

WEST MIDLANDS



PENSION FUND



centro

transforming public transport



Deferred benefits statement

2011

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Director of Pensions



Welcome to your 2011 deferred benefits statement from the Fund.

We've taken a new design approach this year, and we hope that you like the new design.

The information it contains cannot cover every set of individual circumstances, but it should cover the majority of situations. If you have specific questions, please contact us or look on our website to see if the issue is already covered. At peak times, our telephone lines can get busy, and you may wish to use another method of communication - such as email - to contact us.

LGPS pensions increase.

Pensions payable by the LGPS are reviewed each year.

Any increase is in accordance with the Social Security Administration Act 1992. The Secretary of State for Work and Pensions gives a direction that the sums mentioned in that Act are to be increased - HM Treasury make a specific order (the pensions increase order) in exercise of the powers conferred by the Social Security Pensions Act 1975 and vested in them.

Individual LGPS funds have no discretion in applying this pensions increase order, and are required legally to do so. The Fund has to implement the rise as laid down by the relevant legislation.

The 'emergency' Budget changed the way public sector pensions are increased each April. From April 2011, the increase will be based on the consumer prices index (CPI) - instead of the rise in the retail prices index (RPI).

There are many similarities between the 'baskets of goods' looked at for both RPI and CPI, but there are some differences in what is taken into account and in other factors.

Here's what the Office for National Statistics guide has to say:

“ The CPI uses essentially the same basic price data as the RPI but differs from it in some important respects.

The differences include:

- **The goods and services covered by the index** - for instance, CPI does not include council tax and a number of housing costs faced by homeowners. But there are also some services covered by CPI - such as charges for financial services - which are not in RPI.
- **The people whose expenditure is covered** - CPI covers a broader population than RPI.
- **The mathematical procedure used to calculate the price changes** - in practice this means that CPI generally shows a lower inflation rate than RPI for given price data.
- **The way in which the goods and services are classified** - the CPI structure follows international definitions while RPI has its own specific structure.

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The Office for National Statistics announced (www.statistics.gov.uk) that the rise in CPI for the year to September was 3.1%.

Your deferred benefits statement as at 11 April 2011

The address details we hold for you are:

Date of issue:

Nomination form received:

In respect of death grant payable

Date form received:

Reference number:

Please quote in any correspondence

Date of birth:

This is the date shown on our records

National insurance number:

This is the number shown on our records

Current value of your deferred benefits

Deferred benefits are increased each year to protect their value as prices rise. The figures shown below take into account all increases awarded up to and including 11 April 2011.

	Value of benefits at date of leaving (£)	Value of increases (£) applied to benefits <small>(In some cases of early payment, increases are only payable from age 55)</small>	Current value of benefits (£)
Annual pension:			
Tax-free cash lump-sum: <i>(see How are my benefits calculated?):</i>			
Spouse's/civil partner's/ nominated cohabiting partner's pension provision <i>(payable after your death):</i>			

Your benefits have increased by:

Your benefits would normally become payable from:

We have calculated that, under the applicable LGPS rules, your deferred benefits will normally become payable unreduced on the date above. You can, however, defer payment up to two days prior to reaching age 75 (this must be paid by age 75), if you wish to do so. Please remember that this statement is issued as a guide. While every effort is made to ensure the information fairly represents the benefits payable, ultimately the benefits payable will depend upon your method of retirement and the details provided at that time. Only then can a true and accurate portrayal of those circumstances be provided under the prevailing rules and regulations in force at that point in time, which will include any overriding HMRC requirements.

Death benefits

Lump-sum

If you die while your benefits are deferred within the Fund, we would pay out a 'one-off' lump-sum, normally to your personal representatives or to whomever you had nominated to receive it.

If you left the LGPS on or before 31 March 2008?

We will pay the up-to-date value of your deferred lump-sum.

If you left the LGPS on or after 1 April 2008?

We will pay five times the up-to-date value of your pension.

How to make a lump-sum nomination

You should notify the Fund of whom you would like the lump-sum benefits to go to, by filling in a nomination form. You can nominate whomever you like to receive the lump-sum: friends, family, partners, even an organisation such as your favourite charity.

You are advised to complete a nomination form, and to complete a further form if your circumstances change (the Fund recommends that you do this every two years in any event). The form is on our website and it automatically overrides any previous form that you may have completed.



You can change your nominated beneficiaries as often as you want, simply by completing a form and returning it to us. Please note - we are unable to confirm to you who you have nominated. If you are unsure or cannot remember, we suggest that you complete a new form.

Completing a form allows the Fund, in the event of your death, to make a payment to your nominated person(s) as quickly as possible. Even if you have previously completed a form, but it has been some time ago and your circumstances have changed, you may therefore wish to reaffirm your wishes by completing a further form that leaves no doubt as to your intentions.

Upon receipt of a valid nomination form, we will disregard any previous form. Without a nomination form, your wishes (that may have been expressed in the form of a will) will take time to process, particularly if instructions that have been left require probate.

Dependant's pensions

Dependants' pension will depend on the regulations in place at the time you ceased membership of the Scheme.

We will pay a pension to a surviving husband, wife, civil partner, nominated cohabiting partner and any eligible children, as follows:

Pension for spouse, civil partner or nominated partner
Pay x membership/160

Only based on membership from 6 April 1988 for civil partners and nominated cohabiting partners.

Pension for one child, where we are also paying a pension to spouse, civil partner or nominated cohabiting partner
Pay x membership/320

Total pension for two or more children, where we are also paying a pension to spouse, civil partner or nominated cohabiting partner
Pay x membership/160

Pension for one child, where there is no pension for a spouse, civil partner or nominated cohabiting partner
Pay x membership/240

Total pension for two or more children, where there is no pension for spouse, civil partner or nominated cohabiting partner
Pay x membership/120

Dependants' benefits for women who left prior to 6 April 1988 and civil partners' benefits (payable for members who were in the Scheme on 1 April 2008) may differ from those quoted. If you marry after leaving, the dependant's pension may differ from that stated above.

Can I nominate my partner for a pension?

Yes, but only if you were paying into the Scheme on or after 1 April 2008. The LGPS refers to these types of pensions as nominated cohabiting partner's pensions or NCPs.

Nominated cohabiting partners (NCPs) - making a nomination for a partner pension

Remember that to nominate your partner, you must have been a member of the LGPS on or after 1 April 2008, ie, if you left before then, you cannot make a nomination.

We will only pay a pension to an NCP as long as certain qualifying conditions have been met. More details are on the form that you need to complete. For more information about this (and to print off the nomination form), please visit the Fund's website or ring our Customer Services team on 0300 111 1665.

Are there any exceptions to having the benefits reduced and paid at age 60?

If you left the LGPS on or before 31 March 1998, and the payment date shown on your personal statement is after age 60 and you are paying into the Scheme on your 60th birthday in respect of another job - where this applies, you can ask for payment of your deferred benefits within three months of leaving your continuing job (but if you don't, there will be no further opportunity to do so), and we will pay them automatically on the date shown on your personal statement.

If you have opted out of the LGPS

If you have opted out of the Scheme, we cannot pay the benefits that are deferred with us until you have left your job.

Ill-health

Your deferred benefits can be paid on ill-health grounds at any age, but it is the decision of your former employer who must obtain a certificate from a Fund-approved doctor. If you ceased before 31 March 2008, your ill-health condition must prevent you from carrying out the duties of your old job up until age 65. If you ceased after 31 March 2008, you have to be permanently incapable of undertaking the duties of your old job up until age 65 and have a reduced likelihood of being capable of undertaking any gainful employment before reaching age 65 or for at least three years. Gainful employment for LGPS purposes is a job of at least 30 hours for at least 12 months.

The benefits would not be reduced even if they are being paid before the date shown on the statement. However, your benefits will not be increased with inflation if you are under age 55 unless you have been judged to be too ill to work at all.

What if I don't want to take my benefits?

Delaying payment of your deferred benefits

If you left the LGPS on or before 31 March 1998, and choose not to take your benefits at age 60 and the payment date shown on your personal statement is later, you will have no further opportunity to ask for them to be paid. But you will be offered payment on that later date. You can ask us to keep your benefits on hold right up until the day before your 75th birthday, unless you opted out of the 'A-Day' tax changes.

If you left the LGPS on or after 1 April 1998 and choose not to take your benefits at age 60 and the payment date shown on your personal statement is later, you still have the opportunity to ask for payment anytime up to the date shown on your personal statement.

You can also, should you wish, keep your benefits 'on hold' right up until the day before your 75th birthday.

What if I have previously opted out of the 'A-Day' tax changes?

In April 2006, the government changed the tax legislation surrounding pensions. The new rules automatically applied to all members who were still in the LGPS on or after 5 April 2006. Members who had left the LGPS were able to opt out of the new legislation if they preferred. Information about these changes was provided with the 2006 deferred annual benefits statement. It is now no longer possible to make a decision about this or to change your mind, but for those members that may have opted out of the current tax rules, here is a summary of the effects:

- you can give up some of your lump-sum to increase your pension.
- if you are a 'Class C' member - ie, you have continuous membership since before 17 March 1987 - you can give up some of your pension to create extra lump-sum (but a spouse's pension would be based on that reduced rate of pension).
- you cannot defer payment of your pension past the date shown on your statement.
- if you paid additional voluntary contributions (AVCs) into the Fund's in-house AVC account, you can only use the Fund to create extra pension - ie, you cannot take any part of it as a lump-sum.
- you have the option to give up some of your pension to provide for dependants who otherwise wouldn't be covered.



When are my deferred benefits going to be paid?



Payment at age 60

This statement shows the earliest date your benefits can be paid in full. The date shown could be anywhere between age 60 to 65, dependant on when you joined the LGPS and the membership you had built up by the time you left the LGPS. We will normally write to you to offer payment of your benefits at age 60, even if the date shown on your personal statement is after this date. But if you decide to take your benefits before the date on your statement, they will be reduced as we would be paying them early. We normally write to you about four weeks before your 60th birthday to let you know how much your benefits are worth and to ask if you would like us to pay them to you. If reductions for early payment apply, we will tell you the reduced amount of benefits.

How much is the reduction if I take my benefits early?

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

Number 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%

We provide information about the standard benefit package available from the Scheme, but we also tell you about any other choices you may have if, for example, you wanted to take a bigger lump-sum by reducing your pension. All these options will be explained and, of course, you can contact us at the time to obtain further information. If you ceased membership of the Scheme prior to 1 April 1998, then your benefits would be paid early without a reduction if, at age 60, you would have attained 25 years' membership.

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 85-year rule 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 age 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.

If you will be age 60 after 1 April 2020 and you retire before age 65, a full reduction would apply to membership after 1 April 2008.

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

How are my benefits calculated?



If you left the LGPS before 1 April 2008 but after 1 April 1998

You have built up an entitlement to a pension and an automatic lump-sum. We have used the following formula to work out the value of those benefits:

Pension = Membership x pay on leaving/80

Lump-sum = Membership x pay on leaving/80 x 3 (ie 3 x pension)

Married men who left prior to 31 March 1998 will suffer a 2/80th reduction to their lump-sum in respect of pre-1 April 1972 membership.

If you joined and left the Scheme after 1 April 2008?

You have built up an entitlement to a higher rate of pension (compared to how we used to work out pension before the rules changed in April 2008), but you do not have an automatic entitlement to a lump-sum for service after 1 April 2008. That is why there may be no amount shown in that section of your statement.

You may, however, be able to create a lump-sum by taking a reduced pension. More details about this exchange option will be provided when you are offered payment of your benefits.

We have used the following formula to work out your pension:

Pension = Membership x pay on leaving/60

If you joined the Scheme before 1 April 2008 but left after that date

You have built up an entitlement to a pension and an automatic lump-sum (but only based on the membership you built up to 31 March 2008). The calculation of your benefits uses two methods because we have to work out the benefits you have built up to 31 March 2008 under the 'old' rules, while the benefits you have built up from 1 April 2008 are calculated as per the 'new' April 2008 rules, as follows:

Pension = Membership to 31 March 2008 x pay on leaving/80
plus Membership from 1 April 2008 x pay on leaving/60

Lump-sum = Membership to 31 March 2008 x pay on leaving/80 x 3

Remember:

When your benefits are due to come into payment, you may also have the option to take a bigger lump-sum by receiving a reduced pension. If you told us you wanted to opt out of the 'A-Day' tax changes, you may be able to increase your pension by taking a smaller lump-sum. More details about the exchange options available to you will be provided when you are offered payment of your benefits.

What if I was paying extra?

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

If you were paying additional contributions to buy extra LGPS membership, they will have ceased when you left the LGPS. You will have been credited with the extra period of membership that you have paid for at the time of leaving.

What about any additional voluntary contributions (AVCs) that I have paid?

If you have paid additional voluntary contributions (AVCs) while a member of the LGPS, we will provide you with information about the payment options for any built-up funds that relate to the pension rights when they are due to be paid. You will also receive an annual statement from the AVC provider giving you the current value of your built-up AVC funds (please remember to inform them direct of any change of address).



Other issues and questions for deferred members

What happens if I have changed jobs but remain in the LGPS?

If you have changed your job, but are 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.

If you are an active contributing member within the LGPS, you now have the option to combine any previous non-combined local government membership (this includes periods of LGPS service within the West Midlands Pension Fund), as long as an election is made before 1 October 2011. You should ask your current LGPS administrator for further details.

Generally, outside of the above, this is an employer discretion; you can ask your new employer what their policy is on this matter. 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 isn't as 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 are considering combining membership, you may need to take account of any potential tax implications associated with the annual allowance. The Fund is not in a position to advise you on tax matters, and would suggest that, if in doubt, you consult a suitable qualified financial advisor.

If you have two or more jobs where you pay into the LGPS at the same time and you leave one of them, you can opt to transfer your benefits to the job you are continuing in.

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. You cannot transfer your benefits if you leave less than one year before your normal retirement date - age 65. An option to transfer must be made before age 64 or, if later, within six months of leaving.

Contact the Fund for more details if you wish to pursue this option.

Contact information

Email us on:

pensionfundenquiries@wolverhampton.gov.uk

Telephone Customer Services on:

0300 111 1665

Visit our website at:

wmpfonline.com

Fax us on:

0845 230 1565

Minicom/Typetalk:

01902 554607

Write to us at:

West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP



Scan this with
your smartphone
- welcome to
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Send us a text on:

Text WMPF + your message
to 60066

Standard short code network charges apply

Lines are open during the following times:

8:30am to 5:00pm Monday -Thursday

8:30am to 4:30pm Friday

Calls may be monitored for training purposes



Help with pension problems



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 within this document. We will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

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.

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

