AUTUMN 2019

West Midlands Pension Fund

ACTIVE MEMBER PENSIONSMART

For more information, visit the national Local Government Pension Scheme member's website: **www.lgpsmember.org**

HOW'S YOUR RETIREMENT PLANNING GOING?

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Welcome to your 2019 Active Member Pension Smart newsletter for members paying into the West Midlands Pension Fund.

This newsletter has been produced jointly with other LGPS funds. However, should you have any queries or require further information, please contact West Midlands Pension Fund direct.

WHAT'S NEW?

New amendment regulations came into force in January 2019. The changes are included in this newsletter on page 3.

We appreciate that there never seems time to sit down and plan your retirement, so we have given you a helping hand. Be Pension Smart and use our five-step process to take control and plan for retirement!

1 TAKE CONTROL

Take control of your West Midlands Pension Fund benefits and register or log on to the Pensions Portal to view your pension record. You are able to review and update the information we hold

www.wmpfonline.com/pensionsportal

2 GET A CURRENT POSITION

Find out how your pension savings are building by viewing your annual benefit statement online to see where you are now and where you could be at your normal retirement age. Your statement can be found on the Pensions Portal.

//portal2.wmpfonline.com/

3 TAKE STOCK

Collate all of your pension provisions and income which you may have in retirement. This can be done by obtaining current values of any benefits or income you have.

Your pension provisions may include a state pension which you can get a quote for online at

www.gov.uk/check-state-pension

4 PREPARE & BE AWARE

You may choose to obtain an estimate from any other pension providers which you may have. Also be aware of potential pension scams.

5 CREATE A BUDGET

Do you know how much income you will need in retirement and what you will be spending your income on? Why not take control and take a few minutes to create a budget planner provided by the Money Advice Service.

www.moneyadviceservice.org.uk/en/pensions-and-retirement/ budgeting

Your benefits have increased

The pension benefits you've built up in the LGPS, from 1 April 2014, increased by 3% in 2018/2019. The increase is worked out in line with the relevant Consumer Price Index (CPI). You can see this increase in the CARE account information on your annual benefit statement.

Please check that all your personal information on your statement is correct. Most importantly, check that the pay information supplied by your employer is accurate. The LGPS has been a career average revalued earnings (CARE) scheme since 1 April 2014. In a CARE scheme, your pension is worked out by using the pay you receive each year you're a member and then added together to form your total CARE pension. This means the 2018/2019 pay for the year ending 31 March 2019 which is shown on your statement affects how your pension builds up.

If you have any questions about the pay used in your statement, you should contact your employer as they provide this information.

Thinking of retiring early?

If you choose to retire before your normal pension age (NPA), your benefits will normally be reduced to take into account that your pension will be paid for longer.

How much your benefits are reduced by depends on how early you take them. The minimum age that you can take your pension is currently 55.

The reduction for taking your pension early is based on the length of time (in years and days) that you retire early before NPA. The earlier you retire, the bigger the reduction. The current percentage reductions for retirements up to 13 years early are shown in the table here.

Where the number of years is not exact, we adjust the percentages. Benefits built up before 1 April 2014 have a different NPA, which for most people is age 65.

If they choose to, your employer can agree to ignore any reduction that should be applied to your benefits. This is up to them, as it usually involves a cost. You can ask them what their policy is on this.

You can reduce or avoid any reductions by delaying payment until a later date. Your benefits will not be reduced if they are paid at your NPA, but you can delay payment until after that age and, at that point, they will be increased for late payment. However, you must begin to take your pension before your 75th birthday.

Number of years paid early	Pension reduction	Lump sum reduction (for membership to 31 March 2008)
0	0.0%	0.0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	Does not apply
12	44.0%	Does not apply
13	46.3%	Does not apply

Review of late retirement factors

Your LGPS benefits depend on the regulations and guidance in force at the time you take them.

This means your annual benefit statement and any retirement quotes you may receive are estimates, based on the regulations in place at the time. On behalf of the Ministry of Housing, Communities and Local Government (MHCLG), the Government Actuary's Department (GAD) reviews the guidance we must use when working out your LGPS benefits.

Following a government consultation MHCLG have released new factors and guidance which change the way increases in LGPS benefits are worked out if you retire 'late', i.e. after:

i) age 65 for pre 1 April 2014 final salary-linked benefits, and/or

ii) normal pension age (NPA) for post 31 March 2014 CARE pension.

The new factors, issued on 1 July 2019 and due to take effect on 1 September 2019, improve the rate of increase applied to an annual pension if your retirement is more than two years 'late', but only for periods of 'lateness' falling after 31 August 2019.

Contributions rates from 1 April 2019

Your LGPS contribution rate depends on how much you are paid.

When you join the scheme, and every April afterwards, your employer will decide your contribution rate, based on one of nine contribution bands (see the table below). If your pay changes during the year, your employer may decide to review your contribution rate.

Under the scheme rules, the contribution bands are adjusted each year in line with inflation. The updated contribution bands for the 2019/2020 scheme year are set out in the table. The bands apply from 1 April 2019.

If you're thinking about opting out of the scheme, you may want to consider moving into the 50/50 section of the scheme instead. The 50/50 section allows you to pay half your normal contributions and build up half your normal pension during that time. This may be useful if your circumstances change as it allows you to stay in the scheme, building up valuable pension benefits. Your life and ill-health cover are not affected and stay the same while you are in the 50/50 section.

For more information on the 50:50 section of the scheme, please visit **www.wmpfonline.com/optingout**

LGPS contribution table 2019/2020

Contribution band	Actual pensionable pay for employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,400	5.5%	2.75%
2	£14,401 to £22,500	5.8%	2.90%
3	£22,501 to £36,500	6.5%	3.25%
4	£36,501 to £46,200	6.8%	3.40%
5	£46,201 to £64,600	8.5%	4.25%
6	£64,601 to £91,500	9.9%	4.95%
7	£91,501 to £107,700	10.5%	5.25%
8	£107,701 to £161,500	11.4%	5.70%
9	£161,501 or more	12.5%	6.25%

Exit payment cap – latest news

In the summer of 2015, the government released proposals for a public-sector exit payment cap and we have been keeping you informed on how this proposal has progressed.

On 10 April 2019, a further consultation was announced. This closed on 3 July. At the time of writing, the government are considering responses to the consultation and looking at whether changes are needed to bring the exit payment cap into force.

What is the exit payment cap?

The cap limits exit payments made to employees of public-sector employers. The suggested cap of £95,000 would cover the total value of exit payments (before tax) made by an employer. The proposal for the cap includes any early retirement or 'strain' costs which may apply if a pension is paid early. The proposals also suggest that redundancy payments and any other compensation or severance payments (for example, pay instead of notice, enhanced employer compensation lump-sum payments and so on) are included in the cap.

The cap will apply to a wide range of public-sector employers, but not all.

Will this affect me?

The cap will only apply to you, as a scheme member, if the total of your exit payments is more than the £95,000 limit. Where this is the case, the value of these payments must be reduced to equal £95,000. At the moment, the LGPS regulations would need to be changed for this cap to apply. We will publish more information on our website once we have it.

CHANGES IN PENSION SCHEME REGULATIONS

A change to the scheme rules means that survivors' benefits paid to a same-sex husband, wife or civil partner are now equal to those paid to the widow of a husband of the opposite sex.

Why has the change been made?

The change has been made as a result of a Supreme Court judgment (Walker v Innospec) which found that Mr Walker's husband was entitled to the same benefits that would have been paid if Mr Walker had died and left a widow in an opposite-sex marriage.

When does the change take effect from?

The change is backdated to the date that civil partnerships and same-sex marriages were introduced. This is 5 December 2005 for civil partnerships and 13 March 2014 for same-sex marriages.

This means that if a member of the LGPS has died leaving a surviving civil partner or a same-sex husband or wife, the survivor's pension will need to be reviewed and any extra amounts paid, if this applies.

The change will automatically be taken into account in survivors' benefits paid to civil partners and same-sex husbands and wives in the future.

Ban on cold calls

A long-awaited ban on pension cold-calling came into force on 9 January 2019. (Cold-calling is when a company phones you to try to market their services, without you having asked them to.) The ban was first announced in November 2016 and is now law. Companies who break the rules can be fined up to £500,000.

How does the ban work?
The ban applies to all pensions cold calls, unless both of the following apply. The caller is authorised by the Financial Conduct Authority or is the trustee or manager of an occupational or personal pension scheme.

The person receiving the call agrees to calls or already knows the caller. Calls about your pension in any other situation are illegal and may even be a scam.

What do I do if I receive a cold call?
If you receive an unwanted call from an unknown caller about your pension, please don't give out any personal information. Gather as much information as possible and report it to the Information Commissioner's Office. Visit their website on **www.ico.org.uk** or call their helpline on **0303 123 1113**.

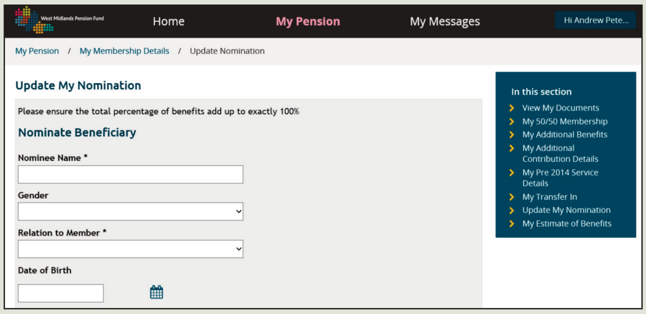
Are your nominated beneficiaries up to date?

A death grant lump sum of up to three times your pay may be due to your loved ones if you die.

As an active contributor to the LGPS, you should regularly review and update your death grant nominations if necessary. If your personal circumstances change, or you'd like to tell us about new nominees (the people you want to receive the lump sum), please visit our website and download a new form **www.wmpfonline.com/memberforms**

You can check who you have nominated by logging onto the Pensions Portal.

https://portal2.wmpfonline.com/



CONSULTATION NEWS

The Ministry of Housing, Communities and Local Government has published a consultation on draft regulations to introduce Fair Deal proposals into the LGPS.

The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff the right to stay as members of the LGPS. This is a change to current guidance, which includes the option to move staff to a 'broadly comparable' pension scheme. If agreed, some of the proposals would offer more protection for pensions than currently applies. To read the full consultation, visit the **www.gov.uk** website.

The consultation closed on 4 April 2019 and we will keep you up to date on the outcome.

How much are your pension benefits?

You can take control of your retirement and log onto the Pensions Portal.

https://portal2.wmpfonline.com/

Use Pensions Portal to:

- access your annual benefit statement
- keep us up to date by amending your personal information
- get peace of mind by viewing documents and your nomination form
- plan for your retirement by calculating pension estimates
- and much more!

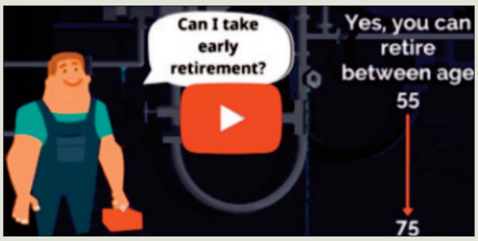
Not registered to access your pension online yet? Register today at https://portal2.wmpfonline.com/membership/register

Need additional support

Click here to view our quick video which explains your annual benefit statement.

Click here to view how to register for the Pensions Portal and take control of your benefits.

Access your step-by-step guide to navigate around the Pensions Portal by viewing My Pensions Portal Guide.



Click here to view our video which provides a quick overview of the LGPS.

FREQUENTLY ASKED QUESTIONS

If you have questions in regards to your statement, or want more information about your benefits, why not visit Annual Benefit Statements FAQs

Brexit

The decision made by the UK at the referendum (23 June 2016) to leave the European Union, otherwise known as 'Brexit' has dominated the news over the last three years with the possibility of the UK leaving the European Union.

Inevitably, there is still a great deal of uncertainty as the Brexit negotiations continue to take place. The benefits paid to members from the LGPS are defined in statutory legislation and are currently pre-determined based on earnings and periods of membership.

The LGPS is a defined benefit scheme and will not be affected by stock market changes or performance of investments. Members pension accounts are revalued each year to allow for inflation and to keep up with the cost of living which are shown yearly on the annual benefits statement.

With regard to UK government policy and legislation plans for the LGPS we understand that the situation is currently one of "no change". At present regulatory changes, policy objectives and the timescales for implementing them remain as they were before the vote. We will continue to administer the Fund accordingly and will monitor the situation going forward.

Climate change

You can't open a newspaper or turn on the television today without there being something on the impact of climate change. The Fund takes a responsible approach to investing £16bn of assets under management and has a strategy for managing the impact of climate change on the portfolio. The Fund recognises the potential financial implications of climate change on investments and funding and continues to put in place measures to deal with the uncertainties this creates. We understand that scheme members may be interested in how the Fund invests and how Funds could be impacted by broader risks including economic and environmental (including climate change). As members of the Local Government Pension Scheme, your benefits are protected by law - the performance of the investments does not impact on your pension benefits.

The Fund takes a proactive and evidence-based approach to protect from the potential impact of climate change. We engage with companies and policy makers to promote behaviours and changes which can protect and enhance the value of Fund assets. We collaborate with other institutional investors across the globe to create a much more powerful force for influence and change.

We continue to actively source opportunities to invest in areas that support transition to a lower carbon economy - renewable energy production, energy efficient buildings and sustainable business solutions all feature within the Fund's investment portfolio. The Fund's exposure to climate change is being monitored and investment decisions are focused on building resilience to generate the return to meet pension payments over the long term.

Our primary focus remains on paying those pensions promised to members and safeguarding the Fund's investments, but where we can achieve both benefits of making money and making a difference, we will look to do so. Further details about our *Responsible Investment and Climate Change Strategy and Framework* are available on the Fund's website.

National Fraud Initiative

West Midlands Pension Fund are required by law to protect the public funds we are responsible for.

Your information may be shared with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

The Cabinet Office is responsible for the National Fraud Initiative and, as part of the initiative, we must share your information with them so that they can compare records from public bodies. They do this in line with a code of practice.

For more information on the National Fraud Initiative, including the code of practice, privacy notice and details of the Cabinet Office's legal powers, please go to www.gov.uk/government/

Do you want to pay more towards your pension?

If you would like to have that little bit extra during your retirement, you might want to think about paying extra contributions to increase your pension benefits.

The LGPS offers the following two tax-efficient ways for you to pay more.

Buy extra pension in the LGPS by paying additional pension contributions (APCs).
If you are in the main section of the LGPS you can pay additional pension contributions to buy up to £7,026 of extra pension. You can pay a one-off lump sum or spread the cost by paying the contributions over a number of years. There is a calculator for working out the cost of buying extra pension at **www.lgpsmember.org/more/apc/index.php**

Build up an extra pot of money by paying additional voluntary contributions (AVCs)
You can pay additional voluntary contributions to your pension fund's AVC provider, Prudential, to build up a pot of money which you can use to provide extra benefits when you retire. You have your own AVC account and can decide how the money in your pot is invested. When you retire you can choose how to use your AVC pot, for example, you can take it as tax-free cash or you can buy an annuity.

When APCs or AVCs are deducted through your pay, they are deducted before your tax is worked out so you receive tax relief automatically through the payroll.

There is more information on AVCs on the Fund's website at **https://www.wmpfonline.com/CHttpHandler.ashx?id=16389&p=0**

Cyber security

We take the security of your information very seriously.

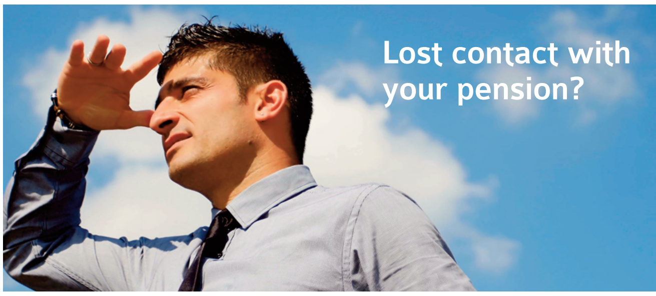
Most pension records are held electronically, and many pension scheme members can now access their own pension records online. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure that they have good cyber security (protection for computers and communications networks).

We work closely with our suppliers to make sure the systems that hold your personal information are protected. We have procedures in place to check that processes and people are kept up to date. We also regularly test systems to make sure that they stay secure and that the risk of a security incident is reduced. We make sure that our suppliers have certificates which prove they meet the expected cyber security standards and that the certificates are kept up to date.

How do I update my personal details?

If you want to update the personal details shown on your annual statement (including your address), or you want to tell us about any other changes, please log in to your online account through 'Pensions Portal' to update your personal details. **https://portal2.wmpfonline.com/**

If your marital status changes, you should provide us with a copy of your marriage certificate, civil partnership certificate or decree absolute, as appropriate, so that we can authorise the change.



Lost contact with your pension?

There is currently an estimated £400 million in unclaimed pension savings.

This is money people have previously saved for their retirement.

If you are one of these people, then try and locate your pension through: **www.gov.uk/find-pension-contact-details**

CHARITABLE ACTIVITIES

West Midlands Pension Fund has an internal team of employee representatives, known as the Staff Forum, who encourage the whole organisation to support various charities and causes.

In 2018/2019, the Fund donated

£1,991.47

to the following charities:

SAMARITANS

MACMILLAN CANCER SUPPORT

Birmingham Children's Hospital Charity

BBC Children in Need

mind

Dementia Friends
An Alzheimer's Society initiative

RED NOSE DAY

West Midlands Pension Fund has a purpose-built roadshow bus which is able to be set up at employer sites meaning members can visit us at a time of the day that suits them. At the roadshows, members are able to speak to one of our Fund officers on any Local Government Pension Scheme (LGPS) matter or query they may have. There is also the opportunity to take away informative literature about the scheme to read for their personal reference and understanding.

During the last year 1,641 members have visited our roadshows – Be Pension Smart and look for a date near you in 2020. Further information and new dates will be on the Fund's website next year.

If you need to contact us, we are here to help...

www.wmpfonline.com/contactus

Be Pension Smart!

and take control of your pension today