



The Highland
Council
Comhairle na
Gàidhealtachd

Local Government Pension Scheme

Deferred Members
of the LGPS

Sgeama Peinnsein an Riaghaltais Ionadail

Buill Urramach
de SPRI

2013

Newsletter Cuairtlitir

Annual Deferred Benefit Statement

You recently received a benefit statement showing the value of your deferred benefits as at 8 April 2013, being the last pension increase date. Your benefits will continue to increase in line with the Consumer Price Index both prior to and after they come into payment.

Security of Pension

The rules of the Local Government Pension Scheme (LGPS) for Scotland are written under statute, which means that your deferred benefits are safe, secure and fully guaranteed.

How did you calculate my pension benefits?

Your deferred benefits were calculated based on your length of membership in the LGPS and your average pensionable pay in the 365 days leading up to your date of leaving (or any of the 2 previous years if higher).

For part time employees the membership was based on the proportion of full time equivalent membership, but the pay used was based on the full time equivalent pay for the post.

Payment of Benefits

The normal retirement date in the LGPS is age 65.

You can choose to have your benefits paid at anytime from age 60. However, your benefits may be reduced depending on when you left the LGPS, your age and your length of scheme membership.

Lifetime Allowance

The new "simplified" HM Revenue and Customs rules for taxation of pensions came into force on 6 April 2006 (A Day). One of the changes was the setting of a lifetime allowance, whereby if a member exceeded this limit then a tax liability, in addition to normal income tax would be applied. The lifetime allowance for 2013/14 is set at £1.5 million. Your lifetime allowance is calculated as 20 times your annual pension plus your lump sum, plus the value of your AVC fund if this applies. When your deferred benefits come into payment you will be asked for details of any other pension benefits that you have accrued in order that the Pension Section can calculate if you have exceeded your lifetime

allowance. This new limit is unlikely to affect all but the highest earners in the immediate future.

Example of Capital value of pension benefits

Your annual pension is £15,000 plus a lump sum of £45,000	
Annual pension £15,000 x 20	£300,000
Plus lump sum	£45,000
Total	£345,000

Giving up Pension for Lump Sum

When benefits are due for payment you can choose to give up part of your pension in exchange for a tax free lump sum. Your total lump sum can be up to 25% of your Lifetime Allowance.

You will be able to change pension to lump sum at the rate of £12 extra lump sum for every £1 of annual pension given up.

You can also take any in house Additional Voluntary Contributions (AVCs) you may have as a lump sum, provided that your overall lump sum does not exceed the 25% limit.

Prior to payment we will advise you of the options available.

Ill Health

Benefits may be paid at any age if because of permanent ill health you would have been unable to continue the duties of your former Local Government employment until at least age 65. In these circumstances you should write to the Pension Section, giving a brief outline of the medical condition together with the name, address and telephone number of your GP. A medical appointment will then be arranged for you to be seen by the Pension Fund's Medical Advisor.

Should benefits become payable on the grounds of ill health, they become payable from date of application.

Lump Sum (Death Grant)

If you die before you receive your pension benefits, the lump sum death grant is equal to three (for Pre 31 March 2009 leavers) or five (for Post 31 March 2009 leavers) times the current value of your deferred annual pension.

The lump sum death grant would normally be payable to your nominated beneficiary. Where no nomination is held, then the Pension Fund may make payments to or for the benefit of your executor or any person appearing to have been your relative or dependant at anytime.

If you get married, form a registered Civil Partnership, or get divorced, any nomination that we hold will become invalid. You should complete a new nomination, even if the person you are nominating has not changed. Please contact the Pension Section to obtain a nomination form or download one from our website.

Survivor's Pension

A pension will be paid to your husband, wife, registered civil partner or nominated co-habiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the Consumer Price Index (inflation).

For your husband or wife, the pension payable is generally equal to 1/160th of your final pay times the membership your deferred pension is based on, unless you marry after leaving, in which case it could be less.

For your civil partner or nominated co-habiting partner, the pension payable is equal to 1/160th of your final pay times your membership in the scheme from 6 April 1988.

Children's Pension

When a deferred member dies, a pension will be paid to an eligible child. The child's eligibility is assessed by dependency on the scheme member – he/she must have been dependent at the date of death.

A child's pension which comes into payment on or after 6 April 2006 will be paid until age 17 unless the child is in receipt of full time education or training, in which case it will be paid no later than age 23. Where a child is physically or mentally incapacitated the pension will be payable for life.

Combining LGPS Membership – New Legislation

If, in addition to holding these deferred benefits, you are currently a contributing member of the LGPS, new legislation introduced on 14 November 2011 gives you the opportunity to combine any of your previous deferred benefits to your current membership. However, a deadline now applies. If you are an active member under the Highland Council Pension Fund you must elect to do this by **31 January 2014**. If you are an active member with another administering authority, you should contact them to find out the deadline that applies, if you have not already been made aware. If you are not currently a member of the LGPS but re-join the scheme in the future you will be given the opportunity to combine your previous benefits within 12 months of joining.

If you decide to combine your deferred benefits with your current membership you will receive one set of retirement benefits, calculated using:

- Your total membership (from your previous and your current employment).
- Your final year's full time equivalent pensionable pay in your current employment or any of the 2 previous years if higher.

If you elect to retain separate benefits you will receive separate pensions for each of your periods of LGPS membership on retirement.

Your Deferred Benefits will be based on:

- Your membership in your previous employment.
- Your final year's full time equivalent pensionable pay to the date you left your previous employment, increased in line with inflation to the current date.

Your Retirement Benefits from your current period of membership will be based on:

- Your membership in your current employment.
- Your final year's full time equivalent pensionable pay in your current employment or any of the 2 previous years if higher.

Transfer of Pension Benefits

Your deferred benefits can be transferred to another Local Government employer or to a Public Sector scheme where the transfer in general is likely to buy day for day membership in a final salary scheme.

However you should always think carefully before transferring your benefits to another employer's scheme or to a personal pension plan where the schemes are likely to be money purchase schemes. A money purchase scheme is based on the value of your fund at retirement and the cost of "buying" a pension with this fund when you retire. The amount of your pension is therefore dependent on how well or otherwise your fund performs.

You should remember that by transferring the value of your pension benefits out of the LGPS you are giving up benefits that will be increased in line with the consumer price index both before and after you retire.

National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error.

The Pension Fund has a statutory obligation to participate in the NFI and your pension data will be used along with other authorities and government organisations like the Department of Work and Pensions to share and compare information.

Change of Name/Marital Status/Gender

If you change your name, title, marital status or gender then please advise the Pension Section, in writing, enclosing a copy of the relevant certificate.

Change of Nomination

If you require to amend your nomination details, a form can be downloaded from our website: www.highlandpensionfund.org

Change of Address

It is important that to be able to keep you advised of the value of your deferred benefits, you notify the Pension Section of any change of address in writing or by email.

Further Information

If you have any queries or feedback regarding the information provided, please do not hesitate to contact the Pension Section, quoting your national insurance number.

Pension Section, Finance,
The Highland Council HQ,
Glenurquhart Road,
Inverness IV3 5NX

Email: pensions.section@highland.gov.uk

Website: www.highlandpensionfund.org

Alternatively you can telephone from 9am to 5pm
(Monday to Friday) **(01463) 702441**



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