

WEST MIDLANDS



PENSION FUND

West Midlands Pension Fund

All about your retirement benefits



The Local Government
Pension Scheme (LGPS)



October 2008



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Introduction



The information in this booklet is based on the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended).

It applies to individuals who were contributing members of the LGPS on 1 April 2008 or who have since joined the Scheme.

The booklet was up-to-date at the time of publication in October 2008. It is for general use and cannot cover every personal circumstance, nor does it cover specific protected rights

that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail, as this booklet does not confer any statutory rights and is provided for information purposes only. This booklet has been issued by the West Midlands Pension Fund (the Fund) whose contact details appear on the back page.

The administering authority for this Fund is Wolverhampton City Council.

This booklet does not cover the benefits afforded to councillor members of the Local Government Pension Scheme.

New-look Scheme introduced 1 April 2008

On 1 April 2008, a new-look Local Government Pension Scheme (LGPS) was introduced and all members who were paying into the Scheme on 31 March 2008 automatically became members under the new Scheme and had the benefits in respect of their membership before 1 April 2008 banked, based on the rules under the 'old' Scheme.

From 1 April 2008, the LGPS benefits will be:

- An improved pension based on final pay
- Survivor's pensions
- Children's pensions
- Cohabiting partner's benefits
- Three times pay death in service grant



- Full inflation-proofing
- An option to give up part of the pension for a bigger lump-sum
- Flexible retirement
- Voluntary retirement from age 60
- Increased benefits with additional contributions
- Facility to retire early with employer's consent
- Banked benefits for service up to 31 March 2008

The new LGPS is still a final salary scheme. This means that your benefits are normally based on your final year's pay and the number of years you have been a member of the Scheme.

Retirement

To be entitled to LGPS retirement benefits, you have to have at least three months' membership or have transferred other pension rights into the LGPS.

When can I retire?

You can retire and receive your LGPS benefits in full from age 65. The Scheme also makes provisions for the early payment of your LGPS benefits and these are detailed in the relevant sections later on in this guide.

What are my retirement benefits?

When you retire, you will receive a pension and if you have any pre-1 April 2008 membership a tax-free lump-sum from the LGPS. At state pension age you will also receive the basic flat-rate state

pension, if you have paid sufficient national insurance contributions during your working life.

You can look forward to enjoying a guaranteed package of benefits when you retire.

Here, we look at how your retirement benefits are worked out and when you can retire if you pay into the LGPS on or after 1 April 2008.

Your LGPS benefits are made up of:

- An annual pension that, after leaving, increases every year in line with the cost of living for the rest of your life, and
- The option to exchange part of your pension for a tax-free lump-sum paid on retirement.

The two main factors used to calculate your LGPS pension are:

- Your membership in the Scheme, and
- Your final pay.



If you joined the LGPS on or after 1 April 2008, for each year of membership you receive a pension based on 1/60th of your final pay – so if you have 40 years' membership you get 40/60ths or two thirds of your final year's pay as an annual pension.

If you joined the LGPS before 1 April 2008, your benefits for membership before 1 April 2008 are calculated differently as you will automatically have banked the right to a tax-free lump-sum, for your membership prior to 1 April 2008. In these circumstances, your benefits will be made up of two parts to account for the two periods of service pre- and post-April 2008.

Membership

The first important element used in working out your pension is your membership. This normally includes:

- How long you have been a member of the LGPS worked out in years and days – not including membership for which you already receive a LGPS pension or hold an LGPS deferred pension, nor membership from any concurrent job you may have and excluding any LGPS membership in respect of which you have

received a refund or have transferred the pension rights to another scheme.

- Membership purchased by a transfer from another scheme. Membership from a transfer in will count as pre-1 April 2008 membership if you were contributing to the LGPS on 31 March 2008 – otherwise it will count as post-31 March 2008 membership.
- Any extra membership you have bought with additional contributions or by converting in-house additional voluntary contributions (AVCs) into membership.
- Any extra membership awarded by your employer.
- Any extra membership awarded by the Scheme if you are retired because of permanent ill-health.

This could be different to your actual calendar length membership of the LGPS. For example:

If you work part-time, your membership is reduced to its whole-time equivalent length to calculate retirement benefits, although calendar length membership is used to decide if you are eligible for a benefit.

For example, if you work half-time for 10 years, your benefits would be calculated on five years' membership.

If you were in the LGPS before 1 April 2008, you should have been made aware about how previous membership counts – if not, contact the Fund for more details.

Final pay

The other important element used in working out your benefits is your final pay.

This is usually the pay in respect of the final year of Scheme membership on which you paid contributions, or one of the previous two years if this is higher, and includes your:

- Normal pay
- Contractual shift allowance
- Bonus
- Contractual overtime
- Maternity pay, paternity pay, adoption pay, and
- Any other taxable benefit specified in your contract as being pensionable.

This may not include all your pay. We don't include such things as car allowances (other than in some historical protected cases), casual overtime, travelling or subsistence allowances, pay in lieu of notice or pay in lieu of loss of holidays.

If you are working part-time when you leave the LGPS, or worked part-time at some point during your last year of membership, your final pay is the whole-time pay that you would have received, if you had worked whole-time.

If your pay is reduced in this period because of sickness your final pay will be the pay that you would have received if you had not been off sick or on leave.

If you have maternity, paternity or adoption leave in this period for which you paid (or are deemed to have paid) pension contributions, final pay includes the pay you would have received had you not been on maternity, paternity or adoption leave.

If you downgrade or move to a job with less responsibility with your employer in your last ten years, you have the option to have your final pay calculated as the average of any three consecutive years in the last ten years (ending on a 31 March).

If your pay was reduced or restricted for reasons beyond your control before 1 April 2008 and you were issued with a certificate of protection from your employer and you leave the LGPS within ten years of the reduction or restriction in your pay, then the Fund will work out your final pay as the best year's pay in the last five years, or the average of the best consecutive three years in the last 13 years.

How your benefits are worked out when you retire changes from 1 April 2008

For membership you have built up in the Scheme to 31 March 2008, you will receive a pension of 1/80th of your final year's pay plus an automatic tax-free lump-sum of three times your pension. For membership from 1 April 2008, your pension will be at the increased rate of 1/60th of your final year's pay. There will be no automatic lump-sum for membership built up after March 2008, but you do have the option to get a tax-free lump-sum in exchange for some of your pension.

Let's look at someone who has eight years' membership up to 31 March 2008 and 24 years' membership after then when they retire at age 65.

Their final year's pensionable pay on retirement is **£20,000**.

Benefits based on their eight years' membership up to 31 March 2008 will be:

Annual pension:

$$8/80 \times £20,000 = \mathbf{£2,000}$$

Plus an automatic tax-free

lump-sum:

$$3 \times 8/80 \times £20,000 = \mathbf{£6,000}$$

Benefits based on their 24 years' membership from 1 April 2008 will be:

Annual pension:

$$24/60 \times £20,000 = \mathbf{£8,000}$$

With no automatic lump-sum

This gives total benefits of:

Annual pension:

$$£2,000 + £8,000 = \mathbf{£10,000}$$

Lump-sum = **£6,000**

How are my benefits worked out?

For membership you build up after 31 March 2008:

Your annual pension is calculated by dividing your total membership by 60 and multiplying this figure by your final pay.

You can take a tax-free lump-sum by giving up some of your annual pension. You can take up to 25% of the capital value of your LGPS benefits as a lump-sum. For every £1 of annual pension that you give up you will receive an extra £12 lump-sum. In the same way, giving up £100 of your annual pension would give you an extra £1,200 lump-sum, and so on.

Here are examples of how your pension and lump-sum option is worked out for membership after 31 March 2008:

If you work full-time:

Let's look at someone retiring at age 65 with 20 years' full-time membership in the Scheme and a final year's pay of £18,000.

Their annual pension is:
 $20 \text{ years} \times 1/60\text{th} \times £18,000$
= £6,000

If they decide to give up £1,500 pension for a cash lump-sum, then:

Their reduced annual pension is:
 $£6,000 \text{ less } £1,500 = \mathbf{£4,500}$

And they will get a tax-free lump-sum of: $£1,500 \times 12 = \mathbf{£18,000}$

If you work part-time:

The same calculation is used, but your membership is scaled down to the whole-time equivalent length based on your contractual hours and your final pay is scaled up to the whole-time equivalent rate.



Let's look at someone retiring at age 65 after 20 years working half-time i.e. 18¹/₂ hours a week in a job where the full-time hours would be 37 per week and with a part-time final pay of £9,000.

Membership to be used in calculating benefits is reduced like this:

$20 \text{ years} \times 18\frac{1}{2} \div 37 = 10 \text{ years}$

And we would use a whole-time equivalent pay, so:

Their annual pension is:
 $10 \text{ years} \times 1/60\text{th} \times £18,000$
= £3,000

If they decide to give up £750 pension for a cash lump-sum, then:

Their reduced annual pension is:
 $£3,000 \text{ less } £750 = \mathbf{£2,250}$

And they will get a tax-free lump-sum of: $£750 \times 12 = \mathbf{£9,000}$

They will have paid half the contributions and receive half the benefits of an equivalent whole-time person.

If you are a married man with membership before 1 April 1972, this will be converted to 89% of its length, unless you have elected to pay additional contributions to convert it to its full length.

Can I give up some of my pension to increase my lump-sum?

On retirement, you will be able to exchange some of your pension to receive a bigger tax-free lump-sum. This would be achieved by exchanging part of your annual pension for a one-off tax-free cash payment – for each £1 annual pension given up you will receive £12 lump-sum.

You may not reduce your pension to below your guaranteed minimum pension (GMP).

You will be able to take up to a maximum of 25% of the capital value of your pension benefits as a tax-free lump-sum or, if lower, 25% of the lifetime allowance less an adjustment for the value of any other pension benefits you are already drawing.

The Fund will provide you with further details about this option.

Your pension will be reduced in accordance with any election you make to receive a lump-sum. Any subsequent pension for your husband, wife, civil partner, nominated cohabiting partner or children will not be affected if you decide to exchange part of your pension for a lump-sum.

You may also elect to take up to 100% of the accumulated fund in your in-house AVC as a tax-free lump-sum, if you draw it at the same time as your LGPS pension benefits, provided that when added to the LGPS lump-sum, it does not exceed 25% of the overall value of your LGPS benefits including your AVC fund. See the section on '*What if I am paying extra?*' in the next column.



How will my pension be paid?

Monthly pension payments will be made, in arrears, direct into your bank or building society account, although in some circumstances payments can be made quarterly or annually. Similar arrangements can also be made to pay your pension into your account should you move abroad. Please see the section '*How Your Pension Will Be Paid*' on page 29.

What if I am paying extra?

If you are buying extra LGPS pension (additional regular contributions)

Your contributions will cease when you retire (or cease the day before age 75 if you carry on in work beyond that age). You will be credited with the extra pension that you have paid for at the time of leaving. This will increase the value of your retirement benefits.

If you qualify for the type of ill-health pension where your benefits are based on enhanced membership, you will be credited with all the extra pension that you set out to buy, even if you have not completed full payment for it.

If you retire early and draw your benefits before age 65, or retire on redundancy or business efficiency grounds, the extra pension you have bought will be reduced for early payment.

If you draw your benefits on flexible retirement, you will be able to draw the extra pension you have paid for, although it will be reduced for early payment.

You can choose to exchange some of the extra pension you have bought for a cash lump-sum in the same way as your main LGPS pension.

If you are buying extra years in the LGPS (added years)

Your contributions will stop when you retire (or cease the day before age 75 if you carry on in work beyond that age) - but see below for the rules on flexible retirement.

If you die in service, you will be credited with the whole extra period of membership that you set out to buy.

If you retire on ill-health grounds, you will normally be credited with the whole extra period of membership that you set out to buy, even if you have not completed full payment for it.

In all other circumstances, you will be credited with the extra period of membership that you have paid for at the time of leaving. This will increase the value of your retirement benefits.

If you retire early because of redundancy or business efficiency, you will have the opportunity to pay the remaining contributions due in a lump-sum in order to complete your contract provided you retire at least 12 months after making your election to pay extra.

If you draw your benefits on flexible retirement you will continue to pay for any extra years you are buying.

The benefits from the extra membership will not be paid until you finally retire, unless you have opted to stop paying the extra contributions before you take flexible retirement.

If you are paying in-house additional voluntary contributions (AVCs)

If you are paying AVCs arranged through the LGPS (in-house AVCs), your contributions will cease when you retire (or cease the day before age 75 if you carry on in work beyond that age).

Here are the different ways you can use your in-house AVC fund:

- **Buy an annuity**

This is where an insurance company, bank or building society of your choice takes the value of your AVC fund and pays you a pension in return.

You can do this at the same time as you draw your LGPS benefits or you can choose to delay payment until any time up to the eve of your 75th birthday. An annuity is paid completely separately to your LGPS benefits.

The amount of annuity depends on several factors, such as interest rates and your age. You also have some choice over the type of annuity – for

example, whether you want annual increases, and whether you also want to provide for dependants' benefits.

- **Buy extra membership in the LGPS**

If your election to start paying AVCs was made before 13 November 2001, you may be able in certain circumstances, such as retirement on ill-health grounds or on ceasing payment of your AVCs before retirement, to convert your AVC fund into LGPS extra membership in order to increase your LGPS benefits. This membership counts as pre-1 April 2008 membership in the calculation of your benefits.

- **Take your AVCs as cash**

If you draw your AVCs at the same time as your LGPS pension, you may be able to take some or all of your AVCs as a tax-free lump-sum. Provided, when added to your LGPS lump-sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) and the total lump-sum does not exceed £412,500 (2008/2009 figure) less the value of any other pension rights you have in payment.

If you decide to draw your AVCs later, you can normally have up to 25% of your AVC fund as a lump-sum.

You may be able to draw your AVC benefits on flexible retirement.

- **If you are paying for extra life cover through AVCs.**

Any extra life cover paid for through AVCs will stop on leaving (or cease the day before age 75 if you carry on in work beyond that age). You can no longer pay AVCs after leaving/ after age 75.

Will my pension increase?

Your LGPS pension increases in line with the retail prices index (RPI) every year throughout your retirement. As the cost of living increases, so will your pension. If you retire early before age 55, apart from ill-health retirement, your pension is normally paid at a flat rate until age 55, when it will be increased every year by the rise in the cost of living since your early retirement. If you are retired on ill-health grounds, your pension is increased each year regardless of your age.

Guaranteed minimum pension (GMP)

If your membership in the LGPS includes a GMP, at state pension age your LGPS pension will be compared with your GMP and increased to the rate of your GMP should this be higher. In most cases, your LGPS pension is higher than your GMP. See the section on '*Minimum Pensions and Pensions Increase*' on page 34.

HM Revenue and Customs (HMRC) controls and your LGPS benefits

There are HMRC controls on the pension savings you can have before you become subject to a tax charge (over and above any tax due under the PAYE system on a pension in payment).

The lifetime allowance is the total capital value of all your pension arrangements which you can build up without paying extra tax.

If the value of your benefits when you draw them (not including any state retirement pension, state pension credit or any spouse's, civil partner's or dependant's pension you may be entitled to) exceed your lifetime allowance a tax charge will be made against the excess.



The lifetime allowance for 2008/2009 is £1.65 million. Most Scheme members' pension savings will be significantly less than the lifetime allowance.

There are protections for benefits earned up to 5 April 2006 in respect of those high earners affected by the introduction of the lifetime allowance from 6 April 2006. We will let you know the value of your LGPS benefits on retirement and ask you about any other pensions you may have in payment, so we can work out whether we need to deduct a recovery tax charge. If you do not provide this information promptly it could delay the payment of your pension.

Also, under HMRC rules, if the LGPS makes an unauthorised payment or if you pay some or all of your LGPS lump-sum back into a pension arrangement, there will be a tax charge.

Ill-health retirement



What happens if I have to retire early due to permanent ill-health?

If you have to leave work due to illness, you may be able to receive immediate payment of your benefits.

To qualify for ill-health benefits, your employer, based on an opinion from an independent specially qualified doctor, must be satisfied that you will be permanently unable to do your own job and that you have a reduced likelihood of being capable of obtaining gainful employment before age 65.

Ill-health benefits can be paid at any age and are not reduced on account of early payment – in fact, your benefits could be increased to make up for your early retirement.

There are graded levels of benefit based on how likely you are to be capable of obtaining gainful employment after you leave.

The different levels of benefit are:

Tier 1

If you have no reasonable prospect of being capable of obtaining gainful employment before age 65, ill-health benefits are based on the membership you would have had if you had stayed in the Scheme until age 65.

Tier 2

If you are unlikely to be capable of obtaining gainful employment within three years of leaving, but you may be capable of doing so before 65, then ill-health benefits are based on your membership built up to leaving plus 25% of your prospective membership from leaving to age 65.

Tier 3

If you are likely to be capable of obtaining gainful employment within three years of leaving, ill-health benefits are based on your membership at leaving. Payment of these benefits will be stopped after three years, or earlier if you are in gainful employment or become capable of getting such employment.

Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

If you are part-time, any extra membership awarded due to ill-health retirement will be reduced to reflect your part-time hours at leaving, disregarding any reduction in hours due to your illness.

Example Tier 1

A Scheme member aged 53 with five years' calendar length membership retires due to permanent ill-health and is found to be incapable of any work before age 65.

Membership used to work out the member's retirement benefits:

Actual membership: 5 years

Extra membership: 12 years (100% of membership to age 65)

Total membership used in working out benefits: 17 years



Example Tier 2

If the same Scheme member aged 53 with five years' calendar length membership retires due to permanent ill-health, but is found to be incapable of some gainful employment after three years, the membership used to work out the member's retirement benefits would be as follows:

Actual membership: 5 years

Extra membership: 3 years (25% of membership to age 65 – 12 years)

Total membership used in working out benefits: 8 years

**Please note that members aged over 45 at 1 April 2008 retired on health grounds will be granted the extra years they would have received under the regulations prior to April 2008. So, for this example, an additional $6\frac{2}{3}$ years, making $11\frac{2}{3}$ in total.*

If you are part-time, any extra membership awarded due to ill-health retirement will be reduced to reflect your part-time hours at leaving, disregarding any reduction in hours due to your illness.

Tier 1 – Part-time

Once again, the Scheme member aged 53, but this time with five years' part-time membership (job share – 50%) retires due to permanent ill-health and is found to be incapable of any work before age 65.

Membership used to work out the member's retirement benefits:

Calendar length membership is reduced to work out benefits

Actual calendar length membership = 5 years which is reduced to 2½ years to work out benefits.

Extra membership = 12 years which is reduced to 6 years for part-time workers.

Total membership used in working out benefits is $2\frac{1}{2} + 6 = 8\frac{1}{2}$ years.

If you were paying extra contributions to buy added years, you will be credited with the whole extra period of membership that you set out to buy, even if you have not completed your full contract.

Your increased membership, however, must not exceed the total membership you would have accrued had you continued in employment until age 65 (or, in the case of coroners, until age 70).

If you qualify for the type of ill-health pension where your benefits are based on enhanced membership, you will be credited with all the extra pension that you set out to buy, even if you have not completed full payment for it.

Ill-health pensions are increased each year in line with the RPI regardless of age.



Can I retire early?

You can elect to retire and receive your LGPS benefits from age 60 onwards. You may be able to retire and receive your LGPS benefits from age 55 (or from age 50 if you joined the LGPS before 1 April 2008 and retire and elect to receive your benefits before 1 April 2010), but only if your employer agrees. This is an employer discretion; they must set out their policy on this in a published statement.

Are there any penalties for retiring early and drawing immediate benefits?

If you retire before age 65, your LGPS benefits, initially calculated as set out earlier, will be reduced to take account of their early payment and the fact that your pension will be payable for longer.

If you were in the LGPS on 30 September 2006, some or all of your benefits paid early could be protected from the reduction under what is called the 85-year rule.

The 85-year rule is satisfied if your age at the date you draw your benefits and your Scheme membership (each in whole years) add up to 85 or more.

If you are part-time, your membership counts towards the rule of 85 at its full calendar length.

Not all membership may count towards working out whether you meet the 85-year rule.

Working out how you are affected by the 85-year rule can be quite complex, but this should help you work out your general position.

- If you would not satisfy the 85-year rule by the time you are 65, then all your benefits are reduced if you choose to retire before 65. The reduction will be based on how many years before 65 you draw your benefits.

- If you will be age 60 or over by 31 March 2016 and choose to retire before age 65, then, provided you satisfy the 85-year rule when you start to draw your pension, the benefits you build up to 31 March 2016 will not be reduced.

- If you will be under age 60 by 31 March 2016 and choose to retire before age 65, then, provided you satisfy the 85 year rule when you start to draw your pension, the benefits you build up to 31 March 2008 will not be reduced. Also, if you will be aged 60 between 1 April 2016 and 31 March 2020 and meet the 85-year rule by 31 March 2020, some or all of the benefits you build up between 1 April 2008 and 31 March 2020 will not have a full reduction.

The early retirement reduction is calculated in accordance with guidance issued by the Government Actuary's Department from time to time. Further reductions apply where the number of years paid early is between 6 and 15.

No. of years paid early	Pensions reduction		Lump-sum reduction
	Men	Women	
0	0%	0%	0%
1	6%	5%	2%
2	11%	10%	5%
3	16%	15%	7%
4	20%	19%	9%
5	24%	23%	12%

Your employer can agree not to make these reductions on compassionate grounds. This is an employer discretion. You can ask them what their policy on this is.

You can reduce or avoid the reductions by not taking immediate payment of your benefits on retirement (i.e. by delaying payment until a later date). If you decide not to draw immediate benefits, the benefits would normally become payable at age 65, but you can defer payment beyond that age, although benefits must be paid by age 75. If benefits are deferred beyond age 65 they will be increased accordingly to reflect late payment. If you are a woman and you defer payment after your state pension age, we have to pay you the GMP element (if any) of your pension from your retirement date or state pension age if later.

Generally, if you were a member of the Scheme before 6 April 1997, your pension must not be reduced lower than a minimum level.

This will equal 1/80th of your final pay for each year of your total membership in contracted-out employment on and between:

- 6 April 1978 and 30 April 1995 if you are female, and
- 17 May 1990 and 30 April 1995 if you are male.

In addition, once you have attained state pension age, the LGPS must guarantee to pay your pension at least at the level of your GMP.

A female Scheme member who chooses to receive her benefits before her normal retirement date in circumstances where her pension is

reduced to less than the level of her GMP, will have her pension increased immediately to the level of her GMP on attaining state pension age.

A male Scheme member will receive a reduced pension until age 65, when it will be increased to match his GMP if greater.

If a female Scheme member leaves her employment, but defers payment of her benefits after state pension age, then her GMP is payable from the later of state pension age or her date of leaving. If employment continues for more than five years beyond state pension age, payment of the GMP cannot be delayed beyond five years unless the Scheme member agrees to the postponement.

If your employer gives consent to your early voluntary retirement on or after age 55 and before age 60, your pension will be increased each year in line with the RPI.

Early retirement through redundancy or business efficiency

If you are aged 55 or over (or 50 or over if you joined the LGPS before 1 April 2008 and retire on grounds of redundancy or business efficiency before 1 April 2010), you will be entitled to the immediate unreduced payment of your LGPS benefits.

Your employer may also enhance your benefits at their discretion. Your employer can award you with up to ten years' additional membership to improve your retirement benefits. They can also grant you up to £5,000 extra annual pension. These are discretions your employer can use if they so wish and they will publicise their policy on this for your information.

Flexible retirement

Can I have a gradual move into retirement?

Rather than continuing in your job to 65 or beyond you may wish to consider the possibility of flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and provided your employer agrees, you can draw some

or all of the pension benefits you have built up – helping you ease into retirement. Your employer will have a policy on flexible retirement. You can ask your employer for details of their policy.

If your employer agrees to flexible retirement you can still draw your wages/salary from your job on the reduced hours or grade and continue paying into the LGPS, building up further benefits in the Scheme. Your election to receive benefits has to be made to your fund administrator – for instance, the West Midlands Pension Fund.

If you were in the LGPS on 31 March 2008, you may have an earlier age you can ask for flexible retirement. You can find out more about this from the Fund.

Will my pension and lump-sum be reduced if I take flexible retirement?

If you take flexible retirement before age 65, your benefits initially will be calculated as detailed in the section *'Are there any penalties for retiring early'* on page 19 and will be reduced for early payment.

Your employer may, however, determine not to apply all or part of any reduction. You can ask them what their policy on this is.

If you receive payment of your benefits on flexible retirement, then your benefits will not be subject to reduction or suspension for re-employment while you are in a job with the employer that allowed you to take flexible retirement.

If you take flexible retirement after age 65, your benefits initially calculated, – as detailed in the section on *'Retirement'* on page 6 – will be increased to reflect late payment.

Membership built up to the date of flexible retirement will count in your continuing employment to decide whether you have the three months minimum membership to qualify for a benefit when you finally leave your continuing employment.

Retiring after age 65

What if I carry on working after age 65?

If you choose to carry on working after age 65 you will continue to pay into the LGPS, building up further benefits. You can receive your pension when you retire although your pension has to be paid by your 75th birthday. Also, if you retire at or after age 65 you can, if you wish, defer drawing your pension but you must draw it by age 75.

Because you will have already passed age 65 when you retire, there are no early retirement reductions to your benefits, no matter how little membership you have. In fact, if you draw your pension after age 65 your benefits will be paid at an increased rate.

Your state retirement benefits

The state pension age is 65 for men and 60 for women. However, from the year 2020, the Government will have equalised the state pension age for both men and women at 65. The increase in the state pension age for women will be phased in gradually from the year 2010 as shown below.

Date of birth	State pension age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	Between 60 & 61
6 April 1951 - 5 April 1952	Between 61 & 62
6 April 1952 - 5 April 1953	Between 62 & 63
6 April 1953 - 5 April 1954	Between 63 & 64
6 April 1954 - 5 April 1955	Between 64 & 65
After 5 April 1955	65



Protection For Your Family

What benefits will be paid if I die after retiring on pension?

If you die after retiring on pension, your benefits will no longer be payable.

Your husband, wife, civil partner, cohabiting partner, next-of-kin or person dealing with your estate must immediately inform the Fund of your date of death as otherwise an overpayment could occur. Contact details appear on the back page of this booklet.

The following benefits may then be payable on your death:

If you ceased membership of the Scheme before 1 April 2008, the death grant and benefits payable to your survivor may differ as they are applicable to the LGPS regulations in force at the time of leaving the Scheme.

A lump-sum death grant will be paid if you die within the first ten years on pension, and you are under age 75. The amount payable would be ten times your annual pension reduced by any pension already paid to you (ignoring any reduction

in your pension as a result of re-employment by an employer offering membership of the LGPS).

A survivor's pension: a pension will be paid to your husband, wife, registered civil partner or, subject to certain qualifying conditions, your nominated cohabiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living.

For your husband or wife: the pension payable is equal to 1/160th of your final pay times the membership your pension is based on, unless you marry after retirement, in which case it could be less. If you marry after retiring:

- your husband's pension is based on your membership after 5 April 1988, (excluding, unless you were married to your husband at some time whilst you paid into the LGPS, additional membership purchased by you or granted to you by your employer or the Scheme),
- your wife's pension is based on your contracted-out membership after 5 April 1978.

- your membership of the LGPS includes a GMP, your wife's pension must not be less than half your GMP. Your husband's or civil partner's pension must not be less than half your GMP built up after 5 April 1988.

For your civil partner or nominated cohabiting partner: the pension payable is equal to 1/160th of your final pay times your membership in the Scheme after 5 April 1988.

Children's pension: these are payable to eligible children and increase every year in line with the cost of living.

The amount of pension depends on the number of eligible children you have:

- If a survivor's pension is being paid to your husband, wife, civil partner or nominated cohabiting partner, one child would receive 1/320th of your final pay times the membership your pension is based on, while two or more children would receive 1/160th shared equally between them.
- If there is no husband's, wife's, civil partner's or nominated cohabiting partner's pension being paid, one child would receive 1/240th of your final pay times the membership your pension is based on, while two or more children

would receive 1/120th shared equally between them.

If you paid additional contributions to buy extra LGPS pension and you opted to pay for dependant's benefits when you took out your original contract, then extra benefits will be payable to your husband, wife, registered civil partner or nominated cohabiting partner and to eligible children.

How do I know if my children are classed as eligible children?

Eligible children are your children.

They must, at the date of your death:

- be under 18 and be wholly or mainly dependant on you, or
- be aged 18 or over and under 23, be dependent on you, and be in full-time education or undertaking vocational training (although a dependant child who commences full-time education or vocational training after the date of your death may be treated as an eligible child up to age 23), or
- in some cases, a dependent child of any age who is disabled may be classed as an eligible child.

In all cases, the children must have been born before or within a year of your death.

Who is the lump-sum death grant paid to?

The LGPS allows you to say who you would like any death grant to be paid to by completing a nomination form.

The Fund has absolute discretion over who receives any lump-sum death grant – they can pay it to your nominee or personal representatives or to any person who appears, at any time, to have been your relative or dependant. If any part of the death grant has not been paid by the second anniversary of your death, it must be paid to your personal representatives, i.e. to your estate.

If you have not already made your wishes known, or you wish to change a previous nomination, a form is available from the Fund.

Remember to complete a new form if your wishes change.

If you have not previously completed a nomination form, or wish to revise your nomination, please contact the helpdesk on **0300 111 1665** who will arrange for a form to be sent to you.

Your personal representatives will have to determine whether, with the lump-sum death grant, the capital

value of your overall pension benefits (not including any spouse's, civil partner's or dependant's pensions) exceeds the HMRC allowance. Under HMRC rules, any excess will be subject to a recovery tax charge. Most Scheme members' pension savings will be significantly less than the allowance. You can find more information on this from the Fund.

What are the conditions for a nominated cohabiting partner's survivor's pension?

To be able to nominate a cohabiting partner, of either opposite or same sex, to receive a survivor's pension on your death, all of the following conditions must have applied to both you and your nominated cohabiting partner for a continuous period of at least two years on the date you both sign the nomination form:

-
- You must have been a contributing member of the LGPS on or after 1 April 2008.
 - Both you and your nominated cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
-

-
- You and your nominated cohabiting partner have been living together as if you were husband and wife, or civil partners, and
-
- Neither you or your nominated cohabiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
-
- Either your nominated cohabiting partner is financially dependent on you or you are financially interdependent on each other.
-

You make a nomination by completing a nomination form available from the Fund. A nomination is only valid if all of the above conditions have been met for a continuous period of at least two years on the date you both sign the form.

On your death, a survivor's pension would be paid to your nominated cohabiting partner if:

-
- The nomination has effect at the date of your death, and
-
- Your nominated cohabiting partner satisfies us that the above conditions had also been met for a continuous period of at least two

years immediately prior to your death.

-
- Widow's, widower's, civil partner's, children's and nominated cohabiting partner's pensions are increased each year in line with the RPI, regardless of age.
-
- Since 1 April 1998, widow's, widower's and civil partner's pensions are payable for life even if your widow, widower or civil partner remarries, enters into a new civil partnership or cohabits.
-

This applies where you are a contributing member of the LGPS on or after 1 April 1998 and your widow or widower or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998. Your administering authority has the discretion to allow widow's, widower's and civil partner's pensions to continue in payment where the remarriage, civil partnership or cohabitation commenced after 31 March 1998, but you ceased to be a contributing member of the Scheme earlier. This is an administering authority discretion; you can ask your administering authority what their policy is on this matter.

What happens if I marry after retirement?

If you marry after retirement, a widow's pension based on your contracted-out membership after 5 April 1978, or a widower's pension based on your membership after 5 April 1988, (excluding additional membership purchased by you or granted to you by your employer or the Scheme), will be payable. If you enter into a civil partnership after retirement, a civil partner's pension based on your total membership after 5 April 1988 will be payable.

Pension sharing order

If your pension benefits are subject to a pension sharing order issued by the court following a divorce or annulment of marriage or the making of an order for the dissolution or nullity of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the court order or agreement. In consequence, if you remarry or enter into a new civil partnership, any spouse's pension or civil partner's pension payable following your death will also be reduced. Benefits payable to eligible children will not, however, be reduced because of a pension share.



How Your Pension Will Be Paid

Your pension will normally be paid on the 25th of each month by direct credit to your nominated bank, building society or post office account. Your payslip will be sent to your home address. Consequently, you should inform us immediately (using the back of your payslip) if you change your banking details or your address. Alternatively, contact the helpdesk on **0300 111 1665**.

If the 25th falls during a weekend or bank holiday, your pension will be credited on the previous working day.

Your first payment of pension may be for a part of or for more than one month.

If you are planning to live abroad, and wish your pension to be paid to your foreign bank account, your pension will be paid to you on a quarterly basis each March, June, September and December.

There are three methods of payment:

- 1 To a bank or building society in the UK.
- 2 Direct into a foreign bank account via the Transcontinental Automated Payment System (TAPS).
- 3 If you live in Jamaica, there are alternatives to TAPS. Please contact the Fund direct if you require details of these options.

TAPS application forms, together with details of the costs of this service, are available from the Fund. For small pensions, one payment is made per year, in March. You are advised to check that your pension has credited your account before making any withdrawals.

Please note:

We cannot accept liability for delays in either the banking or postal system.

Your payslip explained

- 1 Your name and address:**
If you move house, please write to us to let us know your new address. (The reverse side of your payslip has a cut-off section for this purpose). Alternatively, you can contact us by telephone.
- 2 Our address:**
Where to address all correspondence
- 3 Personal reference number:**
This number helps us to identify you quickly. Please quote this number when you telephone or write to us.
- 4 Contact details:**
Telephone, fax, e-mail and website contact details.
- 5 Our location:**
Where our offices are located.
- 6 Messages:**
Space for periodic messages giving useful information.
- 7 National Insurance number:**
Always quote this number when raising queries with the tax office.
- 8 Method of payment:**
How your pension is paid.
- 9 Gross pension/other payments:**
Total pension/other payments this pay date.
- 10 Income tax:**
Tax this pay date. When a tax refund is payable the amount shown will be followed by the letter 'R'.
- 11 Other deductions:**
Details of other deductions.
- 12 Total deductions:**
Total deductions made this pay date.
- 13 Net pension:**
This is the amount of your payment.
- 14 Tax queries:**
This is the address and telephone number of the tax office responsible for dealing with your pension.
- 15 P45 gross pay and tax:**
Figures notified to us by the tax office.
- 16 Tax paid to date:**
Total amount of tax paid - since April of the current financial year.
- 17 Gross pension to date:**
Total pension - before tax - since April of the current financial year.
- 18 Pension date:**
This is the date of payment.
- 19 Tax period:**
Tax period of the current year.
- 20 Tax code/basis:**
Your personal tax code as notified by the tax office.
- 21 Notification of change of address and/or banking details:**
The reverse side of your payslip has a cut-off section which you should complete and return to us following any change to your address or bank/building society details. Alternatively, if you have registered a password, you can contact us by telephone.

PENSION ADVICE

West Midlands Pension Fund
... a can do, will do organisation



1

Your Personal Reference Number: 3

Our Address:
West Midlands Pension Fund
PO BOX 3948
WOLVERHAMPTON WV1 1XP 2

Help Desk: 0300 111 1665
Payroll: (01902) 554601, 554602,
554615, 554619

Fax: (01902) 554673
Website: wmpfonline.com
E-mail: PensionFundEnquiries@wolverhampton.gov.uk 4

Please don't forget to notify us of any change to your address or banking details - see overleaf

Personal Calls: Our offices are located at Red Lion Street, Wolverhampton 5

Messages: 6

Pension Date	Tax Period	Tax Code/Basis	National Insurance Number	Method of Payment
18	19	20	7	8

Gross Pension To Date	17
Tax Paid To Date	16
P45 Gross Pay	15
P45 Tax	

Gross Pension Other Payments	9
Total	
Income Tax (R=Refund)	10
	11
Total Deductions	12
Net Pension	13

Your tax queries should be directed to:
HM Revenue & Customs
Birmingham Solihull Area Office
City Centre House
30 Union Street
Birmingham 14
B2 4AE
Tel: 0845 302 1437
(8am-8pm Mon-Fri, 8am-5pm Saturday)
(Please quote tax reference: 068/W105)



The West Midlands Pension Fund
is administered by
Wolverhampton City Council



Voluntary payroll deductions

If you have been paying contributions to any of the schemes shown on this page from your wages or salary and have requested that your membership be transferred, a deduction at the appropriate rate will be made from your monthly pension.

Please note:

If this arrangement applies in your case any request for claim forms (and information) should be made direct to the organisation concerned.



The Secretary

Paycare

Paycare House, George Street,
Wolverhampton WV2 4DX
Tel: 01902 371000

HSA Personal Medical Plans

Hambleden House,
Waterloo Court, Andover,
Hampshire SP10 1LQ
Tel: 0800 328 1202

The Subscriptions Co-ordinator

Forester Health, Forester House,
Cromwell Avenue, Bromley
BR2 9BF
Tel: 0800 073 0303

BHSF Ltd

Gamgee House, 2 Darnley Road,
Birmingham B16 8TE
Tel: 0800 622552

Completed claim forms must be returned direct to the organisations concerned.

Your New Income Tax Office

Please note that the income tax office responsible for dealing with your pension is:

HM Revenue & Customs
Birmingham Solihull Area Service
City Centre House
30 Union Street
Birmingham
B2 4AE

Tax reference: 068/W105

Tel: 0845 302 1437

In accordance with tax office instructions, you will be taxed on month 1 basis until further instructions are received from them.



If parts 2 and 3 of your P45 are not received by us, your pension will be taxed using BR code until further instructions are received from the tax office. You should retain part 1a of your P45.

A BR code shows that the basic rate of income tax (20% as at April 2008) is to be applied and that no 'free pay' allowance or lower rate relief is given.

If you are moving overseas, any application for exemption from UK income tax should be sent to:

HM Revenue & Customs Centre for Non-Residents

Fitzroy House
PO Box 46
Nottingham
NG2 1BD

Tel: (from within UK) 0845 070 0040
(from outside UK) +44 151 210 2222

Contact us:

Emails can be sent via the website:
www.hmrc.gov.uk/cnr

Minimum Pensions and Pensions Increase

Minimum pensions

The LGPS is a pay-related scheme and is contracted-out of the state second pension (S2P). This means that you must receive a minimum level of pension from us at least equivalent to the additional pension you would have received from the state (at state pension age) had you been in S2P or other state provision during your LGPS membership.

The S2P is the additional pension provided by the state in respect of an employee's national insurance earnings, between lower and upper limits, from 6 April 1978 for each year of their working life. Employees who are not in a contracted-out scheme will be automatically in the S2P. Employees who have a period of contracted-out employment will have their state additional pension reduced accordingly.



The minimum level of pension you are entitled to receive (at state pension age) is based on your GMP entitlement for employment between 6 April 1978 and 5 April 1997. This is broadly equivalent to the additional pension you would have received from S2P or other state provision.

Pensions increase

The law says that all LGPS pensions in payment must be fully increased in line with the RPI which measures price inflation, so that they maintain their purchasing power. These increases are paid by us up until your state pension age, at which time the state then becomes jointly responsible for pensions increase.

N.B. LGPS pensions paid following retirement before age 55, except in the case of ill-health retirement, are not increased until age 55.

When you reach state pension age, the law says that the part of your pension which relates to your GMP must be increased overall in line with RPI. As mentioned, the responsibility for increasing the part of your LGPS pension that relates to your GMP is then shared between us and the state. Therefore, responsibility for pensions increase (from state pension age) will be as follows:

-
- (i) for that part of your GMP that relates to employment from 6 April 1978 to 5 April 1988, the increases will be made entirely by the state,
-

-
- (ii) for that part of your GMP that relates to employment from 6 April 1988 to 5 April 1997, the increases will be made by us up to a maximum of 3% a year - the state pays anything above 3%, and
-

- (iii) for that part of your LGPS pension, in excess of your GMP, the increases will be made entirely by us in line with RPI - these increases are not limited to a 5% maximum as in many other schemes.
-

N.B. Pensions increase, paid by the state, is paid in addition to your basic state pension. However, special conditions apply if you live abroad in certain countries.



Other Matters



Planning a marriage or civil partnership after retirement?

If you decide to enjoy the rest of your retirement by sharing it with a new husband, wife or civil partner, don't forget to let us know and send your marriage/civil partnership certificate for registration.

It is necessary for you to keep us informed of any changes in your circumstances, so that we can keep your pension record up to date and, when you are no longer around, we will be able to finalise your affairs with the minimum of worry and

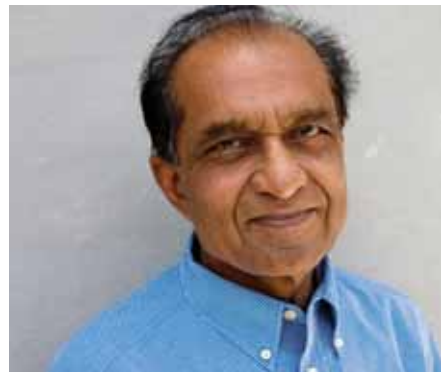
inconvenience to your family and friends.

State pension benefits

If you have reached state pension age, any queries regarding state benefits should be addressed to your local office of The Pensions Service (The Pensions Service is part of the Department for Work and Pensions). The address and telephone number can be found in your telephone directory.

Modification

If you joined the LGPS before April 1980 and left the Scheme before 1 April 1998, your pension may be subject to a small reduction to take account of state benefits.



Pensions and divorce or dissolution of a civil partnership

You may wish to get legal advice from your solicitor on how to deal with your LGPS benefits and you and your partner will need to consider how to treat your pension rights as part of any divorce/ dissolution settlement.



What is the process to be followed?

You will need specific information about your LGPS benefits as part of the proceedings for a divorce, judicial separation or nullity of marriage, or for dissolution, separation or nullity of a civil partnership.



You or your solicitor should contact the Fund for this information, including an estimate of the cash equivalent value (CEV) of your pension rights.

The court will take this value into account in your settlement. In Scotland, only the pension rights built up during your marriage/civil partnership are taken into account.

All correspondence received by the Fund in connection with divorce or dissolution proceedings will be acknowledged in writing. If no acknowledgement is received, you should contact the Fund to ensure that your correspondence has been received.

Some other LGPS provisions

The LGPS requires your administering authority to:

- pay interest on lump-sum benefits that are paid more than one month after they should have been paid.
 - pay interest on pensions that are paid more than a year after they should have been paid.
-

The LGPS allows your administering authority to:

- reduce pension benefits if a LGPS member ceases to be employed as a result of a criminal, negligent or fraudulent act, or omission.
-

- forfeit a LGPS member's pension rights if the Secretary of State for the Department for Communities and Local Government agrees and the member has been convicted of a serious offence connected with their employment.
-

The LGPS does not allow you to:

- assign your benefits. Your LGPS benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan.
-



Help With Pension Problems

In this section, we look at what you can do if you are not happy about a decision made about your LGPS pension position.

Who can help me if I have a query or complaint?

If you are in any doubt about your LGPS benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact the Fund in the first instance. Contact details can be found on the reverse of this publication. We will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If your query is about your contribution rate, or relates to the contributions you have paid, please contact your employer's personnel/human resources or payroll section, so they can explain how they have decided which contribution band you are in.

If you are still dissatisfied with any decision made in relation to the Scheme you have the right to have

your complaint independently reviewed under the Scheme's internal disputes resolution procedure.

There are also a number of other regulatory bodies that may be able to assist you.

Here are the various ways you can ask for help with a pension problem.

Internal disputes resolution procedure (IDRP)

In the first instance you should write to the person nominated by the body who made the decision about which you wish to appeal, either your employer or your pension fund administering authority. You must do this within six months of the date of the notification of the decision about which you are complaining. This is a formal review of the initial decision and is an opportunity for it to be reconsidered. The nominated person will consider your complaint and notify you of his/her decision. If you are dissatisfied with that person's decision, you may, within six months of the date of the decision, apply to the Fund's

administering authority – in the case of the West Midlands Pension Fund, this is Wolverhampton City Council – to have it reconsidered.

The Fund can tell you who your employer's/the Fund's administering authority's nominated person is and supply you with a more detailed leaflet on the IDRP together with a form to fill in, or you can ask your employer. Contact details for the Fund are on the reverse of this publication.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with any pensions query they may have or any difficulty which they cannot resolve with their scheme administrators. TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Tel: 0845 601 2923

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved after the intervention of TPAS, an application can be made, within three years of the event, to the Pensions Ombudsman for an adjudication.

The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman. The Pensions Ombudsman can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Tel: 020 7834 9144

The Pensions Regulator

This is the regulator of work-based pension schemes. The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

Napier House
Trafalgar Place
Brighton
BN1 4DW
Tel: 0870 606 3636

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants) who have lost touch with previous employers. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to their scheme or people expecting benefits from the scheme. If you need to use this tracing service, please write to:

The Pension Tracing Service

The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Tel: 0845 600 2537

Also, don't forget to keep your pension providers up to date with any change in your home address.



Pensions Administration Service

Customer charter

- To deal with you promptly, fairly and efficiently at all times and to give you the best possible service in accordance with the standards.
 - To give you the standard of service you want.
 - To consult you wherever possible and to take account of your views before we make any changes.
 - To be accountable to you for what we do by monitoring the quality of our service and reporting on how well we've lived up to our standards.
-

Standards of service

Our standards of service are set out on the following pages. They specify the maximum turnround times in which we aim to take the action indicated. Better turnround times may be achieved in practice. In any event, the stated times will be reviewed at regular intervals. The target days stated are working days.



Our commitment to our pensioners

Changes in personal particulars

We will acknowledge receipt of a pensioner's written notification of a change in name, address, bank or building society details and make the appropriate amendments to the pensioner's payroll record within **three days** of receiving the written notification.

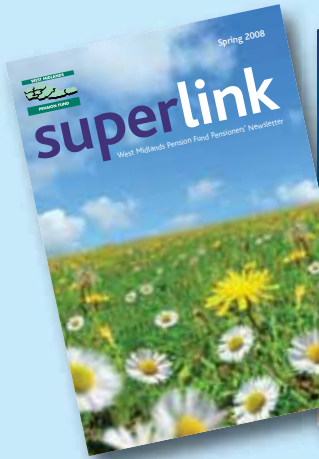
Deaths of pensioners

We will acknowledge receipt of a notification of the death of a pensioner and start action to put into payment any dependants' benefits within **five days** of receiving the notification.

Change of tax code

We will update a pensioner's payroll record with a revised tax code, within **two days** of receiving notice of the change from HMRC.

Superlink – our pensioners' newsletter



At least **four times** a year, we will send you a copy of our pensioners' newsletter, Superlink, covering topical pension stories along with contributions from Fund pensioners.

Superlink is usually issued in December, March, June and September.

Interview and words: Nic Kynaston

"I am at least as active, physically and mentally, as most 20 year olds."

He thinks mandatory retirement ages are nonsense and plans to keep the 'best job in journalism' as long as he can. John Humphrys tells Heyday what drives him on.

"Egotative, banal, vacuous, boring, stupid." I've just asked John Humphrys what he thinks of reality TV and he's told me in no uncertain terms. Well, what did I expect? His not known as someone who minces words. "I'm a grumpy old man," he adds. "Not only that, he adds as he sits in his west London study. "I was a grumpy young man. Argumentative too. Always have been. I got it from my father. And I'm



worried in the morning. Well, wouldn't you be if you got on at three thirty?" Humphrys' early start is due to his role as presenter on Radio 4's Today programme. You'd think he would be used to it by now. March sees him 21 years in the role. With its mix of

4 Superlink Summer 2008

Yvonne Davis

Pension credit

1 People over 60 years of age are entitled to claim pension credit if their income does not total £11905 for a single person and £18100 for a married couple. (These amounts are increased each April 06 in line with inflation.) People who have caring responsibilities are entitled to an additional amount of £27.15 per week and people who receive disability living allowance (DLA) or attendance allowance (AA) – who live alone – with no one claiming carers allowance to care for them, can claim an additional £48.50 on top of these basic figures. Where couples both claim DLA or AA, this amount is increased to an extra £97.00.

2 You can claim from four months before your 60th birthday. If you are a couple, only one of you needs to be 60 years to claim.

3 Many older people miss out on this extra income, as they do not understand or have had a poor experience of the benefits system. This article seeks to explain more fully the assistance available and guides people to seek advice to pursue their full entitlement.

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4 Pension credit is made up from two elements:

a) Guarantee credit – which brings entitlement to full rent and council tax rebate as well as access to other additional benefits such as cold weather payments or access to the social fund for community care grants.

b) Savings credit – only payable to people over 65 years old who have made some provision themselves for their retirement.

5 Savings credit can be claimed by single people with an income of £87.26 or £107 per week, or by couples with a combined income of £1190.65 to £445.00 per week. Savings credit can be paid up to a maximum of £18.65, if you are a single and £25.26, if you are a couple (only one of you need be 65 years old, depending on your actual income between these figures).

6 The Pension Service operates a telephone service between 9am to 5pm Monday to Friday and from 1 pm on Saturdays. The telephone number is 0800 131 313. Calls are free and staff will take you through the calculation and assist you to claim.

7 For people wanting to do their own calculation there is a quick calculator on www.dwp.gov.uk, under the section about pension credit. It can be a bit tedious taking you through 10 pages of questions, but they are straightforward and the system calculates for you whether it is possible for you to claim.

8 People with capital or savings often think they aren't qualify for assistance. However, the allowance for savings or capital in pension credit is far more generous than previously. People who have been



told in the past that they have too much income or savings for assistance could well find, with the changes to older people's benefits, entitlement, they now qualify.

9 Pension credit assumes an income of £1 for every £100 of capital savings – above £6,000. The first £6,000 of savings does not count. (This is £10,000 if someone is permanently in a care home.) Hence someone with £70,000 of capital is assumed to have £128 in income, but they could still qualify for pension credit guarantee credit. If they received DLA (as in the paragraph above) and had no other source of income, they would also still qualify for £15.47 savings credit if they were 65 years or older.

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Retirement Annuity Service

Your company AVC pension will have built up a 'pot' of money for your retirement. There are currently a number of options available to convert your AVC pension scheme into an income when you retire.

With this in mind, Hargreaves Lansdown offer a special retirement service to help you.

They will explain the retirement service and answer any initial questions you may have.

About the service

At retirement, the accumulated fund in your account is used to buy you an annuity from an insurance company, bank or building society (but you can defer purchasing an annuity until the day before your 75th birthday at the latest). If you carry on contributing to the LGPS beyond age 65, you will not be able to purchase an annuity until whichever of these occurs first:

- You retire, or
- You reach the eve of your 75th birthday, or

-
- You have your employer's consent for flexible retirement – see pages 21 to 22
-

What is an annuity?

An annuity is a fixed amount of additional pension benefit, although you may be able to choose to include guaranteed annual increases and dependants' benefits.

Annuities are subject to annuity rates which, in turn, are affected by interest rates. When interest rates rise, the organisation selling annuities is able to obtain a greater income from each pound in your AVC fund and, therefore, can provide a higher pension. Conversely, a fall in interest rates reduces the pension which can be purchased.

Providers

Annuities are provided by insurance companies such as Prudential, Standard Life, Norwich Union and Legal & General. Different insurance companies offer different annuity rates and these change frequently.

This means that at any particular time, some companies will be more competitive than others. Hargreaves Lansdown's comprehensive annuity service takes care of sorting out a competitive retirement income for you – so you can sit back and enjoy your retirement.

You can use this service for:

- Group personal pensions
- Stakeholder pensions
- AVCs
- FSAVCs
- Company money purchase schemes
- Personal pensions

What are my options?

There are currently a number of options available when setting up your annuity using Hargreaves Lansdown's service. This gives you greater flexibility over your future income.

For instance, you may be able to:

- Choose an income which continues to be paid at a reduced rate to your spouse or partner if you die before them.

- Choose an income which moves each year in line with inflation.

- Choose an income which pays out for your lifetime only.

- Choose an income which remains at a constant amount each year.

- Choose an income which is guaranteed to be paid for a minimum of five or ten years, even if you die before then.

- Alternatively, upon leaving the LGPS with an immediate payment of pension benefits you will be able to use the accumulated fund in your AVC account to buy a top-up pension from the LGPS or use part to buy a top-up pension from the LGPS and part to purchase an annuity. The top-up pension from the LGPS will provide an inflation-proofed pension and dependants' benefits.

These are just some of the options currently available. This service will provide you with a number of comparisons, so you can decide what option to choose. (Annuities from occupational schemes may be subject to scheme rules.)

Tax-free cash

On retirement, you will normally be given the option of taking a tax-free cash lump-sum which you can spend or save as you wish.

Under the LGPS, the tax-free lump-sum is automatically included in the 'package' of benefits awarded. The tax-free cash is, as the name suggests, totally tax-free.

You may also elect to take up to 100% of the accumulated fund in your in-house AVC as a tax-free lump-sum if you draw it at the same time as your LGPS pension benefits, provided when added to the LGPS lump-sum it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) or, if less, 25% of the lifetime allowance, less an adjustment for the value of any other pension benefits you are already drawing. If you defer drawing your AVC, you can draw up to 25% of the value of your AVC fund as a tax free lump-sum at the time you decide to take benefits from your AVC fund. Taking tax-free cash will reduce the income you receive from your annuity. Not taking tax-free cash will increase the income you receive from your annuity.

For more information, please call Hargreaves Lansdown on **0845 345 3501**.

In certain circumstances, such as retirement on ill-health grounds or cessation of payment of AVCs before retirement, the LGPS makes provision for AVCs to be converted into LGPS membership provided you commenced payment of the AVCs prior to 13 November 2001.

Further information is available from the administering authority.

Special annuities

Do you smoke?

If you smoke cigarettes regularly and have done for the last ten years, please let Hargreaves Lansdown know, as they are likely to be able to get a higher income for you.

Do you qualify for special rates?

Some annuity providers will pay you a higher income if you have certain medical conditions or carry out particular occupations.

Make sure you take this opportunity to obtain the maximum income possible by declaring any lifestyle or medical conditions when setting up your annuity.

If you can answer yes to any of the questions shown below, they may well be able to obtain a better income for you.

Please note, they will treat the information you send them in the strictest confidence.

- Do you take regular medication?
- Do you suffer from chronic asthma?
- Do you have complications arising from high blood pressure?
- Have you recently undergone major surgery?
- Do you suffer from diabetes?
- Have you ever suffered a serious illness such as cancer, stroke or multiple sclerosis?
- Did you work in a manual occupation, and live in the North, West Midlands, Scotland, Wales or Northern Ireland?

Can I use the retirement service for any other pension benefits I have?

Yes. The retirement service is also open to you if you have built up pension funds from other employers, or from periods of self-employment. Most types of pension plans require you to set up an annuity when you retire. Let Hargreaves Lansdown take away all the hassle, so you can get on with the serious business of enjoying your retirement.

Hargreaves Lansdown specialists can do the work for you and liaise with your various pension providers.

Can I get help if there is anything I don't understand?

Yes. Hargreaves Lansdown have set up a special non-advisory helpdesk for any questions you may have. The number is **0845 345 3501**.

The helpdesk is open throughout normal office hours: Monday to Friday, 9.00am - 5.00pm. There is also an out of hours answerphone for your convenience. For your protection, calls may be monitored and possibly recorded.

How to find out more

Hargreaves Lansdown can help you by post or over the telephone. Please call on **0845 345 3501**.

Important investment notes

This guide is published solely to help individuals to make their own investment decisions. It does not constitute a personal recommendation in any way whatsoever. Should you have any doubt as to the suitability of an investment for your circumstances, you should seek independent financial advice. Any tax reliefs referred to are those currently applying, but levels and the bases of, as well as relief from taxation are subject to change.

Their value depends on the individual circumstances of the investor.

Annuity rates may change from time to time and are only guaranteed for a limited period. If the annuity income differs from the guarantee you will not, for that reason alone, be entitled to compensation under the Financial Services Compensation Scheme.

An annuity is a long-term investment as it cannot be cancelled or transferred to another provider. It does not have a cash-in value. You may have cancellation rights, but these are only available for a limited period. Your Company Retirement Service is provided by Hargreaves Lansdown Annuities, an independent specialist in the annuity market.

Your AVC retirement service is provided by Hargreaves Lansdown Annuities, an independent specialist in the annuity market.

Hargreaves Lansdown Annuities

Kendall House
4 Brighton Mews
Clifton
Bristol BS8 2NX

Authorised and regulated by the Financial Services Authority.

Help and information

Further information

We will ensure that all of our members are provided with relevant further information on request.

Comments and complaints

We welcome and value your comments on the standards of service we provide. If you have any comments you wish to make, please contact us at the address shown on the back cover, or use the facilities provided on our website at westmids-pensions.com

We would also like to hear from you if you are not satisfied with the way you have been treated.

If you wish, you can speak to Brian Bailey, Director of Pensions, on his personal number 01902 552020 on any weekday between 9.00 and 9.30am, or you can e-mail him at brian.bailey@wolverhampton.gov.uk

Frequently Asked Questions (FAQs)

Who runs the LGPS?

The LGPS is run by administering authorities, for example, county councils, in accordance with regulations approved by Parliament. Each administers their own fund, into which all contributions are paid. Every three years, independent actuaries carry out a valuation of each fund and set the rate at which the participating employers must contribute to fully fund the payment of Scheme benefits for that fund's membership.

How is the Scheme amended?

The Scheme Regulations are made under the Superannuation Act 1972. Changes to the rules are discussed at national level by employee and employer representatives, but can only be amended with the approval of Parliament. Your administering authority must keep you informed of any changes that are made.

Are the Scheme benefits protected?

As the Scheme is set up by statute, payment of the Scheme benefits are guaranteed by law.

What other legislation applies to the Scheme?

The Scheme is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the Scheme was, immediately before 6 April 2006, both a retirement benefits scheme approved under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act). This means, for example, that you receive tax relief on your contributions. It complies with the relevant provisions of the Pension Schemes Act 1993, Pensions Act 1995 and the Pensions Act 2004.

How can I check the accuracy of my pension records?

To maintain the security of any information about you, your administering authority is registered under the current Data Protection Act. You can check that your computerised personal record is accurate, although we may charge a small fee (see contact details on the back cover).

What other information am I entitled to?

You are entitled to obtain a copy of the LGPS Regulations 2007 (Benefits, Membership and Contributions - Statutory Instrument Number 2007) and subsequent amendments. The regulations are available from The Stationery Office at <http://www.hmso.gov.uk>

A current version, including all amendments, is available on the Local Government Employers' website at <http://www.lge.gov.uk/pensions/content/timeline.html>

A copy of the regulations may be inspected at the Fund's offices. In addition, you are entitled to view, and take copies of the Fund's *Annual Report and Accounts*.

What happens if I do not agree with the calculation of my benefits?

First, identify which part it is within the calculation that you do not agree with. If, after reading this booklet which details the components that make up the benefit, and you think a mistake has been made (although this is unlikely), we will rectify it as soon as possible, and adjust any payments we have already made accordingly.

What if I move, I am paid direct into my bank. Do I still need to inform you?

Yes. We will send you a payslip for every scheduled payment that we make. We, therefore, need to be kept informed of your home address in order that we can send you this and other important information.

How do I tell you I have changed my address or bank details?

On the reverse of each payslip is a section that you can complete and send back to us telling us of any changes. We print this in such a way that you can cut this section off your payslip and still keep the financial information.

How much notice do I need to give to change details?

We will try and action any change of details for the next payroll date following notification. However, this is not always possible. Please wait until you have had confirmation from us of any changes before you close any accounts that you may hold.

What if I am subject to a pension sharing order?

If your pension benefits are subject to a pension sharing order issued by the court following a divorce or annulment of marriage or the making of an order for the dissolution or nullity of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the court order or agreement.

How do I get a state pension forecast?

A state pension forecast tells you based on current rates, the amount of state pension you may get based on your national insurance contributions so far and the amount you may get when you claim it.

You can get a forecast if you are living in the UK and are more than 30 days away from your state pension age from:

Future Pension Centre

The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Tel: 0845 300 0168

Can I take up another job without losing my pension?

The circumstances are complex surrounding this issue. Please contact us for details, when or if you are considering taking up further employment. You are reminded that you have a legal responsibility to inform any local government pension fund, from which you receive a pension, if you take up further employment, regardless of who that employment is with.

Some Terms We Use

Administering authority

Wolverhampton City Council is the administering authority for the West Midlands Pension Fund (WMPF).

West Midlands Pension Fund

PO Box 3948
Wolverhampton
WV1 1XP

Additional voluntary contributions (AVCs)

These are extra payments to increase your future benefits. You can also pay AVCs to provide additional life cover.

All local government pension funds have an in-house AVC scheme where you can invest money through an AVC provider, often an insurance company or building society. AVCs are deducted directly from your pay and attract tax relief.

Civil partnership

A civil partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

Contracted-out

The LGPS is contracted-out of the state second pension (S2P) scheme. This means that, prior to state pension age, you pay reduced national insurance contributions while you are a member of the LGPS (unless you have opted to pay the married woman's/widow's reduced rate of national insurance). The LGPS guarantees to pay you a pension that is as high as you would have earned had you been in the state earnings-related pension scheme (SERPS) and guarantees benefits which are no less favorable than those provided under a reference scheme prescribed under the Pensions Act 1995.

Cost of living

See RPI

Discretion

This is the power given by the LGPS to enable your employer or the West Midlands Pension Fund to choose how they will apply the Scheme in respect of certain provisions. Under the LGPS, your employer or West Midlands Pension Fund are obliged

to consider certain of these discretionary provisions and to pass resolutions to form a policy of how they will apply the provision. In respect of some of the remaining discretionary provisions they are advised to do so. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review. You may ask your employer or the West Midlands Pension Fund what their policy is in relation to a discretion.

Guaranteed minimum pension (GMP)

This is the minimum pension that the LGPS must pay you if your membership in the LGPS includes a period between 6 April 1978 and 5 April 1997 or includes membership that was transferred in from another pension scheme that was contracted-out of the state earnings-related pension scheme (SERPS) and your GMP from that scheme has been transferred to the LGPS.

Lifetime allowance

This is the total capital value of all pension benefits you can have without triggering an excess benefits tax charge. The lifetime allowance is set by the Treasury and for 2008/2009 is £1.65million.

The lifetime allowance covers any pension benefits you may have in all tax-registered pension arrangements – not just the LGPS.

Nominated cohabiting partner

To be able to nominate a cohabiting partner, of either opposite or same sex, to receive a survivor's pension on your death, your relationship has to meet certain conditions laid down by the LGPS.

Retail prices index (RPI)

This shows the changes in the cost of living. It reflects the movement of prices covering a range of goods and services over time. The amount by which pensions are increased annually is based on movement in the RPI during the 12 months to September.

State earnings-related pension scheme (SERPS)

This is the extra earnings-related part of the state pension that employed people could earn up to 5 April 2002. LGPS members were automatically contracted-out of SERPS, and most paid lower national insurance contributions as a result. SERPS was replaced by the state second pension (S2P) from 6 April 2002.

State second pension (S2P)

The state second pension (formerly SERPS) is the additional state pension, payable from state pension age by the Department for Work and Pensions. It is currently an earnings-related pension, but the Government is expected to change it to a flat rate pension from a future date, for people under age 45 at that time. LGPS members are contracted-out of S2P and most pay lower national insurance contributions as a result. More information on the S2P is available from the DWP Pensions Service.

The Fund

The LGPS is run by administering authorities, for example, county councils, in accordance with regulations approved by Parliament. Each administers their own fund, into which all contributions are paid. Wolverhampton City Council is the administering authority for the West Midlands Pension Fund (WMPF). Every three years, independent actuaries carry out a valuation of each fund and set the rate at which the participating employers must contribute to fully fund the payment of Scheme benefits for that fund's membership.



Information produced by the Fund can be made available in several formats including large sight text, Braille and several community languages. If you have any special requirements or would like to speak face to face with a member of staff, please contact us to arrange how we may best meet your needs.

Please remember that special requirements may take a little longer than normal to organise, but you have our assurance that we will do our best to ensure you receive the information in the most appropriate and efficient manner possible.

Data Protection

To protect any personal information held on computer, Wolverhampton City Council is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection Act grounds should contact the City Council's Data Protection Officer on (01902) 554498, via e-mail at dataprotection@wolverhampton.gov.uk

This authority is under a duty to protect the public funds it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.



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Contact information

Write to us at:

West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP

Visit our website at:

wmpfonline.com

Email us on:

PensionFundEnquiries@wolverhampton.gov.uk

Telephone our Helpdesk on:

0300 111 1665

Send us a text on:

Text WMPF + your message to 60066.
Standard short code network charges apply.

Fax us on:

0845 230 1565

Lines are open during the following times:

8:30am to 5.00pm Monday-Thursday

8:30am to 4.30pm Friday

Minicom/Typetalk:

01902 554607

Calls may be monitored for training purposes

