is known as National Insurance Modification and applies because, until early in 1980, contributors to the Public Service Schemes paid a slightly reduced ('modified') pension contribution. The intention of this modification was to eliminate some of the overlap between the occupational and the State pension schemes, but this approach was abandoned in 1980 and has not

applied to service since that date. Due to a further change in legislation, if you ceased to contribute to the Local Government Pension Scheme after 31st March 1998, National Insurance Modification will not apply in your case even if you have service before 1st April 1980. If you are already in receipt of Pensions Increase when your pension is reduced due to modification, the Pensions Increase will also be reduced proportionately.

Death Benefits

It is important that the person who will be dealing with your Estate, in the event of your death, is aware that they will need to contact the LPFA promptly, to enable the LPFA to make arrangements to pay any benefits due as quickly as possible. This should also reduce the possibility of an overpayment of pension arising.

There is provision for the payment of a pension to the spouse or civil partner of a deceased pensioner and, in some circumstances, a lump sum death grant and children's pensions may also be payable. Some brief details regarding widows', widowers' and civil partners' pensions are given below and further information is available on request. If you wish to nominate a beneficiary or beneficiaries for any death grant payable or to alter a previous nomination, please request a 'Lump Sum Death Grant Nomination Form' from the LPFA (see the end of this guide for contact details).

Widows', Widowers' and Civil Partners' Pensions

A widow's pension is normally paid at the rate of one-half of the late husband's pension where the marriage took place before retirement.

A widower's or civil partner's pension is payable where the deceased was a member of the Local Government

Pension Scheme after 5th April 1988 and the marriage, or legal registration, took place before retirement. For widowers the amount payable depends on options made to up-rate benefits for service prior to 6th April 1988. For civil partners the amount payable is based on membership after 5th April 1988.

The amount payable is shown on your Notification of Benefits and will benefit from being subject to Pensions Increase.

Spouses' and civil partners' pensions are not subject to suspension on grounds of cohabitation or re-marriage where they take place on or after 1st April 1998.

Marriage after Retirement

Marriages after retirement may produce lower widows' or widowers' benefits. For a widow the pension is based on your 'contracted-out' service after 5th April 1978 and for a widower or civil partner on your 'contracted-out' service after 5th April 1988. Further details are available on request from the LPFA (see the end of this guide for contact details).

Effects of Further Employment

Generally, further employment after retiring will not affect your pension, however, if you commence employment with an organisation whose employees would normally be admitted to the Local Government Pension Scheme, (regardless of whether or not you actually re-enter the Scheme), your pension may be affected. You must inform the LPFA, in writing, within seven days of commencing, in order that they can assess whether the new employment will affect your pension. You may wish to seek their advice before taking up such employment. Contact details are on the end of this guide. You should also inform your new employer that you are receiving a pension from London Borough of Bexley.

If your pension is found to be affected, as a general guide, the rule is that if the total of your annual pension plus your pay in your new employment exceeds the final rate of pay in your employment immediately preceding retirement, then your pension is reduced by the amount needed to restore the balance. Your total pension may therefore be suspended if the pay from your new employment is greater than that from your former employment. For comparison purposes all elements are increased, where appropriate, in line with pensions increase awards. The amount of any such reduction will also be subject to the relevant discretionary policy of London Borough of Bexley.

Any benefits paid following an election by a member that pension benefits be paid to them, notwithstanding that they have not retired from employment, are not subject to reduction in respect of any subsequent employment with his or her employer at the date of his or her election.

Right of Appeal

If you are dissatisfied with any decision made in relation to the information given to you in connection with your Local Government Pension benefits, you have the right to have your complaint independently reviewed. In the first instance you should write to the HR Business Centre, London Borough of Bexley, at the address shown on page 3, who will arrange for you to receive further information. Any complaint should be made within six months of the date of the notification. There are also a number of other regulatory bodies that may be able to assist you and you should contact the LPFA if you would like any more information. To avoid any unnecessary effort on your behalf, London Borough of Bexley would welcome the opportunity to attempt to resolve with you the matter about which you are dissatisfied before you resort to a formal complaint.

Further Information

If you would like further information, including information specific to your own circumstances, or if you have any comments or queries about this guide, then please contact us at:

London Pensions Fund Authority
Dexter House
2 Royal Mint Court
London
EC3N 4LP

Telephone: 020 7369 6247

Fax: 020 7369 6111

Textphone: 020 7369 6119

Email: bexley@lpfa.org.uk

Website:

www.yourpension.org.uk/bexley

It would assist the Bexley team if you could quote your National Insurance Number.

This information, and our other literature and correspondence, is available in large type and on Audio Cassette. It may be possible to reproduce items in other ways or in another language and we will be pleased to consider your request.