

The Quill



Spring 2021

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The newsletter for active members of the Local Government Pension Scheme in Berkshire



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

Welcome

Welcome to the Spring edition of *The Quill* - the newsletter for active members of the Royal County of Berkshire Pension Fund.

Firstly we hope you are keeping safe and well during these difficult and uncertain times.

The pension team remain committed in providing a high-quality service during these challenging times. We continue to monitor Government advice and as a result we have been working from home for many months. However we are still on hand to answer your pension queries and telephone lines are back to normal operating hours.

You will find enclosed the usual pension updates including the CARE pension revaluation confirmation on page 5 and the employee pension contribution bandings for 2021/2022 on page 8.

You may also be aware of the Public Sector Exit Payment Cap (95k cap) which was introduced in November 2020. The Government has now put in place regulations to revoke the 95k cap and further information can be found on page 10.

If you have any questions about your pension or the contents within this newsletter please do not hesitate to contact us.

Full contact details can be found on the reverse of this newsletter.

**Councillor Julian Sharpe,
Chairman, Berkshire Pension Fund Committee
and Berkshire Pension Fund Advisory Panel**

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LGPS Key Benefits...

- A **secure pension** payable for life
- **Life cover** from day one of your membership
- **Tax relief** on your contributions
- **Early retirement** options
- **Inflation proofed** in line with CPI
- Option to exchange annual pension for **tax-free cash**
- Option to **pay more...or less**

Covid-19 LGPS update

The past year has been a very uncertain and difficult time for many of you.

The pension team continue to work from home meaning that our office in Maidenhead remains closed to visitors at present.

However telephone lines are back to normal operating hours so please do contact us if you have any questions about your pension.

We are also able to continue sending and receiving post. Full contact details can be found on the reverse of this newsletter.

You may wish to use our self-service facility – **'my pension ONLINE'** to update your details, run calculations and view your annual benefit statements (see page 17 for more information).



Will my LGPS pension value reduce as a result of the pandemic?

During these uncertain times it is understandable that a lot of our members have concerns about their pension values and how these may be affected by stock market changes due to the financial impact of Covid-19.

The LGPS is a Defined Benefit (DB) pension scheme which means your pension is based on your salary and how long you have paid in. Your pension is not linked to stock market performance, so both your contributions and your pension, whether in payment or not, will be unaffected.

The only exception to this is Additional Voluntary Contribution (AVC) values. If you have an AVC, it is possible the value may have reduced - this will depend on the funds you have chosen to invest in. Please contact Prudential for more information about your AVC fund (see page 13 for contact details).

Pensions Increase 2021

The rate of Pensions Increase is currently linked to the Consumer Prices Index (CPI) and is calculated in line with the CPI index based on the 12 months to September. Your CARE pension built up each scheme year is revalued in line with CPI from 1 April.

As the September 2020 CPI rate was 0.5%, your active pension account will be revalued from **1 April 2021** by **0.5%**.



Deferred and retired Scheme members will receive an increase of 0.5% to their pensions from **12 April 2021**.

Effective Date	CARE revaluation rates
1 April 2021	0.5%
1 April 2020	1.7%
1 April 2019	2.4%
1 April 2018	3%
1 April 2017	1%

Calculating your CARE pension

- Membership built up within the LGPS since 1 April 2014 is part of the Career Average Revalued Earnings (CARE) Pension Scheme.
- The benefit you build up in a CARE scheme is calculated using the actual pensionable pay you receive during each 'scheme year' (a scheme year runs from 1 April to 31 March). If you are in the MAIN section of the LGPS, every scheme year 1/49th of your pensionable pay is added to your 'Pension Account'. At the end of the scheme year it is adjusted to take into account the cost of living.
- The next year the same thing happens again and so on. If you are paying into the 50/50 section of the LGPS you will build up annual pension based on 1/98th of the pensionable pay you receive each scheme year.

Pensionable Pay / 49 = Annual Pension

Be 'Scam Smart' - keep your pensions safe

Pension scams can be hard to spot. Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scam tactics include:

- **Contact out of the blue**
- **Promises of high/guaranteed returns**
- **Free pension reviews**
- **Access to your pension before age 55**
- **Pressure to act quickly**

Scammers design attractive offers to persuade you to transfer your pension pot to them (or to release funds from it). It is often then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Don't forget pensions cold calling is now illegal

A ban on pensions cold calling is now law as part of the Government crackdown on pension fraud. It is illegal for companies to make unsolicited calls to people about their pensions.

If you suspect a scam, report it ...

- Report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at **www.fca.org.uk**
- Report to Action Fraud on **0300 123 2040** or at **www.actionfraud.police.uk**
- If you're in the middle of a transfer, contact your provider immediately and then get in touch with The Pensions Advisory Service (TPAS) at **www.pensionsadvisoryservice.org.uk**



The 'McCloud' judgement

When the LGPS changed from a Final Salary to a CARE pension scheme in 2014, protections for older scheme members were introduced.

Similar protections were also provided in other public sector pension schemes.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the '**McCloud judgement**'.

The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS.

If you qualify for protection it will apply automatically - you do not need to make a claim.

For more information, see the frequently asked questions on the national LGPS website:

https://lgpsmember.org/news/story/mccloud_qanda.php



Employee contribution bandings 2021/2022

The contribution rate you pay each month is based on the annual pensionable pay you earn.

There are nine contribution bandings ranging from 5.5% to 12.5%. Every April your employer will apply the appropriate rate of contribution for each contract of employment by matching your annual pensionable pay to the appropriate band in the contribution table. The contribution bandings for 2021/2022 are:

Band	Actual pensionable pay for an employment	MAIN Section contribution rate
1	Up to £14,600	5.5%
2	£14,601 to £22,900	5.8%
3	£22,901 to £37,200	6.5%
4	£37,201 to £47,100	6.8%
5	£47,101 to £65,900	8.5%
6	£65,901 to £93,400	9.9%
7	£93,401 to £110,000	10.5%
8	£110,001 to £165,000	11.4%
9	£165,001 or more	12.5%

Pension contributions and tax relief

Contributions are deducted from pay before tax. This means that for an employee who pays tax at 20%, every £1 contributed to the scheme actually only costs 80 pence.

What is pensionable pay? Pensionable pay is the amount of pay on which contributions are deducted. This includes all pay received in respect of overtime worked and any additional hours worked in excess of contractual hours.

Your pensionable pay is used to calculate your annual pension build up every year under the CARE Scheme. Please check with your Payroll Department if you have a question about your pensionable pay.

Calculate your monthly cost

You can use the online contribution calculator to find out how much you will pay each month from your salary based on your contribution banding: <https://lgpsmember.org/more/contscalcalc.php>

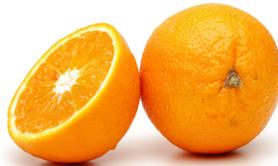
Can I pay less?

Yes, under the LGPS you can enter the 50/50 section of the scheme if you wish. Under the 50/50 section you pay half your normal monthly pension contribution and receive half your normal pension build up in return. If you have more than one employment you can elect to join the 50/50 section in one, some or all your employments.

The table opposite shows the contribution rate you would pay under the 50/50 section of the LGPS for the period **1 April 2021 to 31 March 2022**.

Under the 50/50 section your annual pension builds up based on **1/98th** of your pensionable pay each year rather than **1/49th** under the MAIN section.

Please note: Regardless of which section of the LGPS you are in, you retain full life cover and you are fully protected under ill-health retirement regulations.



Band	Actual pensionable pay for an employment	50/50 Section contribution rate
1	Up to £14,600	2.25%
2	£14,601 to £22,900	2.90%
3	£22,901 to £37,200	3.25%
4	£37,201 to £47,100	3.40%
5	£47,101 to £65,900	4.25%
6	£65,901 to £93,400	4.95%
7	£93,401 to £110,000	5.25%
8	£110,001 to £165,000	5.70%
9	£165,001 or more	6.25%

Example - MAIN section versus 50/50 section based on an annual salary of £20,000 (£1666.67 per month).

SECTION	MAIN	50/50
Percentage per month	5.8%	2.9%
Annual pension build up	£408.16	£204.08
Death in service grant	£60,000	£60,000

Public Sector Exit Cap *revoked*

You may have been aware that the Government introduced a cap on the amount of money a public sector employer can pay when an employee leaves their employment - called the **Public Sector Exit Payment Cap**, or **£95k cap**.



The introduction of the 95k cap affected members over age 55 retiring on redundancy or business efficiency grounds from 4 November 2020.

On 12 February 2021 the Government issued the Exit Payment Cap Directions 2021 which disapplied parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect.

On 25 February 2021, the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 were made and laid before parliament effective from 19 March 2021.

Now that the 95k cap has been revoked what happens if I am made redundant?

If you are retired early on redundancy grounds (either through voluntary or forced redundancy) or your employment is terminated in the interests of business efficiency, your pension benefits are paid immediately if you satisfy both of the following conditions:

- **You are aged 55 or over at the point you are retired on redundancy or efficiency grounds**
- **You have at least two years membership of the LGPS (or less than two years having previously accepted a transfer of former pension rights into the scheme from another LGPS Fund)**

Benefits paid in this way are released with immediate effect after your date of leaving without any early retirement reduction percentage being applied and the benefits are payable for your lifetime.

Redundancy Q&A

Will my pension be enhanced to my Normal Pension Age? Your pension is **not** automatically enhanced to your Normal Pension Age if you are made redundant. However, at their discretion, your employer can award an additional amount of pension to improve your retirement benefits. Your employer is required to produce and publish a statement of policy setting out how it intends to use this discretion.

Will my pension be reduced? If you are made redundant your pension benefits will be calculated up to your date of redundancy and released to you without an early retirement percentage reduction being applied.

How do I claim my pension if I am made redundant? If you are aged 55 or over at the point that you are made redundant then your employer's payroll department will contact us directly with confirmation of your leaving details. Once this is received, we will calculate your pension entitlement and contact you to arrange payment of your benefits.

Can I defer payment of my redundancy pension until a later date? No, we are obliged to pay your pension to you at the point you are made redundant.

Can I still convert part of my annual pension to purchase additional tax-free cash? Yes, if you are made redundant you will still be able to convert part of your annual pension into additional tax-free cash. You can exchange £1 of annual pension for an additional £12 of tax-free cash up to a maximum of 25% of the capital value of your total 'pension pot'. You will be provided with details of how this option applies to you at the point we write to you with your formal retirement options.

How do I obtain a redundancy quote? If you would like an estimate of your pension entitlement assuming you were to be made redundant please contact your employer directly.

We are unable to provide redundancy figures to scheme members, but your employer can request such an estimate on your behalf.

More information on the redundancy retirement can be found on our website:

<https://www.berkshirepensions.org.uk/bpf/retirement/redundancybusiness-efficiency>

Boost your pension income with APCs

If you are in the MAIN section of the LGPS you can pay extra contributions to purchase additional annual pension - these are known as **Additional Pension Contributions (APCs)**.

You can pay **APCs** as regular monthly contributions over a number of complete years (minimum 12 month term) or you can pay a lump sum either from your salary or paid directly to the Pension Fund.

The cost to purchase additional annual pension through APCs is determined by your **age, term of payment** and the **amount you wish to purchase**.

You can find out the cost of buying additional annual pension by using an online APC calculator.

<https://lgpsmember.org/more/apc/extra.php>

Alternatively you can contact the pension team to request an individual APC quotation.

Any amount of additional annual pension purchased, whether a pro rata amount or the full amount will be subject to a percentage reduction if payment of your benefits commences before your Normal Pension Age.

The total additional annual pension you can buy is currently £7,316.00 (this amount increases every April in line with inflation). For more information on APCs please contact the pension team who will be happy to help.

Tax Relief and APCs

If you pay APCs through your Gross monthly salary and you are a tax payer you will receive tax relief at source. If you choose to make a lump sum payment directly to the Pension Fund, you will need to arrange tax relief directly with HMRC.



Topping up your pension with **AVCs**

As an LGPS member you can pay Additional Voluntary Contributions (AVCs) to our in-house AVC scheme run by the **Prudential**.

You can pay a monthly contribution and choose how you would like your contributions to be invested. AVCs are invested separately from the main LGPS Fund and a number of investment opportunities are available to you.

AVCs are deducted from your monthly salary so you will receive tax relief automatically on the contributions you pay at your marginal rate. This means that your LGPS contributions and your AVCs are deducted from your Gross pay before income tax is calculated.

Deductions commence from the next available pay date following your election to pay AVCs and you can vary or cease payments at any time whilst you are contributing to the LGPS.

As AVCs are investment based, it's important to remember that the value can go down as well as up and you may not get back the amount you put in.

If you have an AVC fund with Prudential, you have a number of options available at retirement:

- take up to 100% of your AVC fund as a tax-free cash lump sum at the point you claim your LGPS pension (as long as you are within certain tax limits to do so)
- use your AVC fund to buy an annuity pension on the open market
- use your AVC fund to buy an additional amount of annual pension within the Berkshire Pension Fund

To find out more about AVCs and how to start contributions visit:

<https://www.pru.co.uk/rz/localgov/>



Lost pension due to absence

During your membership of the LGPS there may be occasions when you are away from work and in some cases do not pay pension contributions. This may be because of:

- **Child-related leave**
- **Authorised unpaid leave**

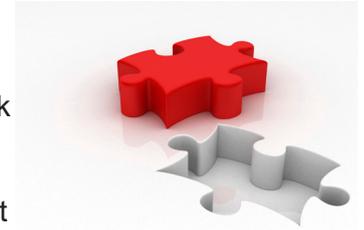
If you have a period of unpaid leave as a result of authorised leave of absence, you can elect to buy back the lost pension through the purchase of additional pension contributions. On your return to work your employer should contact you with details and instructions about how you can buy back the lost pension.

If you elect to buy back the lost pension **within 30 days of returning to work** you can pay Shared Cost Additional Pension Contributions (SCAPCs). By paying SCAPCs you only have to pay 1/3rd of the cost and your employer pays 2/3rds.

If you return to work and choose not to buy back the lost pension, your unpaid absence will not count

towards your pension calculation.

If you are away from work due to **unauthorised** absence you will not be able to buy back your lost pension.



A note about sickness absence

If you are on sick leave the amount of pension you build up won't be affected by your absence.

When you are in receipt of full sick pay your pension builds up as normal using the pensionable pay you receive. If you have a period of half pay or no pay due to sickness or injury then your pension is worked out using an average of your usual pensionable pay (before the reduction in pay took place).

This cover means that the pension you build up won't be affected by your reduced pension contributions.

Keep us updated

It is important that you inform us of any change to your personal details such as change of address, marital status or change in name.



If you need to notify us of any of these changes you can do so by e-mailing info@berkshirerpensions.org.uk

If you are changing your name or marital status please provide us with the accompanying certificate/document (a photocopy or scanned copy is acceptable).

The pension team can take changes of address over the telephone, by e-mail or you can update your address via our online portal - 'my pension **ONLINE**' see **page 17** for more information.

Updated factsheets

We have recently updated our pension factsheets covering a range of LGPS topics including:

- **Increasing your pension**
- **Protection for your family**
- **Guide for new scheme members**
- **Impact of working part-time**

A series of topical retirement guides are also available to download, covering:

- **Flexible retirement**
- **Ill-health retirement**
- **Redundancy/efficiency retirement**
- **Normal retirement**

Visit our website to find out more:

<https://www.berkshirerpensions.org.uk/bpf/publications/factsheets>

Estimate requests

In order to help you plan for retirement the pension team are happy to provide a projection of your retirement benefits on request. However we are limited to providing a maximum of **two** estimates per calendar year per employment (if you require the conversion option to be included this will not be counted as a separate request).

If you are retiring on redundancy, business efficiency, flexible retirement or ill-health grounds please contact your employer directly to request an estimate of pension benefits.

Why not calculate your estimates online?

You can use the '**Benefit Projector**' located in the Pension Benefits section of 'my pension ONLINE' to predict your pension income at a future retirement date. You can run through as many estimates as you wish to different retirement dates in the future.

Please note: pension figures provided in this way are estimates only. Full details will be confirmed to you on formal notification of your retirement.



Annual Benefit Statements

Every year your annual benefit statement is available to view via your online account by 31 August.

Your annual benefit statement will provide you with the current value of your annual pension calculated to 31 March and your projected annual pension assuming you remain in the pension scheme until your Normal Pension Age.

You can find your statement in the '**My Documents**' section of 'my pension ONLINE'. To find out more see page 17.

Take control of your pension



'my pension ONLINE' is an internet based application which enables you to securely access and update your own pension details online via the Royal County of Berkshire Pension Fund website from the comfort of your own home or workplace using a desktop PC, laptop, smartphone or tablet.

As an *Active* member of the scheme you can:

- **view/update your personal details**
- **update your Expression of Wish nomination**
- **perform benefit calculations**
- **view your annual benefit statements**
- **access all factsheets and newsletters**

To register for 'my pension ONLINE' or to log in to your existing account please visit www.berkshirerpensions.org.uk

Upload your documents *online*

Did you know you can upload documents to your own pension record?

Rather than sending us forms in the post or e-mailing us you can upload documents securely via 'my pension ONLINE' so that they appear on your pension record.

This is particularly useful if you need to send us paperwork or provide us with verification of your date of birth or marital status.

The '**Document upload**' facility can be found in the 'Documents' section of your online account.



Protection for your family

As an active member of the LGPS you have peace of mind that should the worst happen, your loved ones will be provided for. If you pass away whilst an active member of the LGPS a survivor's pension is payable to:

- a husband or wife
- civil partner
- co-habiting partner
- children - under the age of 18 or up to age 23 if still in full time education.

Is your Expression of Wish form up to date?

In addition to the survivor's pension, a Death Grant is payable equal to three times your Assumed Pensionable Pay (APP) at date of death, no matter how long you have been a member of the pension scheme.

If you have not already done so you can choose who you would like to receive any Death Grant payable by completing an 'Expression of Wish' form on the opposite page. You can also update your Expression of Wish via 'my pension ONLINE'.

Co-habiting partners

If you pass away and leave a co-habiting partner he or she, may become entitled to part of your pension.

For a co-habiting partnership pension to apply both you and your partner **MUST** satisfy the following conditions at your date of death:

- Your co-habitation had been continuous for at least 2 years at the date of death
- You are free to marry or enter into a civil partnership with each other at any time
- You are living together as if husband and wife or civil partners
- You are not living with a third person as if husband or wife or civil partners
- Either your partner is financially dependent upon you or you are financially inter-dependent upon each other

Expression of Wish Form

In the event of my death I wish the administering authority for the Local Government Pension Scheme to make payment of any lump sum death grant to which entitlement may arise by virtue of my membership of the Scheme to the beneficiary(ies) listed below:

Beneficiary 1		
Name	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 2		
Name	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 3		
Name	Relationship	Proportion (%)
Date of birth (if known)	Address	

Beneficiary 4		
Name	Relationship	Proportion (%)
Date of birth (if known)	Address	

Please note your Expression of Wish form will only be valid if the proportions listed above total 100%

IMPORTANT: If you have nominated your husband, wife, co-habiting partner or civil partner and in the event of you both passing away together please indicate here how you wish the Death Grant to be distributed (e.g split equally between children or other family members etc.)

NAME	RELATIONSHIP	PROPORTION (%)

I understand that this notice may be cancelled or amended, in writing, at any time and that the administering authority is not bound by the notice, that it has absolute discretion when making payment and that it may be disregarded in certain circumstances.

Signed: _____ Date: _____

Full name: _____ Employer: _____

Home address: _____

_____ Postcode: _____ NI number: _____

Please return your completed form to: **The Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF**



LGPS bite-sized videos

A series of 'Pensions Made Simple' videos are now available to view. Each video offers a brief overview of an LGPS topic:

- **What is a pension?**
- **How your pension works**
- **Looking after your pension**
- **Protection for you and your family**
- **Life after work**
- **Your annual allowance**
- **Your lifetime allowance**
- **Transferring your pension**

Each video is less than four minutes long so it's a great way to learn more about your pension in bite-sized portions.

Visit the LGPS website to view the videos online:

<https://www.lgpsmember.org/more/Videos.php>



Online calculators

A series of online calculators are available to help you understand how your pension builds up and the cost to you.

Contribution calculator - find out the monthly cost of being a member of the LGPS.

Pension account modeller - helping you understand how pension accounts work. This modeller shows how a pension builds up under the CARE Scheme.

Lump sum calculator - find out how much tax-free lump sum you could have.

Additional pension calculator - you can pay additional pension contributions (APCs) to boost your pension at retirement. Use this calculator to get a quote.

Use the online calculators by visiting:

<https://lgpsmember.org/calculators-listing.php>

Spring Sudoku

In our Autumn 2020 edition of *The Quill* we invited our readers to try our word search competition. Thank you to everyone who entered.

For another chance to win a £25 Marks & Spencer gift card, why not have a go at our Spring Sudoku competition?

Please send your entry to **Joanne Benstead, Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, SL6 1SF** to reach us by **31 July 2021**. The winner will be drawn at random from the entries received. Good luck!

Please note this competition is not open to members of the administration or investments pension teams.

Name	
Address	
Postcode	
Tel. number	



Fill in the squares in the grid, so that each row, each column and each 3 x 3 contains all the digits from 1 - 9.

			2		4		9	
5				1		8		4
7	3		9					
		6					1	
		9				4		
	5					9		
					2		7	1
4		5		3				2
	1		8		6			



Contacts directory...

State Pension
www.gov.uk 0800 731 0469
Citizens Advice Bureau
www.citizensadvice.org.uk
Find an Adviser
www.unbiased.co.uk 0800 0236868
The Money Advice Service
www.moneyadviceservice.org.uk 0800 1387777
The Pensions Advisory Service
www.pensionsadvisoryservice.org.uk 0800 0113797
Pension Wise
www.pensionwise.gov.uk 0800 138 3944



Contact us



Royal County of Berkshire Pension Fund

Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF

Pensions Helpdesk: 01628 796 668

lines are open Monday to Thursday 8.30am to 5pm and Friday 8.30am to 4.30pm

E-mail: info@berkshirepensions.org.uk

Website: www.berkshirepensions.org.uk

If you would like this newsletter in large print or audio please contact us on 01628 796754 or e-mail info@berkshirepensions.org.uk

The Royal Borough of Windsor & Maidenhead is the administering authority to the Royal County of Berkshire Pension Fund

www.rbwm.gov.uk

