



your pension

the local government pension scheme



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Welcome to the latest Bexley's Pensions Newsletter. This newsletter is designed to inform you about some new developments for Bexley Fund members and update you regarding various changes to the Local Government Pension Scheme (LGPS).

Bexley Pensions Website

London Pensions Fund Authority (LPFA), on behalf of Bexley Council, is pleased to let you know about a new pensions website for Bexley fund members, which can be found at www.yourpension.org.uk/bexley

This site offers a range of information about the Local Government Pension Scheme and Bexley's own fund and investments. There are also links to various reports and publications as well as contact details and links to other useful sites.

One facility you may find of interest is the ability to view some of your own pension details by logging in to our AXIS online service. This is done securely and needs you to acquire a PIN number before you gain access. An application form for obtaining a PIN number is enclosed with this newsletter, together with a pre-addressed envelope for its return.

We hope you find the site informative and a useful means of keeping up to date with pension matters, and we would be interested in any feedback you may have.

Combined Pension Forecasts

To assist you in planning your pension income in retirement, the LPFA, on behalf of Bexley Council, is working with the Department for Work and Pensions (DWP) to offer you the opportunity to receive enhanced annual benefit statement information, which will show the benefits that you have accrued and that you can expect to receive at retirement

age from the Bexley Pension Fund, and from the State Pension Scheme.

Enclosed with this newsletter is an option form which gives further details of the process and information provided. The form need only be returned to LPFA if you **DO NOT** wish to receive a combined annual benefit statement. This can also be returned in the enclosed pre-addressed envelope, referred to previously.

Introduction of Civil Partner's pensions

The Civil Partnership Act 2004 allows same sex partners to register a civil partnership. With effect from 5th December 2005, same sex couples wishing to form a civil partnership were able to notify the Registration Services. The earliest date a registration ceremony could occur in England is 21st December 2005.

The Local Government Pension Scheme has been amended to provide benefits for civil partners in the event of the death of an active member, or the death of a deferred or pensioner member. However, the pension payable to the surviving civil partner will be based on the deceased member's post 5th April 1988 membership. In addition, just as pension rights are shareable on divorce, pension rights on the dissolution of a civil partnership will also be shareable.

The above applies to same sex partners who have registered a civil partnership. Survivor benefits from the local government pension scheme are only payable to legal spouses or civil partners and to eligible children; they are not currently payable in any other case.

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working for



Changes to the Local Government Pension Scheme (LGPS)

You will probably be aware that changes to the LGPS had been proposed from April 2006. The Local Government Pension Scheme (Amendment) Regulations 2006 were finally published on 31st March, and mostly came into force from 6th April. The Office of the Deputy Prime Minister (ODPM) who publish these regulations have already recognised that some further changes are required to achieve all of the intentions of these regulations. Furthermore, guidance is required from the Government Actuaries Department (GAD) before some of these changes can be implemented.

Changes from 6th April

Most of the changes introduced in April relate to "A-Day", the day that the Government's "tax simplification" came into effect. These changes mainly remove restrictions that previously applied. Contributions can now be increased above 15%, and there is no longer a restriction to 40 years membership in the scheme (or 45 in some cases). Members purchasing added years may now purchase up to a maximum 6 years 243 days in all cases. Furthermore the previous "earnings cap" (£105,600 pa for 2005-6) above which no contributions were deducted and no pension benefits calculated, has been removed.

The other side of the "A-Day" coin, is that benefits paid above the "lifetime allowance" (LTA) become subject to excess tax. This will not affect the majority of scheme members, as to exceed the LTA an LGPS member would normally need to be earning in excess of £130,000 pa, and to have around 40 years membership of the Scheme. However benefits paid from other pension schemes also need to be taken into account, and unfortunately this requires retiring members to complete a declaration form in respect of other pension rights before their pension and lump sum can be paid. There are also limits to the amount that the value of an individual's pension benefits can increase during a year. Again, this would only have effect in extreme cases.

The amended regulations also allow a more flexible approach to retirement. Members age 50 or over may be allowed, **at the discretion of their employing authority**, to reduce their hours or grade and take immediate payment of their accrued benefits. On the other hand members will now be allowed to join or remain in the Scheme beyond age 65 and up to their 75th birthday.

The ability for a member to reduce their lump

sum and increase their annual pension has been removed, but another important change from April is that retiring members may choose to commute some of their pension to lump sum, at the rate of £1 of pension to £12 of lump sum. However, the lump sum must not exceed 25% of the total value of a members pension benefits, and a formula exists to calculate this.

Other changes include the removal of the provision for members to surrender part of their pension to provide increased survivors benefits, children's pensions being discontinued at age 23 unless the child is permanently unfit.

If you are unsure as to what any of this means for you specifically please contact the LPFA for further clarification.

Changes from 1st October

As expected, the amendment regulations remove the 85 year rule from 1st October 2006, which means that any members retiring before age 65 will suffer a reduction to their pension and lump sum. Previously members whose age plus membership, each measured in whole years, totalled 85 years did not suffer such a reduction.

As the regulations stand, members who reach age 60 and satisfy the 85 year rule before April 2013 will be protected against these changes, and any membership accrued before 1st October 2006 will continue to be treated under the 85 year rule. However, the ODPM has stated that the level of protection remains under review, and further legislation is expected before October.

Various issues are currently unresolved, in particular the regulations do not appear to allow members to take out any part of their in-house AVC as a lump sum, though the intention of the ODPM is understood to be to allow this. More details will be provided as soon as possible.

Further information regarding changes to the Local Government Pension Scheme can be viewed at www.lgps.org.uk. Alternatively, keep yourself up to date with future developments by viewing the "changes to the LGPS" section of the new Bexley Website mentioned previously.

AXIS Online PIN request form

Once the form is processed you will receive a letter advising you of your PIN. The letter will contain a tear off slip informing us that you have received your PIN and will not disclose it to anyone else. This slip **MUST** be returned within 2 weeks or your PIN will be changed.

The memorable word will be used to confirm your identity should you telephone for assistance in future so please make a note of it.

First name:

Title:

Last name:

Middle initial:

NI Number:

Address:

Postcode:

Email address:

Current employer:

Enter your memorable word (maximum 9 characters):

Please indicate your status in the fund by ticking one of the boxes below:

Current contributor

Deferred pensioner

Please return this form to:

AXIS Online PIN requests,
London Pensions Fund Authority,
Dexter House,
2 Royal Mint Court,
London,
EC3N 4LP





22 May 2006

Combined Pension Forecasts

To assist you in planning your pension income in retirement, the LPFA, on behalf of Bexley Council, is working with the Department for Work and Pensions (DWP) to offer you the opportunity to receive enhanced annual benefit statement information which will show the benefits that you have accrued and that you can expect to receive at retirement age from the Bexley Pension Fund **and** from the State Pension Scheme.

So that we can send you a pension forecast that includes information about your State Pension as well as information about your pension from the Bexley Pension Fund, we need to get some information about you from the DWP. To get that information we need first to tell the DWP the following information about you, which is held on our records.

- surname / family name
- forenames
- gender
- date of birth
- national insurance number

The DWP will then be able to tell us about:

- the State Pension you have earned so far
- what your State Pension is likely to be when you retire
- the age at which you can get State Retirement Pension

The information we get from the DWP will be used only for the purposes of providing you with a forecast of your pension rights.

If you are happy for us to give the DWP the above information about you there is no need to return this form. We shall be allowed to disclose information about you to the DWP, and to receive information from them, for as long as you continue to work for your current employer and are a member of this pension scheme. The State Pension information the DWP gives us will be included with the annual benefit statement you receive from us. Please note that the DWP will only be able to provide this information to us if the first three letters of your surname, your initials, date of birth and National Insurance Number held on our records match that held on theirs. Please ensure that you keep us informed of your correct details.

If you choose to receive an enhanced statement now, you may object to us giving information about you to the DWP at any time in the future by contacting Susan Metcalf, in writing, at the Central Processing Team, London Pensions Fund Authority, Dexter House, 2 Royal Mint Court, London, EC3N 4LP.

If you do not return the form within 30 days of the date of this notice, the annual benefit statement you receive from us will include State Pension information, until such time as you object and notify us accordingly.

I do not want my annual benefit statement to include the State Pension information.

Signed _____ Date _____

Please return this form to: Susan Metcalf, Central Processing Team

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

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