

DEFERRED  
MEMBER



West Midlands Pension Fund

# pensionSMART

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



**Welcome to your 2024 Deferred Member PensionSmart newsletter for members who have paid 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.**

## YOUR QUESTIONS ANSWERED



### What are deferred benefits?

If you stop paying LGPS contributions before you retire, we work out your pension benefits for you. This becomes a deferred pension (one that you delay taking).

The amount you can see on your annual benefit statement is the pension we have worked out for you from your normal pension age (NPA). If you are older than 65 and your NPA, your annual statement will include increases for retiring after your NPA.

## Frequently asked questions

### What is my NPA?

The date your LGPS pension is paid from, without reductions, is known as your normal pension age, or NPA. It is unique to you and based on when you left the scheme. If you left:

- after 1 April 2014, your NPA is linked to your state pension age;
- between 1 October 2006 and 1 April 2014, your NPA is 65; or
- before 1 October 2006, your NPA is normally 65 but could be as early as 60.

### When can I take my deferred benefits?

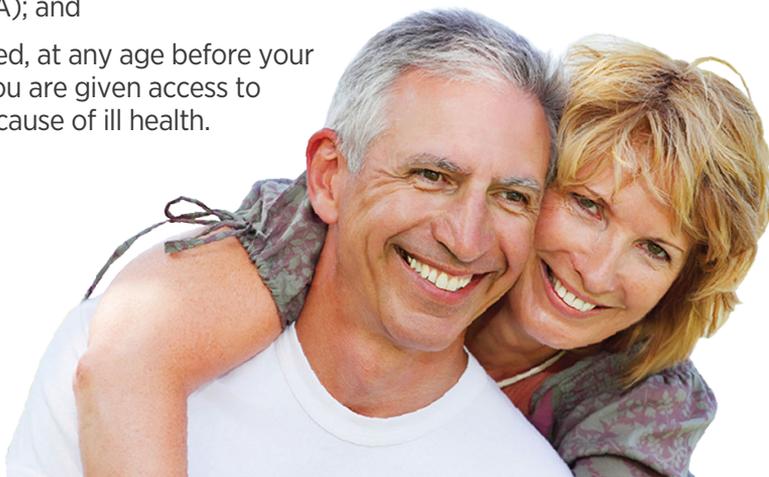
You can take your deferred benefits at any age between 55 and 75, as long as you have left the job those benefits are linked to.

You can take your benefits:

- reduced, at any age between 55 and your NPA (see the note below);
- unreduced, at your NPA;
- with increases after your NPA and up to age 75 (but if you left the LGPS before 1 April 1998, you must take at the time you reach your NPA); and
- unreduced, at any age before your NPA if you are given access to them because of ill health.

### How much will I get if I take my benefits before my NPA?

If you take your deferred benefits before your NPA, they'll normally be reduced because your pension will be paid for longer. The following table shows the percentage your pension will be reduced by if you take it earlier than your NPA.



**Note:** The Government has announced that the earliest age you can take your pension, other than for ill-health reasons, will increase to 57 from 6 April 2028. If you joined the LGPS before 4 November 2021, or if you transferred a previous pension into the LGPS and meet certain conditions, you should keep the right to take your benefits from age 55. The Department for Levelling Up, Housing and Communities is still working on the details. We will publish any updates on our website or in separate communications.

The Government changed the reductions on 3 July 2023. The reductions shown below apply to retirements from that date.

Number of years early	Pension reduction %	Lump sum reduction %
0	0.00%	0.00%
1	4.9%	1.70%
2	9.3%	3.30%
3	13.5%	4.90%
4	17.4%	6.50%
5	20.9%	8.10%
6	24.3%	9.60%
7	27.4%	11.10%
8	30.3%	12.60%
9	33.0%	14.10%
10	35.6%	15.50%
11	39.5%	Does not apply
12	41.8%	Does not apply
13	43.9%	Does not apply

You can log onto the Pension Portal where you can run an estimate for early retirement and it will take into account any reductions your pension might have.



### I can't work because of ill health, so can I take my deferred benefits?

If you can't work because of ill health, you may be able to have your benefits paid in full, with no reductions, whatever your age. For your application to be approved, you must be permanently incapable of doing the job you were in when you stopped paying LGPS contributions and your benefits were deferred. You will need to contact your former employer if you think this applies to you. They must ask an approved independent registered medical practitioner for an opinion to help make the decision.



### **Do my deferred benefits keep their value against inflation?**

Yes. Each April, the value of your deferred benefits are adjusted, based on the Consumer Price Index (CPI) as at the previous September. The standard increase applied from 8 April 2024 was 6.7%.

If you became a deferred member before 1 April 2023, you'll get the full increase. However, if you became a deferred member after that date, you'll only get part of the 6.7% increase.

### **Can I transfer my deferred benefits to another pension scheme?**

If you meet certain conditions, you may be able to transfer your deferred benefits to another pension scheme. Transferring your pension is an important decision and one that you should think about carefully. You can find out more about transferring on our website.

### **What happens to my deferred benefits if I die?**

A lump sum death grant may be due to your loved ones.

If you stopped paying LGPS contributions before 1 April 2008, the death grant is three times your deferred pension. If you stopped paying contributions on or after 1 April 2008, the death grant is five times

your deferred pension. If you are also still paying LGPS contributions for a different job at the time of your death, only the highest death grant will be paid.

Visit [www.wmpfonline.com/pension-portal](http://www.wmpfonline.com/pension-portal) and log on to the Pension Portal. You can use update who you'd like the death grant to be paid to. Or you can let us know by filling in a form on our website.

A survivor's pension may also be paid to your dependants, such as:

- your husband, wife or registered civil partner;
- any eligible children; or
- someone you live with as if you were married (if you were still paying LGPS contributions on or after 1 April 2008).

You can use the Pension Portal to find out how much your dependants could get

### **How do I update my personal details?**

You can update your information by logging in to your [Pension Portal](#) account. If you need to change your name, partnership status or gender, we need to see a copy of the relevant legal document. You can also send forms and photocopies of certificates to us by uploading them on [The Portal](#).

## **New code for pension schemes**

**The Pensions Regulator (TPR) has published a new code of practice for pension schemes. The new General Code of Practice ('the code') replaces Code of Practice 14 for public service pension schemes and brings together 10 previous TPR codes into one code.**

TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The new code gives an opportunity for funds to look at their current working practices and make sure that they meet the standards of the new code.

The code sets out a 'single set of clear, consistent expectations on scheme governance and administration' to give guidance to governing bodies such as pension committees and pension boards.

The new code came into force on 28 March 2024.



**The  
Pensions  
Regulator**

# McCloud update

**The LGPS rules changed from 1 October 2023. The changes made are called the ‘McCloud remedy’ and remove age discrimination which was highlighted in the McCloud court case.**

**Here is a brief overview of the McCloud case and what it could mean for members.**

## Background

In December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters’ pension schemes had been unlawfully discriminated against because pension protections (or ‘underpin’) that had been put in place for older scheme members did not apply to them.

This ruling is called the ‘McCloud judgment’, after a member of the Judicial Pension Scheme involved in the case. Because of the ruling, there are now changes to all public service pension schemes that provided protections, including the LGPS.

The changes are intended to remove the age discrimination found in the McCloud court case.



## What does the McCloud remedy mean?

The McCloud remedy means two main changes for LGPS members.

1. Qualifying younger members are now protected by the underpin too. This removes the discrimination found in the McCloud judgment.
2. The new underpin rules are much more detailed. This means that the underpin works fairly and consistently for all protected members.

## How will the remedy affect me?

The new underpin rules are very complex and we expect only a small number of scheme members will have an increase to their pension benefits. We will check all members’ records to work out if they are due an increase as a result of the McCloud remedy.

## How do I get more information?

For more information, please visit the McCloud remedy web page on the LGPS member website at [The McCloud Remedy : LGPS \(lgpsmember.org\)](https://www.lgpsmember.org)

## Do I need to do anything?

We will look at your pension record to find out if you are protected by the underpin. You do not need to contact us. Your 2025 benefit statement will include information about how you are affected by the changes.

# Update on pensions dashboards

**Last year we gave you an update about LGPS funds taking part in a new initiative called pensions dashboards.**

Pensions dashboards will allow people to access information about their pensions online, through a secure website. This means you will be able to see details about all your pension benefits, from all your pension providers, in one place. This will help you with planning your retirement.

Pension providers must connect to the new dashboard by 31 October 2026.

LGPS funds are putting plans in place and are working with specialist companies to connect with the dashboard. We will keep you updated on our progress.

For more information on pensions dashboards, please visit [www.pensionsdashboardsprogramme.org.uk](https://www.pensionsdashboardsprogramme.org.uk)



# Standards of retirement

The Pensions and Lifetime Savings Association (PLSA) have published the latest study on the Retirement Living Standards.

Based on independent research by Loughborough University, the standards aim to remove uncertainty around planning for retirement and explain what retirement could be like at three different standards, as follows. The figures below are the yearly amounts you'd need to achieve a certain lifestyle.

- **Minimum**  
Single: £14,400  
Couple: £22,400  
Covers all your needs, with some left over.
- **Moderate**  
Single: £31,300  
Couple: £43,100  
More financial security and flexibility.
- **Comfortable**  
Single: £43,100  
Couple: £59,000  
More financial freedom and some luxuries.

Now in its fifth year, this research has become a benchmark for the pensions industry and the Government. Focus groups made up of UK residents from different

backgrounds took part in the research. They talked about their expectations for retirement, and the opportunities and choices they need to take part in society, not just survive.

Spending costs were worked out for each of the three standards, in line with the Consumer Price Index (CPI), in the following categories.

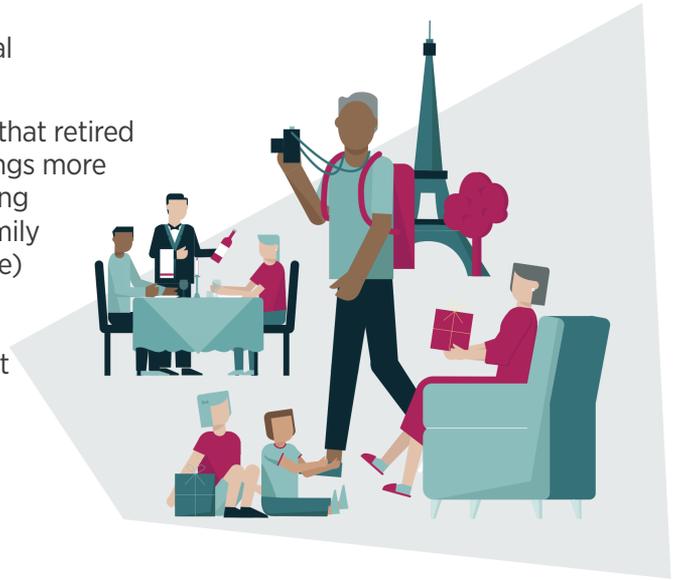
- House
- Food
- Transport
- Holidays and leisure
- Clothing and personal
- Helping others

The research suggests that retired people value doing things more than having things. Being able to help others (family or charities, for example) has become more important, not just for the expensive items but for little things such as:

- helping with everyday costs;
- treating loved ones to a meal; and

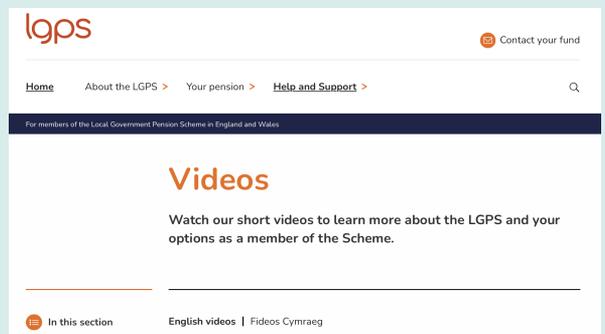
- helping pay for activities and treats (especially for grandchildren).

For more information, visit [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)



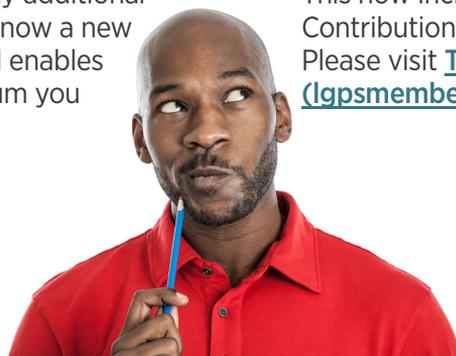
## Pensions made simple

If you want to find out more about your LGPS pension and your options as a scheme member and you're short on time, take a look at the Pensions Made Simple videos. These nine short videos will give you quick introductions to topics such as 'How your pension works', 'Transferring your pension', 'Protection for you and your family' and 'Life after work'. Watch the videos now on [Videos : LGPS \(lgpsmember.org\)](http://lgpsmember.org)



## Thinking of taking a large tax-free lump sum?

**NEW!** If you were thinking of taking any additional tax free cash upon retirement, there is now a new online calculator which is available and enables you to work out the maximum lump sum you may be able to take.



This now includes any value of Additional Voluntary Contributions (AVCs) that you may have paid. Please visit [Tools and calculators : LGPS \(lgpsmember.org\)](http://lgpsmember.org) for more information.

## Rejoining the LGPS

If you've recently started contributing to the LGPS and have paid into the scheme in a previous employment, you may have some choices to make about what to do with your LGPS pension (or pensions).



What happens to your previous LGPS pension will depend on how long you were paying into the LGPS for (and when) and your personal circumstances.

### Paying in for less than two years

If you were paying into the LGPS for less than two years (or three months if you were in the scheme before 2014), your previous LGPS pension will be joined with your new pension record and you don't need to make a decision. Please let us know if this applies to you.

### Paying in for more than two years

If you were paying into your previous LGPS pension for more than two years (or three months if you were in the scheme before 2014), what happens to your pension will depend on when you were last in the scheme.

#### 1. If all of your previous LGPS pension membership was built up before 31 March 2014

If all of your previous membership in the LGPS was built up before 31 March 2014, you will have a choice about what to do with your previous LGPS pension. If you do nothing, your pension records will stay separate. If you would like to join your LGPS pension records together, you need to tell us within 12 months of starting your new role. We will then contact your previous employer to arrange this.

#### 2. If all of your previous LGPS pension membership was built up after 31 March 2014

If all of your previous membership in the LGPS was built up after 31 March 2014, your pension records will usually be joined together. If you would like to keep them separate, you will need to tell us this within 12 months of starting your new role.

### Points to consider

#### • Redundancy or ill health

If you leave your role because of ill health or redundancy, your previous LGPS pension will not be paid early with your current pension if you keep your records separate.

#### • Retiring early

If you retire before your NPA, your pension would normally be paid at a reduced rate to take account of the early payment. If you decide to join your pension records together, you will not have the option to take one pension early and leave the other pension until your normal retirement date (both your pensions would be reduced for early payment).

#### • Final salary link

If you started your previous LGPS membership before 31 March 2014 and left after 1 April 2014 (your pension includes membership from both before and after April 2014) and rejoin the LGPS within five years of leaving, you will be able to keep the final salary link on your previous pension. Your pension records will be joined together (unless you ask, within 12 months, to keep them separate) and your LGPS membership before 2014 will be linked to the salary in your new role.



## Are your nominated beneficiaries up to date?

**If you die before taking your LGPS pension, we may pay a death grant to someone you have nominated (a 'beneficiary').**

The amount of the grant will depend on when you left employment and if you have any other LGPS membership.

If you hold more than one deferred benefit in the LGPS (provided you are not also an active member of the LGPS when you die) a death grant will be paid from each deferred benefit.

You can let us know who you would like the death grant to be paid to. Log on to our online portal or fill in an expression of wish form on our website to tell us who you would like us to pay your death grant to.



## Keep your pension safe

**The number of pension scams continues to rise. It's more important than ever to understand how to protect your funds and the signs to look out for if you think you might be dealing with a scam.**

Scammers often claim to be from genuine pension providers. They may contact you unexpectedly, through methods such as email, text message, social media or illegal cold-calling. They may offer you a 'free review' to discuss your finances. Their aim is to persuade you to transfer your pension savings to them, by promising access to high-earning, low-risk benefits.

If you want to find out more about how you can protect yourself against scams, visit the Financial Conduct Authority's (FCA) website at [www.fca.org.uk](http://www.fca.org.uk)

You can find more advice at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

If you receive a phone call or email which you think may be from us but you're not sure, don't give out your details. Please contact us to find out if the call or email is genuine.



## Responsible investment

**Did you know that we use the money we invest to secure and pay your pension whilst benefitting society too?**

Last year we sent out a survey about 'responsible investment' (RI). We were pleased to get so many responses – thank you if you took part. The survey showed us that:

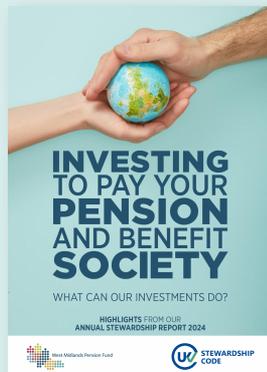
- A quarter of respondents didn't know what we mean by RI
- Half of respondents hadn't seen any of our RI content
- Almost eight out of ten respondents (79%) want us to consider the environment, climate change and other factors like how the organisations we invest in operate when investing their money.

### Creating RI content for our members

As these issues are so important to you – and the Fund – we want to showcase them. Last year we created an introductory member guide to 'Responsible Investment at WMPF'.

In September we published the highlights from our 2024 [Annual Stewardship Report](#) which has been created specifically with our members in mind. The report contains examples of our stewardship in action to bring our approach to life. [Take a look here.](#)

We aim to produce more RI specific content for our members. Look out for next piece entitled 'Our Climate Journey' which will be published over the next month.



### Engaging our members

Over the past few months members of the RI team attended four district and university roadshow events. We were able to speak to 40 Fund members and explain our investment approach and how we manage our investments and have open dialogues around what our members want to see in terms of our RI content and output.

Thank you to those members who took the time to answer our questions, your input and time is valued.



We also participated in Pension Awareness Week in September, hosting the Fund's first dedicated RI webinar for members. The RI team provided an overview of how and why we invest for members' futures, how our RI approach works in practice, and how we hold our investee companies to account through engagement and voting. Thank you to the members that attended. We look forward to hosting similar events in the future.

If you would like to speak to us about our responsible investment approach look out for an invitation to our next Deferred Member Engagement Forum which is taking place in February 2025. In the meantime, you can contact us at [responsibleinvestment@wolverhampton.gov.uk](mailto:responsibleinvestment@wolverhampton.gov.uk)

## Have you registered for the new Pension Portal?

The quickest and easiest way to take control of your pension for your future is to register for the Pension Portal. It is quick and easy to register. All you will need is your **PERSONAL IDENTIFICATION CODE**.

Managing your benefits online provides a variety of functions such as:

- View your deferred benefit statement
- Update your expression of wish from to confirm who you would like any death grant to be paid to
- Produce estimates of pension benefits
- View all your documents
- Check and update your personal details
- Send secure messages to the Fund

For more information and step-by-step guides including videos, please [click here](#), or if you have misplaced your registration letter which contains your identification code, please [contact us](#).



### Useful contacts

**Money  
Helper**

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

**PICTURE  
YOUR  
FUTURE**

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

**Unbiased**

[www.unbiased.co.uk](http://www.unbiased.co.uk)  
0800 023 6868

**citizens  
advice**

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



**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)

### If You Need to Contact Us, We Are Here to Help...



[www.wmpfonline.com/pension-portal](http://www.wmpfonline.com/pension-portal)



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**Be Pension Smart!**  
and take control of your pension today