

**IMPORTANT: You do not have to return this form if you do not wish to make any amendments**

# ANNUAL BENEFITS STATEMENT UPDATE FORM 2007

**NOTE: PHOTOCOPIES OF THIS FORM WILL NOT BE ACCEPTED**

If you want us to update your records, please provide the relevant information in the space below and return it to us in the enclosed envelope.

**Your Pension Reference Number is:**

Surname:

First Name(s):

Title:

Address:

If a change of name is due to a change in circumstances please provide the relevant original certificates.

**Please note:**  
The Fund uses the postal address file (PAF) standard.

This is the standard format maintained by the Royal Mail.

Post Code:

Date of Birth:  /  /  Please provide original certificate.

N.I. No.:

Tel. No. Work: 0

Home: 0

Mobile: 0 7

E-mail:

**I WISH TO REGISTER THE FOLLOWING PASSWORD:**

This will enable you to amend personal details via the telephone once security checks have been made.

*Maximum ten characters.*

I do not want the West Midlands Pension Fund to give me a combined pension forecast of my Local Government Pension Scheme and State pension entitlement. **Tick this box only if you don't want us to send information to the DWP and return it to us.**

SIGNED: \_\_\_\_\_ DATE:   /   /

DO NOT WRITE IN THIS BOX (FOR OFFICE USE ONLY)



# FREQUENTLY ASKED QUESTIONS (FAQs)

## Incorporating changes to the LGPS from 1 April 2008

### WHAT REGULATIONS ARE CHANGING THE SCHEME?

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 1166/2007). The regulations come into force on 1 April 2008 and form part of the statutory framework of the LGPS in England and Wales from April 2008 onwards.

### WHAT DO THESE REGULATIONS ACTUALLY MEAN FOR SCHEME MEMBERS?

Firstly, the changes to the LGPS will only affect members who are currently paying into the LGPS or employees who start to pay into the LGPS in the future.

They will not have any effect on any pensions that are already in payment from the Fund, or any benefits that have been built up by members who have left and are deferred members.

### SO WHAT ARE THE CURRENT ISSUES I NEED TO CONSIDER?

The main features of the 2008 Scheme as described in the regulations are:

- Only employees with a contract of employment of more than three months' duration will be able to be members of the LGPS.
- Employee contributions will be set according to bands of previous year's full-time equivalent pay, the contribution rates for Scheme members will vary between 5.5% and 7.5%.

Band	Range	Contribution rate
1	£0-£12,000	5.5%
2	£12,001-£14,000	5.8%
3	£14,001-£18,000	5.9%
4	£18,001-£30,000	6.5%
5	£30,001-£40,000	6.8%
6	£40,001-£75,000	7.2%
7	More than £75,000	7.5%

- Some transitional protection for those currently paying 5% contributions is expected.
- For membership from 1 April 2008, pension accrues at the rate of 1/60th of final pay per year.
- Unreduced benefits payable early on redundancy or inefficiency grounds from

age 55 (with protection for existing members aged 50, leaving before 31 March 2010).

- Benefits payable early on voluntary retirement from age 55 (or 50 where protection applies) subject to employer consent if under 60, and also to actuarial reduction reflecting the period to normal retirement date, if appropriate.
- There will be opportunities to request the administering authority to pay part or all of accrued benefits where reduced hours of working or grade is agreed with the employer from age 55 (or from age 50 where protection applies), i.e. flexible retirement. Actuarial reductions may apply.
- Immediate unreduced benefits payable on ill-health, if unlikely to obtain other gainful employment within a reasonable period.
- Where two or more years' membership has been attained, benefits will be increased depending on the degree of incapacity on a two-tier basis. If the member is likely to obtain gainful employment by age 65, extra membership of 25% of the period to age 65 is awarded. If not, then extra membership of 100% of the period to age 65 is awarded.
- Death grant for death in service increased from two times' pay to three times' pay.
- A survivor pension will become payable to a 'nominated cohabiting partner'.
- Employers can award up to ten years' extra membership or give additional pension of up to £5,000 a year.
- Members can buy extra pension in units of £250 a year up to £5,000 a year, which will replace the facility to buy extra membership (added years).
- Final pay will continue to be the best of the last three consecutive years. If a member's pay has been reduced because he has chosen to continue in local government at a lower grade, he can choose to have an average of his annual pay in any three consecutive years ending 31 March within the period of ten years, ending with the last day he was an active member.

### SO, IS THAT IT OR IS THERE MORE TO COME?

The Department for Communities and Local Government (DCLG) propose to issue further regulations empowering employers to make interim payments to former employees who have left on the grounds of permanent incapacity, but for whom the Scheme provides no immediate benefits. Such payments would not be a charge on pension funds and will be paid by employers' revenue accounts.

The exact details (transitional provisions) of how members will move from the current to the new Scheme are also yet to be announced by the DCLG.

A number of announcements have also been made about the introduction of cost sharing that is due to be introduced to the LGPS from 2010.

### I'VE HEARD I CAN NOW TAKE MORE OF MY BENEFITS AS TAX-FREE CASH. IS THIS TRUE?

The position on tax-free cash has changed dramatically. HM Revenue & Customs now allows you to take 25% (a quarter) of your pension pot as tax-free cash lump-sum. For LGPS members, the standard lump-sum paid is well within this limit, and is actually only about 13% or just over half your limit. This gives you some flexibility if you wish to boost your lump-sum. You can do this by either converting some pension into lump-sum, or by drawing AVCs as a lump-sum.

### PENSION BENEFITS

#### Can I increase my lump-sum by giving up part of my pension?

Yes. For every £1 of pension that you give up, you can take an additional £12 of tax-free lump-sum, subject to the overall Inland Revenue limits. Details will be provided to you upon your retirement.

To work out how much, roughly, you could take as a lump-sum, take your initial pension amount and multiply it by five, take off the lump-sum already quoted and what's left is the approximate additional lump-sum you may be able to have. Remember, you can also use any AVC funds you may have towards your overall tax-free lump-sum limits.

### SO, COULD I INVEST NOW IN AVCs/FSAVCs AND TAKE ALL OF MY AVC/FSAVC FUND AS A TAX FREE LUMP-SUM?

Yes. Subject to the HMRC limits, you can take all of an AVC (25% of an FSAVC) investment as tax-free cash.

You may wish to ask your FSAVC provider for more details when seeking details of your FSAVC fund value about the options available to you. These options will only apply when your LGPS benefits are due for payment. You can, of course, elect to take a maximum of 25% of the AVC/FSAVC value as cash and take the remainder as an annuity paid by the AVC/FSAVC provider, or other annuity provider of your choice.

### RETIREMENT DATE

#### Do I have to retire at age 65?

LGPS members can now remain in the LGPS provided their employer gives their permission and, as a consequence, you can remain in the LGPS and continue to accrue membership. If you retire from 65 onwards, there's never any reduction in benefits regardless of how much, or how little, membership you have.

#### What's all this about flexible retirement? Can I now retire at age 40?

Despite the idea appealing to most of our members, you can't retire at age 40. The earliest that you can retire is age 50 (increasing to 55 from 1 April 2008 unless protection applies) under a flexible retirement scheme that your employer has to sanction. Provided your employer has agreed, you can reduce your hours or move to a lower grade (or a combination of the two), and draw your pension benefits whilst carrying on working and you will still build up benefits in your 'revised' job.

Remember, though, that if you claim benefits before age 65, these benefits will be reduced, unless your employer agrees to stand the cost of the reduction on your behalf.

New members, from 1 October 2006, will have a reduction applied to their benefits if they choose to retire before age 65.

This ruling means that all existing active Scheme members, at 30 September 2006, will continue to accrue membership under the terms of the 85-year rule until 31 March 2008, the day before the intended introduction of new LGPS arrangements on 1 April 2008.

Those existing members at 30 September 2006 – retiring from age 60, but before 65

– who satisfy the 85-year rule when they retire, will have their benefits accrued up to 31 March 2008, paid unreduced. Benefits accrued after 31 March 2008, will be reduced based on the shortfall to age 65.

Those who do NOT satisfy the rule – who retire from 60, but before 65 – will have their pre-1 April 2008 membership reduced, based on the years they are short of the 85-year rule and membership after 31 March 2008 reduced, based on the shortfall to age 65.

There is protection for existing active Scheme members at 30 September 2006, who will be 60 and would otherwise have satisfied the 85-year rule by 31 March 2016.

Those aged 60 who do NOT satisfy the 85-year rule until after age 60 – but do so before age 65, who retire before age 65 – will have the benefits accrued up to 31 March 2016 reduced, based upon the years they are short of the 85-year rule, with benefits from 1 April 2016 reduced, based on the shortfall to age 65.

Existing active Scheme members at 30 September 2006 – who will be 60 and would otherwise have satisfied the 85-year rule between 1 April 2016 and 31 March 2020, who choose to retire before 65 – will have their pension (that portion accruing after 1 April 2008) reduced according to a tapered reduction, rather than the full reduction as determined by the Scheme's reduction factors.

The Government actuary's department has also supplied new Scheme reduction factors which are lower as a result of increases in life expectancy.

Years Early	Pension Reduction (%)		Lump-Sum Reduction
	Males	Females	All Members %
0	0	0	0
1	6	5	2
2	11	10	5
3	16	15	7
4	20	19	9
5	24	23	12

The issue of the protections previously agreed is currently undergoing a further consultation exercise with the intention that protection will be provided until

2020. Further information, as it is received, will be made available to members.

### EARNINGS CAP

#### Does this still apply – I thought this had been removed?

Remember, that if you were previously affected by the earnings cap, as the cap has now been removed, it will no longer affect the benefits payable from the LGPS.

### MARITAL STATUS/CIVIL PARTNERSHIP

#### What if I've just got married and changed my name. Do I need to tell you?

Obviously, we need to address your statement correctly at all times. To do this, please keep us informed of your personal circumstances. As the benefits shown in this statement reflect your status, if you have written to inform us of any change in your status, providing we have seen documentary evidence, your records will have been updated to reflect this. If your circumstances change or have changed, remember to inform us, as it may affect the value of the spouse's benefits shown on your statement.

### NOMINATION FORMS

#### Do I need to complete a nomination?

You are strongly advised to complete one if you haven't done so previously, in order that, in the event of your death, the Fund can make a payment to your nominated person(s) as quickly as possible. Without a nomination form, your wishes (that may have been expressed in the form of a will), will take time to process, particularly if instructions that have been left require probate or other formal processes.

Completing a nomination form avoids any unnecessary delays at what can be a stressful time. A lump-sum of twice your pensionable pay is payable should you die during active membership. If you work part-time, your actual pensionable pay is used in the calculation, or, if it would give a higher amount, a payment equal to any retirement grant due to you would be made. We decide who to pay this amount to, but we will always take your wishes into account. If you have previously completed a nomination form, this will stand until such a time that another form is received.

If you have previously completed a form (but cannot remember who you nominated), complete and submit another form and this will automatically replace the previous form.

**IMPORTANT: THIS FORM IS NOT A WILL.** Although the Scheme administrators would want to comply with your wishes, they have absolute discretion in deciding where, or to whom, any payment is to be directed.

# ANNUAL BENEFITS STATEMENT NOMINATION FORM 2007

## PAYMENT OF DEATH BENEFITS

As a **CURRENT CONTRIBUTOR** of the LGPS, you can complete this form in order to 'nominate' a dependant or beneficiary who you would like to benefit from any lump-sum payment under the Scheme Regulations as a result of your death. Please complete this form only if you wish to nominate a beneficiary to whom any payments due may be directed following your death. The purpose of making a nomination is to assist Wolverhampton City Council ('the Scheme administrators') in deciding to whom any payments may be made. Although the nominated beneficiary would normally be your next of kin, you may nominate any person or organisation of your choice and such requests would be considered by the Scheme administrators.

The main advantage in making a nomination is that the payment could be made direct to your chosen beneficiary without forming part of your estate (i.e. the payment does not count for Inland Revenue purposes). You can amend/update your nomination at any time by completing another nomination form.

### TO THE SCHEME ADMINISTRATORS

In the event of my death it is my wish that any lump-sum death benefit available under the appropriate LGPS Regulations may be paid as follows (PLEASE USE BLOCK CAPITALS):

FULL NAME:
ADDRESS:
RELATIONSHIP OR DEPENDANCY:
PROPORTION OF BENEFITS: (i.e. full/half/third)

FULL NAME:
ADDRESS:
RELATIONSHIP OR DEPENDANCY:
PROPORTION OF BENEFITS: (i.e. full/half/third)

FULL NAME:
ADDRESS:
RELATIONSHIP OR DEPENDANCY:
PROPORTION OF BENEFITS: (i.e. full/half/third)

FULL NAME:
ADDRESS:
RELATIONSHIP OR DEPENDANCY:
PROPORTION OF BENEFITS: (i.e. full/half/third)

SIGNED:	DATE: <input type="text" value="D"/> <input type="text" value="D"/> / <input type="text" value="M"/> <input type="text" value="M"/> / <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/>
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PERSONAL DETAILS

DATA PROTECTION: The City Council takes its obligations under the Data Protection Act 1998 seriously and has appropriate procedures in place to ensure that your rights under the act are protected. The information provided on this form will be used by the City Council for the purpose of administering your pension (e.g. calculating the benefits due from the Fund). In the course of processing this information for this purpose, the City Council may disclose your personal data to legal advisers it has appointed. By completing this form and submitting it to the Fund, you consent to the use of your personal data for the purposes set out above.

This form should be returned to West Midlands Pension Fund, PO Box 3948, WOLVERHAMPTON, WV1 1XP using the envelope provided.