

The Local Government Pension Scheme Update



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 2017

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 2017** has been based on the increase in CPI during the 12 months preceding September 2016 and has been set at **1%**.

For pensions which began before 25 April 2016 this year's increase will be the full **1%** effective from **10 April 2017**. For pensions which began on or after 25 April 2016 the increase will be calculated in accordance with the following table:

| From | To | % Increase |
|--|-------------------|------------|
| Pensions commencing before 25 April 2016 | | 1.0% |
| 26 April 2016 | 25 May 2016 | 0.92% |
| 26 May 2016 | 25 June 2016 | 0.83% |
| 26 June 2016 | 25 July 2016 | 0.75% |
| 26 July 2016 | 25 August 2016 | 0.67% |
| 26 August 2016 | 25 September 2016 | 0.58% |
| 26 September 2016 | 25 October 2016 | 0.5% |
| 26 October 2016 | 25 November 2016 | 0.42% |
| 26 November 2016 | 25 December 2016 | 0.33% |
| 26 December 2016 | 25 January 2017 | 0.25% |
| 26 January 2017 | 25 February 2017 | 0.17% |
| 26 February 2017 | 25 March 2017 | 0.08% |

The rates of pensions increase for the last 5 years are:

| Date of Increase | % |
|------------------|-------|
| 9 April 2012 | 5.20% |
| 8 April 2013 | 2.20% |
| 7 April 2014 | 2.70% |
| 6 April 2015 | 1.20% |
| 6 April 2016 | 0% |
| 10 April 2017 | 1.00% |



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. If you reached your SPA after the 05 April 2016 Croydon Council will pay the full PI on all of your pension. If you reached SPA before the 06 April 2016 your pensions increase will be paid from 2 sources, HM Revenue & Customs and Croydon Council.

Let us take an example of somebody who retired on 31 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 1% to £707.00. Add back on the GMP and the

total pension payable from Croydon Council is £1,007.00. 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 5 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 £1000. 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 1% to £707.00, but the post 1988 GMP is increased by Croydon Council up to 3%, in this case the post 1988 GMP will increase by 1% to £202.00. Add back on the pre 1988 GMP of £100 plus the increased post 1988 GMP of £202.00 and the total pension payable from Croydon Council is £1,009.00. 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.

National Fraud Initiative

We are participating in an exercise to promote the proper spending of public money. We are required by law to protect the public funds we administer. We may share information provided to us with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud.

We participate in the Cabinet Office's anti-fraud initiative, known as the National Fraud Initiative. For this initiative, we are providing details of pensioners so that they can be compared to information provided by other public bodies. This will ensure, for example, that no pensions are being paid to persons who are deceased or no longer entitled, and that occupational pension income is being declared when housing benefit is applied for.

Sometimes wrong payments are made because of a genuine error. Previous exercises have uncovered instances of pensioners receiving too little pension, resulting in the payments to pensioners being increased. These exercises, therefore, help promote the best use of public funds.

You do not need to take any action. You may be contacted again in the future if the exercise suggests you are not receiving the correct amount of pension. Further information is available on our website at <https://www.croydon.gov.uk/democracy/dande/policies/finance/fairprocess>. However, if you do have any questions, you should contact caft@croydon.gov.uk, who can also provide hard copies of information available on our website.

New Pensions Website

We have launched a new-look website for the London Borough of Croydon Pension Fund, where you can find out more about your pension. There is a handy 'frequently asked questions' section, along with links to other pension related sources of information. Why don't you take a look and let us know what you think www.croydonpensionscheme.org/

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.

Pensions 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:



| 2017 | |
|----------------|--------------------------------------|
| March 2017 | Friday 24 March |
| April 2017 | Monday 24 April |
| May 2017 | Wednesday 24 May |
| June 2017 | Friday 23 June |
| July 2017 | Monday 24 July |
| August 2017 | Thursday 24 August |
| September 2017 | Friday 22 September |
| October 2017 | Tuesday 24 October |
| November 2017 | Friday 24 November |
| December 2017 | Friday 22 December (to be confirmed) |
| 2018 | |
| January 2018 | Wednesday 24 January |
| February 2018 | Friday 23 February |
| March 2018 | Friday 23 March |



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.

Payment of pensions overseas

If you decide to emigrate, your pension can still be paid monthly into a bank account anywhere in the world. All overseas transactions are dealt with by Western Union who make a small charge for currency conversion and transmission of the payment.

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 <http://www.croydon.gov.uk/democracy/dande/minutes/pensions/>

New pensioner representatives are elected every two years. The election process is currently underway, and the new pensioner representatives will be notified to you in the next newsletter.

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.



How to contact us

By post at:

The Pensions Team

Croydon Council
Floor 5, Zone A
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

By telephone:

020 8760 5768 Ext 62892

By email:

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