

ACTIVE  
MEMBER



West Midlands Pension Fund

pension**smart**

For more information, please visit [www.wmpfonline.com](http://www.wmpfonline.com)



## Welcome to your 2023 Active Member PensionSmart 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.**

Since 1 April 2014, the LGPS has been a career average revalued earnings (CARE) pension scheme. A proportion of your pensionable pay is added to your pension account each year. Your pension account is adjusted in

line with the cost of living and the revalued amount is added to your total pension pot.

Please check that all of the information in your annual benefit statement is correct. Most importantly, check the 2022/2023 CARE pensionable pay figures shown on your statement, as these are the figures that affect how your pension builds up. Information about your pay is given to us by your employer, so if this is wrong you should contact them.

The increase for April 2023 has been confirmed as 10.1%, but this won't be reflected until your 2024 annual benefit statement because your statement is produced on 31 March.

# Changes to the annual allowance and lifetime allowance

**Following the Chancellor's Spring Budget on 15 March, the big news in pensions are the proposed changes to tax limits.**

There are two main allowances for pension savings – a lifetime allowance and an annual allowance. These allowances are the amount of pension savings you can build up without having to pay a tax charge. If you go over these limits, you may have to pay tax.

The annual allowance is set by HMRC. In the LGPS it's the maximum your pensions savings can increase by in a tax year before you receive a tax charge. In 2022/2023 the annual allowance was £40,000. From 6 April 2023, the annual allowance will increase to £60,000. The money purchase annual allowance will also increase from £4,000 to £10,000 on the same date. Changes will also be made to the tapered annual allowance, with the adjusted income level increasing from £240,000 to £260,000 and the minimum tapered annual allowance increasing from £4,000 to £10,000.

The lifetime allowance is the total value of all the pension benefits you can have (not including your state

pension, pension credit, or any partner's or dependant pension you may be entitled to), without paying a tax charge. The lifetime allowance is to be removed from April 2024, and the charge for going over it will be zero in tax year 2023/2024.

If you plan to retire, from 6 April 2023 you will not have to pay a lifetime allowance tax charge. As there are changes to rules around pension protections, we recommend you get financial advice if you will be affected.



## Help with the rising cost of living



**It's fair to say that we all have noticed the effect of rising costs, whether at the supermarket while doing the weekly shop or from increasing energy bills.**

It can be challenging to make your money stretch further while trying to keep a certain standard of living. This can lead to people feeling vulnerable, anxious and even overwhelmed.

The cost-of-living crisis is a national concern, and the Government has put certain support in place to try to help you if:

- you need support with your housing costs;

- you need support with your bills;
- you need support coping with disabilities; or
- you are generally finding things difficult and need someone to talk to.

For more information about this support, please visit: [www.gov.uk/cost-of-living](https://www.gov.uk/cost-of-living)

You can also visit [www.gov.uk/cost-living-help-local-council](https://www.gov.uk/cost-living-help-local-council) for information about how you may be able to get help with essential costs from your local council. This is sometimes known as 'the Household Support Fund'. This could help if you're struggling to afford things such as energy and water bills, food and essential items.

Other national organisations, such as MoneyHelper, are also providing lots of support. This ranges from sharing tips for cutting back costs and making income go further, to highlighting scams: [www.moneyhelper.org.uk/en](https://www.moneyhelper.org.uk/en)

You may also consider the 50:50 section of the LGPS if you are considering opting out and leaving the pension scheme. This option ensures you retain all the benefits of being a member. For more information, please visit our website: [wmpfonline.com](https://wmpfonline.com)



## Changes to state pension age and increase to the normal minimum pension age

**The Government has carried out a review of the state pension age to see if it needs to change. It has decided no changes will be made before the next general election.**

If you paid into the LGPS after 1 April 2014, the date your pension can be paid without reductions is the same as your state pension age. So, if your state pension age changes, the date your LGPS pension can be paid without reductions will also change.

The date your LGPS pension is paid from without reductions is known as your normal pension age (NPA). You can find this date on your annual benefit statement.

You can choose to take your pension earlier than this date (currently from age 55), but as it will be paid longer than expected, it will be reduced.

The earliest date you can start receiving your pension is set by the Government and is known as the normal minimum pension

age (NMPA). This will increase to age 57 from 6 April 2028. If you started paying in before 3 November 2021, you may have a protected NMPA of age 55, and this change will not affect you.

However, we won't be able to confirm this until the changes come into force.



## Do you know how much money you will need for your retirement?



**If you don't, then you're not alone. Research by the Pensions and Lifetime Savings Association (PLSA) shows that 77% of people saving for retirement don't know how much they will need.**

To help people picture their retirement, the PLSA has created 'Retirement Living Standards' which you can see online at [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

There are three featured lifestyles – minimum, moderate and comfortable. The website explains what's included in these lifestyles and shows how much they would cost.

When thinking about your retirement, you'll need to consider how much money you'll have from your LGPS pension, as well as from the state pension and any other pensions you may have. You can check your state pension at [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

You might be thinking about whether you can afford to retire early. If you choose to retire and take your LGPS benefits before your normal pension age (NPA), the benefits will normally be reduced to take into account that your pension will be paid for longer.

The reduction is based on how early you take your benefits. The earlier you retire, the bigger the reduction. The minimum age that you can take your pension is currently 55. You can find the current early retirement reductions online at [www.lgpsmember.org/your-pension/planning/taking-your-pension](http://www.lgpsmember.org/your-pension/planning/taking-your-pension)

You can also use the benefit calculators on your Pensions Portal to find out how much you might get if you choose to take your benefits earlier than your NPA.

# Introducing pensions dashboards

**In the future, LGPS funds will be taking part in a new initiative that is most likely going to be called 'pensions dashboards'.**

This is a Government programme designed to give you quick, easy and secure online access to information about all of your pension savings in one place. To access the pensions dashboards website, you will need to confirm your identity, so you know your information is safe and secure.

The hope is that, by having all of your pension information in one place, it will be easier for you to plan for your retirement. It may also help you find any lost pensions. Pensions dashboards will be free to use.

A date has not yet been set for when the project will be available for public use, but we will keep you updated as the project develops.



## Changes to the CARE revaluation date

**On 9 March 2023, the Department for Levelling Up, Housing and Communities formally put the LGPS (Amendment) Regulations 2023 before Parliament. The regulations change the date that revaluation is applied to LGPS CARE benefits. From 31 March 2023, the annual revaluation date will move from 1 April to 6 April.**

### How does this affect me?

As a member currently paying into the LGPS, this simply means the date your CARE benefits are revalued will be 6 April rather than 1 April. There is no change in the amount of revaluation that will be added. Most members will not notice any difference following this rule change. If you are close to going over the annual allowance for pension savings, you might want to contact your pension fund to find out more.

### Does this change my statement this year?

This will not affect your annual benefit statement in 2023. This is because the benefits shown in your statement are worked out as of 31 March 2023



## Pension scams are on the rise!

**Pension scams are on the rise in the UK. The people behind the scams are good at tricking you into handing over your money.**

It's important that you have an idea of how to spot a pension scam, even if you think it could never happen to you.

Some warning signs of a pension scam could be:

- someone calling you out of the blue, offering a free pension review;
- someone promising to get you better returns on your pension savings; or
- being pressured into making a quick decision about transferring your pension.

You can help to protect yourself by learning how to spot a scam. There's more information on the MoneyHelper website:

[www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam](http://www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam)

The West Midlands Pension Fund has taken The Pension Regulator's pledge to do what we can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice.

Taking this pledge to combat pension scams demonstrates that the Fund are committed to stopping scammers in their tracks.



# Are you considering boosting your retirement?

Most of us look forward to a happy and comfortable retirement. You may wish to consider paying extra pension contributions now to boost your income in later life. There are two main ways you can pay extra contributions in the LGPS. You can pay additional pension contributions, additional voluntary contributions or both. You can also pay extra outside of the LGPS to increase your retirement income.



## Additional pension contributions (APCs)

If you are in the main section of the LGPS, you can pay additional contributions to buy extra pension. The most that you can buy is **£7,579** of extra yearly pension. You can pay for the extra pension by paying additional pension contributions (APCs) over a number of complete years or by paying a lump sum.

The cost of buying extra pension depends on your age, how much yearly pension you buy and how you choose to spread the payments. The cost of buying extra pension is reviewed every few years. If you buy extra pension by paying regular contributions, the amount you pay each pay period may change in the future.

For more information, please visit [wmpfonline.com](http://wmpfonline.com)

## Additional voluntary contributions (AVCs)

When you pay additional voluntary contributions (AVCs), you build up a pot of money which is used to provide benefits on top of your LGPS benefits. AVCs are taken directly from your pay before your tax is worked out, so if you pay tax, you receive tax relief automatically.

All local government pension funds have an arrangement with an AVC provider that you can invest money in – an in-house AVC. The AVC provider is often an insurance company or building society. You have your own personal account and you decide how the money in your pot is invested.

You can pay AVCs if you are in the main or 50/50 section of the LGPS. You can pay up to 100% of your pensionable pay into an in-house AVC. Your employer can also pay towards your AVC at their discretion. This is known as a shared cost AVC.

For more information, please visit [wmpfonline.com](http://wmpfonline.com)

## Your 2023 annual benefit statement is online!

### Do you know how much your pension benefits are?

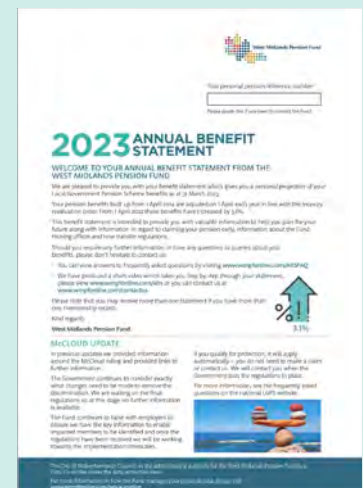
Be Pension Smart and log online to the new Pension Portal and view your annual benefit statement.

You can do estimates to see what the value would be if you take it before your normal pension age.

Register or log on today at [www.wmpfonline.com/pensionportal](http://www.wmpfonline.com/pensionportal)



We have also a short video which can help you understand your statement. Please [click here](#) to view.



## 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](#)

# Active Member Engagement Forum

## We need you!

The Fund has an Active Member Engagement Forum which meets on an annual basis, where active members provide valuable feedback on their own experiences and interaction with the Fund, and we also discuss new initiatives that are on the horizon. The last forum was held in the summer and members provided valuable feedback covering the methods which we communicate with members, breaking down pensions so they are simpler to understand, and also expanding member support and guidance on retirement planning.

We are now using this feedback to shape our services for the next 12 months. However, as we continually need to evolve with member engagement, we still need your feedback and ideas to help us to improve your customer journey in the future.

To join our Active Member Engagement Forum and receive more information, please contact us at [wmpfevents@wolverhampton.gov.uk](mailto:wmpfevents@wolverhampton.gov.uk)



## 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 at their discretion, 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	Pension reduction	Lump sum reduction (for membership to 31 March 2008)
0	0.0%	0.0%
1	4.9%	1.7%
2	9.3%	3.3%
3	13.5%	4.9%
4	17.4%	6.5%
5	20.9%	8.1%
6	24.3%	9.6%
7	27.4%	11.1%
8	30.3%	12.6%
9	33.0%	14.1%
10	35.6%	15.5%
11	39.5%	n/a
12	41.8%	n/a
13	43.9%	n/a

## McCloud update

**The McCloud regulations have now been laid and are due to implemented with effect from the 1 October 2023.**

These regulations change the existing underpin to ensure it works effectively and consistently for qualifying members. You do not need to contact the

Fund – we will be writing to all qualifying members that fall within scope by the end of the year.

For more information, please visit McCloud remedy update [www.lgpsmember.org/2023/04/25/mccloud-remedy-update/](http://www.lgpsmember.org/2023/04/25/mccloud-remedy-update/)

# The West Midlands Pension Fund has a new pension administration system

**You may be aware that the West Midlands Pension Fund recently moved to a new pension administration system in July 2023.**

The Fund has always taken pride in delivering an efficient and effective service to our stakeholders, and this recent move ensures we can continue to provide this level of service as the new pensions administration software will meet the future demands of the Local Government Pension Scheme (LGPS). The system will drive further efficiencies and improve automation in order to create more capacity to respond to our ever-growing customer base; adapt to the ever-changing operational environment we are working in and, evolve the way we administer the LGPS.

This is an important and substantial exercise for the Fund and is not without its challenges. Although we have made significant progress and improvements, we are still at the start of our journey and there are areas that require further development and refinement as we enter the next phase.

As more members choose to manage their pension benefits online, we are now working on the next phase of the transition of the Pension Portal, which will see members have the ability to run estimates of benefits online



and also have the option to retire online. We are currently working to develop member estimates with the aim of launching this functionality to the member Pension Portal shortly. This second phase of the transition will also enable deferred members to produce a retirement quote online and claim their benefits if they choose. We are hoping to launch this function late autumn and further information and guidance will be available to support members who would like to retire online.

The system brings about a number of changes and, unfortunately, the transition has resulted in an increase in process timescales, which means some members are waiting longer than usual to receive Fund correspondence or payment of benefits. We recognise that our service standards have not been at

the level our customers have grown to expect from the Fund. During this time, the Fund has continued to work hard to minimise disruption to all customers and we ask that you please bear with us whilst offering our apologies for any inconvenience.

We have increased the capacity of our Customer Service Team; however, if you need to contact the Fund, we ask if you could be patient as we are experiencing a surge in call volumes which are subsequently increasing queuing times.

The Fund remains committed to providing stakeholders with excellent standards of customer service, and we thank you for your continued support and patience during this time of 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, visit [www.gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details) to try and locate your pension using the Government website.





## Responsible Investment member survey

In May 2023 the Fund launched a pilot Responsible Investment (RI) survey to all members with a registered email address. The survey was designed to gauge members' awareness and understanding of RI as well as assess how familiar members were with the Fund's RI commitments and communications.

The Fund was very pleased to receive responses from over 7,300 members. We would like to say thank you to all members who took the time to complete the survey. Whilst we are currently analysing the results, the responses provided will be particularly useful in helping the Fund develop how it communicates and engages with its members on RI going forward.

We look forward to sharing the outputs of the survey with you shortly.



### Useful contacts



[www.moneyhelper.org.uk/en](http://www.moneyhelper.org.uk/en)  
0800 144 8943



[www.citizensadvice.org.uk/](http://www.citizensadvice.org.uk/)  
0345 404 0506



[www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)



HM Revenue  
& Customs

[www.gov.uk/government/  
organisations/hm-revenue-customs](http://www.gov.uk/government/organisations/hm-revenue-customs)



GOV.UK

[www.gov.uk/browse/  
working/state-pension](http://www.gov.uk/browse/working/state-pension)



<https://portal2.wmpfonline.com/>



[www.wmpfonline.com/contactus](http://www.wmpfonline.com/contactus)



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## Be Pension Smart!

and take control of your pension today