

Bromley

Pension Update



Winter 2023/24



LGPS rule change – the McCloud judgment

What is McCloud?

When the Government reformed public service pension schemes in 2014 and 2015, older members were protected from the changes. In December 2018, the Courts ruled that younger members of the judges' and firefighters' pension schemes had been discriminated against because the protections did not apply to them.

This ruling is called the McCloud judgment after a member of the judges' pension scheme involved in the case.

The rules of all public service pension schemes, including the LGPS, changed from 1 October 2023 because of the ruling. The changes are known as the McCloud remedy and they remove the age discrimination found in the McCloud judgment.

In the LGPS, older members were protected by the underpin. When a protected member retired, their pension in the career average scheme was compared with the pension they would have built up in the final salary scheme. If the final salary pension would have been higher, their pension increased.

From 1 October 2023, eligible younger members are also protected by the underpin. Not all LGPS members are eligible for protection. The underpin will

protect the pensions of eligible members that they built up in the remedy period. The remedy period is from 1 April 2014 to 31 March 2022. Underpin protection stopped earlier if you left the LGPS or reached your final salary normal pension age before 31 March 2022.

What do you need to do?

You do not need to take any action. We will work out if you are protected. If you are, when you take your pension, we will work out if it will increase because of the underpin. Any increase is known as a 'final guarantee amount'.

Not many members will get a 'final guarantee amount' because, for most members, the pension they built up in the career average scheme is higher than they would have built up in the final salary scheme.

Active members

If you are a protected active member, we will include information about how the underpin might affect your pension in your 2025 annual benefit statement. We must issue this by 31 August 2025.

If you leave the LGPS, we will work out provisional underpin figures for you. We can only work out the final figures and any increase to your pension 'a final guarantee amount' when you take your pension.

Find out more

You can find out more about the judgment by reading the McCloud pages of the national LGPS member website - England and Wales: www.lgpsmember.org/mccloud-remedy/

Member Self Service

You can now access your own pension records online, through Member Self Service (MSS).

- **Deferred Pension Benefit Projector** which estimates what your pension could look like if you left employment on a certain date.
- **Voluntary Retirement Projector** which estimates what your pension could look like if you retired on a certain date.

- **Dependant Pension Benefit Projector** which estimates what dependants could receive were you to die on a certain date.
- **View LBB LGPS Annual Allowance** figures to enable you to calculate tax liabilities.
- **Change address details** online quickly and easily to ensure your pension follows you.

To register for this free service please visit <https://bromley.pensiondetails.co.uk> to request an activation key. This will be sent to you either by email or post depending on whether we hold your email on record. Once received, simply return to the above site to activate your account, after which you will be able to access these services at your convenience. This service is available 24 hours a day, 365 days a year.

Pensions 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. *486 pieces of correspondence responded to in the last year, of which 100% were within the performance standard (100% in 2021/22).*
- Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information. *100% of 134 transfer-in quotations (100% in 2022/23) and 96.96% of 204 transfer-out quotations (98.58 % in 2021/22) issued within the performance standard.*
- Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information. *97.08% of*

318 retirement grants paid within the performance standard (97.42% in 2021/22).

- Issue a benefit statement annually to all active and deferred members. Statements issued to all active members by the end of August and deferred members by middle of September.
- 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 2023/24

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 2023/24 are shown below:

Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £16,500	5.5%	2.75%
2	£16,501 to £25,900	5.8%	2.9%
3	£25,901 to £42,100	6.5%	3.25%
4	£42,101 to £53,300	6.8%	3.4%
5	£53,301 to £74,700	8.5%	4.25%
6	£74,701 to £105,900	9.9%	4.95%
7	£105,901 to £124,800	10.5%	5.25%
8	£124,801 to £187,200	11.4%	5.7%
9	£187,201 or more	12.5%	6.25%

Care Pensions up to 10.1% in 2023

The adjustment to your CARE pension for 2023 is an increase of 10.1%. The figure comes from the rate of inflation for the previous September, as measured by the Consumer Prices Index.

When was the increase added to my pension?

This year's 10.1% increase was applied to your pension on 6 April 2023. However, your 2023 statement only shows your pension up to the end of the 2022/23 'scheme year', which is before the increase was added. It will be your 2024 statement that shows the effect of applying the 10.1% increase.

Pensions Tax - Annual allowance

Annual allowance HM Revenue and Customs (HMRC) limits the amount of pension savings you can make without having to pay extra tax. This limit is in addition to any income tax you pay on your pension once it is being paid to you.

What is the annual allowance?

The annual allowance (AA) is the amount by which the value of your pension benefits may increase in a year without you having to pay a tax charge.

If the value of your pension savings in a year (including pension savings outside of the LGPS) is more than the annual allowance, the excess will be taxed as income.

The standard annual allowance has increased to £60,000 from 6 April 2023. For the tax years 2016/17 to 2022/23 it was £40,000.

The annual allowance for some members will be lower than the standard annual allowance.

How is the annual allowance calculated?

The increase in the value of your pension savings in the LGPS in a year is calculated by:

- working out the value of your benefits immediately before the start of the 'pension input period'
- increasing that value by inflation, and
- comparing it with the value of your benefits at the end of the 'pension input period'.

The 'pension input period' (PIP) is the period over which your pension growth is measured. From 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April.

In the LGPS, the value of your pension benefits is calculated by:

- multiplying the amount of your annual pension by 16
- adding any lump sum you are automatically entitled to from the pension scheme, and
- adding any additional voluntary contributions (AVCs) you or your employer has paid during the year.

If the value of pension benefits at the end of the PIP, less the value of your pension benefits immediately before the start of PIP (adjusted for inflation), is more than the AA, you may have to pay a tax charge.

The assessment for the AA covers any pension benefits you have where you have been an active member during the year, not just benefits in the LGPS. For example, if the increase in the value of your LGPS benefits was £30,000 in 2021/22 when the AA was £40,000, but you also had an increase in the value of other pension benefits of £15,000 in the same year,

that would mean you had a total increase in pension benefits of £45,000. If you did not have any carry forward, you would be liable for a tax charge on the amount you exceeded the AA by, even though you did not breach the AA in either scheme.

Carry forward

You may be subject to an annual allowance tax charge if the value of your pension savings for a year increases by more than the annual allowance for that year. However, a three year carry forward rule allows you to carry forward unused AA from the previous three years. This means that, even if the value of your pension savings increases by more than the AA in a year, you may not have to pay an AA tax charge.

For example, the value of your pension savings in 2021/22 increased by £50,000 (ie by £10,000 more than the AA) but in the three previous years had increased by £25,000, £28,000 and £30,000. The amount by which the increase in your pension savings fell short of the AA for those three years would more than offset the £10,000 excess pension saving in the 2021/22 year. You would not have to pay an AA tax charge.

To carry forward unused AA from an earlier year, you must have been a member of a tax registered pension scheme in that year.

The tapered annual allowance for higher earners

From the tax year 2016/17 onwards, the AA is tapered for high earning individuals. The AA will be reduced if your 'Threshold Income' and 'Adjusted Income' exceed the limits in a year. For every £2 that your Adjusted Income exceeds the limit, your AA is tapered down by £1. Your AA cannot be reduced below the minimum that applies. The Government has changed these limits since they were first introduced.

Pensions Tax - Lifetime Allowance

In his Budget on 15 March 2023, the Chancellor announced that there would no further Lifetime Allowance charges and, effective from 6 April 2024, the Lifetime Allowance will be removed altogether.

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.

Revised Early Retirement Reduction Factors Published

Early retirement factors have been updated with effect from 3 July 2023 and will be applied to benefits taken voluntarily before Normal Pension Age.

If you choose to retire before your Normal Pension Age your benefits will normally be reduced to take account of being paid for longer.

How much your benefits are reduced by depends on how early you draw them.

The reduction is calculated in accordance with guidance issued by the Government from time to time. The reduction is based on the length of time (in years and days) that you retire early – i.e. the period between the date your benefits are paid and your Normal Pension Age. The earlier you retire, the greater the reduction. Visit <https://www.lgpsmember.org/your-pension/planning/taking-your-pension/>

Number of years early	Pension reduction	Lump sum reduction (for membership to 31 March 2008)
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

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 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.

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 to pensions@bromley.gov.uk or via post to Liberata UK Ltd, PO Box 1339, Bromley, BR1 9HR.

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). That's most likely to be your state retirement age, but some member's have a protected NPA of age 60 or 65.

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.

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 <https://moneyandpensionservice.org.uk>

Don't let a scammer enjoy your retirement!

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: <https://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 <https://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
- 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

PO Box 1339, Bromley BR1 9HR

Telephone: 0208 603 3429

Email: 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, individuals 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 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

Website: www.lgpsmember.org