



West Midlands Pension Fund

Local Government Pension Scheme (LGPS)

Dear Member,

Welcome to your update from the West Midlands Pension Fund, providing information about the recent amendments to the Local Government Pension Scheme (LGPS).

Why are we writing to you?

Important changes have been made to the Local Government Pension Scheme Regulations and these changes, unless indicated otherwise, came into effect from 14 May 2018. We are writing to inform deferred members of the West Midlands Pension Fund as these changes may impact the benefits and options available to you through the Scheme. We recommend you read this carefully.

What are the changes?

There are two main changes which are relevant to deferred members of the scheme, these are in relation to the date you are eligible to claim your benefits and for members who have paid Additional Voluntary Contributions.

The changes are summarised below: -

Changes to when you can take your deferred benefit

Early payment of deferred benefits - if you left the LGPS with a deferred benefit between 1 April 1998 and 31 March 2014 you can now choose to take early payment of your deferred benefits from age 55 (rather than 60). The change to the scheme rules means that you no longer need the consent of your former employer to take your benefits between the age of 55 and 59. Members who left the LGPS with a deferred benefit on or after 1 April 2014 (except councillors) were already able to choose to take early payment of their deferred benefits from age 55 without needing their former employer's consent, and this has not changed.

Early payment of deferred benefits for leavers before 1 April 1998 - if you left the LGPS with a deferred benefit before 1 April 1998 the scheme rules have been changed to allow you to take your benefit at age 55 (rather than 60) or the date your deferred benefit will be payable without a reduction for early payment - this is called your Normal Pension Age (NPA). Your NPA will be between age 60 and 65 depending on when you joined the scheme - you can find this information on your annual benefit statement.

The Ministry for Housing, Communities and Local Government (MHCLG), who make the scheme rules for the LGPS, have confirmed their intention to allow members who left the

LGPS before 1 April 1998 to also be allowed to take early payment of their deferred benefits from age 55 (rather than only allowing payment at age 55 or NPA), without their former employer's consent. This option is already available to people who left the LGPS on or after 1 April 1998. We will update you when we have further news on this.

Early payment of deferred benefits for pension credit members

If you were awarded a share of your ex-spouse's LGPS pension as part of a divorce settlement and you are a pension credit member in the LGPS, you can now elect to take payment of these benefits from age 55 regardless of when the pension sharing order took effect. Before the change, if the pension sharing order took effect before 1 April 2014 or your ex-spouse left the LGPS before 1 April 2014 you could only choose to take early payment from age 60.

Reductions to your benefits for early payment

If you choose to take your deferred benefits earlier than your Normal Pension Age (NPA) they will normally be reduced to take account of the fact that your pension will be paid for longer. How much your deferred benefits are reduced by depends on how early you take them. The reduction is based on the length of time (in years and days) between the date you take them and the date your deferred benefit will be payable without a reduction for early payment. If you are unsure when your NPA is, you should check your annual benefit statement.

The early reduction factors are set by the Government and can vary from time to time. The current factors can be found on the national LGPS member website - www.lgpsmember.org/more/reductions.php.

More information about taking your deferred benefits is available on the national LGPS website - <https://www.lgpsmember.org/arl/already-left-when.php>

Changes to pre- April 2014 AVC contracts

If you were a member of the LGPS on or after 1 April 2014 and you paid Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes when you draw benefits from your AVC plan on retirement.

When you take your AVC plan:

- You can now buy additional pension from the LGPS with your AVC plan when you take your benefits from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.
- When you take your main scheme benefits you will no longer be able to leave your AVC invested and take it later.
- In the unfortunate circumstance that you were to die before taking your AVC and a lump sum is to be paid from your AVC plan, the Fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

For information about the other ways you can use your AVC plan see the national LGPS website - www.lgpsmember.org/more/AVCOptions.php

Have you checked the value of your pension benefits recently?

Your deferred benefit statements are available to view on “My Pensions Portal” and provides you with the latest value of your benefits.

Statements are produced each year and are normally uploaded to the portal over the summer.

Why not **Be Pension Smart** and log into your account today.

Not registered for “My Pensions Portal” yet?



Take control of your pension and use “My Pensions Portal” to:

- Keep us up to date with any changes in your personal information;
- Get peace of mind by viewing documents including your nomination form;
- And much more!

Register today at <https://portal2.wmpfonline.com/membership/register>

There is a variety of support to assist you with registering for a portal account along with a step by step user guide, we are pleased to offer a dedicated pension portal helpline, please visit <http://www.wmpfonline.com/pensionsportal> for further information.

We want to hear from you.

Over the past 12 months, the Fund has been busy exploring different ways to engage with our members and shape our service to ensure it is fit for the future and we welcome any feedback you have on the service you have received. Please share your experience with us online www.wmpfonline.com/feedback

Contact us

If you have any queries in regards to the information in this letter please contact Customer Services on 0300 111 1665 who will be pleased to assist you, or you can find more about the LGPS by visiting www.wmpfonline.com

The West Midlands Pension Fund is a Data Controller under the General Protection Regulations. For more information on how the Fund manages your personal data, please visit <http://www.wmpfonline.com/privacynotice>

Yours sincerely

Rachel Brothwood

Director of Pensions