

The Local Government Pension Scheme Update



Pensions 4u

We're moving

All staff will be relocating from Taberner House to our new building Bernard Weatherill House (just next door!). Due for completion in Summer 2013, the building will ultimately be the main office for around 2,700 staff and, through new ways of working, will enable the council to deliver improved, more integrated services.

It will include an innovative new customer access hub which will make it easier and quicker for customers to access our services.

Details of our new address and phone number will be sent out as soon as we move, but don't worry about post going astray; it will be redirected for a long time after the move. Our e-mail address will not change and will remain as **pensions@croydon.gov.uk**

Pensions Increase

All public service pensions (of which the LGPS is one) are increased each year to reflect the rises in the cost of living. This is sometimes called inflation proofing or index linking. The LGPS offers full index linking to pension benefits i.e. there is no upper limit or capping on the amount by which benefits will be increased in times of high inflation.

Pensions Increase is normally paid to:

- Pensioners who are aged 55 or over; or
- Pensioners who have retired for the reason of permanent ill health at any age; or
- Spouses and dependants of former pensioners



Pensions Increase 2013

Your LGPS pension is increased annually in line with the rise in the Consumer Price Index (CPI), in accordance with the Pensions Increase Act 1971. Although pensions are increased in April, they are based on the rise in the CPI over the 12 months to the previous September. The pensions increase calculation for **April 2013** has been based on the increase in CPI during the 12 months preceding September 2012 and has been set at **2.2%**.

For pensions which began before 24th April 2012 this year's increase will be the full **2.2%** effective from **8th April 2013**. For pensions which began on or after 24th April 2012 the increase will be calculated in accordance with the following table:

| From | To | % Increase |
|--|---------------------|------------|
| Pensions commencing before 24th April 2012 | | 2.20% |
| 24th April 2012 | 23rd May 2012 | 2.02% |
| 24th May 2012 | 23rd June 2012 | 1.83% |
| 24th June 2012 | 23rd July 2012 | 1.65% |
| 24th July 2012 | 23rd August 2012 | 1.47% |
| 24th August 2012 | 23rd September 2012 | 1.28% |
| 24th September 2012 | 23rd October 2012 | 1.10% |
| 24th October 2012 | 23rd November 2012 | 0.92% |
| 24th November 2012 | 23rd December 2012 | 0.73% |
| 24th December 2012 | 23rd January 2013 | 0.55% |
| 24th January 2013 | 23rd February 2013 | 0.37% |
| 24th February 2013 | 23rd March 2013 | 0.18% |

The rates of pensions increase for the last 12 years are:

| Date of Increase | Percentage |
|------------------|------------|
| 8 April 2002 | 1.70% |
| 7 April 2003 | 1.70% |
| 12 April 2004 | 2.80% |
| 11 April 2005 | 3.10% |
| 10 April 2006 | 2.70% |
| 9 April 2007 | 3.60% |
| 7 April 2008 | 3.90% |
| 6 April 2009 | 5.00% |
| 12 April 2010 | 0.00% |
| 11 April 2011 | 3.10% |
| 9 April 2012 | 5.20% |
| 8 April 2013 | 2.20% |



Pensions Increase and GMP

This is where things get a little complicated. The LGPS is contracted out of the State Second Pension (formerly known as SERPS - the State Earnings Related Pension Scheme). When you reach state pension age you will receive a notice from HM Revenue & Customs giving details of your Guaranteed Minimum Pension (GMP) (this is the amount that is guaranteed to be paid to you by the LGPS had you not been contracted out of the State Second Pension).

Your GMP is already included in the total pension you receive from Croydon Council. From state pension age, therefore, your pensions increase will be paid from two sources, HM Revenue & Customs and Croydon Council.

Let us take an example of somebody who retired on 31st March 1988 with a total pension currently worth £1,000. Of that amount let's say that £300 relates to the GMP. The remaining £700 will be increased by 2.2% to £715.40. Add back on the GMP and the total pension payable from Croydon Council is £1,015.40. The remaining pensions increase due on the GMP will be included as part of your State Pension as paid by HM Revenue & Customs.

If you retired after 5th April 1988 it gets even more complicated! Let's look at the example above but for someone who retired on 31st March 2008, again their pension is currently valued at £1,000. Of that amount let's say that £300 relates to the GMP, but is now split depending on when it accrued, either pre or post 1988, let's say £100 is pre 1988 GMP and £200 is post 1988 GMP. The remaining £700 will be increased by 2.2% to £715.40, but the post 1988 GMP is increased by Croydon Council up to 3%, in this case the post 1988 GMP will increase by 2.2% to £204.40. Add back on the pre 1988 GMP of £100 plus the increased post 1988 GMP of £204.40 and the total pension payable from Croydon Council is £1,019.80. The remaining pensions increase due on the pre 1988 GMP will be included as part of your State Pension as paid by HM Revenue & Customs.

Pension Pay Dates

Your pension payments are made to your bank or building society account on the 24th of every month. The payment dates for the next 12 months are:

| 2013 | |
|-----------|-------------------------------|
| Friday | 22nd March |
| Wednesday | 24th April |
| Friday | 24th May |
| Monday | 24th June |
| Wednesday | 24th July |
| Friday | 23rd August |
| Tuesday | 24th September |
| Thursday | 24th October |
| Friday | 22nd November |
| Friday | 20th December to be confirmed |
| 2014 | |
| Friday | 24th January |
| Monday | 24th February |
| Monday | 24th March |

New 'single tier' state pension from 2016

Details of the Coalition Government's plans to simplify the state pension system with the creation of the "Single Tier" pension from 2017, were published in a White Paper on 14th January as part of the Mid-Term Review. However, the Chancellor announced in his Budget statement on 20 March that this would be brought forward to 2016.

The reform will create a simple flat rate pension set above the means test (currently £142.70) and based on 35 years of National Insurance contributions. It will particularly benefit women, low earners and the self employed, who under existing rules find it difficult to earn a full state pension.

By replacing today's complex system of add-ons and means-testing the Single Tier will provide certainty to people about what they will get from the state and provide a better platform for them to save for their retirement.

The Government intends to implement the single-tier pension in April 2017 at the earliest.

Key benefits of the reforms:

- 750,000 women who reach pension age in the decade after Single Tier is introduced will on average get an extra £9 a week.
- Under the present system, 4.2 million self-employed people are prevented from getting a full state pension. The Single Tier will now properly recognise their NI contributions.

- By the 2040s, over 80% of people reaching State Pension age will receive the full weekly amount of single-tier pension.
- A significant reduction in means testing. The proportion of people reaching State Pension age after the introduction of single tier who qualify for Pension Credit will be halved compared to the current system, and remain under 10% up to 2060.

Key features of the Single Tier pension:

- A single, flat rate state pension payment set above the basic level of the means test, which is currently £142.70 – compared with a current basic state pension of £107 per week and highly variable and unpredictable levels of additional state pension. The White Paper assumes £144 a week start rate, which is up-rated annually by the 'triple lock'.
- An end to different Basic and Additional State Pensions, and contracting out of defined benefit pension schemes. Savings credit abolished.
- 35 qualifying years to receive the full amount with over 80% of new pensioners achieving this by the 2040s.
- A minimum number of qualifying years (up to 10 years) to get any single tier.
- Self employed people brought fully into the state pension for the first time All state pension rights accrued under the old system will be recognised, so nobody will lose out on any pension they have earned.
- These changes will provide people with a platform to save for their retirement.

Change of payroll system

Croydon Council will be changing its Human Resources (HR) and payroll system during late 2013 and will consolidate on to a single technology platform, (Oracle) with Finance and procurement. This programme will be implemented in partnership with a number of other local Authorities (Havering, Croydon, Lambeth, Lewisham, Brent and Barking and Dagenham).

Why are we making this change?

Simple economics - All councils share common support functions - like HR, finance and procurement, but we have our own ways of doing them. If we can use the same system, we will streamline our processes and save money without cutting frontline services. Also together, we will be able to negotiate a better price for the Oracle system including the individual licenses.

Please be assured that your pension will continue to be paid into your bank account, the only thing that will change will be the payslip that is issued.

Changes in circumstance

If you move house, become re-employed or change bank account, please write to inform us as soon as possible.

Failure to inform us may result in your pension being suspended. Please do not rely on the company that holds your account to notify us.



We cannot accept any bank changes over the phone, via email or fax. All notification of changes to bank accounts need to be sent in writing and signed by yourself, quoting your pension number or national insurance number.

We have a number of pensioners who need a bit of help from relatives or friends with their financial affairs. This is not a problem, but to enable us to take instructions regarding change of address or bank details from a person other than the pensioner, we do require either a power of attorney or a court of protection order.

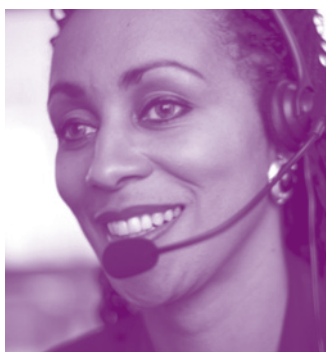
Payslips/ P60s and tax codes

Just a reminder that we do not routinely send out payslips every month unless your net pension has changed by more than £20. Payslips are however generated in March, April and May. Please retain the May payslip as this will indicate your normal pension payment for the rest of the year.

Your P60 will be sent to you towards the end of May. If you need the figures before the end of May you can use the figures from your March payslip as they will be the same. Retain your P60, as you will need it should you be asked to complete a self assessment tax return. The figures provided on the P60 are the gross taxable pension and the tax deducted in the year. Subtract the amount of tax deducted from the gross taxable pension to arrive at the net amount paid in the year.

When you receive a new tax code from the Inland Revenue please check that we have applied the same code. Please allow at least 6 weeks for the change to be made as normally you will receive your code a few weeks before we do.

Feedback



We would welcome your views on this newsletter and if you have had dealings with us recently we would like to hear from you on the service you received, good or bad.

Your pensioner representative

There are 2 pensioner representatives who attend the Pensions Committee meetings on your behalf, the current representatives are Gilli Driver and Peter Howard. They can be contacted through the pensions team. Minutes from these meetings can be viewed on line at www.croydon.gov.uk/democracy/dande/minutes/committees

How to contact us

If you change your address, you must write to:

Pensions Team

8th Floor, Taberner House, Park Lane
Croydon, CR9 1JL

Telephone: 020 8760 5768 x62892

E-mail: pensions@croydon.gov.uk

If you wish to change the bank/building society details for the payment of your pension, please write to:

Croydon Payroll

**Liberata UK Ltd, 4th Floor East NLA Tower
12-16 Addiscombe Road, Croydon CR9 6LL**

Other useful contacts

Croydon Citizens Advice:

Telephone: 020 8684 2236 / 01689 846890

Website: www.croydoncab.org.uk

Department for Works and Pensions:

General advice on your State Pension, widow's or bereavement benefits

Telephone: 0845 301 3011

Website: www.dwp.gov.uk

NHS Direct:

For health advice or information at any time of the day or night: **0845 46 47**