

WEST MIDLANDS



PENSION FUND

West Midlands Pension Fund

All about your deferred benefits



The Local Government
Pension Scheme (LGPS)



December 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 December 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

- Full inflation-proofing
- An option to give up part of the pension for a bigger lump-sum
- Voluntary retirement from age 60
- Early payment of deferred benefits due to permanent ill-health
- Early payment of deferred benefits 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.

Leaving Your Job Before Retirement

In this section, we look at what happens to your LGPS benefits on leaving your job before retirement if you pay into the LGPS on or after 1 April 2008.

As long as you have been a member of the LGPS for at least three months, or you have transferred other pension rights into the LGPS, or you already have a deferred benefit in the LGPS in England or Wales, you will have built up valuable LGPS benefits that form an important part of your savings for retirement. On leaving before retirement, you have two options:

- You can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with inflation.
- Alternatively, you may be able to transfer your deferred benefits to a new pension arrangement.

If you have been a member of the LGPS for less than three months, have not transferred in any other pension rights and do not already have a deferred benefit in the LGPS in England or Wales, you do not qualify for deferred benefits.

You have three options:

- You can claim a refund of your contributions, less any deductions for tax and the cost of buying you back into the state second pension (S2P). Interest is paid if the refund is not made within one year of leaving, but no refund can be made if you rejoin the Scheme within a month and a day of leaving, or rejoin before the refund has been paid.
- You may be able to transfer your benefits to a new pension arrangement.
- You can delay your decision until you either rejoin the LGPS, join a new pension scheme, or want to take a refund of contributions.

What will happen to my benefits if I choose to defer them?

Deferred benefits are where we work out the value of your benefits when you leave the LGPS and hold them in the LGPS for you until either you decide to transfer them to another pension scheme, or they are due to be paid.

Your personal deferred benefit package consists of an annual pension, payable throughout your retirement, with an option on retirement to exchange some pension for a one-off tax-free lump-sum. It also includes life cover and financial protection for your family.

How are deferred benefits worked out?

Deferred benefits are based on your membership and your final pay on leaving.



Membership

Your membership normally includes:

- How long you have been a member of the LGPS worked out in years and days, but excluding:
 - membership for which you already receive a LGPS pension or hold an LGPS deferred pension
 - membership from any concurrent job you may have, and
 - 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 AVCs into membership.
-

- Any extra membership awarded by your employer. This will count as post-31 March 2008 membership unless the employer resolved to award this before 1 April 2008.
-

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

If you work part-time, although the calendar length of your membership is used to decide if you are eligible for a benefit, your membership is reduced to its part-time equivalent length to calculate the amount of your retirement benefits. For example, if you work half-time for ten years, your benefits would be calculated on five years' membership.

If your hours have changed during your membership of the Scheme, your benefits will be calculated to reflect the changes. If you do not have any contractual hours, your membership for each year in the LGPS will be calculated on average weekly hours worked during each year.

Final pay

Your final pay is usually the pay in respect of your final year (grossed up to a full year's pay if you did not receive pay for a full 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.

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 by your employer and you leave the LGPS within ten years of the reduction or restriction in your pay, then we will work out your final pay as the best year's pay in the last five years prior to leaving, or the best consecutive three year average in the last thirteen years after allowing for inflation.

Your deferred pension is worked out like this:

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.

When you draw your deferred benefits, you will be given the option to exchange some of your annual pension for a one off tax-free lump-sum. You receive £12 lump-sum for each £1 of annual pension given up. You can take up to 25% of the capital value of your pension benefits as a lump-sum (limited to £412,500 – 2008/2009 figure – less the value of any other pension rights you have in payment).

Here are examples of how your deferred pension is worked out for membership after 31 March 2008:

If you work full-time:

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

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

If you work part-time:

The same calculation is used, but your membership is scaled down to the part-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 leaving after 10 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 (£18,000 is the full-time equivalent pay for a person working full-time).

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

$$10 \text{ years} \times 18^{1/2} \div 37 = 5 \text{ years}$$

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

$$\begin{aligned} \text{Their deferred annual pension is:} \\ 5 \text{ years} \times 1/60\text{th} \times £18,000 \\ = \mathbf{£1,500} \end{aligned}$$

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

How your deferred benefits are worked out if you joined the LGPS before 1 April 2008

If you joined the LGPS before 1 April 2008, benefits based on your membership to 31 March 2008 will be calculated differently to those based on your membership from 1 April 2008.

For membership built up to 31 March 2008, you receive a pension of 1/80th of your final 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 pay.

There will be no automatic lump-sum for membership built up after 31 March 2008, but you do have the option to exchange some of your pension for extra tax-free lump-sum.

Here is an example of how benefits are worked out if you have membership up to and after 31 March 2008.

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 pay on retirement is £20,000.

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

Their annual pension is:
 $8/80\text{th} \times £20,000 = \mathbf{£2,000}$

Plus an automatic tax-free lump-sum:
 $3 \times 8/80\text{th} \times £20,000 = \mathbf{£6,000}$

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

Their annual pension is:
 $24/60\text{th} \times £20,000 = \mathbf{£8,000}$

To give total benefits of:
An annual pension
 $£2,000 \text{ plus } £8,000 = \mathbf{£10,000}$

Plus a tax-free lump-sum = **£6,000**

But remember, it's possible to exchange some of your pension for extra tax-free lump-sum. You can take up to 25% of the capital value of your LGPS benefits as a lump-sum (limited to £412,500 – 2008/ 2009 figure – less the value of any other pension rights you have in payment). For every £1 of annual pension that you give up, you will receive an extra £12 lump-sum.

To summarise, any pension built up before April 2008 is calculated at the 1/80th rate with a lump-sum of three times pension. Only pension built up from 1 April 2008 is calculated at the better 1/60th rate and there is an option to take extra lump-sum in exchange for some pension.

You should also note that: If you have an in-house AVC fund and you convert it into extra LGPS membership, this membership counts as pre-1 April 2008 membership in working out your benefits. You are only allowed to convert your AVC fund into LGPS membership in limited circumstances, and only if your election to start paying AVCs had been made before 13 November 2001.

If you are buying extra membership in the LGPS (added years), this membership counts as pre-1 April 2008 membership in working out your benefits.

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

If you are a high earner and you joined the Scheme after 31 May 1989 and before 6 April 2006, you could only pay contributions and have your benefits based on your pay up to the earnings cap – this was £105,600 for 2005/6.

The earnings cap was removed from 6 April 2006 and, if it affected you, your relevant membership prior to then will be reduced.

What if I paid extra?

If you have been paying extra contributions and leave with deferred benefits, you will benefit from those extra contributions.

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

Contributions to buy extra LGPS pension will cease when you leave the LGPS. You will be credited with the extra pension you have paid for at the time of leaving. This will increase the value of your deferred benefits and any transfer value paid to a new pension arrangement.

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

If you are paying additional contributions to buy extra LGPS membership, they will cease when



you leave the LGPS. 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 deferred benefits and any transfer value paid to a new pension arrangement.

If you move to a new employer in the LGPS within 12 months of leaving, you can carry on paying the additional contributions provided you also pay them to cover the period between leaving and starting your new job and you join your pension rights together. Contact your new LGPS administrator within three months of rejoining to arrange this.

If you paid in-house additional voluntary contributions (AVCs)

If you are paying AVCs arranged through the LGPS (in-house AVCs), your contributions will cease when you leave. The value of your AVC fund will continue to be invested until it is paid out. Your AVC plan is similar to your main LGPS benefits: it can be transferred to another pension arrangement, be drawn at the same time as your LGPS benefits or be deferred until the eve of your 75th birthday at the latest.

As you cannot pay in-house AVCs after leaving, any extra life cover paid for through AVCs will cease.

When are deferred benefits paid?

Your deferred benefits are normally payable from age 65, although they can be paid earlier, or later. There are two ways they can be paid earlier.

Early payment of deferred benefits at your request

Firstly, you can request early payment of your deferred benefits from age 55, but you must have your former employer's permission for payment before age 60. You can ask your former employer what their policy on this is.

If you were paying into the LGPS on 31 March 2008, you may have a protected earlier retirement age when you can request early payment of your deferred benefits. Early payment can be from age 50 until 1 April 2010 when it reverts to age 55.

If you choose to draw your deferred benefits before age 65, your benefits will be reduced to take account of their early payment and the fact that your pension will be paid for longer. How much your deferred benefits are reduced by depends on how early you draw them.

The reduction is calculated in accordance with guidance issued by the Government Actuary's Department from time to time. The reduction is based on the length of time (in years and days) that you retire early i.e. calculated as the period between the date your benefits are paid and age 65.

As a guide, the percentage reductions, issued in April 2008, for retirements up to five years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

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%

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.

Your former employer can agree to waive any reduction on compassionate grounds. You can ask them what their policy on this is.



How do deferred benefits keep their value?

Your deferred benefits increase every year in line with inflation while they are deferred. Your pension will continue to receive inflation increases every year once it is paid to you.

If your benefits are paid on or after age 55, or are paid before age 55 because of ill-health and you are permanently incapacitated from engaging in any regular full-time employment, your benefits will be increased each year in line with inflation. If your benefits are paid before age 55 for any other reason, your pension is normally paid at a flat rate until age 55. Your pension will then be increased from age 55 to the level it would have been, if it had been increased every year since your date of leaving.

Do the tax rules on savings cover deferred benefits?

There are HMRC controls on all your pension savings – not including any state retirement pension, state pension credit or any spouse's, civil partner's, nominated cohabiting partner's or dependant's pension you may be entitled to. The controls are referred to as the lifetime allowance and the annual allowance.

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 exceeds your lifetime allowance, a tax charge will be made against the excess. The lifetime allowance for 2008/2009 is £1.65 million.

The annual allowance is the amount your pension savings can increase by in any one year without paying extra tax. Any increase in the value of your deferred benefits will be taken into account in assessing whether you exceed the annual allowance (other than the year in which they are paid). The annual allowance for 2008/2009 is £235,000.

Most Scheme members' pension savings will be significantly less than the allowances.



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. You can find out more about these from the Fund.

The Fund will let you know the value of your LGPS benefits when they are paid and ask you about any other pensions you may have in payment, so they can work out whether or not to deduct a recovery tax charge.

Other matters

If your LGPS benefits are subject to a pension sharing order or earmarking order issued by the court following divorce or dissolution 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. For more information, please contact the Fund.

Your employer can:

- 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 Communities and Local

Government agrees and the member has been convicted of a serious offence connected with their employment.

You are not allowed to:

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

What will happen if I die before receiving my deferred benefits?

If you leave with deferred benefits after 31 March 2008 and die before receiving them, the following benefits are payable:

A lump-sum death grant of five times your deferred annual pension. The Fund has absolute discretion when deciding who to pay any death grant to. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning a nomination form. You can complete a nomination form or make a new one at any time. If any part of the death grant has not been paid within two years, it must be paid to your personal representatives, i.e. to your estate.

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 inflation.

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

- your husband's pension is based on your membership after 5 April 1988, (excluding, unless you were married to your husband at some time while 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.
-

- **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.

If your membership in the LGPS includes a GMP, your wife's pension for that part of your membership prior to 6 April 1997 must not be less than half your GMP. Your husband or civil partner's pension for that part of your membership prior to 6 April 1997 must not be less than half your GMP built up after 5 April 1988.

Children's pensions: these are payable to eligible children and increase every year in line with inflation.

The amount of pension depends on the number of 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 deferred 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 deferred pension is based on, while two or more children would receive 1/120th shared equally between them.
-

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.

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.



Transfer of Your LGPS Pension Rights

What happens if I change jobs but remain in the LGPS?

If you are changing your job, but still working in local government or for another employer who offers you membership of the LGPS, or if you rejoin the LGPS before your deferred benefits are paid, you can ask for your LGPS pension rights to be transferred to your new job (you cannot transfer membership built up as an employee to membership in the Scheme as a councillor or mayor, and vice versa).

They will not be transferred automatically. If you wish to transfer your pension rights you must elect to do so within 12 months of rejoining the LGPS, unless your employer allows you longer. This is in an employer discretion; you can ask your new employer what their policy is on this matter.

If you choose to transfer them, you will have one set of benefits which will be based on your entire period of LGPS membership and your final pay in your new job.

Although transferred membership within the LGPS in England or Wales will normally count on a day for day basis, membership transferred to Scotland or Northern Ireland may count at a different length.

If your new job is less well paid, you will need to decide whether it may be better not to join the benefits together.

If you wish to transfer your LGPS pension rights you should contact us or your new LGPS administrator as soon as possible to find out about this and about the matters you will need to consider in making your decision.

If you have two or more jobs where you pay into the LGPS at the same time and you leave one (or more, but not all) of them, you can opt to transfer your benefits from the job (or jobs) you have left to the job you are continuing in. The amount of membership you will be granted in the continuing job will be calculated as follows:

Membership
in the job
you have left

x

whole-time rate
of pay in the job
that has ceased

whole-time rate
of pay in the job
that is continuing

What happens if my job is transferred to a private contractor?

If your job is transferred to a private contractor, the contractor will normally be required to provide a pension scheme that is broadly equivalent to the LGPS. This does not mean that the new scheme must mirror the benefits of the LGPS, but the value of the package offered by the new scheme must be broadly equivalent to the LGPS. You would have the same options available to anyone else leaving the LGPS before retirement. Alternatively, the contractor may be able to become an admission body in the LGPS. This would allow you to stay in the LGPS so long as you were working on the delivery of the contracted out service.

What will happen if I wish to transfer my LGPS benefits to another (non-LGPS) scheme?

If you are joining another pension arrangement, you may wish to consider transferring your LGPS benefits to it. This may even be to an overseas pension scheme or arrangement that meets HMRC conditions. You cannot transfer your benefits if you leave less than one year before age 65. An option to transfer must be made before age 64 or, if later, within six months of leaving.

Your new pension provider will require a transfer value quotation, which, under the provisions introduced by the Pensions Act 1995, the Fund will guarantee for a period of three months from the date of calculation, known as the 'guarantee date'. Your new pension provider can then advise you of the additional benefits the transfer will buy in their scheme. A written option to proceed with the guaranteed transfer value must be received within the three month guaranteed period. If you opt to proceed, the normal time limit for payment of the guaranteed transfer value will be six months from the guarantee date. If payment is not

made within this period, the Fund will need to recalculate the value as at the actual date of payment and pay the recalculated value or, if it is greater, the original value plus interest.

Transfer values are calculated in accordance with the terms and conditions of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) which comply with the requirements of the Pensions Schemes Act 1993.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements: details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don't forget that your LGPS benefits are guaranteed inflation increases. Transfers to public sector schemes usually give benefits that are broadly equivalent to those in the LGPS, provided you apply for the transfer within 12 months of joining your new pension scheme.

Transferring your pension rights is not always an easy decision to make. Therefore, you may wish to seek the help of an independent financial adviser before you make a decision to transfer your deferred benefits to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or an employer's money purchase scheme, as you will be bearing all of the investment risk which could significantly affect your future pension benefits.

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, civil partner, for any cohabiting partner nominated by you, or any benefits for your dependants.



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 IDRPs 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 turnaround times in which we aim to take the action indicated. Better turnaround 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 deferred members

Benefits statements

We will provide a benefits statement within **ten days** of receiving the deferred member's special request for details of the current value of their deferred benefits (as increased in line with inflation).

Periodic benefit statements

We will provide each deferred member with a benefit statement annually showing the current value of their deferred benefits (as increased in line with inflation).

Deferred benefits into payment

Provided we hold a current address, we will send details of the benefits payable so that they are received by the deferred member not later than the day before they are due to come into payment, and we will pay the deferred member's tax-free cash lump-sum so that it is received on the day payment is due.



If we do not hold a current address, we will make every effort to trace the deferred member and we will send details of the benefits payable and pay the deferred member's tax-free cash lump-sum within **ten days** of receiving all of the information we require to make payment.

Telephone password service

The Pensions Administration Service at Wolverhampton is always looking for ways to improve its service, and has introduced a new personal service that lets you take care of most of your LGPS needs by telephone.

You can call to check your membership details, request personal information or even change your address.

To benefit from this service and for security reasons, you must first register. You do this by completing a form which enables you to set up a password unique to you.

Remember

For us to send you an up to date statement, you need to inform us of any change(s) of address.

Your password can be any suitable word of your choice, for example, your mother's maiden name, your place of birth, etc.

Then, every time you call the Pensions Administration Service to request personal details or to make a change, you will be asked to confirm your password and at least two other pieces of information personal to you.

When staff are confident about your identity, they will process your request and provide written confirmation of any change actioned by you.

If you would like to register this service, you must first complete a registration form which can be obtained by contacting the Helpdesk on **0300 111 1665**.



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.



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.

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 second pension (S2P) and your GMP from that scheme has been transferred to the LGPS.

Inflation

This 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 retail prices index during the 12 months to September.

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.

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 pension age

This is the earliest age you can receive the state basic pension and is currently age 65 for men and 60 for women, but from 2010 will change for women as

shown in the table below, so that by 2020 state pension age will have been equalised at age 65.

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

The state pension age will be increased further from 65 to 68 between 2024 and 2046.

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.

Notes



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

