

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. 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.

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 2019

The pensions increase calculation for **April 2019** has been based on the increase in CPI during the 12 months preceding September 2018 and has been set at **2.4%**.

For pensions which began before 24 April 2018 this year's increase will be the full **2.4%** effective from **8 April 2019**. For pensions which began on or after 24 April 2018 the increase will be calculated in accordance with the following table:

From	To	% Increase
Pensions commencing before 24 April 2018		2.4%
24 April 2018	23 May 2018	2.2%
24 April 2018	23 June 2018	2.0%
24 June 2018	23 July 2018	1.8%
24 July 2018	23 August 2018	1.6%
24 August 2018	23 September 2018	1.4%
24 September 2018	23 October 2018	1.2%
24 October 2018	23 November 2018	1.0%
24 November 2018	23 December 2018	0.80%
24 December 2018	23 January 2019	0.60%
24 January 2019	25 February 2019	0.40%
25 February 2019	23 March 2019	0.20%



Pensions Increase and GMP

This is where things get a little complicated. The LGPS was 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 5 April 2016 Croydon Council will pay the full PI on all of your pension. If you reached SPA before the 6 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 3%, (example increase) to £721.00. Add back on the GMP

and the total pension payable from Croydon Council is £1,071.00. 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 31 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 3% to £721.00, but the post 1988 GMP is increased by Croydon Council up to 3%, in this case the post 1988 GMP will increase by 3% to £206.00. Add back on the pre 1988 GMP of £100 plus the increased post 1988 GMP of £206.00 and the total pension payable from Croydon Council is £1,027.00. 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.

Changes to survivor benefits for same sex spouses and civil partners

A change to the scheme rules has been made to provide that survivor benefits payable to a same sex spouse or a civil partner are equal those paid to the widow of a male member.

Why has the change been made?

The change has been made as a result of a Supreme Court judgment (*Walker v Innopsec*) which found that Mr Walker's male spouse was entitled to the same benefits that would have been paid if Mr Walker had left a widow in an opposite sex marriage.

Why does this apply to the LGPS?

The government believes that the implication of this judgment for all public service pensions schemes, including the LGPS, is that surviving civil partners or surviving same sex spouses should be provided with benefits equal to those that would be left to the widow of a male member.

When does the change take effect from?

The change is backdated to the date the civil partnerships and same sex marriages were introduced – this is 5 December 2005 for civil partnerships and 13 March 2014 for same sex marriages.

This means that where a member of the LGPS has died leaving a surviving civil partner or a same sex spouse, the survivor's pension in payment will need to be reviewed and any additional amounts paid, where applicable. We are in the process of reviewing the impact of this change and will be contacting affected civil partners and same sex spouses in due course.

The change will automatically be taken into account in survivor benefits paid to civil partners and same sex spouses in the future.

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 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.

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.

Please note our Tax Office reference: 120/AB69395

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:

2019	
April 2019	Wednesday 24 April
May 2019	Friday 24 May
June 2019	Monday 24 June
July 2019	Wednesday 24 July
August 2019	Friday 23 August
September 2019	Tuesday 24 September
October 2019	Thursday 24 October
November 2019	Friday 22 November
December 2019	(to be confirmed)
2020	
January 2020	Friday 24 January
February 2020	Monday 24 February
March 2020	Tuesday 24 March



Your pensioner representative

Your pensioner representative are: Gilli Driver and Peter Howard.

They attend the Pensions Committee meetings on your behalf. 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

Changes in circumstance

If you move house or become re-employed please write to inform us as soon as possible. Failure to inform us may result in your pension being suspended.

We cannot accept any bank changes over the phone or via email. 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. Please do not rely on the bank that holds your account to notify us.

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.

Pensions Website

You or your personal representative can find out useful information about your pension on our website:

www.croydonpensionscheme.org

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

Web:

www.croydonpensionscheme.org

NOTHING IN THIS UPDATE CAN OVERRIDE
THE PROVISIONS OF THE LOCAL GOVERNMENT
PENSION SCHEME REGULATIONS OR
RELATED LEGISLATION