



City of Westminster

Westminster Pension Fund
Members Newsletter
2013

Index

Upcoming Changes to the LGPS	pg 3
The 50/50 Option	pg 5
Contribution Rates 2014-15	pg 5
10 Good Reasons to Join the LGPS	pg 6
Annual Allowance	pg 7
Pensioner Profiles	pg 8
Your Pension Online	pg 9
Partner's Pensions	pg 9
Sir John Hunt Gift Committee	pg 10
Westminster AGM	pg 10
University of Third Age	pg 11

The LGPS is Changing...

The Local Government Pension Scheme is changing. From April 2014 a new scheme will be introduced. This will only impact those still paying into the scheme and protections are in place for benefits built up to 31 March 2014. For pensioner and deferred members there will be no change at all.



To ensure that no member within 10 years of age 65 as at 1 April 2012 is any worse off, there will be an 'underpin'. This means that those members who would see a change in their pension age in that period will get a pension at least equal to that which they would have received in the current scheme. Previously agreed protection will continue, including the retirement age provisions for remaining members who have Rule of 85 benefits.

If you want to know more about these changes please see our member website:-

www.yourpension.org.uk/Westminster/LGPS-2014/Latest-news

You will find our One Minute Video on scheme changes plus, for those who want more information, there is an explanation of how the changes might impact you.



The key differences between the 2008 and the 2014 Scheme are provided below:-

	LGPS 2014	LGPS 2008
Basis of Pension	Career Average Revalued Earnings (CARE)	Final Salary
Accrual Rate	1/49th	1/60th
Revaluation Rate	Consumer Prices Index (CPI)	Based on Final Salary
Pensionable Pay	Pay including non-contractual overtime and additional hours for part time staff	Pay excluding non-contractual overtime and non-pensionable additional hours
Employee Contribution Rates	See LGPS 2014 Employee Contribution Rates on previous page	See LGPS 2008 Employee Contribution Rates on previous page
Contribution Flexibility	Yes - members can pay 50% contributions for 50% of the pension benefit	No
Normal Pension Age	Equal to the individual member's State Pension Age	65
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	<p>Tier 1 - Immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 - Temporary payment of pension for up to 3 years</p>	<p>Tier 1 - Immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 - Temporary payment of pension for up to 3 years</p>
Indexation of Pension in Payment	CPI	CPI (RPI for pre-2011 increases)
Refund Period	2 years	3 months

The 50/50 Option

The new scheme changes in 2014 has an option that allows employees eligible for LGPS membership to elect to contribute less and receive less benefit in return instead of opting out of the scheme altogether. This option will require renewal after a limited time and is not designed to replace long term membership of the full Scheme.

This '50/50' option will enable members to pay half their normal rate of contribution and in return build up half pension during that period. They will still retain the full value of other benefits such as the death in service lump sum.

Members could elect for the 50/50 option and from the next pay period their contributions would be halved. No further election would be required until either the member wishes to rejoin the main scheme or they are brought back into the main scheme under automatic enrolment provisions.

Contribution Rates 2014-15

The average member contribution to LGPS 2014 will be as it is now: 6.5%. The framework has been changed to ensure it reflects changes to the basis of contributions by basing part-time members' contributions rates on actual pensionable pay and moving to more progressive bands after tax relief.

This results in the following proposed framework:

Actual Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

10 Good Reasons to Join 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 & Dependants!

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 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.

- Annual allowance £50,000 in 2013/2014 tax year
- Annual allowance £40,000 in 2014/2015 tax year

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/understanding-aa.htm

Pensioner Profiles

Westminster have set up a Fund Member Panel which meets on a quarterly basis and consider topical issues and communication. On the panel are 3 Westminster pensioners who have completed a profile about themselves and why they have joined the panel below.

Peter Woodward

I joined Westminster City Council in May 1991 as Head of IT.

Prior to joining Westminster I had worked in both private and public sector and had been a member of a pension fund since the age of 16. It was difficult to move pension contributions between organisations and almost impossible if you were moving between the private and public sectors; in either direction. This background sparked my interest in joining the Westminster Pensioners Panel, with the thought that I might indirectly be able to help others negotiate their way through the Pensions minefield.

The quarterly meetings do give the Council's Staff the chance to float ideas to the panel, receive comment from the panel members and occasionally have points of view and ideas raised which originate from a retired persons perspective. The meetings and correspondence between meetings allow documents which are to be circulated to staff and Pensioners to be seen and commented upon by the panel prior to distribution. The Council has the benefit of impartial views from experienced but retired people.

Mike Caplin

I worked at Westminster City Council in the Social Services Department as the psychiatric social worker from 1974 to 1985, after which I became social services team leader. Having fund members on the pension panel enables the members of the panel to focus on pensioners needs and plan interventions to fill any pension knowledge and information gaps. I am thrilled to have been part of the pensions AGM meeting this year.

Bharti Kotecha

I joined Westminster in 1986, as a Finance Officer. Meeting current staff members and getting to understand the issues the Council is facing is very useful. The fund member panel helps with making sure any communication that is sent out is easy to understand for the non pension experts, this panel also allows us to share our experience.

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

Sir John Hunt Gift Committee

For those former Westminster Council Employees in special need there is the opportunity to apply for some additional one off funding, generally a maximum of £200 from the Sir John Hunt Gift Committee. For an application form please write to:

Carole Headley
Council, Cabinet and Committee Secretariat
15th Floor, Westminster City Hall
64 Victoria Street, London, SW1E 6QP
Email: cheadley@westminster.gov.uk
Ph: 0207 641 1859

Westminster AGM – May 2014

We are planning to hold our Annual General meeting again in May 2014, where we will be discussing the pension scheme and going into a bit more detail regarding Westminster's Finances and Investments. Additional information of how you can top up your pension will be available. Refreshments will be provided at this event. If you would like to attend this event please follow this link:-

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

Or return 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: _____

University of the Third Age

University of the Third Age (U3A) are self-managed lifelong learning co-operatives for older people no longer in full time work, providing opportunities for their members to share learning experiences in a wide range of interest groups and to pursue learning not for qualifications, but for fun.

U3A will be holding a half day workshop in February at Westminster City Council where you as pensioners are invited.

To register your interest please can you either reply by email to pensioners@westminster.gov.uk or send back the slip below to the return address provided.

I would like to attend the presentation held by the University of Third Age:-

FULL NAME: _____

HOME ADDRESS: _____

EMAIL ADDRESS: _____

Return address: Westminster City Council, 64 Victoria Street, London, SW1E 6QP



THE UNIVERSITY OF THE THIRD AGE





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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