

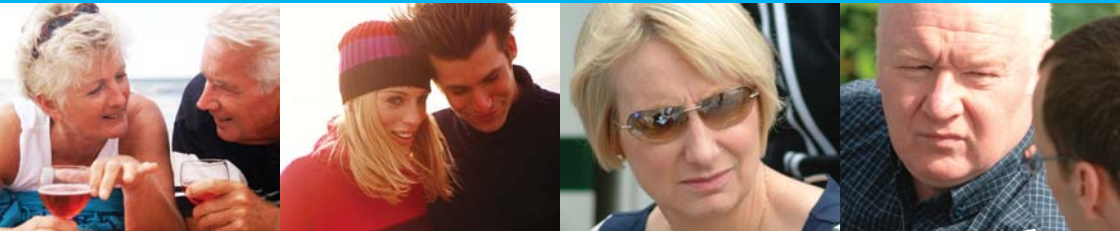
WEST MIDLANDS



PENSION FUND

West Midlands Pension Fund

If you joined the LGPS before 1 April 2008



A new-look Local Government Pension Scheme (LGPS) was introduced from 1 April 2008, changing the cost and benefits of being a member of the LGPS.



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The Government Standard



Take a good new look

As you may be aware, the LGPS has undergone significant changes from 1 April 2008, details of which can be seen on the Fund's website wmpfonline.com

This booklet has been prepared in accordance with the current rules and regulations that apply to the LGPS (the date of publication is shown on the back of this booklet).

How benefits are worked out

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 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 read the '*Your LGPS Retirement Benefits*' in our booklet '*All About Your Scheme*' to find out how membership counts and how final pay is worked out for the calculation of your LGPS benefits.

You should also note that: Membership from a transfer in will count as pre-1 April 2008 membership if you were paying into the LGPS on 31 March 2008; otherwise it will count as post-31 March 2008 membership.

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 awarded extra membership by your employer, this will count as pre-1 April 2008 membership if the date the employer resolved to award this was before 1 April 2008; otherwise, it will count as post-31 March 2008 membership.

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.



When can you retire

The Scheme's normal pension age is still 65. If you continue working beyond age 65, you can stay in the Scheme, but you must draw your benefits by age 75. Benefits drawn after 65 will be increased.

To be entitled to retirement benefits you must have been a member of the LGPS for at least three months, or have brought in a transfer from another pension scheme, or already have a deferred benefit elsewhere in the LGPS in England or Wales.

Early retirement

You can retire and receive payment of your benefits at any time from age 60 onwards and you don't need your employer's consent to do so. To draw your benefits before age 60, you must have your employer's consent. The earliest age you can ask for early retirement with your employer's consent increased from 50 to 55 from 1 April 2008 for new members. If you were paying into the LGPS on 31 March 2008 this change doesn't apply to you until 1 April 2010. You may be able to retire and receive your benefits from

as young as age 50, provided you retire and elect to receive your benefits before 1 April 2010.

If you voluntarily retire before age 65, your benefits may be reduced.

For more information on early retirement, see the section on '*Your LGPS Retirement Benefits*' in our booklet '*All About Your Scheme*'.

Redundancy or efficiency retirement

If you are made redundant or retired on business efficiency grounds, the earliest age immediate benefits are paid also increased from 50 to 55. Again, this change occurred from 1 April 2008 for new members, but won't apply until 31 March 2010 if you were a member of the LGPS on 31 March 2008. If you are made redundant or retired on business efficiency grounds before 31 March 2010, you will receive immediate unreduced payment of your LGPS benefits if you are aged 50 or more.

Flexible retirement

The earliest age for flexible retirement increased from age 50 to 55 from 1 April 2008 for new members. If you were a member of the LGPS on 31 March 2008 and you have been in continuous employment with the same employer since then, this change doesn't apply until 31 March 2010.

You may be able to draw some or all of your benefits on flexible retirement from as young as age 50 provided you take flexible retirement before 31 March 2010.

You must reduce your hours or grade and have your employer's consent to take flexible retirement. If you draw your benefits on flexible retirement before age 65, they may be reduced.

For more information on flexible retirement, see the section on '*Your LGPS Retirement Benefits*' in our booklet '*All About Your Scheme*'.

Early payment – reductions to benefits



If you choose to retire before age 65 or your employer allows you to draw your benefits on flexible retirement before age 65, your benefits may be reduced to take account of being paid for longer. How much your benefits are reduced by depends on how early you draw them.

The reduction is based on the length of time (in years and days) that you retire early – from the date your benefits are paid to age 65. The earlier you retire, the greater the reduction.

The reduction is calculated in accordance with guidance issued by the Government Actuary's Department from time to time.

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 your benefits are paid before age 55, with your employer’s consent, the percentages shown above will differ.

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

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.

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- 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.
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- 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.
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- 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.
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Please note that the rules on deciding whether you have protection under the 85-year rule from a reduction to your benefits if you choose to draw them before 65, and the level of that protection, are quite complex. If you are thinking of voluntarily retiring or asking for flexible retirement before age 65 (this is an employer discretion; you can ask your employer what their policy is on this matter), you should contact the Fund for a quotation of the benefits payable.

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

Also, if you were a member of the LGPS before 6 April 1997, your pension must not be reduced lower than a minimum level. This is 1/80th of your final pay for each year of your 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. While you are a member of the LGPS, you are in contracted out employment up to state pension age (unless you have opted to pay the married woman's/widow's reduced rate of national insurance).

How your pension increases



Your LGPS pension increases in line with the cost of living every year throughout your retirement. As the cost of living increases, so will your pension.

If you draw your benefits early before age 55, apart from on ill-health retirement, your pension is normally paid at a flat rate until age 55, when it will be increased to the level it would have been, had it been increased every year by the rise in the cost of living since your early retirement.

More information

For more information or if you have a problem or question about your LGPS membership or benefits, please contact the Fund at the address shown on the back page of this booklet.

The national website for members of the LGPS can be found at

www.lgps.org.uk

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the section '*Help With Pension Problems*' in our booklet '*All About Your Scheme*'.





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.



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

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 at the top of the page.

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 via email:

brian.bailey@wolverhampton.gov.uk

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If you wish to make a formal complaint, you can write to:

Complaints and Compliments

Office of the Chief Executive
Civic Centre

St. Peter's Square
Wolverhampton
WV1 1NX