



City of Westminster

Westminster Pension Fund
Members Newsletter
2012

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Local Government Pension Scheme Reform

You may have seen press articles or media coverage of late on the affordability of the Local Government Pension Scheme (LGPS) and changes that need to be made to ensure the continued survival of the scheme.

Indeed the Government commissioned Lord Hutton to carry out a review of all public sector pension schemes, including the LGPS. The final version was released in Spring 2011.

The vast majority of the report considered how the scheme could be amended moving forward. These changes will impact current contributors and deferred members in the main with no impact on pensioners.

In the report Lord Hutton confirmed the important place public sector pension schemes, such as the LGPS, occupy in providing reasonable income in retirement. He also ruled out a "race for the bottom" and the move to defined contribution pension schemes which are common in the private sector. It is, however, likely that future contributors will have to work a little longer and that the basis on which their pension is calculated will be on an average over their career rather than final salary.

In December 2011, a broad agreement was reached between the unions and Government over the way forward for the LGPS scheme reform. The agreement outlined that the savings expected to be made from shorter term scheme changes, such as increasing employee contribution increases, could be achieved through introducing longer term scheme design a year earlier – in 2014 rather than 2015.

The option to increase employee contributions would be put on hold while the agreement between unions and the Government was in place.

Details of the agreement can be found on the Local Government Association website:

<http://www.lgps.org.uk/lge/core/page.do?pageId=103352>

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The agreement included 17 key principles which covered:

- ☆ the move to a career average scheme
- ☆ elements of choice to encourage retention of members
- ☆ retirement age in line with the state pension age
- ☆ protections for those nearing retirement age
- ☆ scheme cost efficiencies

The high level timetable is set out below:

Deadline	Action
April 2012	"Big ticket" items on scheme reform agreed including accrual rate and basis of scheme design
April - September 2012	Joint communications prepared for members and employers
April - November 2012	Agreement on scheme design and costings
September 2012	Consultation on regulations
March 2013	Regulations to be put in place
April 2014	New LGPS implemented

Following the acceptance by Government of the principles document, a project has been set up to reach agreement on the elements of the new scheme together with the management and governance of the scheme going forward.

Documentation for the new Local Government Scheme 2014 project, as well as a number of 'Frequently Asked Questions' is available on the LGA website:

<http://www.lgps.org.uk/lge/core/page.do?pageId=103352>



Auto enrolment

Currently 25% of Westminster City Council employees are not in the pension scheme and so miss out on valuable pension benefits. Auto Enrolment of staff is a government initiative to design and overcome this problem.

From July 2013 Westminster employees who have previously declined to join the pension scheme will be Auto Enrolled.

For every member that enters the pension scheme Westminster City Council currently pays 18.3% employer contributions.

Please see the 10 reasons for joining as why the Local Government remains one of the most attractive pension schemes around.

For more information on Auto Enrolment please visit:

<http://www.thepensionsregulator.gov.uk/automatic-enrolment.aspx>

Employees can choose to opt out of the scheme at any time and if they opt out within a certain period, any payments already made will be refunded. If opt out occurs after this, the payments already made will not be refunded and will remain in their pensions pot.

Employees can elect to rejoin the LGPS at any time after opting out. Employers will be required to auto enrol any employees again 3 years after they opted out.

10 Good reasons for Joining the LGPS

1

Money From your Employer!
Your employer shares the cost!

2

Tax Free Savings!
Tax Relief on all your contributions!

3

Increased Quality of Retirement!
Start now for a bigger pension on retirement!

4

No Investment Risk!
A pension based on your pay and length of service!

5

Protection and Security!
Ill health, Family & Dependents!

6

Life Cover - No Medicals Required!
Life cover of 3 years pay!

7

No Hidden Fees or Charges!
You just pay a percentage of your pay!

8

Tax Free Lump Sum!
Can be taken in addition to a regular pension!

9

Pension Increased with Inflation!
The value of your pension in payment is protected!

10

Saving for Retirement is Crucial!
Maintain your lifestyle in retirement!

Annual Tax Allowance

The annual allowance is the maximum amount of pension saving you can have each year that benefits from tax relief. This includes pension savings that you make plus any made for you by someone else - for example, your employer.

There is no limit on the amount you can save in a pension scheme, but there is a limit on the amount that can get tax relief each year. If your pension saving is more than the annual allowance you will pay a tax charge on the amount over the annual allowance.

This tax charge is called the annual allowance charge.

- ☆ The amount of the annual allowance for 2010-11 was £255,000
- ☆ For 2011-12 the amount of the annual allowance is £50,000

Under HM Revenue and Customs rules, if the value of your pension savings increases in any one year by more than the Annual Allowance of £50,000 you may have to pay a tax charge.

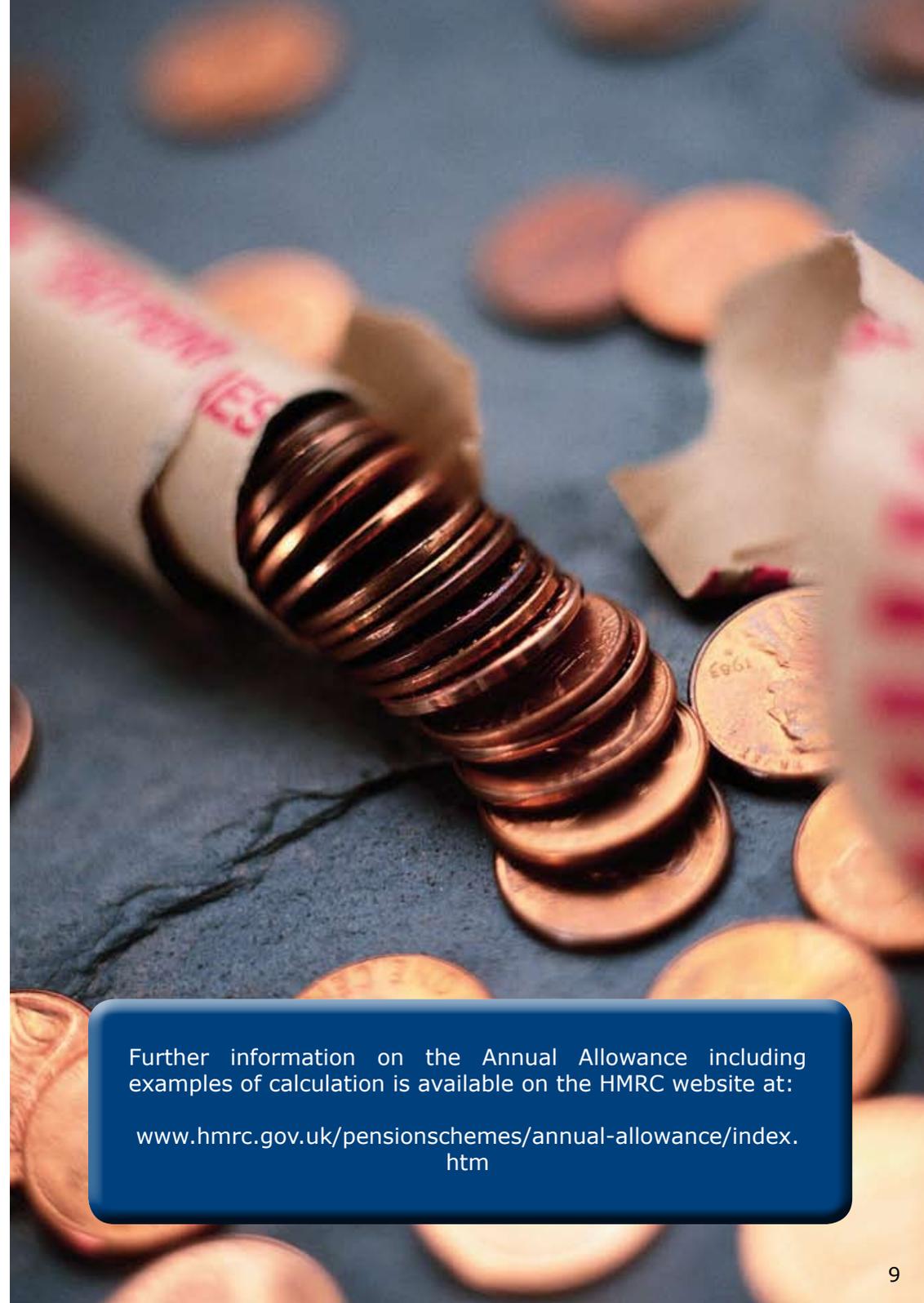
However, you may be able to carry forward unused Annual Allowance from the last three tax years.

This means that even if the value of your pension savings increase by more than £50,000 in a tax year you may not be liable to the Annual Allowance tax charge.

To carry forward unused Annual Allowance from an earlier year you must have been a member of a tax registered pension scheme in that year.

Most people will not be affected by the Annual Allowance tax charge because the value of their pension savings will not increase in a tax year by more than £50,000 or, if it does, they are likely to have unused allowance from previous tax years that can be carried forward.

Further information on the Annual Allowance including examples of calculation is available on the HMRC website at:
www.hmrc.gov.uk/pensionschemes/annual-allowance/index.htm



Your Pension Online

The next time you are online, why not have a look at our website at:

www.yourpension.org.uk/westminster

The website is full of up to date information that might be useful to you as a member of the Westminster Pension Fund. You will have access to the latest information about scheme news, investment policies, as well as all member publications including scheme guides and newsletters and full annual report and accounts.

We are also pleased to remind members that you can view your pension details by logging on to our secure AXIS online service. This service has been upgraded and allows pensioners to view various data displays, including pay advices and P60s.

For instructions on how to apply for a Personal Identification Number (PIN) for this service please visit:

www.yourpension.org.uk/westminster/members/online-records.aspx

Partner's Pensions

Benefits payable on the death of a member of the Local Government Pension Scheme (LGPS) include pensions for children, for a surviving spouse or registered civil partner and, provided the scheme member paid into the LGPS on or after 1 April 2008, for a nominated cohabiting partner.

Spouses and registered civil partners are automatically entitled to a survivor's pension for the rest of their life. There is no need to complete a nomination form if you are married or in a civil partnership. However, if you are co-habiting, you can choose to nominate your partner to receive a survivor's pension for the rest of their life. This is not automatic and so a nomination form must be completed. This is available for download from:

www.yourpension.org.uk/westminster/members/publications.aspx

Don't let your next of kin down – Make sure you are fully prepared in the event of your death. Would your next of kin know who to contact to claim a possible pension or death grant?

The LPFA would be able to provide you with all the information. Contact details are on the back page of this newsletter.

Westminster AGM – 20th May 2013

Come along to this event at Westminster Kingsway College in Victoria to learn more about the benefits of joining the pension scheme; discuss the changes that will take place next year; and find out how to top up your pension pot at anytime. Refreshments will be provided. If you would like to attend this event please follow this link:

<https://www.surveymonkey.com/s/8QYM28S>

Or by returning the below slip to:-

64 Victoria Street
London
SW1E 6QP

Name: _____

Current Status: ACTIVE DEFERRED RETIRED

NOT IN THE SCHEME

Would you be interested in attending? YES NO

Email address: _____



Contact Information

Pension benefits are administered by The London Pensions Fund Authority (LPFA). They can be contacted at:

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

Email: westminster@lpfa.org.uk

Phone:

General enquiries and complaints: 020 7369 6229

Pensioner payroll queries: 020 7369 6060

Textphone: 020 7369 6119

Fax: 020 7369 6242



Mixed Sources

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