

Notes for Your Active Benefit Statement 2019

Your Pay Information

Your employer has supplied us with the pay figures and membership used to calculate your benefits. The values of your Final Salary and Career Average pay may be different as different rules apply to them.

To be sure that your benefits are correct, you must check your pay carefully, especially your Career Average pay because this is used to calculate your benefits built up in this Statement year and is also carried forward for next year. If you think it is wrong, please contact your employer as soon as possible as they only have to keep pay records for a limited period of time. Also, you have a right of appeal to your employer if you think the amount is incorrect.

This Statement does not include the results of any Certificate of Protection issued by your employer, or any other protections provided under the Scheme rules. If any protections apply, these will be taken into account when your benefits are paid.

How Your Standard Benefits are Calculated

Membership up to 31 March 2008

Final Salary Pension 1/80 x scheme membership x final pay

Automatic Lump Sum 3/80 x scheme membership x final pay

Membership after 31 March 2008 and up to 31 March 2014

Final Salary Pension 1/60 x scheme membership x final pay

Automatic lump sum not applicable

Benefits after 31 March 2014

CARE Pension 1/49 x pensionable pay into your pension account each year

Automatic lump sum not applicable

How Your Benefits are built up

Membership and Final Pay (Pre 2014 Benefits)

Pre 2014 benefits are built up as follows:

- Each year and day of LGPS membership
- Membership transferred in from previous pension providers
- Membership purchased
- Part time membership is calculated according to the hours worked, with WTE pay
- Usually the final year's pay, but protections may apply for members who had a drop in pay
- Final salary still used to calculate benefits built up to 31 March 2014

CARE Scheme (Career Average Revalued Earnings)(Post 2014 Benefits)

Post 2014 benefits are built up as follows:

- You pay contributions on what you earn – includes non contractual overtime
- You build up 1/49th of your pay as a pension each year – every 31 March a pension amount equal to 1/49th of the pay you paid contributions on in the past year is added to your pension account
- Your pension is inflation proofed for life – once each year's pension is added to your pension account, it is inflation proofed for the rest of your life. This year's increase is 3%.

Your projections if you remain in the Scheme until your Normal Retirement Age (NPA)

Your Statement shows a projection of your standard benefits which assumes that you will work until your Normal Pension Age (this is age 65 or your State Pension Age if later) and uses this year's CARE pay figure to project the value of your Career Average Benefits. Please note that we cannot predict what inflation will be on your CARE pension in the future.

Also shown are the amounts of maximum projected lump sum that you can convert from pension and the resulting projected annual pension, see the next page for more information on this.

Your Benefit Choices at Retirement

Standard Benefits and Exchanging Pension for Lump Sum

Your Statement shows your standard benefits. When you retire, you can swap some pension to create or increase your lump sum. You can swap £1 of pension for £12 of lump sum, up to the Scheme limits. You will receive further information about this when your benefits become payable. However, as a general guide we have shown an estimate of the maximum lump sum you will be able to get at retirement if you continue to pay into the Scheme on your Statement.

Your projected figures at Normal Pension Age (this is age 65 or your State Pension Age if later) do not take account of any:

- Reduction that may be applied for early payment
- Guaranteed Minimum Pension amount that may currently be payable from age 60 for a woman or 65 for a man
- Additional Voluntary Contributions you may have.

If any of these apply your maximum lump sum may be different. We cannot provide details until your benefits become payable.

More information about retirement can be found in the leaflet 'Your Pension' which is available in the Publications Section of our website at www.twpf.info.

Your Normal Pension Age and Retirement

This is the earliest date that you can retire and draw your benefits without a reduction. This is age 65 or your State Pension Age if later. You can find your current State Retirement Age at www.gov.uk/calculate-state-pension. Please note that this may change before you retire.

Voluntary Retirement

If you are aged 55 or over you have the option to voluntarily retire earlier than your Normal Pension Age. You do not need your employer's consent. However, the value of your benefits may be reduced if you do choose to retire before your Normal Pension Age.

The size of any reduction to your benefits depends on how early you retire, your age, your length of membership and any Scheme protections you may have. Because of this, we cannot estimate or show any reductions in this Statement.

However, by using our online service mypension, you can run your own retirement estimates to see what your benefits might be using different retirement dates.

If you choose to take your pension later than your Normal Pension Age it is increased because it is being paid later. However, you must draw your benefits in the LGPS before your 75th birthday.

Other Retirement Options

If you retire because of redundancy or business efficiency from age 55, or permanent ill health from any age, your LGPS benefits can (as long as you have 2 or more years membership in the Scheme) be paid immediately.

Death Grants and Survivor Benefits

Death Grant Lump Sum Nomination

Under the Scheme rules, the Fund must decide who receives any death grant. You can tell us who you would like to receive any death grant by completing a Death Grant Nomination Form. Normally the Nomination Form will be followed. However, Forms can become out of date as circumstances change. The Fund can choose to make payment to another person, for example if your Form appears to be out of date. Please remember that it is your responsibility to keep your Nomination Form up to date if your circumstances change or you wish to amend your nomination. You can get a form from our website at www.twpf.info/forms.

Generally a death grant will be paid to either:

The person(s) named on your Death Grant Nomination Form, or

Your Personal Representatives or your estate if you have not completed a Death Grant Nomination Form.

If you have other separate membership in the LGPS, there may be only one lump sum if you die. For example if you have this current membership plus some deferred benefits, we would just pay one lump sum if you died – from whichever membership paid out the most.

Survivor's Pensions

Subject to the production of the necessary certificates, a survivor's pension will automatically be paid when you die and are married or have registered a civil partnership. A survivor pension may be payable to cohabiting partners if, for at least two continuous years:

- You have been free to marry each other or enter into a civil partnership
- You have lived together as if you were husband and wife or civil partners
- Neither of you have been living with someone else as if you were husband and wife or civil partners
- Your financial affairs have been interdependent or your partner has been financially dependent on you.

We will check your relationship status and any qualifying conditions before paying any survivor's pension. If your status shown is incorrect you can update it through your mypension account if you register for our online service.

Important notes on Survivor's Pensions

- The value shown is based on pension accrued to 31 March 2019 and does not include any extra pension that may be payable under the Scheme's ill health rules
- Any pension paid could be different if your status changes prior to or after retirement
- The benefits payable to a spouse or civil partner are based on your Scheme membership
- The benefits payable to a cohabiting partner will not include any pre 1988 membership, if applicable, unless you had elected to pay extra contributions for some or all of it to count
- The amount of any survivor's pension will not be affected if you decide to swap pension to create or increase your lump sum.

Children's Pensions

Children's Pensions may also be payable. The value is dependent on the age and number of children and whether any other survivors' pensions are due. We will check this if a child's pension is about to come into payment.

Further information on how death benefits, survivor's benefits and children's pensions are calculated can be found on the national website at www.lgpsmember.org/arm/already-member-prot.php.

Tax Controls and your Pension

There are controls on the total amount of contributions you can make into all pension arrangements and receive tax relief on, and on the pension savings you can have before you become subject to a tax charge. This is in addition to any income tax you pay on your pension once it is in payment. Most people will be able to save as much as they wish as their pension savings will be less than the allowances.

Under current HM Revenue and Customs (HMRC) rules there are two tax controls - the Annual Allowance and the Lifetime Allowance.

Annual Allowance - If the value of all of your pension savings increases by more than HMRC's Annual Allowance, you may be liable to pay tax. The Annual Allowance limit for 2018/19 is £40,000 for most people (*), however:

- If the growth in your LGPS benefits with this Fund exceeds this amount in 2018/19, we will write to you separately by 6 October 2019 with a Pension Savings Statement as you may need to pay a tax charge. The estimated growth in your LGPS benefits for this membership is shown on your Statement. This is your estimated Pension Input Amount
- If you earn more than £110,000 – your Annual Allowance may be reduced (known as 'tapered')(*) so you will need to check your position carefully to see whether you are affected by the tapering rules. If so, you can request a Pension Savings Statement from us.

Please note that you are personally responsible for checking and advising HMRC if you have exceeded the Annual Allowance limit.

(*)To find out more, please visit www.twpf.info/article/67411/Tax-Controls-and-Your-Pension.

Lifetime Allowance - This is the total value of all pension benefits you can have without triggering a tax charge. If the value of your pension benefits when you draw them (not including any state retirement pension, pension credit or any partner's or dependant's pension you may be entitled to) is more than the Lifetime Allowance, or more than any protections you may have, you will have to pay tax on the excess benefits. The Lifetime Allowance is set by HM Treasury at £1.03million for 2018/19, increasing to £1.055million for 2019/20. It covers any pension benefits you may have in all tax-registered pension arrangements - not just the LGPS.

The value of your LGPS benefits, for the purposes of the Lifetime Allowance, is usually calculated by multiplying your annual pension by 20 and adding any lump sum you draw from the pension scheme (including any lump sum drawn from an in-house AVC fund).

It is your responsibility to check your position and apply to HMRC for any protections that may exist. If you do obtain protection - you should let this Fund know.

If your LGPS benefits are more than your Lifetime Allowance you will have to pay tax on the excess. If your excess benefits are paid as a pension the charge will be 25%, with income tax deducted on the ongoing pension payments; if the excess benefits are taken as a lump sum they will be taxed at 55%.

To find out more, please visit www.lgpsmember.org/docs/LGPS%20factsheet_LTA.pdf.

Further information about pension tax relief, assessment of limits and any protections can be found at www.gov.uk/tax-on-your-private-pension.

Important Notes and Advice

Please note that this is a general guide to assist you to calculate your tax position. It is based on the pay information supplied by your employer. It does not take account of any other pension benefits you may have in this Fund or in another LGPS fund or in any other pension arrangements you may have.

The Fund can provide information but is not authorised to provide advice on areas such as the Scheme rules, pension saving and personal tax allowances. If you do need advice, you should seek independent financial advice.

The websites below may help you:

- IFA Promotion at www.unbiased.co.uk
- The Pensions Service at www.gov.uk
- The Pensions Regulator at www.thepensionsregulator.gov.uk
- The Money Advice Service at www.moneyadviceservice.org.uk

About the Fund

More information about the Fund is available in the Full Annual Report and Accounts from:

- Tyne and Wear Pension Fund (TWPF) at www.twpf.info
- Northumberland County Council Pension Fund (NCCPF) at www.northumberland.gov.uk

You can request a copy of the Annual Report and Accounts from the Pensions Office for TWPF or from Northumberland County Council for NCCPF if you do not have access to the internet. Further information about the Scheme rules can be found on www.twpf.info or from the national Scheme site at www.lgpsmember.org.

Pooling of Investments

Tyne and Wear Pension Fund and Northumberland County Council Pension Fund, together with ten other pension funds have created an organisation to manage the Funds' investments. This organisation is known as Border to Coast Pensions Partnership Limited and the arrangements are to comply with legislation.

In 2018 Border to Coast submitted a five year business plan to the Financial Conduct Authority, which is the body responsible for overseeing such matters. The plan details the management of the investments owned by the twelve partner funds, now worth approximately £50 billion. Border to Coast and the partner funds believe that this will result in better performance and reduced costs, as well as providing the partner funds with a more influential voice in the investment community.

Both the Tyne and Wear Pension Fund and Northumberland County Council Pension Fund responsibilities for paying pensions, collecting contribution income from employers and otherwise administering the pension scheme remain entirely unchanged. In other words, pooling investments will not affect you or your pension arrangements in any way.

Beware of Pensions Fraud – Thinking of doing something with your pension pot?

If you are considering leaving the Scheme to transfer your LGPS benefits you need to guard against Pension Liberation Fraud also known as Pension Scams. Significant tax penalties can apply to those who transfer and access benefits under age 55. The Pensions Regulator with HMRC and associated organisations has a campaign against Pension Liberation Fraud. For further information please visit the Pensions Regulators website at www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx.

Options to Pay More or Less

We have shown the value of your Scheme benefits in this Statement. There are also ways that you can change your future pension benefits. Some of these are:

- You can purchase **extra pension** in the LGPS. More information is available from www.lgpsmember.org/arm/already-member-extra.php
- **You can pay Additional Voluntary Contributions (AVCs) into the In House AVC arrangement** with Prudential where you choose how much you want to contribute, up to certain limits. More information is available from Prudential on 0800 012 1378, or at www.pru.co.uk/lgpsinsert. If you already have AVC investments with the Fund's in-house provider, you will receive a separate Statement from them. It is your responsibility to consider your choice of funds. Details of the current fund options can be found on the Prudential AVC website at www.pru.co.uk/pdf/LAVB10005.pdf, please note that the range of funds on offer may change from time to time.
- You could also arrange other ways to improve your pension benefits outside of the Local Government Pension Scheme
- **You can pay lower contributions by opting for the 50/50 section of the Scheme.** You would pay half your normal contributions and receive half of your pension benefit. You would remain fully covered for ill health retirement and death in service benefits.

Further information on paying more or less is available in the leaflet entitled 'Contribution Flexibility' which is available in the Publications Section at www.twpf.info.

Contact Details

Website:

www.twpf.info

Our postal address:

Pensions Office, PO Box 212, South Shields, NE33 9ER. If you are sending us recorded mail, please use our full address which is Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL.

Telephone Helpline:

If you need to talk to us, please contact the Pensions Helpline on 0191 424 4141. The Helpline is staffed during office hours Monday to Thursday 8.30am to 5.00pm and on Friday 8.30am to 4.30pm.

You will need to answer some security questions before we can provide any personal details. We will not be able to discuss your position or provide information to anyone else unless you are present during the call and you authorise us to speak to the caller.

mypension supportline:

If you need assistance with using our online service please call 0191 424 4200.

Our information is available in other ways on request. Please let us know if we can help in any way.