

Bromley

Pension Update



Autumn 2021



Pension key performance standards

Liberata UK Ltd manage the general administration of the Local Government Pension Scheme for the London Borough of Bromley. Performance standards are used to monitor and improve performance. Performance is reported regularly to the Council and is published annually for the information of Scheme members.

Liberata’s commitment to Scheme members is:

As administrators of the Bromley Fund, we aim to provide you with good quality service and to communicate effectively. Liberata aim to:

- Respond to e-mails and written enquiries within 10 working days of receipt. 855 pieces of correspondence responded to in the last year, of which 99.84% were within the performance standard (99.7% in 2019/20)
- Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information. 98.21% of 132 transfer-in quotations (98.04% in 2019/20) and 98.38% of 154 transfer-out quotations (97.40 % in 2019/20) issued within the performance standard

- Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information. 99.00% of 347 retirement grants paid within the performance standard (100% in 2019/20)
- Issue a benefit statement annually to all active and deferred members Statements issued to all active and deferred members by end of August
- Advise pensioners in April of the annual increase to their local government pension. Pensions increase letters issued to all pensioners in April

Contributions Rates For 2021/2022

The rate of pension contributions that you pay each year is reassessed by your employer at the beginning of each tax year, according to your level of pensionable earnings. The earnings bandings are reviewed each year in accordance with changes to the Consumer Prices Index, and the bandings for 2021/22 are shown below:

Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,900	5.8%	2.9%
3	£22,901 to £37,200	6.5%	3.25%
4	£37,201 to £47,100	6.8%	3.4%
5	£47,101 to £65,900	8.5%	4.25%
6	£65,901 to £93,400	9.9%	4.95%
7	£93,401 to £110,000	10.5%	5.25%
8	£110,001 to £165,000	11.4%	5.7%
9	£165,001 or more	12.5%	6.25%

Pension Taxation

There are two types of pension taxation that you need to be aware of, the lifetime allowance and the annual allowance.

The Lifetime Allowance

The lifetime allowance is the total value of all pension benefits you can have during your working life without triggering an excess benefits tax charge. To calculate your lifetime allowance percentage, multiply your annual pension by 20, adding in any lump sum and Additional Voluntary Contributions (AVCs), then divide the total of that by the lifetime allowance limit x 100.

The lifetime allowance covers any pension benefits you may have in all tax- registered pension arrangements – not just the LGPS.

Lifetime Allowance by Year:

Tax year	Lifetime Allowance
2011/12	£1.8m
2012/13	£1.5m
2013/14	£1.5m
2014/15	£1.25m
2015/16	£1.25m
2016/17	£1m
2017/18	£1m
2018/19	£1.03m
2019/20	£1.055m
2020/21	£1.0731m
2021/22	£1.0731m

If the value of your pension benefits when you draw them is more than the lifetime allowance or more than any protections you may have, you will have to pay a tax charge on the excess benefits.

The lifetime allowance tax charge is:

- 55% of any amount you take from your pension savings as a lump sum that is over the lifetime allowance, and
- 25% of any amount you take from your pension savings as pension income that is over the lifetime allowance.

If you have not contributed to the Pension Scheme since 5 April 2016, and your pension benefits were worth more than £1.25 million at 5 April 2016, you may apply for **Fixed Protection 2016 (FP16)**. You can still apply if you already have individual protection 2014 or 2016 in place (FP16 will be dormant until you lose your previous protection - you should tell HMRC in writing). FP16 protects your lifetime allowance at £1.25 million, but if you later make further contributions to your pension, then this protection will be lost. There is no deadline for applications for FP16.

You may apply for **Individual Protection 2016 (IP16)** if your pension benefits were worth more than £1 million at 5 April 2016. You can still apply if you already have some previous protection in place. IP16 protects your lifetime allowance to the lower of the value of your pension at 5 April 2016 and £1.25 million.

FP16 and IP16 will stay dormant until you lose or give up your previous protection - **you should tell HMRC in writing if this happens.**

For further information on lifetime allowance including applying for any protection visit HMRCs website:

www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance





Step 4: Determine the value of your benefits built up at the end of the PIP and multiplying by the same factor in Step 1

Step 5: Add any lump sum you are automatically entitled to and any Additional Voluntary Contributions (AVCs) you or your employer have paid during the year to the amount calculated in Step 4.

Step 6: Deduct the value in Step 3 from the value in Step 5 to get the Pension Input Amount

If the Pension Input Amount is greater than the annual allowance limit, you may be liable to pay a tax charge.

Each year you will be sent a pensions savings statement if your pension savings in the Bromley Fund exceeds the annual allowance limit for that year. The statement is based on the information held on your pension record at the time of the calculation. If you breach the annual allowance, the statement will provide the options you have in dealing with the tax charge.

Important information:

Since 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April. Prior to 2016/17 the PIP for the LGPS was 1 April to 31 March, except for the year 2015/16 when special transitional rules applied.

From 6 April 2016 the annual allowance was reduced for those individuals who have income over certain levels, broadly affecting those whose “threshold income” is above £110,000 and “adjusted income” is above £150,000.

- Threshold income is broadly defined as total earnings, less what you pay in pension contributions.
- Adjusted income is broadly threshold income plus the value that your pension grows by over the year.

If you satisfy both points the annual allowance will be reduced by £1 for every £2 that the adjusted income exceeds £150,000. However, the maximum reduction that can apply to the annual allowance is £30,000 leaving an annual allowance of £10,000.

HMRC provides information to help you:
www.tax.service.gov.uk/paac

If you have pension benefits elsewhere, you will also need to take these into consideration. It is your personal responsibility to pay the correct amount of tax.

This newsletter provides an overview of the rules governing taxation of pension savings. It is your personal responsibility to pay the correct amount of tax. Neither the London Borough of Bromley nor the Pensions Team is able to provide financial advice. If you are unsure about the best course of action, you should contact HMRC on telephone number 0300 200 3300. You may need to take independent financial advice in order to ensure that you understand your tax position.

The 50/50 Section

If you are concerned about the cost of remaining in the pension scheme, then rather than opting out completely you may wish to consider moving to the ‘50/50’ section of the scheme. The local Government Pension Scheme now allow members to elect to contribute 50% of the normal rate of contribution and receive 50% of the pension benefit. This means that the pension will accrue at the rate of 1/98th of pensionable

pay, instead of 1/49th, for the period that the election is in force. Regardless of which section you are in you get full life assurance cover, full ill health cover and full survivor benefits in the event of your death.

A person cannot elect for the 50/50 section before the employment has commenced, before being enrolled automatically by their employer, or before opting in. Members can elect to move from the main section to the 50/50 section and back again as many times as they wish. A member in the 50/50 section always has the right to elect to re-join the Main section following the beginning of the next pay period after their election.

If you have more than one job you can elect for the 50/50 section in one, some or all of your jobs.

If you choose to move to the 50/50 section any extra pension contributions or additional voluntary contributions (APCs) you are paying to purchase extra pension would have to cease (unless those APCs are to purchase pension ‘lost’ during a period of authorised unpaid leave of absence or during a period of unpaid additional maternity, paternity or adoption leave.



The Annual Allowance

This is the amount by which your pension benefits may increase in any one year without having to pay a tax charge.

The ‘pension input period’ (PIP) is the period over which your pension growth is measured.

The annual allowance for tax years 2011/12 to 2013/14 was £50,000.00 and since 2014/15 (including 2021/22) it has remained £40,000.00. You may be able to top this up with unused allowance from the previous 3 tax years.

How is pension growth calculated?

Step 1: Determine the value of your benefits immediately before the start of the PIP and multiplying a factor defined by HMRC – currently 16

Step 2: Add any lump sum you are automatically entitled to the amount calculated in Step 1.

Step 3: Adjust the total amount for inflation. This is 0.5% for 2020/21. This is the value at the start of the Pension Input Period

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this, your employer is required to put you back into the main section of the LGPS approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). Your employer will move you back into the Main section of the scheme at that time irrespective of when your election to join the 50/50 section took place (even if, for example, you had only elected for 50/50 the previous month). Your employer will tell you when this is about to happen. If you wish to continue in the 50/50 section at that point you would need to make another election to remain in the 50/50 section.

Your employer cannot ask you or force you to join the 50/50 section. If, however, you wish to do so, you can do this by completing and returning an election to change from Main section to 50/50 section form, which is available to download from www.bromley.gov.uk/lgps

Transfer Time Limits

Transfer In

You should be aware that, if you have previous pension benefits, you may elect to transfer these to the Local Government Pension Scheme. A request to investigate a transfer must be received within 12 months of commencing your current Local Government employment.

Transfer Out

If you're thinking about leaving the pension scheme and transferring your LGPS pension to another provider, please remember that to be entitled to transfer your pension you must leave this scheme and choose to transfer your pension at least one year before your normal pension age. (NPA).

We also suggest that you watch the following video link if you are considering transferring your pension to a defined contribution scheme: <https://www.lgpsmember.org/more/Videos.php>

Death Grant Expression of Wish Forms

From the moment you join the Scheme until you leave or retire, and sometimes even beyond, you have valuable life cover in the form of a lump sum death grant. As an 'active' contributing member, if you die whilst paying into the Fund, we will pay out a death grant equal to three times your final years' pay.

Although the amount of death grant is governed by the Scheme rules, the Council has absolute discretion in deciding on who to pay any death grant to. The Council may pay the money in one sum or split it among a number of beneficiaries. The LGPS allows you to nominate one or more beneficiaries to whom you would like any death grant to be paid. You can do this by completing and returning an Expression of Wish Form which is sent out with the Annual Benefit Statements each year or can be downloaded from www.bromley.gov.uk/lgps. The Council will normally follow your wishes, but may not do so if your circumstances have changed since you completed the form, for instance if your marital status has changed, or the person you have nominated has died. It is therefore extremely important that you keep your nomination up to date.



Moving House?

If you move house we need to know your new address, not only to keep your records up to date but to make sure personal or sensitive information doesn't go to your old address, putting you at risk of identity fraud.

Therefore, please inform us and your employer of your new address as soon as you have moved.

Please note that we are unable to accept notifications of changes of address over the phone. Please write at pensions@bromley.gov.uk or via post at Liberata UK Ltd, PO Box 1598, Croydon, Surrey, CR0 0ZW.

Money and Pensions Service

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: the Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

Their aim is to ensure everyone in the UK can easily access the information they need to make the right

financial decisions for them throughout their lives, making the most of their money and pensions.

The weblink for further information is moneyandpensionservice.org.uk

Don't let a scammer enjoy your retirement!

Latest statistics revealed the average loss between January and June 2021 was £50,949, compared with £23,689 during 2020.

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) have the **ScamSmart** advertising campaign targeting pension holders aged 45 to 65, the group most at risk of pension scams. The regulators have urged the public to be on their guard when receiving unexpected offers about their pension and to check the people being dealt with are legitimate. Please watch out for the five common warning signs:

- Being offered a free pension review out of the blue
- Being offered guaranteed higher returns - people who claim they can get you better returns on your pension savings

- Being offered help to release cash from your pension, even though you are under 55
- High-pressure sales tactics - scammers may try to pressure you with "time-limited offers" or send a courier to your door to wait while you sign documents
- Unusual investments which tend to be unregulated and high-risk

If you are contacted about your pension, visit ScamSmart before going any further, so that you don't end up becoming the victim of a scammer. FCA and TPR are part of Project Bloom, a multi-agency taskforce which is working to combat pension scams. The taskforce includes the DWP, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, The Pensions Advisory Service, and the National Crime Agency.

Pension scams can cause victims significant harm – both financially and mentally. If you are ever in doubt about a pension offer, visit the ScamSmart website at www.fca.org.uk/scamsmart

We also suggest that you watch the following video link if you are considering transferring your pension to a defined contribution scheme: www.lgpsmember.org/more/Videos.php

National Fraud Initiative

The London Borough of Bromley is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent payments to be identified. Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. For further information on the Cabinet Office's legal powers and the reasons that it matches particular information, see www.gov.uk/government/collections/national-fraud-initiative.

Other Data Sharing

London Borough of Bromley participates in a data sharing project with other LGPS pension funds in England, Wales and Scotland. This is undertaken in order to comply with legal requirements contained in the LGPS's governing regulations.

Provisions contained in the LGPS Regulations 2013 mean that, if a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership elsewhere in the country so that the right death benefits can be calculated and paid to the deceased member's dependants.

As the LGPS is locally administered, each pension fund has its own membership records and it can be difficult to tell if an individual has other LGPS records and where these are held. To comply with the requirements set out above, a national Database, hosted at the South Yorkshire Pensions Authority, has been developed that enables funds to check if their members have LGPS pension records in other pension funds.

What data is shared?

For each member of the LGPS, the Database contains a short entry containing:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed, and
- A four digit number confirming the LGPS pension fund where that member's record is held.

How is the data held on the Database processed?

The data held on the Database is processed in accordance with the Data Protection Act 1998 and other relevant legislation.

Are there any other purposes that the Database is used for?

An extract of the membership information contained in the Database is periodically shared with the Department for Work and Pensions (DWP) so that the

LGPS can join the Tell Us Once service. Tell Us Once is a service offered in most parts of the country when an individual registers a death.

Who is the data shared with?

Other LGPS pension funds. These are all public bodies named in legislation as administering authorities of the LGPS.

For the Tell Us Once service, an extract of the Database containing individuals' NI Numbers is securely shared with DWP every month so that they may maintain an up-to-date record of the LGPS's membership.

How long will this data sharing be undertaken for?

For as long as a) the relevant regulatory requirements remain, and b) the LGPS participates in the Tell Us Once service.

In the event that neither of the above apply, the data sharing will cease to be undertaken.

Can I opt out of this data sharing?

No. As this data sharing is partly being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.



Enquiries and Complaints

If you are not sure which benefits you are entitled to, or if you have a question concerning your benefits, please contact the Liberata Pensions Team. They will try to deal with your query as quickly and efficiently as possible, and it may be possible to arrange a meeting in order to resolve any issues.

In case you are dissatisfied with the way the Council or your employer has interpreted or applied the pension regulations; in order to protect your interests, the council is required under the scheme regulations to set up a two-stage appeal procedure. Full details of this can be obtained from the Liberata Pensions team.

Their full address and telephone details are shown below. In addition to the internal dispute processes you also have access to a number of external advisors or regulators who are there to assist you with any issues you may have relating to your pension.

Further details of these organisations are given below.

Liberata UK Ltd
P O Box 1598, Croydon, Surrey CR0 0ZW

Telephone 020 8603 3429
E-mail pensions@bromley.gov.uk
Website www.liberata.com

Large Print Version Available

The text of this newsletter is available in a large print format from Liberata Pensions on 020 8603 3429.

Further information about the Scheme is available on www.lgps.org.uk

NOTHING IN THIS NEWSLETTER CAN OVERRIDE THE PROVISIONS OF THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS OR RELATED LEGISLATION

Useful Contacts

London Borough of Bromley

Chief Executive's Department
Civic Centre
Stockwell Close
Bromley
BR1 3UH

Telephone: 020 8464 3333

Website: www.bromley.gov.uk

Pension Tracing Service

This is a tracing service for ex-members of schemes with pension entitlements, who have lost touch with their previous employers.

The Pension Service 9

Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

Please note the Pensions Tracing Service are currently not accepting requests for details by post.

The Pensions Ombudsman (TPO)

TPO provides a service to assist members with any difficulties that they cannot resolve with their pension schemes, and to investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law.

The Pensions Ombudsman

10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone 0800 917 4487

Website www.pensions-ombudsman.org.uk

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) dispute resolution function has moved to TPO. However, individual can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS tends to focus on complaints before the pension scheme's internal dispute resolution procedure (IDRP) has been completed, while TPO typically deals with complaints that have been through IDRP.

The Pensions Advisory Service

120 Holborn
London EC1N 2TD

Telephone 0800 011 3797

Website: www.moneyhelper.org.uk/en/pensions-and-retirement

The Pensions Advisory Service now operates under 'Money Helper'.

The LGPS's member site

The national website for members of the LGPS in England and Wales provides information and guidance to help members understand their LGPS membership from joining to leaving.

The website has recently launched a series of videos to educate members on their pensions, how to look after it, protection for their family, life after work, lifetime allowance and annual allowance.

Also, the website has several calculators that will be able to help members with their pension benefits.

- Contributions Calculator
- Pension Account Modeller
- Lifetime Allowance Quick Check Tool
- Additional Pension Calculator
- Lump Sum Calculator
- Annual Allowance Quick Check Tool

Website: www.lgpsmember.org