



# Active Members Newsletter 2020



## Cumbria Pension Fund

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# Welcome to the 2020 Active Members Newsletter

**It's been over a year since I took up the post of Director of Pensions Administration for Local Pensions Partnership (LPP) which operates under the name of Your Pension Service in Cumbria and what a year it has been! I am immensely proud of the progress our teams have made, delivering stability and improved member experiences.**

After ensuring that the business was achieving all Service Level Agreements, the focus is moving to deliver qualitative results as well as quantitative results. In order to do this, it's important to us that we understand what you think about our service and what you would like to see us improve on. We've implemented member satisfaction surveys to hear your opinions – when you call our Pensions Helpdesk; at the end of the retirement process and after we've resolved complaints.

There are several strategic change programmes starting across the business. We are reviewing our core IT systems and will replace those that are not fit to support us in delivering enhanced member experience.

We are also looking to improve our member communications – ensuring that we move away from pensions jargon and communicate in ways that everyone can understand.

I am hugely excited about the opportunities we have to develop LPP Pensions Administration further and improving our service to members, employers and clients.

I hope you enjoy this newsletter and as always welcome your feedback on any of the services we provide. You can do this by emailing: [askpensions@localpensionspartnership.org.uk](mailto:askpensions@localpensionspartnership.org.uk)

**Jo Darbyshire**  
Director of Pension Administration  
Local Pensions Partnership



# My Pension Online

## Keeping it simple!

**Keeping informed about your pension is important but it shouldn't be complicated. At LPP we like to keep things simple for our members which is why we recommend signing up to [My Pension Online](#).**

With [My Pension Online](#) it's easy to stay up to date with your pension and lets you access important documents such as your annual benefit statement and keep your affairs in order by recording your death grant nominee/s.

### **What about the future:**

Are you planning for your retirement?  
Do you know when you want to retire?

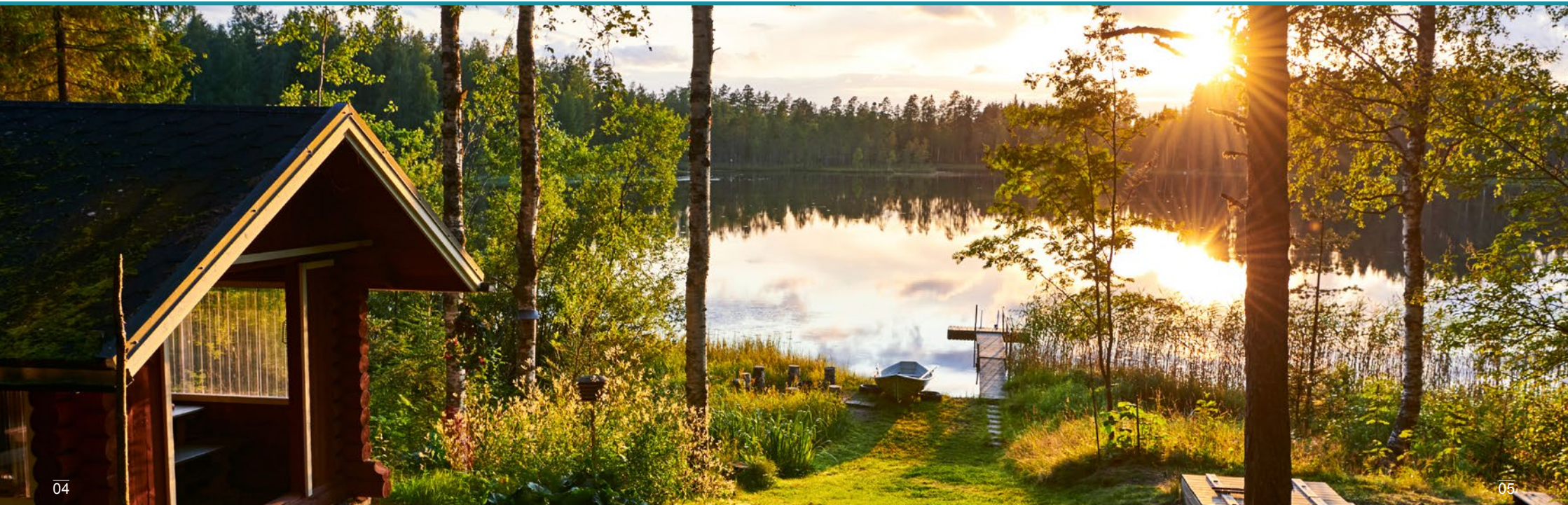
More importantly do you know if you can afford to retire when you choose? Planning early for your retirement is so important, and it has never been easier!

With [My Pension Online](#), you can produce multiple benefit calculations showing what pension and lump sum you can expect to receive at your intended retirement date. You might be able to retire earlier than you thought\*.

Log into [My Pensions Online](#) then follow the simple steps on page 6 to see what your pension and lump sum could be:

If you do not have enough income to retire at your preferred date, you can top up your pension whilst you are still an active member, doing this may also allow you to retire earlier with enough income to provide an enjoyable retirement. More information about topping up your benefits can be found later in this newsletter.

\*Please note the benefit calculation is reliant upon the input of accurate pensionable salary information



## Produce your own retirement estimate!

1. Log in to 'My Pension Online'.
2. Select 'Benefit Calculators' in the Pension Benefits tile. Select your proposed reason for leaving the scheme.
3. Input your proposed leaving date.  
(For Voluntary Retirement this must be between age 55 - 75).
4. Update your pay details if necessary, the figures shown are supplied by your employer so should be up to date.

**CARE Pay:** your annual gross earnings, if you are part time this will be your annual part time salary.

**Final Salary Pay:** your annual full time gross earnings, if you are part time the amount here should show the full time equivalent for your post.

5. Press 'Calculate', at the bottom left corner of the screen.

The amounts shown are the estimated benefits you can expect to receive at the 'Date Of Leaving' you have selected.

To see your Lump Sum options, click on 'Lump Sum Options'. This displays the maximum amount you may take as a tax free lump sum, and how much your pension would be if you opt for the maximum lump sum available. Please note if you have an AVC this is not included here.

### Not yet registered.

You can register in three easy steps

**Step 1** – Complete the registration form online

**Step 2** – LPP will send you a unique activation code

**Step 3** – Once you have been issued your activation code you can go online and set up your username and password

Once registered, we can then contact you electronically when we want to share information with you about your pension.

If you would like support using [My Pension Online](#) call the Pensions Helpdesk on **0300 323 0260**

## LPP During Coronavirus

**COVID-19, or Coronavirus, was declared a global health emergency by the World Health Organisation back in January 2020. As the pandemic escalates, rest assured that LPP are doing everything possible to reduce the impact that the virus is having on our business, our members, our employees and their families.**

**We continue to monitor the Government's current advice and are reviewing our position daily via a tactical working group.**

Since implementing the LPP Business Continuity Plan on Monday 16 March, the majority of LPP staff have moved to home working with a skeleton staff continuing to operate from our Preston office. We are in regular touch with our key partners and suppliers on their ability to maintain their services and continue to take all reasonable steps to maintain services. Our aim is to do our best to keep disruption to a minimum.

Within a week of the resulting lockdown we started updating the YourPension website with information regarding the status of our services. We have created a LGPS FAQ's page where you can find information on what death benefits are available, how you can add/update a nominee, how to inform us of a change of name and much more. Where necessary we have also converted downloadable forms from pdf to word to make them easier to fill out.

We continue to revise the Coronavirus update on the home page as things change. Our helpdesk continues to operate so if you do need to contact us, please help us by considering whether your query is urgent or not, continue to use our website and our LGPS and Coronavirus FAQs. The site provides a range of information for anyone concerned about their financial situation. Alternatively sign up to [My Pension Online](#) where you can carry out several tasks without the need to contact us.



# Death Grant

**Were you to die whilst you are a paying member, generally, the death grant will be three times your annual pensionable pay.**

We will pay this at the Fund's absolute discretion to the person(s) you nominated, your personal representative or any person(s) deemed appropriate by the Fund.

In most cases we will not deduct tax from the death grant.

**This won't apply if either:**

- The death grant exceeds your available lifetime allowance (find out more about lifetime allowance at [www.lgpsmember.org/docs/LGPS%20factsheet\\_AA.pdf](http://www.lgpsmember.org/docs/LGPS%20factsheet_AA.pdf)); or
- The death grant is paid more than two years after we were informed of the death.

If you also hold deferred benefits, suspended Tier 3 benefits or are receiving a pension in payment under any fund in the LGPS (England and Wales), multiple death grants will not be payable. Generally, the largest death grant will be payable.

Please note that if we pay the death grant after the end of the two-year period from the date we were informed of your death, we will pay the grant to your personal representative.

A lump sum death grant will be paid if you die in retirement and less than 10 years pension has been paid to you (you must be under age 75 at the date of death). The amount payable would depend on when you retired from the scheme. Further information can be found here [www.lgpsmember.org/arl/already-left-prot.php](http://www.lgpsmember.org/arl/already-left-prot.php)

To check or review your nomination or to make a new nomination, please visit [My Pension Online](#)

You can also download a copy of the form from: [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk).



# Survivors Pensions

**If you have a cohabiting partner, they may be eligible upon your death to receive a survivor's pension. You can write to us to tell us about your partner, however; not doing so will not in itself result in them being ineligible to receive the pension. It could simply help speed up the process after your death.**

At the time of your death, your cohabiting partner will be eligible to receive a survivor's pension, provided we are satisfied that the relationship met the following conditions for a continuous period of at least 2 years on the date of death:

- Both you and your cohabiting partner are, and have been, free to marry each other or enter a civil partnership with each other, and
- You and your cohabiting partner have been living together as if you were husband and wife, or civil partners, and
- Neither you nor your cohabiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
- Either your cohabiting partner is financially dependent on you or you are financially interdependent on each other.(and we will need to see evidence of this e.g. council tax bill, mortgage statement, utility bill or bank statement in both names)

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.





## Pensions Increase

All pension benefits built up since 1 April 2014 are calculated under the Career Average Earnings scheme (CARE). Each year's benefits are built up under this scheme based on your pensionable pay.

At the end of each scheme year (1 April to 31 March) during which you paid into the scheme we adjust the balance in your CARE account by inflation (prices). The government advise us each year what percentage we should use. In recent years, they have used the percentage by which the Consumer Price Index (CPI) changed over the year (Sept to Sept). With effect from 1 April 2020, we have added 1.7% to your CARE balance as long as you were a paying member as at 31 March 2020.

You may have transferred benefits into the scheme from a different public sector scheme under club arrangements, buying you additional CARE benefits. If so, we may have adjusted those benefits by a different percentage. Under club arrangements, we must revalue the CARE pension bought by the transfer in line with the percentage under the previous public sector scheme.

## 50/50 Scheme

The Local Government Pension Scheme offers you the flexibility to pay half your normal contribution rate and build up half your normal pension whilst retaining full life and ill-health cover. This is called the 50/50 section of the LGPS. It is designed to help members stay in the scheme, building up valuable pensions benefits during times of financial hardship.

Please visit <https://lgpsmember.org/arm/already-member-contrsf.php> and use the find out more buttons on the right hand side of the webpage to access the Contributions Calculator. The Calculator will show you the effect on your take home pay of moving to the 50/50 section. If you then wish to make an election, please visit [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

Employee contribution rates from 1 April 2020

If your actual pensionable pay is:	You pay a contribution rate of:	
	Main Section	50/50 Section
Up to £14,600	5.5%	2.75%
£14,601 to £22,800	5.8%	2.90%
£22,801 to £37,100	6.5%	3.25%
£37,101 to £46,900	6.8%	3.40%
£46,901 to £65,600	8.5%	4.25%
£65,601 to £93,000	9.9%	4.95%
£93,001 to £109,500	10.5%	5.25%
£109,501 to £164,200	11.4%	5.70%
£164,201 or more	12.5%	6.25%

# Reduction in Pay

**A reduction in pensionable pay can impact on the value of your pension, for example due to restructuring, taking a lower paid post or being furloughed. The effect can be different on your pre-April 2014 membership to your post-April 2014 membership.**

This is because the scheme changed from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE) on 01 April 2014. The benefits built up prior to 01 April 2014 are protected and will always be calculated under the Final Salary Scheme arrangements. If you were not in the scheme prior to 01 April 2014 then you will only have CARE membership.

**To help you understand what the effect of a reduction in pay might be, we have provided you with the following facts.**

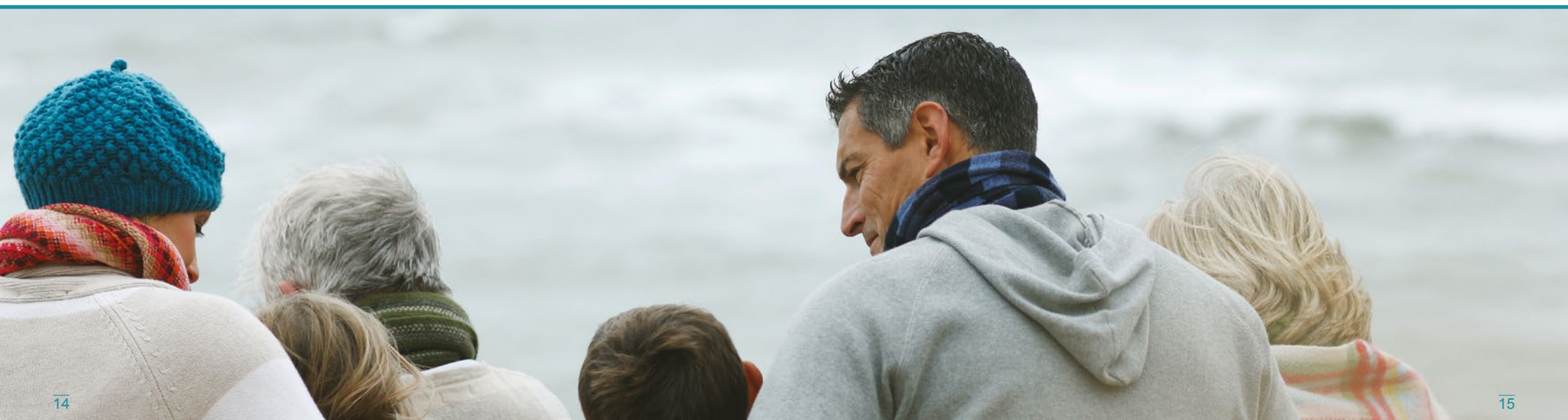
- (1) Your employee pension contributions will go down (as the pensionable pay is less).
- (2) Depending on the employer's policy, they may review the employee contribution rate at the point of the reduction (or wait for the next April review).

- (3) CARE pension builds up at 1/49th of your pensionable pay or 1/98th in the 50/50 scheme. As the pensionable pay received will be less, you will accrue less CARE pension going forward.
- (4) You may top up your CARE pension by purchasing additional pension<sup>1</sup>.
- (5) Final Salary benefits are calculated using service, full time equivalent pay and an accrual rate. As your full time pay has reduced, your final pay used to calculate your pre-April 2014 benefits may also be less<sup>2</sup>.
- (6) As your pay has reduced, you may have less ill-health retirement and death-in-service protection.
- (7) If you are paying AVCs by way of a percentage deduction from pay, the monthly AVC instalments will go down (as your pensionable pay has reduced). You could vary your AVC payments by changing the percentage or stipulating a set amount by sending written notice to your employer and the fund.
- (8) You are unable to vary additional pension payments (ARC's/APC's). The only solution would be to cancel the ARC/APC election and receive a proportion of the additional pension you set out to buy and then take out a new APC arrangement.

<sup>1</sup> Increasing your pension benefits.

<sup>2</sup> How your pension is worked out?

How are benefits built up between April 2008 and April 2014 worked out?  
How are benefits built up before April 2008 worked out?





# Topping up your pension – your options!

## Additional Voluntary Contributions

It's never too soon, or too late, to think about the difference you could make to your lifestyle later in life. By contributing to an Additional Voluntary Contribution (AVC) in association with your Local Government Pension Scheme (LGPS) pension you can increase your retirement grant<sup>1</sup> without the need to convert any of your main scheme pension, you can increase your income at retirement or both!

### AVCs are one option that could help you:

- **Retire early** – you might want to stop working before your state pension is due so you can spend more time enjoying the things you like. You can take your Local Government Pension benefits early (from 55) along with your AVC. Your AVC can increase your retirement grant or your pension income – you decide at the time you take it.
- **Work fewer hours** – you might want to reduce your hours for a few years before you retire. Building up an AVC could help you to increase your pension pot, this will make up for some of the pension that you won't accrue due to working reduced hours and receiving a reduced salary.
- **Retire with more money** – you might just want to save a little bit more to put towards the mortgage, help children or grandchildren with a deposit on a house, or maybe you'd like to travel, AVCs could help you do just that.
- **Benefit from tax savings** – this means the amount you contribute costs you less. The more income tax you pay<sup>2</sup>, the higher the tax saving could be. Of course, if you don't pay tax, you don't benefit from tax savings.
- **Pay in flexibly** – you build up a pot, separate to your local government pension, by making contributions regularly through your pay. You can change the amount at any time to suit your circumstances. If you reduce or stop them, it'll affect how much money you'll eventually have.

- **Choose where to invest your money** – AVCs are invested in funds, so they have the potential to grow over time. Any growth depends on the investments you choose, how they perform and any changes you make. You'll have various options depending on your LGPS. As AVCs are an investment, the value can go down as well as up and you may not get back what you put in.

More information about setting up an AVC and details of the AVC providers available to you can be found by clicking on your relevant fund at:

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

## Additional Pension Contributions (APC)

As an active member in the LGPS, you may buy additional annual pension by paying APC's, these contributions would be paid alongside your normal contributions.

You can pay APC's by regular deductions from your pay over a set number of years or by making a one-off payment (there are certain situations in which this would be the only option) You can only buy additional pension for yourself, APC's will not increase survivors' pensions.

The additional annual pension you buy is adjusted in line with the cost of living, both before and after you draw your benefits. There is a limit on the amount of additional pension you can buy. From 1 April 2020, the limit is £7,194 which will increase each 1 April thereafter in line with the cost of living. The cost of buying additional pension will depend upon several factors, for example, your age, your gender, the amount you wish to buy, whether you will pay by lump sum or regular deductions. Please visit <https://lgpsmember.org/more/apc/> where you will be able to estimate the cost by using the APC Calculator.

### Are there any tax limits?

Yes, there's an annual allowance (currently £40,000) which limits the amount of tax relieved money you can pay into your pensions, including your AVC or additional contributions paid into an APC arrangement.

For more details on this and other limits, go to <https://lgpsmember.org/ats/about-tax.php>

<sup>1</sup> Lump Sum Retirement Grant (otherwise known as statutory retirement grant or a lump sum).

<sup>2</sup> The amount of tax you pay depends on your individual circumstances and tax rules may change in the future.

# Transferring out of the LGPS

**You cannot transfer your benefits (other than AVCs) if you leave less than one year before your Normal Pension Age (no discretion). An option to transfer (other than in respect of AVCs) must be made at least 12 months before your Normal Pension Age.**

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, civil partner, eligible cohabiting partner or eligible children.

Further information about transferring out can be found here:  
[www.lgpsmember.org/tol/thinking-leaving-tvout.php](http://www.lgpsmember.org/tol/thinking-leaving-tvout.php)

# Recent Court Rulings

## Age Discrimination

You may be aware of the recent court case following the introduction of the Career Average Revalued Earnings (CARE) pension for firefighters and the judiciary. The case centred on the decision that only those closest to their schemes Normal Pension Age (NPA) would receive full transitional protection.

As a result of the court case, we expect amendment regulations to be introduced in the next 18 months which may involve a minor change to a small number of members pensions who have retired since 2014. We will be contacting those affected once amended regulations have been released.

## Opposite Sex Civil Partnerships

The Government recently extended the Civil Partnership Act 2004 to include opposite-sex couples. The change is in response to the Supreme Court ruling that it was unlawful to deny opposite-sex couples the right to enter a civil partnership. The 2019 Act took effect from 26 May 2019.

The intention for the purposes of the pension scheme is that opposite-sex civil partners will be treated in the same way as those in an opposite-sex marriage.



# We are listening

**Just over 12 months ago we introduced customer satisfaction surveys at different stages of the pension journey, we wanted to see: What we did well and what we could do differently.**

The surveys focused on the Helpdesk Service and the Retirement Process

## Helpdesk

At the end of a call into our pensions helpdesk in the period 1 January 2019 to 31 December 2019 10,828 surveys were completed by members with an overall satisfaction rate of 84%.

### What do the helpdesk do well? You said...

- I have spoken to two of your staff both able to answer all my questions in a very professional polite manner
- The service is quick, easy and resolves things at one point of contact
- I liked to see your team member anticipating & offering me a solution to my next question. It made the exchange feel much more personal than I'd anticipated, which is very appropriate for a discussion of personal finances
- Very fast, friendly, compassionate, and helpful especially with our sensitive situation

### What could we do differently? You said...

"I have difficulty logging into My Pension Online", "Wait time was too long", "Too many options to get through".

### We did:

- We made changes to the Log on screen including a password reveal button and a please wait dialogue box so you can tell information is being retrieved
- Trained more advisors to take calls which has reduced the average wait time to under 2 min
- We are looking at the options at the beginning of the call and will shortly be amending and reducing the length of message

After you have emailed the helpdesk, a link to a survey is included in the response. From January 1 to December 31, approximately 5657 email surveys were completed with a satisfaction rate of 67%.

The responses were similar to the telephone feedback in that the answers were adequate, however, it took too long to reply.

We continue to focus on reducing our response time from 5 working days to 2.

## Retirement

After a member retired in the period 1st Jan 2019 to 31st Dec 2019, 994 surveys were completed with an overall satisfaction of 73%.

### The feedback identified that:

- Members were not aware of the retirement process
- The timescales and responsibility for providing key information by employers, members and LPP was not clear

### As a result:

- We produced a retirements process document giving clear timescales which is sent out with a retirement options form
- We improved the options forms to make them easier for members to correctly complete first time
- We now write to members when we have any delays caused by missing information, so that they are aware of the progress on a case

Recent figures show that satisfaction is now at 89%.



## The Silver Line

Sometimes you just want someone to say goodnight to

**The Silver Line, a helpline dedicated to providing support for older people living with loneliness and social isolation, has received in excess of 2.5 million calls since it was established in 2013.**

In October 2019 they became a subsidiary of Age UK. Close to 1,500 people per day reach out to the helpline. There are thought to be around 1.2 million chronically lonely older people across the UK. That number is set to rise to 2 million by 2026 and The Silver Line is the front line of defence, combatting the destructive effects of this issue. Available 24 hours, 7 days, 365 days a year, it is the only free, national, confidential helpline offering information, friendship and advice to older people.

Over half of the people that call The Silver Line say that they have nobody else to speak to, the vast majority of them live alone and have very little human contact from day to day. Without our wonderful staff and volunteers, these people would be utterly isolated.

The Silver Line is providing a vital public service, funded entirely by charitable giving. It needs public support if it is to continue meeting and expanding in line with demand. To find out how you access their service or volunteer, visit [www.thesilverline.org.uk/what-we-do](http://www.thesilverline.org.uk/what-we-do) alternatively phone **0800 4 70 80 90**.





## Preventing Pension Scams

In recent years there has been a rise in pension scams, in many instances individuals have had large portions of their pensions stolen from them through “Pension Liberation”, this is a term used by scammers to convince people they can gain access to pension funds before the age of 55.

Withdrawing your pension savings could put you at risk of losing all your money, facing charges and a tax bill from HMRC. Scammers use more and more sophisticated methods to get hold of people’s pensions, on average they scam £91,000 per victim.

### What are the common tactics you should look out for?

- Contact out of the blue
- Promises of high/guaranteed returns
- Free pension reviews
- The promise to get you access to your pension before age 55
- Pressure to act quickly

### How you can protect yourself:

- Reject any unexplained pension offers
- Check who you are dealing with before changing your pension arrangements
- Do not be rushed into making any decision about your pension
- Consider getting impartial information and advice

### What to do if you suspect a scam:

- Report to the Financial Conduct Authority (FCA) using the [reporting form](#) or call **0800 111 6768**
- Report online to [Action Fraud](#), alternatively call **0300 123 2040**

## Avoiding COVID-19 Scams

With the outbreak of COVID – 19 there has been a reported rise in fraudulent activity, many people want to do their bit to help elderly or vulnerable neighbours, but be extra vigilant off and online when accepting help or being asked to provide information related to the current situation.

The Local Government Association advises that anyone stuck at home without food or medical supplies or is lonely due to self-isolation and does not have family or neighbours they can rely on should contact their local council for assistance.

Find your local council online: [www.gov.uk/find-local-council](https://www.gov.uk/find-local-council). If you do not have access to the internet use **BT operator services: 118 500**

The National Trading Standards Scams Team has a Friends Against Scams Initiative which aims to protect and prevent people becoming victims of scams.

For more information visit their website: [www.friendsagainstscams.org.uk](https://www.friendsagainstscams.org.uk)

# Want to find out how your pension works?

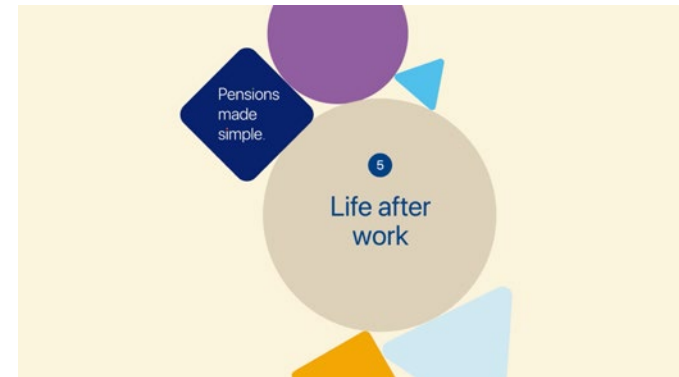
**With all the jargon out there, that's used to explain pensions, it's not always easy to understand how it all works.**

These are just a few of the questions members frequently ask, so have a look at the short videos produced by the LGPS, covering some common topics.

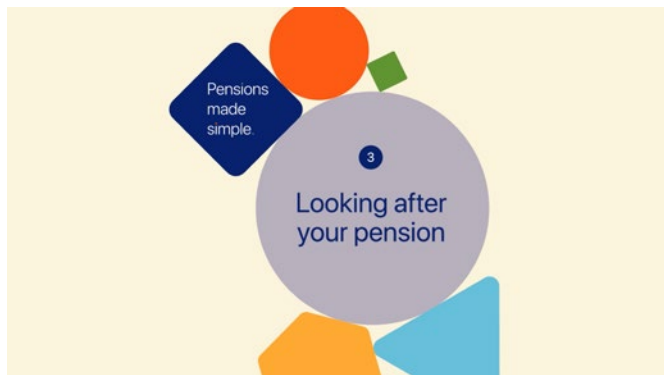
## How much do I pay?



## When can I retire?



## Can I top my pension up?



## What happens to my pension when I die?





# Contacting Us

**Tel:** 0300 323 0260

**E-mail:** [askpensions@localpensionspartnership.org.uk](mailto:askpensions@localpensionspartnership.org.uk)

**Web:** [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

## **In writing**

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