

# PENSIONERS NEWSLETTER

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## PENSIONS INCREASE

This year's annual rate of pension increase (PI) is 1.2%, payable on and from 6 April 2015. You are eligible to receive pensions increase if you are aged 55 or over, or you are in receipt of an ill health, widows, widowers or child's pension.

The new annual rate of your pension is shown on your payslip.

## PENSIONS INCREASE 2015 – QUESTIONS & ANSWERS

### How is the up-rating for my pension decided?

Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975 and the increase is set by HM Treasury.

The Social Security Pensions Act 1975 provides for public service pensions to be up-rated at the same time and by the same percentage as the increase in the additional pension provided under the State Earnings Related Pension Scheme (SERPs), which is based on the September-to-September increase in the Consumer Price Index (CPI). Therefore the September 2014 CPI has been used for up-rating for April 2015.

### Why haven't you paid me the full 1.2%?

There are several reasons why your payslip doesn't show a full 1.2% increase.

If you have retired in the last year and are eligible to receive pensions increase for the first time this April, you will receive a proportion of the full rate, please see the following table:

Pension start date	Increase
Before 22 Apr 2014	1.2%
22 April 2014 to 21 May 2014	1.1%
22 May 2014 to 21 Jun 2014	1.0%
22 Jun 2014 to 21 Jul 2014	0.9%
22 Jul 2014 to 21 Aug 2014	0.8%
22 Aug 2014 to 21 Sep 2014	0.7%
22 Sep 2014 to 21 Oct 2014	0.6%
22 Oct 2014 to 21 Nov 2014	0.5%
22 Nov 2014 to 21 Dec 2014	0.4%
22 Dec 2014 to 21 Jan 2015	0.3%
22 Jan 2015 to 21 Feb 2015	0.2%
22 Feb 2015 to 21 Mar 2015	0.1%
22 Mar 2015 onwards	Nil

If you have CARE pension (accrued from 1 April 2014) this has been revalued based on your date of leaving, and then increased on 6 April 2015. You will therefore receive a full 1.2% increase in respect of any post 1 April 2014 pension, even if you only receive a part-year increase on the remainder of your pension.

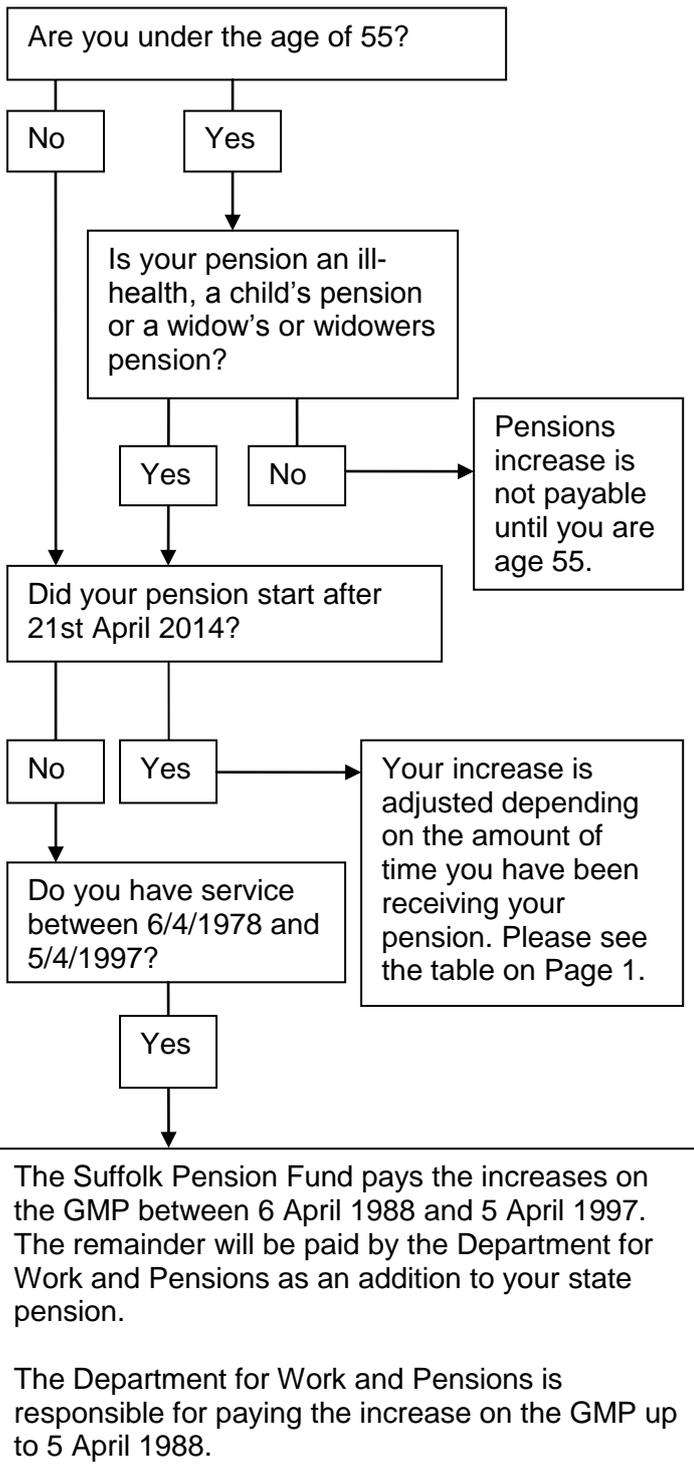
The pension increase is payable from the first Monday following the beginning of the new tax year. This year the pension increase is payable from 6 April 2015.

To clarify this, the old rate of pension is still payable up to 5 April and your pension will be paid at the new rate from 6 April 2015 only.

Your pension scheme was contracted out of the State Earnings Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997.

If you were a member of the scheme between 6 April 1978 and 5 April 1997 we must pay you a Guaranteed Minimum Pension (GMP) based on the state entitlement you would have earned if you were in SERPS at the time. In most cases your pension is higher than your GMP.

The Department for Work and Pensions is responsible for paying the full increase on the GMP up to 5 April 1988 as an addition to the state pension.



## FREEDOM AND CHOICE

Over recent months there has been a great deal of information in the media and elsewhere about the Government's announcement in the 2014 Budget that reforms to workplace pensions would be made, effective from 6 April 2015. These reforms offer greater flexibility ('Freedom and Choice') in the way individuals aged 55 and over can access any Defined Contribution (DC) pension savings they may have.

It's important that as a member of the Local Government Pension Scheme (LGPS) or Firefighters' Pension Schemes (FPS) you understand that you are a member of a public sector Defined Benefit (DB) scheme and therefore the flexibilities being introduced under 'Freedom and Choice' do not impact on how you can take your Defined Benefits from the LGPS.

There are, however, some indirect changes which will impact upon any members of the LGPS if they have any deferred pension benefits that haven't yet come into payment, and are considering transferring the value of their accrued LGPS Defined Benefit pension rights from the LGPS to a DC arrangement offering 'flexible benefits'.

If you have a deferred Firefighter's pension, it is not possible to transfer this to a personal pension scheme because the Firefighter's Pension Schemes are unfunded schemes.

If you have a personal pension that has not yet come into payment then you may be able to take those savings as cash.

### Risks

For people that cash-in their personal pensions, a quarter of the pension cash will be tax-free. The rest of the cash will be added to normal income and taxed. This could result in your current pension being taxed at a higher rate.

If you have a deferred pension in the Local Government Pension Scheme that has not yet come into payment, it may be possible to transfer the value of your pension to a personal pension fund. Please note that you are likely to be required to take independent financial advice before such a transfer could take place.

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements i.e. 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.

## Advice – who to contact

If you have a personal pension, free impartial advice can be obtained through various not-for-profit bodies such as the Money Advice Service and The Pensions Advisory Service (TPAS). Please note that they do not offer regulated financial advice.

## **DEFERRED STATE PENSION – PAYMENT CHANGED**

The Government is reducing the extra money earned by people who defer claiming their state pension. Currently someone with a pension of £140 a week would earn an extra 10.4% or £14.56 a week for each year deferred.

From **6 April 2016** anyone who reaches state pension age and defers claiming their pension will get a 5.8% increase for each year they defer. Someone with a weekly pension of £140 would receive an extra £8.12 for each year deferred.

The rate of 10.4% will continue to apply to all those who reach state pension age before 6 April 2016.

Further information regarding deferring State Pension can be found at <https://www.gov.uk/deferring-state-pension/what-you-may-get> or by contacting the State Pension Service on 0800 731 7898.

## **LOCAL GOVERNMENT PENSION BOARD**

As part of the Public Services Pension Act 2013, and changes in Local Government Pension Scheme funds governance, there is a requirement for all Local Authority Pension funds to establish a local Pension board. Following two consultation exercises the Government finally issued regulations on 14<sup>th</sup> January 2015 which set out the framework for how these Local Pension boards will operate and appointments to the board and its first meeting must be held by 31<sup>st</sup> July 2015.

At a recent meeting on 19<sup>th</sup> March 2015 the County Council constitutionally created the Suffolk Pension board and agreed draft terms of reference. The contents of this draft will be discussed at the boards first meeting and any amendments will be agreed. If you would like to see a copy of the draft terms of reference please let us know and we will provide you with a copy.

The purpose of the Suffolk Pension board is to assist Suffolk County Council as Administering Authority in its role as Scheme Manager:-

- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund

The Board is required to have an equal number of Scheme Employer and Scheme Member representatives. The Council decision taken establishes the board with six members. The Board will initially be made up of three Employer representatives (one from Suffolk County Council, one representing other local authority employers, and one covering the education and other sector) and three Scheme Member Representatives (One representing the Unions, One representing contributing members, and one representing Pensioners). The membership will be reviewed once the Board is operational and it understands better its forward work programme.

Further to the above we are therefore looking for a Pensioner representative to be on the board. Please see below the person specification for representatives who will be on the board. Please note that training will be provided in order to help Board Members meet the requirements of the role and the essential criteria detailed below.

### Role and responsibilities

As a member of the Pension Board you will help ensure that the Suffolk Pension Fund is managed and administered effectively, efficiently, and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The members of the Local Pension Board will assist Suffolk County Council as Administering Authority in its role as Scheme Manager:-

- to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator

- to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund
- in such other matters as the LGPS regulations may specify
- to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest
- You must be able to commit to a term of membership of four years
- You must be able to attend up to four meetings each year

If you are interested in becoming a representative on this board please contact us in writing to confirm this by 12<sup>th</sup> May 2015. We will then select and confirm the board members as soon as possible following this. In the meantime if you have any questions regarding this opportunity please let us know.

### Requirements for the role of a Pensions Board Member

To be considered, you must be able to demonstrate that you have the qualities, skills and experience to meet all the essential criteria for appointment, specifically:

- You must be a member of the Suffolk Pension Fund or represent an active employer body or other organisation such as a trade union
- You must have a good knowledge of public sector pensions and the capacity/ability to undertake additional learning specifically with regards to the Local Government Pension Scheme
- You must be aware of the requirements of The Pension Regulator's public service schemes Code of Practice
- You should be able to understand complex financial matters and comprehend financial reports and data
- You must be able to act impartially in the interests of both employers and members
- You must apply and maintain the highest standards of conduct and "seven principles of public life"
- You must be an effective communicator and team player to promote excellent working relationships within the Local Pension Board and gain the confidence of its stakeholders including the Scheme Manager

### **TAX CODE CHANGE?**

You may have received a letter from the tax office notifying you of your new tax code for the tax year 2014/15 and telling you that you need to inform us.

The tax office sends us the details electronically so there is no need to inform us. If you have any queries about tax, please refer to the tax office in the first instance on 0300 200 3300.

### **PENSION PAY DAYS**

If you are in receipt of a local government pension or a teachers compensatory pension you are paid monthly in arrears.

If you are a fire pensioner from the 1992 Fire Scheme you are paid in advance.

If you are a fire Pensioner from the 2006 Fire Pension Scheme you are paid monthly in arrears.

Your payment dates for the next 6 months will be as follows:

<b>Local Government or Teachers Compensatory Pension</b>	<b>1992 Fire Scheme</b>	<b>2006 Fire Scheme</b>
29/05/2015	01/06/2015	29/05/2015
30/06/2015	01/07/2015	30/06/2015
31/07/2015	31/07/2015	31/07/2015
28/08/2015	01/09/2015	28/08/2015
30/09/2015	01/10/2015	30/09/2015
30/10/2015	30/10/2015	30/10/2015

**CONTACT DETAILS:** - If you have any questions or concerns about the pension you receive from Suffolk County Council, please write to:-  
The Pensions Team, Constantine House, 5 Constantine Road, IPSWICH, IP1 2DH.  
Telephone 03456 053000.  
Email: [pensions@suffolk.gov.uk](mailto:pensions@suffolk.gov.uk)  
Or visit our website: [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)