

# yourpension

Newsletter for Contributors - Spring 2005

Welcome to this edition of **yourpension**, a newsletter for contributors to the Local Government Pension Scheme.

The main purpose of this edition is to ensure that we maintain regular contact with all Fund members and to explain the proposed amendments made to the Local Government Pension Scheme Regulations. I will, however, take this opportunity to explain the results of the latest fund valuation.

The Local Government Pension Scheme requires that Funds undergo a formal "valuation" every three years. This must be conducted by an independent consulting Actuary and the LPFA has now been "valued" as at 31<sup>st</sup> March 2004.

In simple terms the Actuary compares the liabilities of the Fund (i.e. the value of members' accrued rights) against the value of assets held within the Fund. He then projects the contribution requirement from employers for the next three years.

Following a period of low investment returns the Fund has fallen into overall deficit. That deficit will now be recovered by gradually increasing employer contributions.

While the overall funding level has fallen from around 100% to 75%, members should not be concerned since member benefits are guaranteed under the LGPS.



Over the last few years employers' contributions to the Fund have averaged about 11% of payroll. They can now be expected gradually to rise to around 20% of payroll over the next few years. The next Fund Valuation is due in 2007.

**"... member benefits  
are guaranteed ..."**

Newsletters like this one are issued to keep you up to date with LPFA activities and issues affecting Fund members. If you have any comments on this edition or any suggestions for how it could be improved, please write to us or telephone the contact number shown on the back page. I look forward to any comments you may have.

Phil Goodwin  
Director of Pensions Operations



# Fund Members' Forum

**LPFA's next Forum for Fund members will take place on Tuesday, 6<sup>th</sup> September 2005 at the Queen Elizabeth II Conference Centre, Westminster.**

**Issues of current relevance and topical interest will be presented and delegates given an opportunity to question staff and Board Members.**

This year 25 organisations have already indicated that they wish to be part of our information centre.

We are also pleased to inform you that we have booked an extra room, which will allow far more seating than in previous years.

If you have any suggestions for the Forum, especially with regard to organisations that you would like to see at the Information Centre, please contact Paul Pennant on 020 7369 6005.



Delegates at Forum 2004

**If you would like to attend the Forum on 6<sup>th</sup> September 2005, please complete and return the enclosed application form, or call 020 7369 6005, or e-mail [forum@lpfa.org.uk](mailto:forum@lpfa.org.uk)**



LPFA Customer Services stand

The format of the Forum will be similar to that of previous years and will include:

- Information Centre open at 10 am
- Formal presentations begin at 11 am
- Chairman's Introduction
- Chief Executive's Review of the Year
- Current concerns to pensioners
- Open Forum - Question time
- Information Centre - light refreshments available - 1 pm

**If you, or your guest/s, have any personal requirements on the day, such as disabled parking, a signer or wheelchair access, please indicate this on the form and we will do our best to accommodate your needs.**

**Tickets will be limited to the first 800 applicants.**



# Fund Members' Forum



## Organisations for Forum 2005

Age Concern - [www.ageconcern.org.uk/](http://www.ageconcern.org.uk/)

CASH-Consensus Action on Salt & Health  
[www.actionsalt.org.uk/](http://www.actionsalt.org.uk/)

Citizens' Advice Bureaux  
[www.citizensadvice.org.uk/](http://www.citizensadvice.org.uk/)

Counsel and Care  
[www.counselandcare.org.uk/](http://www.counselandcare.org.uk/)

Dart – Transport for All  
[www.transportforall.com/](http://www.transportforall.com/)

English Heritage [www.english-heritage.org.uk](http://www.english-heritage.org.uk)

Greater London Forum  
[www.seniorsworld.co.uk/glf/](http://www.seniorsworld.co.uk/glf/)

HOPE - [www.hope-for-children.org/](http://www.hope-for-children.org/)

Inland Revenue [www.inlandrevenue.gov.uk/](http://www.inlandrevenue.gov.uk/)

IR Capital Taxes – Inheritance Tax  
[www.inlandrevenue.gov.uk/cto/](http://www.inlandrevenue.gov.uk/cto/)

London Cycle Network - [www.lcc.org.uk/](http://www.lcc.org.uk/)

Metropolitan Police - [www.met.police.uk/](http://www.met.police.uk/)

Older People's Resource Facility  
[www.london.gov.uk/](http://www.london.gov.uk/)

OPAS The Pensions Advisory Service  
[www.opas.org.uk/](http://www.opas.org.uk/)

The Pension Service  
[www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)

Open House - [www.openhouselondon.org](http://www.openhouselondon.org)

Postwatch - [www.postwatch.co.uk](http://www.postwatch.co.uk)

The Prince's Trust - [www.princes-trust.org.uk](http://www.princes-trust.org.uk)

REACH - [www.reach-online.org.uk](http://www.reach-online.org.uk)

Retired and Senior Volunteer Programme  
[www.csv-rsvp.org.uk](http://www.csv-rsvp.org.uk)

Ricability - [www.ricability.org.uk](http://www.ricability.org.uk)

RNIB - [www.rnib.org.uk](http://www.rnib.org.uk)

RNID - [www.rnid.org.uk](http://www.rnid.org.uk)

Westminster Firefighters  
[www.london-fire.gov.uk](http://www.london-fire.gov.uk)

## Dates for your diary

### Thursday, 16th June 2005

RNID England Conference contact Louise French  
Tel: **020 7296 8181**

Text phone: **020 7296 8294**

Fax: **020 7296 8199**

Email: **[louise.french@rnid.org.uk](mailto:louise.french@rnid.org.uk)**

### Sunday, 21st August 2005

Capital Age Festival 2005

Organised by the London Older People's  
Strategies Group (LOPSG) Bernie Spain

Gardens, Upper Ground, SE1. For more  
information please contact Charlotte Smith on  
**020 7369 2689**

### Tuesday, 6th September 2005

Fund Members Forum

Queen Elizabeth Conference Centre

Contact Paul Pennant

Tel: **020 7369 6005**

### Saturday, 17th / Sunday, 18th September 2005

Open House London will again be holding its  
popular London Open House weekend this year,  
on 17/18 September, when over 500 buildings in  
the Capital will be open, free, to the public. More  
information on obtaining advance information is  
available on **[www.londonopenhouse.org](http://www.londonopenhouse.org)**

### Friday, 25th November 2005

For the past 9 years some retired members of  
the Non-Tidal Rivers Division of the Department  
of Public Health Engineering in the former GLC,  
have been meeting every year at 11:30am on the  
last Friday of November at the Institution of Civil  
Engineers. After chatting till about 12 noon we  
repair to the bar and have a cafeteria lunch. We  
break up about 3pm. Members who had been  
attending so far are Messrs Butter, Bukkivant,  
Allan Wright, V Moorthy, T Moorthy, Watts, John  
de Souza and Miss de Souza and Miss Shirley  
Count. We would be pleased to welcome many  
more, including wives, and also former members  
of the Tidal Division as well. If you are interested  
please contact Lt Col DD John De Souza, 86  
Holmbury Grove, Featherbed Lane, Croydon  
Surrey CR0 9AQ Tel: **020 8651 3489**

# Local Government Pension Scheme

Many of you will be aware of the Government's review of the LGPS that is currently taking place, together with the wider review of public sector pension schemes.

Some 80 years ago when the LGPS was set up the average life expectancy for a male on retirement was 11 years, whereas for a man retiring at age 65 it is now 16 years and for a woman it is 19 years. As people are living longer, our pensions are being paid out for longer, which costs more money.

Also, the number of pensioners relative to the number of people in work is increasing. Currently, there are around 4 workers for every pensioner, but this is expected to fall to 2 workers for every pensioner by 2050. We therefore need to retain experienced people in the workforce for longer.

And so, like most pension schemes, the LGPS needs to change to meet these challenges.

## New rules from 1<sup>st</sup> April 2005

The earliest retirement age is increasing from 50 to 55, except for those retiring on ill-health and those of you who are protected from the change.

Although the LGPS already has a retirement age of 65, current rules allow some employees to retire before then with unreduced benefits. By removing the 85-year rule, if you choose to retire before age 65 your benefits will be reduced to take account of early payment, unless your employer waives the reduction on compassionate grounds or you are protected from the change.

Read the information in the next column to find out if you are protected from the effects of these changes.

Remember, the LGPS is a good quality pension scheme that provides you with a whole range of benefits. You can continue to retire early (before age 65) and receive your benefits

- on ill-health retirement, at any age
- if your employer makes you redundant or retires you in the interests of efficiency,

from age 55 (or from age 50 if you are protected)

- if your employer consents to your request for early retirement from age 55 (or from age 50 if you are protected) although your benefits may be reduced
- from age 60, although your benefits may be reduced.

There is one important condition – to draw your benefits before age 65, you must have at least 3 months' membership, or have brought in a transfer from another pension scheme.

If you were contributing to the Scheme on 31<sup>st</sup> March 2005, are you protected from the changes?

- If you are age 50 or over by 31<sup>st</sup> March 2005, your earliest possible retirement date continues to be age 50, but if you are retired because of permanent ill health your benefits can be paid from any age.
- If you will be age 60 by 31<sup>st</sup> March 2013, choose to retire before age 65 and satisfy the 85-year rule when you start to draw your pension, you will have some protection from the removal of the 85 year rule. Your benefits built up before April 2013 will not be reduced.
- If you will be age 60 by 31<sup>st</sup> March 2013, choose to retire before age 65, do not satisfy the 85 year rule when you start to draw your pension, but would have satisfied the rule if you had remained in employment until age 65, you will have some protection from the removal of the 85 year rule. All the benefits you have built up in the Scheme before 1<sup>st</sup> April 2013 will continue to be calculated in the same way as if the changes had not been made. But any benefits you build up under the new rules (from April 2013) will be subject to a larger reduction than before.
- If you choose to draw your benefits before age 65 and would not have met the 85 year rule if you had remained in employment until age 65, or if you do not draw your pension until age 65, the removal of the 85 year rule will have no impact on you. You will receive the same benefits as before.

This article does not confer any statutory rights and is provided for information purposes only. In the event of

# Local Government Pension Scheme

## How do I know if I satisfy the 85-year rule?

The rule is satisfied if at the time you start drawing your pension your membership and age (each in whole years) adds up to 85. If you work part time, your membership counts towards the 85-year rule at its full calendar length.

Remember: The 85-year rule is a rule to see if your benefits should be reduced or not if you choose to retire early. If you do not satisfy the 85-year rule, then your benefits are reduced if voluntarily drawn before age 65, unless your employer chooses to waive the reduction on compassionate grounds.

Everyone else who chooses to retire before age 65 will receive reduced retirement benefits.

Even if you don't qualify for the protection previously described, you can still rest assured that all the benefits you have built up in the Scheme before 1<sup>st</sup> April 2005 will continue to be calculated in the same way as if the changes had not been made. But any benefits you build up under the new rules (from April 2005) will be subject to reduction, if you choose to receive them before age 65 - please see the example below.

A man aged 45 on 1 April 2005 with continuous membership from age 20 retires at age 60 in 2020, having satisfied the 85-year rule. His final year's pay is £18000.

He would have:

- 25 years' membership (1980 to 2005) protected
- 15 years' membership (2005 to 2020) subject to reduction

Annual Pension:

25/80 x £18000 = £ 5625.00

15/80 x £18000 = £ 3375.00

Less 33% of £3375.00 = £ 1113.75-

Total = £ 7886.25

Lump Sum

3 x 25/80 x £18000 = £16875.00

3 x 15/80 x £18000 = £10125.00

Less 11% of £10125.00 = £ 1113.75-

Total = £25886.25

If he carries on working to age 65 then he will build up 5 more years of membership (total of 45 years) and his benefits will not be reduced for early payment

His benefits would then be:

Annual pension:

45/80 x £18000 = £ 10125.00

Lump Sum

3 x 45/80 x £18000 = £ 30375.00

Further information and examples of how the changes may affect you can be found at [www.lgps.org.uk](http://www.lgps.org.uk)

## Future of the LGPS

These changes to the LGPS form the second phase of the current review of the scheme, known as the Stocktake. The third and final phase is being consulted on right now. It aims to modernise the scheme so that it meets the needs of the current local government workforce. Partners' pensions, flexible retirement options and improved death benefits, together with increased contributions for employees are just some of the things being considered.

Government Ministers have expressed their commitment to retaining a defined benefit final salary arrangement which is relevant to the local government workforce, provided that it remains both affordable and sustainable to scheme members, scheme employers and tax payers.

More information on the next phase of the review is available at:

[www.xoq83.dial.pipex.com/gpfvb](http://www.xoq83.dial.pipex.com/gpfvb).

**N.B. Discussions have been taking place between the Office of the Deputy Prime Minister (ODPM) and representatives of various unions, which are understood to include the possibility of delaying the above changes until April 2006. However at the time of writing the changes are still expected to take effect in April 2005.**

# Will you be able to afford to retire?

The press is full of stories about savings and pensions. In fact recent Government statistics have made us only too aware of a 'Savings Gap' in the UK, estimated at over £50 billion.

If you are a member of the Local Government Pension Scheme (LGPS), it is easy to assume that you will receive a comfortable income when you retire and that this doesn't affect you. The reality is that very few employees receive anything like the maximum pension possible from the scheme.

There are many reasons for this: - Have you changed your employer over the years, taken a career break, plan to retire early, or are you in receipt of non-pensionable income? Any of these could result in you not being able to afford to stop working when you want to.

If you do have a pension shortfall or plan to retire early, your scheme provides access to top-up arrangements, including an Additional Voluntary Contribution (AVC) with the UK's largest pension provider – Prudential and the option to purchase of added years.

So what should you do?

We want to encourage you to find out more about these options; just let us know how.



## Would you like to:

1. Have a personal meeting with a Retirement Education Consultant, from Prudential, who will discuss with you the in-house AVC and added years options, answering questions you may have, confidentially.
2. Attend a presentation at a convenient time and location, where you will be able to learn more about the benefits of both the LGPS and the in-house AVC.
3. Receive an information pack on the in-house AVC.

To respond, simply email your choice(s) together with your full name, home address, employer location and contact telephone number using this link:

**[www.lpfaavc@pru.co.uk](mailto:www.lpfaavc@pru.co.uk)**

or call

**01189 645530**

You will then be contacted about the option(s) you have chosen, without obligation.

**Prudential are LPFA's in-house provider of AVC's**

# Did you know?

# yourpension contacts

## LPFA's opening hours

are from 8.30am-5.00pm (although the office is manned between 8am and 6pm), Monday to Friday, and you may visit without appointment. Wheelchair access is available. The general enquiries number is **020 7369 6118**.

## Occupational Pensions Advisory Service

(OPAS) is available to assist members with any difficulties they can not resolve: **020 7233 8080**.

## Pensions Schemes Registry

provide a tracing service for ex-members of schemes with pension entitlements who have lost touch with previous employers: **0191 225 6393**.

## The Financial Services Authority

An independent body that regulates the financial services industry in the U.K. **0845 606 1234**

## The Pensions Ombudsman

Can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law. **020 7834 9144**

## If you are a contributor to the Fund

The number available during normal opening hours is **020 7369 6118**.

## Answerphone service

Available outside normal office hours on **0845 30 30 335** (at local rate). Calls are returned on the next working day.

## Facsimile:

**020 7369 6111**

## Textphone:

**020 7369 6119**

## LPFA's e-mail address is:

**enquiries@lpfa.org.uk**

## LPFA website

Access to your pension records is available via the LPFA's secure member website **www.lpfa.org.uk/your\_fund**

Access to general information about the LPFA is available at **www.lpfa.org.uk**

## Don't forget ...

**if you move house or your personal circumstances change in any way that could affect your pension ... please tell us straightaway so that we can amend our records.**

# LPFA Office 0845 30 30 335

## Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

## Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

## Chinese

如果需要您母語版本的此文件，請致電以下號碼或與下列地址聯絡

## Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

## Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

## Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

## Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

## Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

## Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

## Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

**This newsletter is also available in large print and on audio cassette and it may be possible to reproduce it in other ways. Call 0845 30 30 335.**

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2 Royal Mint Court  
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