

Active member newsletter 2019

Please find enclosed your annual benefit statement for 2019.
This newsletter contains important information about the
Local Government Pension Scheme (LGPS).

CARE Pension

Any membership that you build up within the Local Government Pension Scheme (LGPS) from 1 April 2014 will be part of the Career Average Revalued Earnings (CARE) Pension Scheme.

The benefit you build up in a CARE Scheme is calculated on the actual pensionable pay you receive during each scheme year (1 April to 31 March). If you are in the main section of the LGPS, every scheme year you will build up annual pension based on 1/49th of your actual pensionable pay and this will be added to your pension account. Each year your total CARE Pension is revalued in line with an inflationary increase which is currently based on the Consumer Prices Index (CPI).

If you are paying into the 50:50 section of the LGPS you will build up annual pension based on 1/98th of the pensionable pay you receive each scheme year.

What's the difference between the contributions I pay and my pension?

Your contributions and your pension in the LGPS are different. Often people think that their contributions are their pension – but your contributions are just that, “a contribution” towards the cost of the pension scheme.

Your pension is worked out using the defined formula explained above. This is used to work out every year what your pension will be when you retire.

Your contributions are a percentage of pay, which are deducted from your salary every month. As well as your contribution, your employer also contributes to the fund.

Option to reduce your contribution rate

If you are considering opting out of the LGPS the 50:50 option could be an alternative option to leaving the scheme completely. The 50:50 option allows you to pay half of your current contribution rate, so instead of paying between 5.5% and 12.5%, you could pay between 2.75% and 6.25%. In doing so it means that your pension will grow at a rate of 1/98th per year of membership instead of 1/49th.



Furthermore, by remaining in the scheme, paying at a half rate only affects your pension, as you are still entitled to the same death in service lump sum and ill health benefits as someone paying the full rate. You also continue to benefit from the contribution that your employer pays into the scheme on your behalf.

This option is not a permanent decision as there are various circumstances, such as unpaid sick leave or auto re-enrolment where you will be automatically put back to the normal rate. Under these circumstances you do however have the option to elect to go back to the 50:50 benefit.

If you wish to move to the 50:50 benefit option then please complete the relevant form on our website.

Partnership status

Please be aware: if we do not hold a partnership status for you, the Annual Benefit Status (ABS) partnership status will default to “single”. If this is incorrect and you wish to update this status, please email us: pensions@cornwall.gov.uk with the correct details.

Projection of LGPS benefits to Normal Pension Age

Your Normal Pension Age (NPA) shown on the statement is the higher of age 65 or your State Pension Age (SPA) and may therefore change in the future.

If your NPA is later than 65, and you were a member of the scheme before 1 April 2014, then some of your benefits will be subject to a late retirement increase which is included in the projection to NPA on your statement. This is because these benefits are still linked to a protected earlier NPA of 65.

You may continue in employment and remain in the LGPS past your normal pension age but you must draw your LGPS benefits before the age of 75 years.

To find out your State Pension Age, use the online calculator: <https://www.gov.uk/state-pension-age>

Retirement

Early retirement

If you are aged 55 years or over and have at least two years membership of the LGPS, you can choose to draw your benefits **providing you leave employment**.

If you choose to take your pension before your Normal Pension Age (NPA), the value of your benefits will be reduced to reflect their early payment. The amount of any reduction to your benefits will be based on how many years earlier than your NPA you draw your benefits. Reductions are applied in line with percentages supplied to us by the Government Actuary's Department (GAD). This reduction is NOT reflected in your statement.

Flexible retirement

With your employer's consent, you can reduce your hours and/or your pay grade from age 55 and draw your benefits at a reduced rate, providing you have at least two years membership in the scheme.

Under flexible retirement, you remain in your employment and may continue to contribute to the LGPS on your reduced hours or grade, therefore building up an additional pension benefit until such time as you leave your employment in the future.

You must have permission from your employer to release your pension in this way, therefore if you wish to consider flexible retirement - please contact your employer's HR Department directly.

Topping up your pension

Additional Voluntary Contributions (AVCs)

As a member of the LGPS, you have the option to pay Additional Voluntary Contributions (AVCs) – which are a tax efficient way of building up additional pension benefits.

They run alongside your pension scheme, and contributions are taken directly from your pay. You can choose a percentage or a monetary amount to be deducted from your monthly salary. As with most investments, there is an element of risk with AVCs. At retirement, these benefits will be used to provide a lump sum or a pension.

Our nominated AVC provider is Standard Life.

If you die before taking your AVC and a lump sum is to be paid from your AVC plan your pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

Please see death grant section on page 4 of this newsletter for details of how to nominate a beneficiary.

For information about the ways you can use your AVC plan at retirement, please see the national LGPS website: www.lgpsmember.org/more/AVCOptions.php

Additional Pension Contributions (APCs)

If you are in the main section of the LGPS you can pay additional contributions to purchase additional annual pension, currently up to a maximum pension of £7,026 per annum.

You can pay Additional Pension Contributions (APCs) as regular monthly contributions over a number of complete years (minimum 12 month contract) or you can pay a lump sum either from your salary or paid directly to the Pension Fund. The cost to purchase additional annual pension through APCs is determined by your age, term of payment and the amount you wish to purchase. If you pay APCs through your gross monthly salary and you are a tax payer, you will receive tax relief.

If you die before taking your APC benefit, no benefits are payable to your dependants in respect of the additional pension bought by you.

Please note: APCs are not available for members to purchase if they are paying into the 50/50 Section of the LGPS.

To work out the cost of buying an APC, use the online calculator at:

<https://lgpsmember.org/more/apc/extra.php>

For more information on both APCs and AVCs, please visit our website www.cornwallpensionfund.org.uk



Pension liberation and scams

From April 2015, the tax rules were changed to give people more flexibility on how they draw their pensions, as a result of this, pension scammers are trying to access your pension pot, known as “pension liberation”. A pension scam is when someone tries to con you out of your pension money and will often start with someone unexpectedly contacting you to talk about:

- Taking your pension money before the age of 55 or;
- The ways that you can invest your money or;
- An investment or business opportunity that you have not spoken to them about before

Pension loans or cash incentives are being used to entice employees with the option of being able to obtain instant cash.

Under normal circumstances it is only possible to draw your Local Government Pension Scheme (LGPS) pension from age 55 years, the exception being on ill health grounds.

Once you have transferred your money into a scam, it is too late. You could lose all your pension money as well as face a tax bill of up to 55% or huge additional administrative fees.

How to tell if it is a scam

Watch out if an individual or company:

- contacts you unexpectedly or cold calls you about your pension money
- says you can access your pension money before the age of 55 and they can help you with this
- encourages you to take out a large sum or whole of your pension pot in one go, and to let them invest it for you
- uses the terms “pension liberation”, “loan”, “loophole”, “free pension review” or “one-off investment”
- asks you to transfer your money quickly and sending documents to you by courier to make you rush your decision
- offers you an investment described as “overseas”, “environmentally friendly”, “ethical”, “unique” or in a new industry

More information on this type of pension scam is available on The Pension Regulator’s (TPR) website at www.thepensionsregulator.gov.uk, The Pension Wise website at www.pensionwise.gov.uk/scams or alternatively please contact us.

Unpaid leave and buying back lost pension

If you have a period of unpaid leave which includes: unpaid maternity, unpaid paternity, unpaid adoption leave, unpaid sick leave or ordinary unpaid leave, you can buy back the lost pension. If you choose to do this within 30 days of returning to work then your employer must share the cost with you. If this applies to you, your employer should contact you with details of how to buy this lost pension.

National Insurance (NI) Database

Cornwall Pension Fund participates in a data sharing arrangement with other LGPS funds in England and Wales. This is undertaken in order to comply with the legal requirements contained within the LGPS regulations.

Provisions contained within the regulations mean that if a member of the LGPS dies, it is necessary for the Fund to know if the member has other LGPS benefits elsewhere in the UK so that the correct death benefits are paid to the deceased members’ dependents.

As the LGPS is locally administered, each pension fund has its own benefit records, therefore it can be difficult to identify if a member has other LGPS records elsewhere. In order to comply with these requirements, the National Database will enable funds to check their members have LGPS pension records with other funds.

For each member of the LGPS, the NI Database contains the individuals’ NI number, membership status, the last calendar year in which the membership status changed and a 4 digit number specific to the appropriate pension fund.

The data held on the Database is processed in accordance with the Data Protection Act 2018 and other relevant legislation.

Pensions cold-calling banned

From January 2019, companies that make unwanted, unsolicited phone calls to people about their pensions may face enforcement action, including fines of up to half a million pounds. One of the most common methods used by scammers to commit pensions fraud is through cold calls, which is why the government has taken action.

The ban prohibits cold-calling in relation to pensions, except where:

- the caller is authorised by the Financial Conduct Authority (FCA), or is the trustee or manager of an occupational or personal pension scheme, and
- the recipient of the call consents to calls, or has an existing relationship with the caller

If you receive a cold call about your pension, get any information you can, such as the company name or phone number, and report it to the Information Commissioner's Office via their website www.ico.org.uk or on **0303 123 1113**.

Annual Report 2018/2019

The Cornwall Pension Fund annual report and accounts is available on our website:

www.cornwallpensionfund.org.uk

Keeping us updated

Death Grant

From the moment you join, right up to the time you retire, and even beyond, you have valuable life cover as a member of the LGPS. This can include a one off lump sum payment, and also pension for loved ones so it is important to keep us updated with any changes to your personal details.

If you wish to amend your current nomination or, submit one for the first time please complete and return the enclosed "expression of wish" form. The Cornwall Pension Fund has complete discretion over who receives any death grant payment so it is important that you let us know who you would like to receive any such payment in the event of your death.



Change of address

If you change your address, please let us know as soon as possible either by writing to us or by emailing pensions@cornwall.gov.uk.

Change in marital status

Where there is a change of marital status, we need to see a copy of the certificate to update your pension record; this may be a marriage/civil partnership certificate or Decree Absolute.

After any such event, you may also want to update your "expression of wish" form to choose who is nominated to receive any lump sum death grant that may be payable in the event of your death.

Your statement will confirm if we currently hold a nomination for you in section 6.

More information available....

Our website contains information on the Local Government Pension Scheme (LGPS) including:

- The benefits of the scheme
 - Contribution rates
 - Latest LGPS news
 - Details of the 50:50 option
 - Cornwall Pension Fund forms
 - Details about increasing your pension benefits
 - The General Data Protection Regulation (GDPR)
- Visit www.cornwallpensionfund.org.uk to find out more.

Contact: Cornwall Pension Fund, 4S, County Hall, Truro TR1 3AY

Email: pensions@cornwall.gov.uk

www.cornwallpensionfund.org.uk

If you would like this information in another format or language please contact:
Cornwall Council, County Hall, Treyew Road, Truro TR1 3AY
e: equality@cornwall.gov.uk t: 0300 1234 100 www.cornwall.gov.uk