

Deferred

Members Newsletter 2021

For more information visit the national Local Government Pension Scheme Members website: www.lgpsmember.org

Welcome to the 2021 newsletter for deferred members of the Local Government Pension Scheme (LGPS).

We have produced this newsletter jointly with other LGPS funds. For more information about your pension benefits, you should log in to your online pension account.

➤ Frequently asked questions

What are deferred benefits?

Deferred benefits are worked out for you if you leave the LGPS before you retire.

They're held in your pension fund until:

- your normal pension age (NPA);
- you take them before your NPA at a reduced rate, or after your NPA at an increased rate;
- you are given access to them because of ill health; or
- you decide to transfer them to a different pension scheme.

Your NPA depends on when you left the LGPS. If you left the scheme after 1 April 2014, your NPA is linked to your State Pension age. If you left the scheme before 1 April 2014,

your benefits normally have an NPA of 65. In some cases, this could be earlier if certain protections apply.

Do I have to retire at my NPA?

You can take your deferred benefits at any time, from the age of 55 until age 75, as long as you've left the job the benefits are linked to.

If you decide to take your deferred benefits before your NPA, they'll normally be reduced as your pension will be paid for longer. How much they are reduced by will depend on how early you take them.

The current early retirement reduction factors are shown in the following table.

Early retirement reductions (as at January 2019)

Years early	Pension reduction	Lump sum reduction %
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29%	15.3%
8	32.1%	17.3%
9	35%	19.2%
10	37.7%	21.1%
11	41.6%	Doesn't apply
12	44%	Doesn't apply
13	46.3%	Doesn't apply

You can leave your benefits in the LGPS past your NPA if you left the scheme after 1 April 1998. Your benefits would be increased for late payment, but they must be paid to you by your 75th birthday. If you left the LGPS before 1 April 1998, you must take your benefits when they're due on or before your normal pension age.

To find out how much your pension benefits would be if you chose to take them at a date other than your NPA, you can use the benefit calculators on your online pension account.

Can I take my deferred benefits if I can't work because of ill health?

If you can't work because of ill health, you may be able to have your benefits paid in full, with no reductions, whatever your age was when you left the LGPS. For your application to be approved, you must be permanently incapable of doing the job you were in when you left the LGPS.

If you think this may apply to you, contact your former employer. They will then ask an independent occupational health physician to give an opinion before they decide whether they can approve your application.

How do my deferred benefits keep their value against inflation?

Every April, your deferred benefits are adjusted in line with inflation. The increase applied to your benefits is measured by the Consumer Price Index (CPI) as at the previous September. For April 2021, this is 0.5%.

If you became a deferred member before 1 April 2020, you'll get the full 0.5% increase. If you became a deferred member after 1 April 2020, a proportion of the 0.5% increase will be added to your pension.

What happens to my deferred benefits if I die?

If you die while you're a deferred member of the

LGPS, a lump-sum death grant and survivor's pension may be due to your loved ones.

If you left the LGPS before 1 April 2008, the death grant would be the same as your lump-sum retirement grant shown on your statement, including any pension increases since you left the scheme.

If you left on or after 1 April 2008, the death grant would be five times your deferred pension, as well as any pension increases since the date you left.

After your death, a pension may be paid to:

- your husband, wife or registered civil partner;
- any eligible children; or
- if you were a member of the LGPS on or after 1 April 2008, someone you live with as if you were married.

To find out how much your dependants could get, log in to your [online pension account](#). You can also use this system to tell us who you would like the death grant to be paid to.

How do I update my personal details?

If any of the personal details shown on your statement have changed, you can update them online by logging in to your [online pension account](#). Or, you can let us know by filling in a form (such as the update form) on our [website](#). You should scan this form or take a photo

and email it to: pensions@westnorthants.gov.uk

If your marital status has changed, we need to see a copy of your marriage certificate, civil partnership certificate or decree absolute, to make the change.

Extra protection if you were in the LGPS on 31 March 2012

Following the McCloud court case about age discrimination in pension schemes, the Government proposed extending the final pay 'underpin' to those who would have qualified for it but for their age.

The underpin was a protection introduced to protect older members when the scheme changed on 1 April 2014 from a final salary scheme to a CARE scheme. The underpin is a calculation we make to check whether pension benefits built up after 31 March 2014 would be higher if they were calculated under the old scheme rules or when calculated under the new scheme rules.

The changes to the LGPS rules which need to be made because of the McCloud court case aren't expected to be in place before April 2022.

➤ Exit payment cap

In November 2020, the Government introduced a £95,000 exit cap (limit) on the amount of money a public-sector employer can pay when an employee leaves them. In February 2021, the Government reversed this rule and the cap no longer applies. However, the Government has said that it still plans to reform public-sector exit pay and that it will make some new proposals 'at pace', so there may be more changes to exit pay in the future. The exit cap does not apply to members with a deferred benefit. If you are also currently employed and pay into the LGPS and would like more information about the exit cap, contact your employer.



➤ Rejoining the LGPS

If you rejoin the LGPS with another pension fund, your new pension fund will ask if you have any LGPS pension benefits with other funds. It's important that you tell your new LGPS fund about any LGPS benefits you have with other funds.

You should do this as soon as possible because time limits apply to some of the options you have for transferring your previous LGPS benefits to your new fund.

Let your new fund know about your other LGPS benefits even if you do not

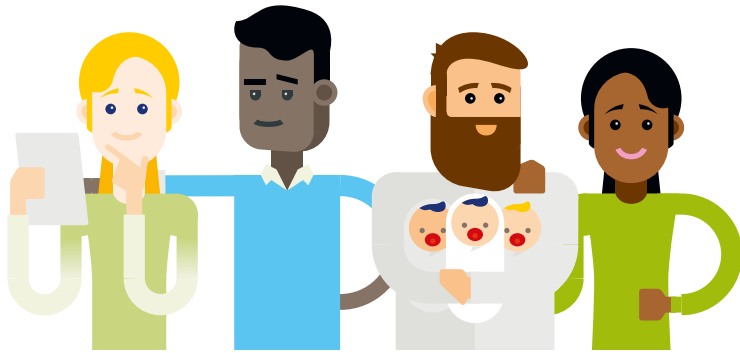
want to transfer them to your new fund, because you may need to fill in a form to say that you want to keep your benefits separate. You should also let your new fund know about any other pension benefits that you have with other pension schemes that you're interested in transferring into the LGPS.

If you rejoin the LGPS with the same fund, you may still have choices to make about your pension accounts, so it's important that you read and fill in any forms that your fund gives to you.

➤ Watch out for scammers

You may think that it could never happen to you, but pension scammers are experts at getting their hands on your hard-earned retirement savings. Scams are hard to spot because fraudsters often have credible websites and make false claims, such as being government-approved, to gain your trust. A scam may begin with a phone call out of the blue offering you a free pension review. This is pension 'cold calling' and it is illegal. **Reject all unexpected offers.** Research the company you're dealing with and always get impartial advice before making a decision about your pension. To find out more, visit: www.fca.org.uk/scamsmart/how-avoid-pension-scams

Do you have a cohabiting partner (someone you live with as if you were married)?



If you left the LGPS after 31 March 2008 and live with a partner of either the opposite or same sex, your partner may receive a survivor's pension when you die.

If you retired or left the LGPS before 1 April 2008, you can't nominate this person to receive a survivor's pension.

However, before we pay a survivor's pension, we must be satisfied that your relationship meets certain conditions laid down by the LGPS. Please check the Fund's website to find out what these conditions are.

'Pensions made simple' videos

We appreciate that pensions can sometimes be difficult to understand. That's why we have teamed up with the Local Government Association and some other LGPS pension funds to make eight short and simple videos to help you to understand your pension better. You can watch the videos on our website.

If you're hard of hearing, or your workplace disables sound on videos, you can click CC in the bottom right-hand corner of the screen and it will bring up subtitles.

Find out more about your online pension account

If you haven't already signed up to your online pension account, you can register now on our website.

As mentioned in other articles in this newsletter, by signing up to your online pension account you can:

- update your address;
- update who you want to nominate to receive the lump sum death grant;
- see how much your benefits might be if you take them at a date other than your NPA;
- look at your options for exchanging some of your pension for a larger lump sum; and
- check what benefits your dependants could receive if you die while you have deferred benefits.

You can also use the site's 'Contact Us' option to send us any questions you have about your pension. If you have already registered for an online account, remember to log on to let us know about any changes to your personal details.

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