

Deferred Member News

For more information visit: www.lgpsmember.org | Summer 2023

Welcome to the 2023 newsletter for deferred members of the Local Government Pension Scheme (LGPS). We have produced this newsletter together with other LGPS funds. If you would like more information about your pension benefits, please log in or register for your online pension account.

➤ Your questions answered

What are deferred benefits?

Deferred benefits are worked out for you if you leave the LGPS before you retire. The figures quoted in annual statements are based on your pension starting to be paid at normal pension age (NPA). If you are older than 65 and your NPA, your annual statement will include increases for retiring after your NPA.

What is my NPA?

Your NPA is based on when you left the LGPS. If you left:

- after 1 April 2014, your NPA is linked to your State Pension age;
- between 1 October 2006 and 1 April 2014, your NPA is age 65; or
- before 1 October 2006, your NPA is normally 65 but could be as early as age 60.

When can I take my deferred benefits?

You can take your deferred benefits at any age between 55 (see note below) and 75, as long as you have left the job your deferred benefits are linked to.

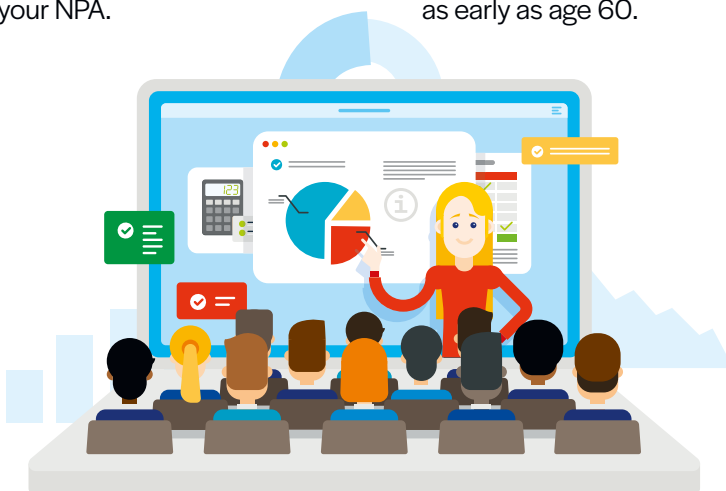
You can take your benefits:

- reduced at any age between 55 (see note) and your NPA;
- unreduced at your NPA;
- with increases after your NPA and up to age 75 (but if you left the LGPS before 1 April 1998, you can't defer taking your pension past your NPA); and
- unreduced at any age before your NPA if you are given access to them because of ill health.

Note: You may not be able to take your LGPS benefits at age 55 in the future. Please see our update on page 3.

How much will I get if I take my benefits before my NPA?

You can take your deferred benefits before your NPA, but they'll normally be reduced because your pension will be paid for longer. The size of the reduction will depend on how early you take your benefits.



The table below sets out the percentage reduction that will apply to your pension if you take it before your NPA.

Early retirement reductions (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

The early retirement reductions are set by the Government and may change from time to time. The rates in place at the date you take your benefits will apply.

You can use the benefit calculators on our website to find out how much you might get when you choose to take your benefits.

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 at any age without them being reduced. To qualify, 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,

you should contact your previous employer. Before they can approve your application, they must ask an approved independent registered medical practitioner for an opinion to help make the decision.

How do my deferred benefits keep up with the cost of living?

Each April, your deferred benefits are adjusted by the Consumer Price Index (CPI) as at the previous September. For April 2023, the increase is 10.1%.

If you became a deferred member before 26 April 2022, you'll get the full increase. However, if you became a deferred member after that date, you'll only get part of the 10.1% increase.

Can I transfer my deferred benefits to another pension scheme?

If you meet certain conditions, you may be able to transfer your deferred benefits to another scheme. Transferring your pension is an important decision and one that you should think about carefully. You can find out more about transferring on our website.

What happens to my deferred benefits if I die?

A lump sum death grant may be due to your loved ones.

If you left the LGPS before 1 April 2008, the death grant is three times your deferred pension. If you left on or after 1 April 2008, the death grant is five times your deferred pension. If you also have an active LGPS pension account at the time of your death, only the highest death grant would be paid.

Log in to your online pension account to tell us who you'd like the death grant to be paid to. Or you can let us know by filling in a form on our website.

A survivor's pension may also be paid to your dependants, such as:

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

You can use your online pension account to find out how much your dependants could get.

How do I update my personal details?

If any of the personal information shown on your annual statement is out of date, you can update this by logging in to your online pension account. If you need to make a change to your name, partnership status or gender, we need to see a copy of the relevant legal document before we can authorise this change.

You can update us by filling in a form (such as the 'change of address' form) on our website. If you choose to fill in a form, you should scan it or take a photo and email it to: pensions@westnorthants.gov.uk

You can also send forms and photocopies of certificates to us using document upload on your online pension account.

➤ Help with the rising cost of living

It's fair to say that we all have noticed the effect of rising costs, whether at the supermarket while doing the weekly shop or from increasing energy bills.

It can be challenging to make your money stretch further while trying to keep a certain standard of living. This can lead to people feeling vulnerable, anxious and even overwhelmed.

The cost-of-living crisis is a national concern, and the Government has put certain support in place to try to help you if:

- you need support with your housing costs;
- you need support with your bills;
- you need support coping with disabilities; or
- you are generally finding things difficult and need someone to talk to.

For more information about this support, please visit:

www.gov.uk/cost-of-living

You can also visit www.gov.uk/cost-living-help-local-council for information about how you may be able to get help with essential costs from your local council. This is sometimes known as 'the Household Support Fund'. This could help if you're struggling to afford things such as energy and water bills, food and essential items.

Other national organisations, such as MoneyHelper, are also providing lots of support. This ranges from sharing tips for cutting back costs and making income go further, to highlighting scams. www.moneyhelper.org.uk/en

➤ Changes to State Pension age and increase to the normal minimum pension age

The Government has carried out a review of the State Pension age to see if it needs to change and decided it will not be making any changes this parliament. If you paid into the LGPS after 1 April 2014, the date your pension can be paid without reductions is the same as your State Pension age. So, if your State Pension age changes, the date your LGPS pension can be paid without reductions will also change.

The date your LGPS pension is paid from without reductions is known as your normal pension age (NPA). You can find this date on your annual benefit statement. You can choose to take your pension earlier than this date (currently from age 55), but as it will be paid longer than expected, it will be reduced.

The earliest date you can start receiving your pension is set by the Government and is known as the normal minimum pension age (NMPA). This will increase to age 57 from 6 April 2028. If you started paying in before 3 November 2021, you may have a protected NMPA of age 55, and future changes will not affect you.

➤ McCloud and the LGPS

In 2014, the LGPS changed from a final salary scheme to a career average scheme. At the time, protections were put in place for older scheme members, which allowed pension funds to work out if their benefits would've been better in the final salary scheme or the new scheme and then the higher of the two was paid.

Similar rules were also brought into other public service pension schemes, such as the NHS and Teachers' Pension Schemes.

Following a court ruling (commonly known as the McCloud judgement) it was decided that the rules were unlawful and unfair to younger members. Revised rules are expected to be brought into the LGPS later this year.

What this will mean for you

Protections will apply to all qualifying members regardless of their age. They will apply to you if you were a member of the LGPS before 1 April 2012 and at any time between 1 April 2014 and 31 March 2022, as long as you didn't have a disqualifying break. Pension funds are working hard to identify the members who qualify.

You won't need to do anything for the new rules to apply to you. If the protections increase the value of your pension benefits, we will make any changes and let you know.

However, it's expected that most members' pension benefits won't be affected. For more information, please visit the LGPS website.

➤ Introducing pensions dashboards

In the future, LGPS funds will be taking part in a new initiative that is most likely going to be called 'Pensions dashboards'. This is a government programme designed to give you quick, easy and secure online access to information about all of your pension savings in one place. To access the pensions dashboards website, you will need to confirm your identity, so you know your information is safe and secure.

The hope is that, by having all of your pension information in one place, it will be easier for you to plan for your retirement. It may also help you find any lost pensions. Pensions dashboards will be free to use.

A date has not yet been set for when the project will be available for public use, but we will keep you updated as the project develops.

➤ Proposed changes to revaluation date

You may have heard about a consultation that was released in February 2023 by the Department for Levelling Up, Housing and Communities to change the date that the cost-of-living adjustment is applied to CARE benefits in the LGPS.

If you're a deferred member, these proposed changes won't affect you as long as you left the scheme before 1 April 2022. This is because your benefits are adjusted to keep pace with the cost of living by Pensions Increase Orders rather than revaluation by the Treasury. The suggested changes won't affect your pensions increase or the date on which it applies.

If you left the scheme after 1 April 2022, the proposals also won't affect you and you won't see any change to the benefits you received. This is because the adjustment is awarded on 6 April but is backdated to 1 April.

➤ 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 on our [website](#).

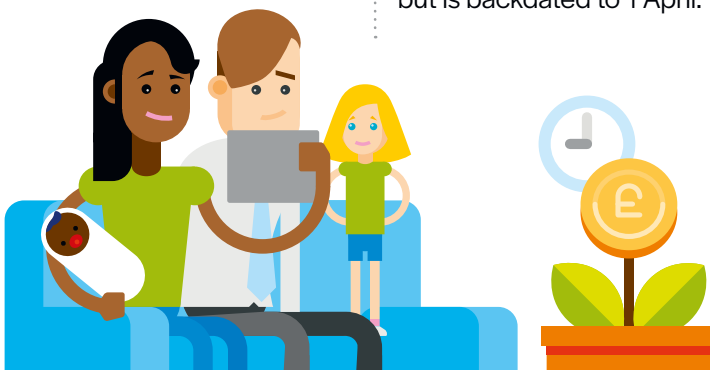
➤ Pension scams are on the rise

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

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

You can help to protect yourself by learning how to spot a scam. There's more information on the [MoneyHelper website](#).

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).



Contacting the Pension Team

- ☎ 01604 366537 Monday - Friday 9am -5pm
- @ pensions@westnorthants.gov.uk
- 💻 pensions.westnorthants.gov.uk
- 📍 Pensions Service, West Northamptonshire Council, The Guildhall, St Giles Square, Northampton, NN1 1DE