

# Tyne and Wear Pension Fund

Administered by South Tyneside Council



Name <1-4><5-8><9-48>

Eer No <110-114>

Address 1 <115-154>

Address 2 <155-194>

Address 3 <195-234>

Address 4 <235-274>

Address 5 <275-314>

Postcode <315-322>

*Your Deferred  
Pension Statement  
2006*



Dear Miss Sample <1-4><9-48>

# Your Benefits within the Local Government Pension Scheme (LGPS)

## Planning for the Future

The Government places great importance on planning ahead for retirement. As people now live longer and healthier lives, it is even more important to think about the future and how and when to save for retirement. Government figures show that UK life expectancies are expected to increase over the years. **Is your pension going to be enough for you to enjoy your retirement?**

To help you plan for your retirement, I am pleased to provide you with your annual deferred benefit statement from the Tyne and Wear Pension Fund. This statement lets you see the value of your LGPS benefits. It shows your **benefits as at 10 April 2006** under the Scheme rules in force at that time.

The above benefits will be paid to you in addition to any State Pension you may be entitled to from the Department for Work and Pensions (DWP). If you would like a forecast of your State Pension you should ask for form BR19 from your local Social Security Office, or you can telephone the DWP Future Pension Centre on 0845 3000 168. Information on the State Pension and other types of pensions can be obtained from the Government's Pensions Service website at [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)

If you have another period of membership within this Fund, you will receive a separate statement for it. If you are also an active member you will receive that statement later in the year.

Information on Additional Voluntary Contributions (AVCs) is not included. If you have investments in the Fund's AVC Plan, you will get an annual statement from your provider. Please check this carefully.

If you have any queries about your statement or on any other LGPS pension matters please contact the Tyne and Wear Pensions Office for assistance. Information on how to contact the Pensions Office can be found on the back cover of this document.

I also enclose the Fund Members Annual Report for 2005/06. This is a summarised version of the Fund Report and Accounts. It provides you with information on how the Fund is invested and how it is performing. A copy of the full Report and Accounts can be viewed on our website at [www.twpf.info](http://www.twpf.info)

## Important Pension Changes

You may be aware from information included in previous years' statements that the LGPS is under a review, known as "the Stocktake". Also, Her Majesty's Revenue and Customs (HMRC) has changed the tax limits on pension contributions and benefits. This tax change is known as "Tax Simplification" or "A Day".

The following pages explain the changes made to the LGPS rules, that came into effect on 6 April 2006 and how they affect deferred members. There is also information on the discussions that are taking place on a new look LGPS.

Yours sincerely



Head of Pensions

## Your personal details at 10 April 2006

Name <58-97><9-48>

National Insurance Number <49-57>

Date of Leaving <100-109>

Membership ID Number <323-330>

Date of Birth <331-340>

Last Employer <110-114>

Marital Status (Assumed)\* <99-99>

\*This will be verified before any survivors' benefits are paid.

## Your LGPS Benefits

Original value of your benefits - as at <100-109> (Your deferment date)

Annual Pension <344-352>

Tax Free Lump Sum <371-379>

Surviving Spouse's/Civil Partner's Pension <398-406>

## Current Value of your Benefits - with effect from 10 April 2006

Annual Pension <362-370>

Tax Free Lump Sum <389-397>

Surviving Spouse's/Civil Partner's Pension <416-424>

Benefits due for payment on 01/01/2010 <434-443>

## Guaranteed Pensions Increases

Deferred benefits (including the lump sum benefits) increase annually in line with the Retail Prices Index.

However, if you apply for the payment of your deferred benefits before age 55, you may not qualify for these increases until your 55th birthday.

## Current Value of Death Benefit with effect from 10 April 2006

Lump Sum Death Grant <389-397>

Death Grant Nomination held by this Fund Yes/No<341 -343>

## Survivors' Benefits

A pension may be payable to your legal widow, widower or civil partner. There is further information on civil partners later on in this statement. Dependant children's pensions may also be payable.

## Death Grant Nomination Form

If you have not already done so, you may wish to complete a Death Grant Nomination Form. This will tell us who you would like to receive any cash lump sum that may be payable upon your death. Blank forms are available from our website and from the Pensions Office.

# Pension Matters



## Tax simplification changes

Before 6 April (A Day), the tax limits that applied to pensions benefits were known as regimes. The regime that applied to you was dependant on the date you joined the LGPS. There were eight regimes and they were very complicated. Under new HMRC rules, there are two main tax allowances for pension benefits.

- **Life Time Allowance (LTA).** This is the total amount of pension savings (total value of all pension funds) that can be built up before incurring extra tax. **The LTA for the year 2006/07 is £1.5 million.** Any benefits built up over this amount will be subject to an extra tax charge. The amount of the LTA will change over the years.



Generally, to calculate your total fund simply multiply your annual pension by 20 and add your lump sum. So a pension of £5,000 and a lump sum of £15,000 would mean a total fund of

$$\text{£}5,000 \times 20 \text{ plus } \text{£}15,000 = \text{£}115,000$$

**Protections** exist for members whose pension benefits exceeded or may in the future exceed the LTA limit.

- **Annual Allowance of Pension Growth (AA).** This is the total amount your benefits can increase by within one year before being subject to an extra tax charge. **The AA for the year 2006/07 is £215,000** and will change over the years.

**Scheme Nominated Date.** To comply with the tax rules on checking the AA, pension schemes have to choose a nominated date. The nominated date for the LGPS is the 31 March. Members cannot choose an alternative date.

## Opting out from the LGPS April 2006 changes

If you wish to maintain the ability to give up part of your pension to increase your dependant's pension(s) over and above the standard pension you will have to opt out of the changes.

If you left between 1 April 1998 and 5 April 2006, you can elect to opt out of the new rules and have your benefits calculated on the old rules. The table below summarises the options that are available to you.

Options available to members leaving between 1 April 1998 and 5 April 2006	Opt out of the changes and have your benefits under old rules	Not opt out of the changes and have your benefits under new rules
Converting Pension to Lump Sum	If you joined the LGPS before 17 March 1987 you can convert on more generous terms	You can convert pension into lump sum at the ratio of 12:1
Converting Lump Sum to Pension	You can convert, with limits depending on age and marital status	Option not available
Taking AVCs as a Lump Sum	AVC can only be taken as pension	AVC can be taken as cash subject to certain limits

**If you wish to opt out you must do this by 1 April 2007. Further information on opting out is available on our website at [www.twpf.info](http://www.twpf.info) or from our Pensions Helpline on 0191 424 4141.**

You should be aware that if you opt out of the 6 April 2006 changes, you are opting out of all of them. You cannot be treated under the old regulations for some things and the new regulations for others.

## LGPS Changes for Deferred Members

### Late Retirement

- You can delay receiving your benefits until the day before your 75th birthday. Benefits paid after age 65 may be increased to reflect the fact that they are being paid for a shorter period.

### Bigger Lump sum

- You can exchange part of your pension for extra lump sum of up to 25% of the total fund value of your pension benefits. For each £1 of annual pension given up, members will receive an extra £12 lump sum. Members may not reduce their pension below their Guaranteed Minimum Pension.

### Bigger Pension

- If you left after 31 March 1998 and had continuous membership since before 17 March 1987 until the day you left, then the option to convert some or all of your tax free lump sum into taxable pension is no longer available.

### Take AVCs as Cash

- If you have paid AVCs via the LGPS and you draw them at the same time as your LGPS benefits, you may elect to take up to 100% of your accumulated AVC fund as a tax free lump sum. However, your AVC lump sum and your LGPS lump sum must not exceed 25% of your total fund value or the LTA.

### Children's Pensions

- Dependant Children's pensions coming into payment after 5 April 2006 for non-incapacitated children who are in full time education or training will have to cease at age 23.

## The phasing out of the 85 year rule

This has no affect on benefits for deferred members.

# Its changing but its still a good scheme

The LGPS has many valuable features such as

- **Dependants' benefits.**
- **Ill health and early payment provisions.**
- **A tax free lump sum.**
- **A secure pension.** The LGPS provides you with a secure future income.
- **Index linking.** Pension benefits increase yearly in line with the Retail Price Index.



## Members Survey

Last year, we included a survey to get members' views on the quality of the service we provide. I am pleased to say that our comments were mostly very positive. The results are outlined below.

Find it easy to understand their ABS	98%
Find it easy to understand annual report	97%
Overall satisfied with Service	97.5%

## Civil Partnership

The introduction of the Civil Partnership Act 2004 on the 5 December 2005 allowed same sex couples to make a legal commitment to each other by registering a Civil Partnership. The LGPS has been changed to provide certain pension benefits to the surviving civil partner. These benefits are calculated in the same way as spouse's benefits, but are based only on membership after 5 April 1988. If you require any further information on Civil Partnerships please contact the Pensions Helpline on **0191 424 4141**.

## On the horizon, a new-look LGPS

Alongside all of these changes, discussions are taking place between the Government, unions and employers on a new-look LGPS for 2008.

On 30 June 2006, the Department for Communities and Local Government (DCLG), which now has responsibility for the LGPS, issued a consultation document entitled "Where Next? - Options for a new-look Local Government Pension Scheme in England and Wales".

Included in that document are a number of options for a new-look LGPS, which is to be introduced in April 2008. Copies of that document, together with a covering letter and a jargon free questions and answers document, can be found on the DCLG website at

**[www.communities.gov.uk](http://www.communities.gov.uk)**

Formal consultation is expected to take place in the Autumn of 2006. We will continue to keep you informed of progress.

## Getting help and more information

We hope you find this information helpful. Further information on the changes contained in this newsletter can be obtained from the **Pensions Helpline** on **0191 424 4141**

or from our **website** at **[www.twpf.info](http://www.twpf.info)**

Further details on how to contact the Pension Fund can be found on the back page.

You can also get information from the LGPS national website, which can be found at **[www.lgps.org.uk](http://www.lgps.org.uk)**



## Getting advice

Please note, the Pension Fund is unable to give financial advice on pension matters.

If you think any of the changes may affect you, please seek independent financial advice.

The following organisations' websites may be of assistance to you

Her Majesty's Revenue and Customs (HMRC)

**[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

Financial Services Authority (FSA)

**[www.fsa.org.uk](http://www.fsa.org.uk)**

The Pensions Service

**[www.pensions.gov.uk](http://www.pensions.gov.uk)**

IFA Promotion

**[www.unbiased.co.uk](http://www.unbiased.co.uk)**

# How to contact us

Our information is available in other ways on request.

We can provide information in other languages, Braille or large print.

We also have access to audio aids and BSL interpreters.

There are a number of ways you can get in touch with us.

If you need further information on the LGPS, please contact us at:



**Postal Address**  
Tyne and Wear Pension Fund  
PO Box 143  
HEBBURN  
NE31 2WT



**Pensions Helpline**  
Tel 0191 424 4141



**Fax 0191 424 4171**



**Email [pensions@twpf.info](mailto:pensions@twpf.info)**



**Web [www.twpf.info](http://www.twpf.info)**

## Personal callers

You can visit us during office hours at the Civic Centre, Campbell Park Road, Hebburn, Tyne and Wear, NE31 2SW. You don't need to make an appointment.

## Office hours

Monday to Thursday 8.30am to 5.00pm, Friday 8.30am to 4.30pm.

Please quote your National Insurance Number and your Membership ID Number so we can quickly trace your records.

## Moving house

Please remember to inform the Pensions Office of your new address.

## Data protection

We use the information you give us (and in return the information we give you) to do the tasks required for the administration of your pension, to carry out the Fund's official business and to help stop crime and prevent fraud. Under the Data Protection Act 1998, South Tyneside Council is the Data Controller (the holder, user and processor) of the pension information held about you.