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Local Government Pension Scheme (LGPS) Notes on your pension

These notes are provided along with your notification of benefits to help answer some of the questions most frequently asked and to cover matters likely to affect the pension you will be paid. They cover the following areas:

1. Benefits paid on your death
2. How pensions are paid
3. Tax and your pension
4. Pension Increases
5. Data protection, privacy, National Fraud Initiative and the LGPS database
6. Going back to work
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Benefits paid on your death

LGPS retirement pensions are guaranteed to be paid for at least 10 years – 5 years if your benefits relate to membership of the scheme which ceased prior to 01/04/2009 - unless you rejoin the LGPS as an active member and die in service. This excludes any pensions from compensatory added years on redundancy and / or efficiency retirement. If you retire and die as a pensioner, the balance of your guaranteed pension payments can be paid out as a lump sum to your nominated beneficiaries.

I would like to confirm that, in the event of your death, we are aware that you would like us to pay any death grant lump sum to:

Who you would like us to pay any death grant lump sum to is also detailed in the **Death Grant Nomination** area of SPFOne.

You can change your nominees on SPFOne.

A nomination form for you to update us regarding who you would like any benefits paid on your death to be paid to is enclosed and is also available from the Pensioners area of our website. Please only use it if you have not ever made a nomination or if you wish to change your nomination.

We strongly encourage all members to have made a nomination as no one is automatically entitled to these benefits and we have to make a decision in each case.

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If you are married or in a civil partnership, your spouse / civil partner will be paid a pension on your death.

If you are not married or are not in a civil partnership, but have:

- Lived with someone for 2 years at the time of your death
- Whilst both of you have been free to marry
- Whilst you have been financially interdependent

A cohabiting partner can receive a survivors pension provided s/he meets the criteria under the LGPS regulations.

A survivor's pension can ONLY be paid to an unmarried cohabiting partner IF the member was an active member of the LGPS after 31 March 2009.

Qualifying children will also be paid a pension on your death.

How pensions are paid

Pensions are paid by bank credit transfer on the 15th of each month. Where the 15th of the month falls on a Saturday or a Sunday your pension will be credited to your bank account on the preceding Friday i.e. either the 13th or 14th of the month. Please inform me promptly in writing should your account details change.

The pension paid to you on the 15th day of each month covers the calendar month in which payment is made. Therefore your pension is effectively paid "two weeks in arrears and two weeks in advance"

Your first payment of pension will cover either the period beginning with the day after your last day at work to the last day of that month (or the succeeding month if retired in a previous month).

A pension advice slip will be issued for your first payment of pension. Unless a change occurs of more than £5 per month to your net, that is after tax, pension no further notice will be issued until the following April when your pension may be increased by inflation.

If you go abroad in circumstances in which you no longer wish your pension to be paid into your United Kingdom bank account; your pension can normally be paid directly into an overseas account. If direct payment is not possible, a sterling cheque will be sent to your address abroad.

Tax and your pension

Your pension is regarded as earned income and is assessed under the PAYE tax system. We are obliged by law to comply with coding notices issued by Inland Revenue and such notices are based on your overall income position. The income tax codes which are notified from Inland Revenue will take account of income from sources of which we have no knowledge. It is for this reason that you must direct all income tax queries to the Inland Revenue.

Please remember to quote your National Insurance Number when contacting Centre 1.

Changes to your tax code will be shown on your pay advice slip.

Your lump sum retiring allowance is completely tax free as a result of tax concession that the LGPS, in line with other occupational pension schemes, enjoys.

Any Compensatory Added Years (CAY) lump sum on redundancy or efficiency of service grounds **paid to you by your employer** will be taxable if, when added to Payment in Lieu and/or Statutory

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Redundancy Payment or any other termination payment, it exceeds £30,000. Only the excess over £30,000 is taxable.

When your pension first comes into payment we will normally apply the PAYE code which last applied in your employment. However, to avoid giving you an income tax rebate to which you

would not be entitled, the code will be applied on a Month 1 basis and Centre 1 will be asked to confirm the exact code to be used. If your employment code is not known the “emergency” code will be applied and Centre 1 will be asked to supply the appropriate code.

Pension Increases

Pensions are linked to rises in inflation and will be increased in April of each year. If you retire before age 55 other than on the grounds of ill-health your increase will not be paid until your 55th birthday.

Pensions for most pensioners over state pension age include a Guaranteed Minimum Pension (GMP). The GMP replaces rights to part of your state pension which you would have received had you not joined the Local Government Pension Scheme.

Your GMP is sometimes called the ‘contracted-out deduction’. It is for membership of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997.

If your pension includes a GMP, your pension increase is paid as follows:

Type of pension	Who pays the yearly increases?
GMP earned up to 5 April 1988	The Department for Work and Pensions (DWP) – with your state pension.
GMP earned from 6 April 1988	Increases up to 3% are paid by us, with your monthly pension. If the increase is over 3%, the excess over 3% is paid by the Department of Work and Pensions with your state pension.
Non-GMP pension	All increases are paid by us with your monthly pension.

Details of the increase will be provided each year.

Data protection, privacy, National Fraud Initiative and the LGPS database

Information about how we handle personal information is available from our website's [Privacy Policy](#).

Going back to work

You must contact our Payments team in writing if you are thinking of returning to work within local government or another organisation that participates in the LGPS, as this may have significant implications for you.

Firstly, retirement benefits already paid to you will become subject to “unauthorised payment” tax charges if:

- You are under 55; and

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- You retired on redundancy or efficiency of service grounds; and
- You become re employed within 6 months of your retirement with an employer who participates in the LGPS.

Secondly, any pension resulting from additional service granted by your employer (this does not include the benefits you earned from your actual pensionable service) may be reduced or suspended if you go back to work with any employer who participates in the LGPS. The general rule is that your new salary plus pension in payment cannot exceed the final pay used to calculate your retirement benefits.

Thirdly, any pension resulting from additional service granted by your employer (this does not include the benefits you earned from your actual pensionable service) may be extinguished or subject to a permanent reduction when the new employment ends if you go back to work with any employer who participates in the LGPS. The Discretionary Payments (Scotland) regulations state that you cannot accrue more service than you could have attained had you not retired, but remained in employment until age 65. Note: compensatory added years count as service.

This is a particularly complex area where you should contact our Payments team in writing for information.

Disputes and enquiries

Please note that, in the event of any dispute over your LGPS benefits, the appropriate legislation will prevail: our guide and other explanatory information do not confer any contractual or statutory rights.

If you are not satisfied with our decisions, you should write in the first instance to:

Nicola Smith
Principal Pensions Officer
Strathclyde Pension Fund
P.O. Box 27001
GLASGOW G2 9EW

e-mail: spfo@glasgow.gov.uk.

Any dispute must be made within six months of receiving written notification of your benefits. If a dispute cannot be resolved to your satisfaction we will give you details on how you may take the matter through a two-stage Internal Dispute Resolution Procedure (IDRP).

TPAS

TPAS, the Pensions Advisory Service, is also available to give advice to members who have a problem which they have not been able to resolve. You may contact them at any time for advice. You can contact TPAS as follows:

TPAS, Tel No: 0300 123 1047
11 Belgrave Road,
LONDON, SW1V 1RB

website: <http://www.pensionsadvisoryservice.org.uk/>

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The Pensions Ombudsman

The Pensions Ombudsman can investigate complaints of maladministration as well as disputes about decisions which have been made about your pension rights. However, the Ombudsman cannot begin an investigation unless you have first gone through the two-stage Internal Disputes Resolution Procedure. If you wish the Ombudsman to consider a complaint you should normally contact TPAS first, and, if they cannot sort out your complaint, they will refer you to the Ombudsman who can be contacted as follows;

The Pensions Ombudsman, Tel No: 0207 630 2200
11 Belgrave Road,
LONDON, SW1V 1RB

e-mail: enquiries@pensions-ombudsman.org.uk.

Pension Scams

Falling foul of a scam could mean you lose some or all of your money. See pension-scams.com or fca.org.uk/scamsmart

Taking financial advice

We are not regulated to provide financial advice under the Financial Services Act.

We can only provide pensions facts and explanations about the Local Government Pension Scheme (LGPS).

We are able to:

- Explain what the figures on our various calculations mean.
- Explain the terminology we use.
- Explain what rights and options are provided by the LGPS.
- Outline some general areas for our members to consider when reaching an individual decision that is right for them.

If you need financial advice, we would direct you to the Financial Conduct Authority (FCA). They maintain a list of regulated financial advisers. The FCA also produce a wide variety of personal financial information sheets on topics that include pensions.

The FCA can be contacted as follows:

Web: <http://www.fca.org.uk/>
Phone: 0800 111 6768
Post: 25 The North Colonnade, Canary Wharf, London E14 5HS

You may also care to visit:

<http://www.moneyadviceservice.org.uk/>

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