

Pension Update

For members of the Local Government Pension Scheme (LGPS) | Summer 2022

➤ Welcome

Welcome to the 2022 newsletter for contributing members of the Local Government Pension Scheme (LGPS).

The LGPS has been a career average revalued earnings (CARE) scheme since 1 April 2014. This means that, each year, a proportion of your pensionable pay is added to your pension account. At the end of the year, this amount is added to any total pension pot you've built up in previous years and revalued to make sure it keeps up with the cost of living.

The pension benefits you build up in the LGPS from 1 April 2014 onwards have a cost-of-living adjustment applied each April. For April 2021, this was 0.5%. Your annual benefit statement shows the value of your pension after this increase has been added. The adjustment is worked out in line with the Consumer Price Index (CPI).

The 2021/2022 pay shown on your statement affects how your pension builds up, so it's important

that you check this amount. CARE pensionable pay is the total amount of (actual) pensionable pay you've earned over the year from 1 April 2021 to 31 March 2022. If you work part-time and joined the scheme before 1 April 2014, your final salary pay is the full-time equivalent pay for the same period. If you think your pay is wrong or if you have any questions about the pay used to work out your benefits, you should contact your employer.

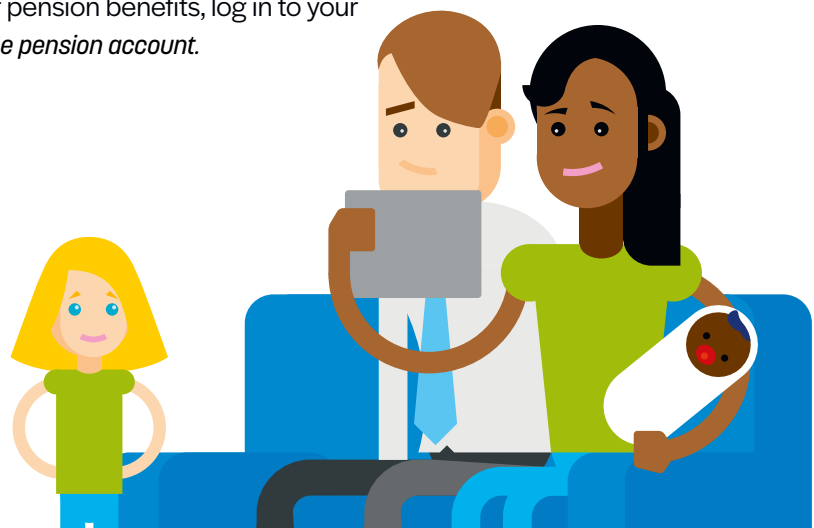
We've produced this newsletter jointly with other LGPS funds. If you would like more information about your pension benefits, log in to your *online pension account*.

➤ Pensions Made Simple

If you want to find out more about your LGPS pension and your options as a scheme member but you're short on time, take a look at the Pensions Made Simple videos.

These eight short videos will give you quick introductions to key topics, such as 'How your pension works', 'Transferring your pension', 'Protection for you and your family' and 'Life after work'. Watch the videos now at:

www.lgpsmember.org/help-and-support/videos/



➤ An update on McCloud

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced.

Similar protections were provided in other public-sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes had been discriminated against because the protections don't apply to them.

The Government has confirmed that there'll be changes to all main public-sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment'. The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS.

This means it's not been possible to show the effect of the judgment in your annual benefit statement this year. If you qualify for protection, it will apply automatically – you don't need to make a claim. For more information, see the frequently asked questions on the national LGPS website: www.lgpsmember.org/help-and-support/frequently-asked-questions

Don't forget to keep checking our *website* for the latest news and updates about the case.



➤ New national Local Government Pension Scheme website

The Local Government Pension Scheme (LGPS) has updated its website to make it easier for you to understand your pension.

The new site is mobile-friendly and fully accessible, allowing you to plan for your retirement, find key information and easily access support.

Their new website has:

- simple navigation;
- easy-to-use tools and calculators;
- useful links, hints and tips;
- helpful videos;
- new pages and updated content; and
- a faster and more detailed search function.

To use these new features, go to the LGPS website: www.lgpsmember.org

Did you know you can also check your pension details by logging in to your *online pension account* on your local Northamptonshire Pension Fund website?

If you haven't already registered for this service, why not do so today?

➤ You may not be able to take your LGPS benefits at 55

The Government has announced that the minimum age that LGPS members will be allowed to take their benefits, other than on ill-health grounds, will rise from 55 to 57 from 6 April 2028. However, if you were a member of the LGPS on 3 November 2021, you should keep the right to take your benefits from age 55.

The details of exactly how a protected minimum age of 55 will work have yet to be finalised.

There are many questions at this stage about how the increase in the minimum pension age will affect LGPS members. We don't know yet, for example, exactly what rules will apply if members want to transfer benefits between pension schemes or between different LGPS pension accounts.

We'll provide further information on our website, or in a separate communication when we can. The Government is carrying out a review of the State Pension age. If changes are made to your State Pension age, they could affect your normal pension age.

➤ Changes to transfer rules

Late in 2021, the UK Government announced new rules which restrict your right to transfer your pension if any potential risks from scams are identified. These new rules help us to keep your pension savings safe from scammers and criminals.

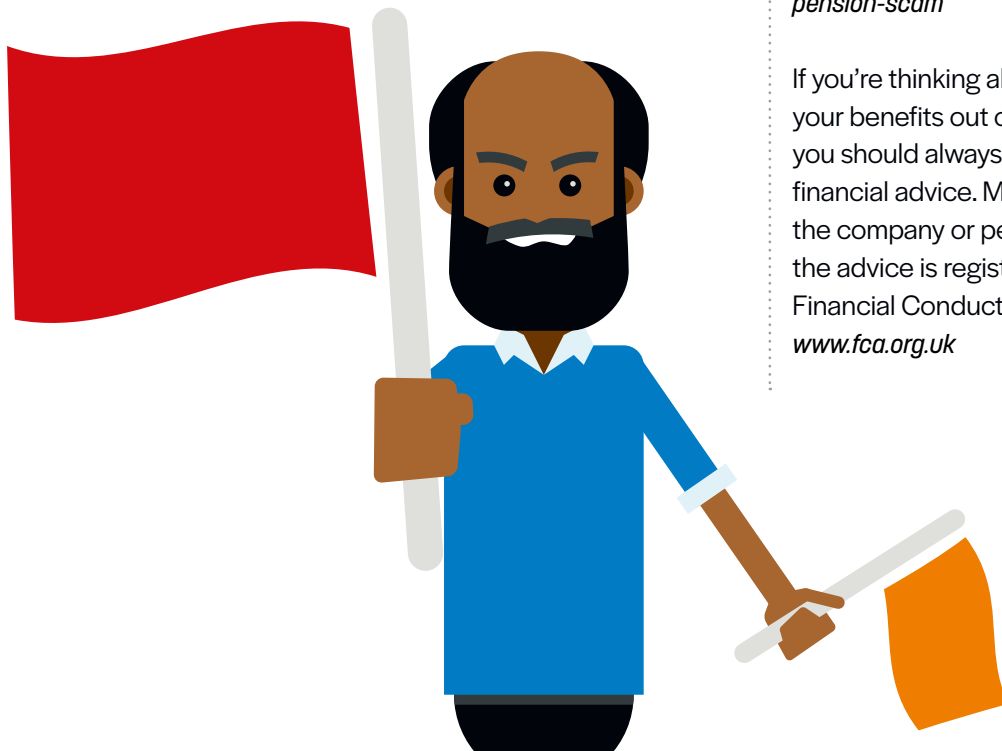
Of course, most transfers are above board, safe and legitimate. But we can now express any concerns we might have about your transfer under two categories – red flags or amber flags.

Red flags are where there is a clear sign of a scam or fraud. If we identify any red flags while carrying out these additional checks, we can prevent the transfer from going ahead.

Amber flags are where certain features of the scheme that you're transferring to show that you might be at risk of being scammed. These might include unregulated or high-risk investments, unclear fee structure or advice taken from overseas or unregulated advisers.

If we find any amber flags, you'll have to make a free Pension Safeguarding Guidance appointment with MoneyHelper. This service, backed by the Government, helps people understand their money and pension options. Once you've had your appointment, you can decide whether you still want to go ahead with the transfer.

As an active member of the scheme, you can't transfer out your pension benefits. But if you hold deferred benefits from a job you no longer work in, you may be entitled to a transfer.



➤ Pension scams are on the rise

Pension scams are on the rise in the UK. The people behind the scams are good at tricking people into handing over their money. It's important that you've an idea of how to spot a pension scam, even if you think it could never happen to you.

Some of the warning signs of a pension scam could be:

- someone calls you out of the blue, offering a free pension review;
- someone promises to get you better returns on your pension savings; or
- you're pressured into making a quick decision about transferring your pension.

You can help to protect yourself by learning how to spot a scam. There is more information on the MoneyHelper website: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

If you're thinking about transferring your benefits out of the LGPS, you should always get impartial financial advice. Make sure that the company or person giving you the advice is registered with the Financial Conduct Authority (FCA). www.fca.org.uk

➤ Updates to our privacy notice

As part of our plan to make sure we keep to the Data Protection Act 2018, we've prepared a privacy notice giving details of our responsibilities regarding your personal information.

The notice sets out what information we hold, who we share it with and your rights to access this information.

We want to let you know that following the introduction of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, we've recently updated our privacy notice. When dealing with transfer requests, and as part of our due diligence process, we must make sure checks are completed before transferring benefits. To check for pension scams, we may need additional information from members. All of the information we collect meets the UK General Data Protection Regulation (GDPR).

You can read the privacy notice on our [website](#).

➤ Responsible investment



As long term investors we believe in investing in a wide range of assets to cover us against unpredictable market conditions. Our approach to investments is set out in our investment strategy statement, which you can find on the *key documents page* of our website.

We've worked hard to develop an enhanced responsible investment policy that sets out our approach to sustainable responsible investment and will help us to manage the carbon and climate risks impacting our investments better. With this in mind, we plan to reduce the carbon emissions of listed equities by 25% by 2024 and by 59% by 2030.

We intend to decarbonise our portfolio at the same rate as the European Policy Curve (EPC) meaning our decarbonisation pathway would stay in line with the Paris climate agreement and achieve our ambitions to reach net zero by 2050 or earlier.

We've created a new dedicated investment page on our website so we can let you know how we're performing. We'll monitor the progress we've made against these targets regularly through a climate dashboard setting out key carbon metrics which we'll measure and track over time. We'll provide regular communication on how we're progressing on our journey to achieve net zero through our new *investment web page*.

You can find copies of our climate action plan, decarbonisation pathway, and climate dashboard on our *key documents page* of our website.

Contacting the Pension Team

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