Local Government Pension Scheme (the 'Scheme')

August 2019

Newsletter for active members

Welcome to our Scheme newsletter

The newsletter is designed to act as a companion document to your benefit statement, featuring information and guidance about the Scheme and your benefits, as well as wider issues.

The full list of contents is to the right. If you have any questions after reading the newsletter, please check the websites and your Member Self Service Portal, or contact the Pensions Team – their details are on the back page.

Inside…

Member Self Service Portal

Our ongoing aim is to reduce the number of printed documents we send out and contact you electronically as far as possible. It not only helps the environment, but also means we can get information to you more quickly.

Future plans include a website where we can post updates as soon as the news is relevant - keeping you abreast of Scheme developments in between issues of the newsletter. For security reasons, we also aim to record members' personal e-mail addresses on our systems, so that we can get in touch with you urgently if we need to.

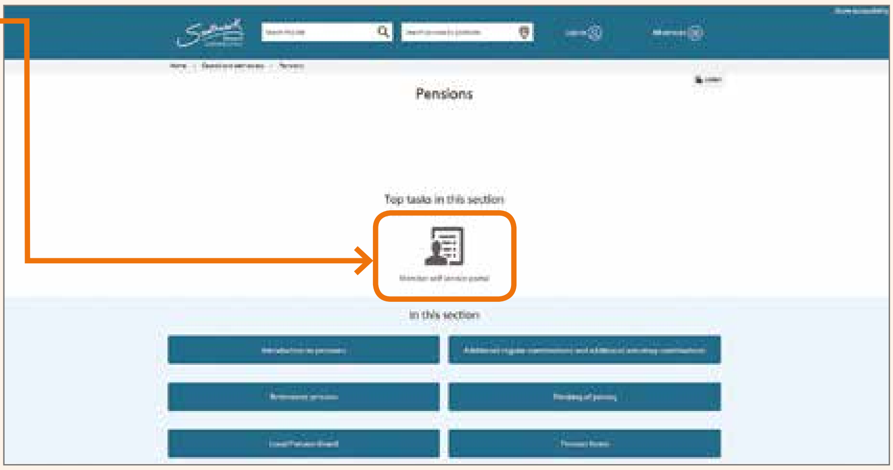
The Member Self Service Portal is an online facility where you can view and update information relating to your pension benefits with Southwark Pension Fund. A key advantage of the Portal is that you can view estimates of your pension benefits including at different retirement dates.

Work on developing the Portal is constantly ongoing, and we will send you more information as and when we build in the changes.

Logging on is easy

1 To find the Member Self Service Portal, go to: **www.southwark.gov.uk/council-and-democracy/pensions**

Click on the icon, but if you are simply looking for general information, scroll down the page instead. You can find an introduction to pensions, fact sheets, forms and other helpful information about how we administer your pension.



2 Click on the login icon.

We are aware that some members will need or prefer to receive paper communications. If this applies to you, please let us know using the contact details on the back page.

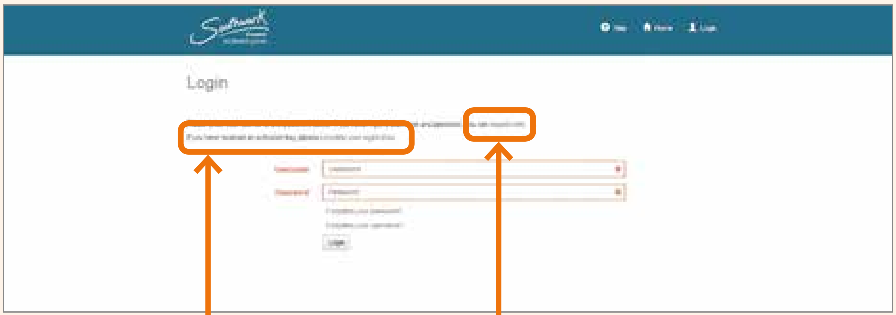
3

This then takes you to the login screen. Save this as a favourite (if you are using your own device).

Your annual benefit statement contains the activation key if you don't already have a log in for the Member Self Service Portal.

Click on 'complete your registration' to activate your account on the next screen.

The activation key is live for a limited period. If it expires, return to the login screen and request one using the link in the top line.



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The next stage is to register by providing more details and choosing a password.

There are pop-ups that help you to fill in each field correctly.

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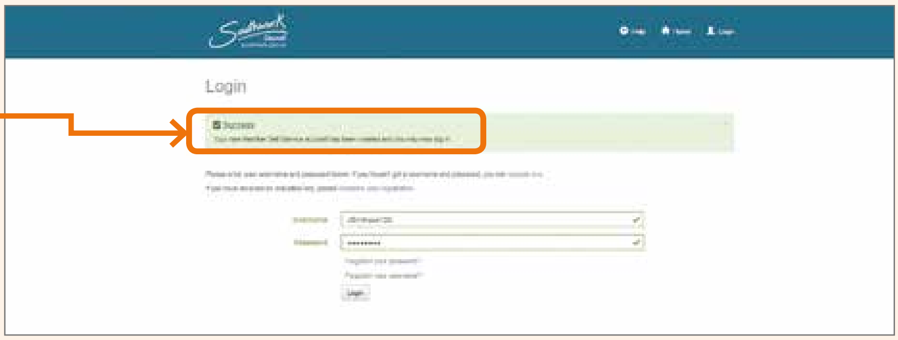
Once you press 'register', you will return to the login screen and you will see a message confirming your registration was successful.

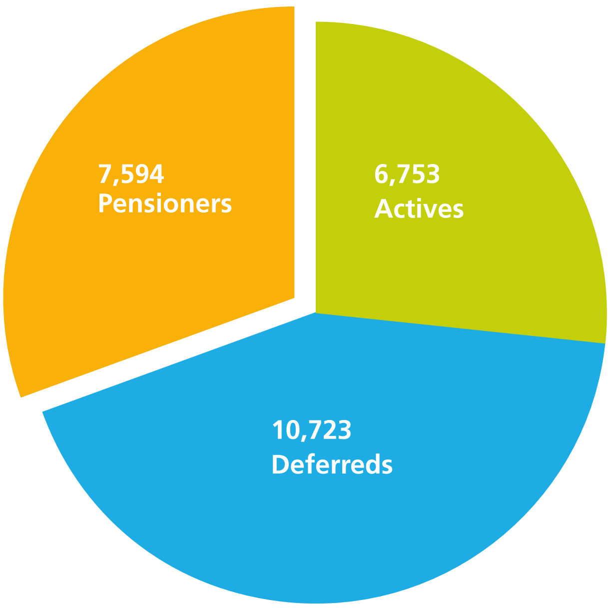
Then log in again using your user name and the password you've chosen. You will be able to see your personal details online.



Facts and figures

Here are some headline statistics updating you on the Scheme's progress over the year to 31 March 2019. You can find more detail, including the full Scheme accounts, on the Southwark website: http://www.southwark.gov.uk/council-and-democracy/pensions/pension-fund.

Fund membership at 31 March 2019



At the same date, there were 49 employers taking part in the Scheme.

Investment update

Against a background of unpredictable market conditions, the overall Fund return for the year to 31 March 2019 was 9.0%. The longer term performance for the Fund has been:

- 10.7% a year over the last three years; and
- 10.3% a year for the last five years to 31 March 2019.

The market value of the Fund's investment assets as at 31 March 2019 is £1,631m.

The Southwark Fund is fully committed to collaboration with other local authority partners and, in 2015, joined the London Collective Investment Vehicle (or 'London CIV').

Previously, each Local Government pension fund invested directly or delegated via individual investment manager mandates. Now all 89 funds across England and Wales have formed eight 'investment pools', like the London CIV. By joining up in this way, each pool is expected to have assets of at least £25 billion and that investment fees will be reduced and performance sustained.

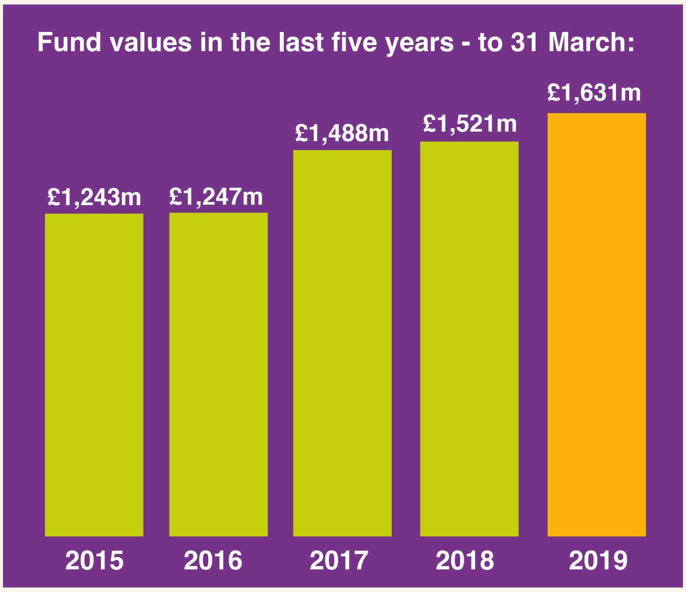
The Fund will continue to support the development of the London CIV, and at 31 March 2019, 44% of the assets of the Fund are indirectly managed by the pool. These attract fees payable separately to the pool.

Please note: pooling investments has no effect on the value of your benefits – it is only a change to **how** we invest the assets. You can find more information at: **http://www.londonciv.org.uk/**

In December 2016, the Fund committed to reduce its investment in fossil fuels, and has already made some progress towards this long term ambition. It has currently invested £450m – about 28% of the whole fund – in shares for companies demonstrating a low carbon footprint. Agreement has been confirmed to transfer a further £150m into a new fossil fuel exclusionary equity investment.

The Fund has agreed to invest 5% of the Fund in 'sustainable infrastructure'. An allocation of £30m has been made to Glenmont Clean Energy Fund and a further £65m is in the process of being awarded to two additional sustainable infrastructure funds. These funds will invest in solar, wind and bio energy production globally.

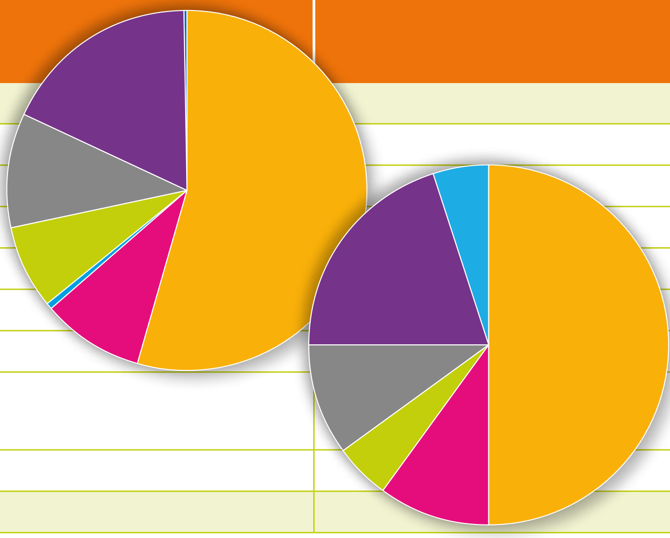
A comprehensive carbon footprinting review of all assets in the Fund has been undertaken. This will allow for the monitoring of the Fund's carbon footprint over time, as further low carbon investments are identified and implemented. Since the commitment was made in December 2016, it has been estimated that the Fund's carbon footprint has been reduced by at least 40%.



Asset spread

Here is how the Scheme assets were invested at 31 March 2019. Alongside, you can see the ‘target’ spread of investments we aim for – with half the fund in equities (or company shares) to encourage growth, and the rest in a mix of funds to help manage the overall risk.

Asset	Asset Value	Actual Asset Spread	Target Asset Spread
Class	**£m**	**%**	**%**
Equities	889	54.5	50.0
Index Linked Gilts	150	9.2	10.0
Fixed Interest Gilts	8	0.5	0.0
Absolute Return Bonds	124	7.6	5.0
Multi Asset Fund	167	10.2	10.0
Property	290	17.8	20.0
Sustainable Infrastructure	0	0.0	5.0
Cash and Other	3	0.2	0.0
Total Investment Assets	**1,631**	**100.0**	**100.0**



Noticeboard

Equalising GMPs

If you were in the Scheme between 6 April 1978 and 5 April 1997, part of your pension is made up of 'GMP', or Guaranteed Minimum Pension. During that period, the Scheme was 'contracted out' – an arrangement that allowed employers and pension scheme members to pay lower National Insurance. In turn, the member gave up part of their State pension on the understanding that the scheme would provide a certain level of benefit in its place: the GMP.

You may be aware that, following a recent court ruling, schemes must now equalise GMPs for men and women. (The law already exists requiring pensions to be worked out equally for both sexes with effect from 17 May 1990 – but the problem of how to equalise a benefit as complex as GMP lingered on.)

The process may take some time while an official process for equalising GMPs is developed and adopted. No-one will be worse off as a result of the ruling – if anything, some people may see a slight increase to their benefits.

However, public sector schemes (like ours) are not directly affected for now. This is because we already use a temporary method to keep GMPs equal – in brief, by protecting them against inflation.

The Government may change this at some point in the future once more details are available for how equalisation will work for wider pension schemes. We will keep you informed about any developments.

Partner's pensions

Earlier this year, the Scheme rules were updated to bring survivor's benefits for same-sex couples in line with those payable to widows. The changes took effect from 10 January 2019.

Civil partnerships came in on 5 December 2005. At the time, pension schemes were required to pay a pension to a surviving civil partner following a member's death – but only based on their service from that date. When same-sex marriages became legal on 13 March 2014, the same rule as for civil partners applied.

Now, following a recent ruling, surviving same-sex partners – whether the relationship was a civil partnership or marriage – are entitled to a pension based on the pensionable service the late member may have built up from April 1978. The rule will be backdated as though it came in with the original change to the law.

Exit payments

The Government is currently consulting about a potential cap on 'exit payments'. If this goes ahead, it might affect, for example, the benefits you could receive if you retire early through redundancy. We will update you when we know the Government's final decision.

New Ombudsman role

While most pension queries or issues are normally sorted out quickly and informally, all schemes must have a formal complaints procedure, should the member decide to take the matter further. The Pensions Ombudsman – who has the legal power to settle disputes like these – used to be the last port of call after the member had first used the scheme's internal formal complaints procedure, and then the Pensions Advisory Service (or 'TPAS').

To simplify the process – and give members reassurance that they can seek help outside the scheme if they need it – the Ombudsman is now available as a single point of contact throughout the whole procedure.

For more details about the Ombudsman, visit: **www.pensions-ombudsman.org.uk**.

TPAS kept its other main function – to answer general pension queries – in the short-term, but is now part of the new, combined Money and Pensions Service: see the back page.

If you have a problem or issue you need to raise, you should still contact the Scheme in the first instance, using the contact details on the back page.

Benefits under review

Following the Scheme changes that took effect on 1 April 2014, a protection arrangement was introduced, broadly for any members already within 10 years of normal retirement age on 1 April 2012.

This protection is an 'underpin' – essentially a guarantee that those members will receive a pension of at least the same amount as if the Scheme had not changed. When they retire, we work out the pension that would be payable in both situations, and the Scheme pays the higher of the two.

While this approach was designed to support members close to retiring who may have been significantly affected by the Scheme changes, a court recently found that, in its current form, it does not comply with age discrimination rules. An employment tribunal will now decide the most appropriate course of action. This may mean that the underpin will be extended to apply to younger members than those in the original group.

We will keep you informed of any developments.

Tax allowances

Please make sure you include your Scheme benefits along with any other pension benefits you have when you check your position against the HM Revenue & Customs annual and lifetime allowances.

If you have gone over either of these allowances, you may have to pay a tax charge. Find out more here: **https://www.gov.uk/tax-on-your-private-pension**

Pension scams: online support

You may recall that we included this issue in last year's newsletter. As scammers carry on looking for ways to target savers, official bodies like the Pensions Regulator and the Financial Conduct Authority (FCA) continue to update their guidance to help people spot a potential con.

In particular, the FCA's 'ScanSmart' is a 'one-stop' website that covers both pension and investment scams.

https://www.fca.org.uk/scamsmart

For example, it includes the following four steps to help you protect yourself from pension fraud:

"Reject unexpected offers" – if a company contacts you about your finances out of nowhere – and especially if they are offering free help or advice – it is almost certainly suspect. Remember it is now illegal for someone to cold-call you about your pension.

"Check who you're dealing with" – the FCA's Register lists all of the qualified and authorised financial service companies and advisers. If you are contacted by a firm and cannot find them on the Register, treat them as suspicious.

https://register.fca.org.uk/

"Don't be rushed or pressured" – scammers often depend on their victims making spur-of-the-moment decisions and parting with their money quickly. Don't be tempted by 'once-in-a-lifetime' offers – you should always take the time you need to decide what to do.

"Get impartial information or advice" – you should always consider speaking to a (genuine) financial adviser before making any significant change to your pension arrangements. You can choose an adviser from the FCA's Register with confidence.

You can also use the question and answer facility on ScamSmart to find out if a firm you have heard from is on its 'warning list'.

If you think you may have already been scammed, it may not be too late. Call the Pensions Team as soon as possible, in case they can stop any money going out of your savings.

You should also contact Action Fraud on **0300 123 2040**.

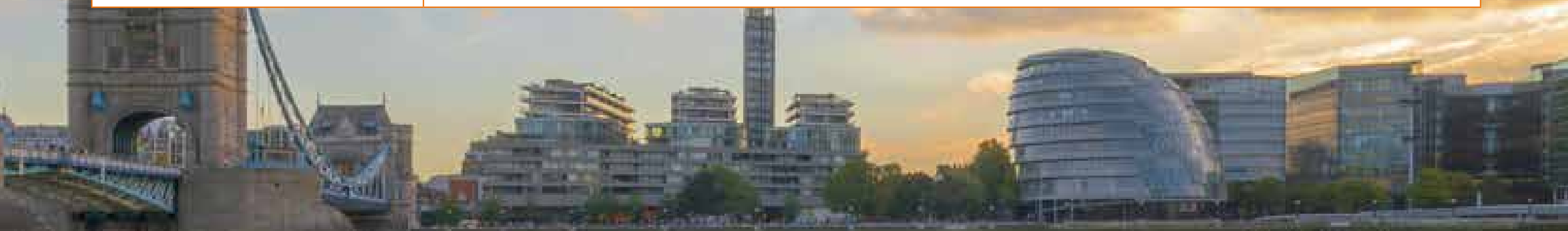
Focus on your details

Keeping your records up to date

It is important that your Scheme records are up to date so we can continue to administer your pension efficiently. There are certain times when you may need to update your details (see below). If any of these situations applies to you, please contact the Pensions Team as soon as possible:

- If your Scheme records include an email address, you can send an email from this address to update your details.
- If you do not use email, or if you need to send us supporting evidence, please write to the Pensions Team at the address on page 12. (We will return all original certificates as soon as we have updated your records.)

The changes we need to know about	
If you move home	Please pass your new address to your employer and make sure they update the Scheme. You can update your address directly on the Member Self Service portal. Please do not use any special characters such as "," or "*" when completing this information on Member Self Service.
If your marriage or civil partnership status changes	Please let us know your new status, and the date that it changed.
If you change your name	You will need to send us the relevant certificate or deed poll as appropriate as evidence (either the original version or a copy).
If you need to update your Expression of Wish form	You can use the Expression of Wish form to tell us who you would like to receive any lump sum death grant following your death. If your circumstances have changed recently – for example, if your partnership status changes, or you become a parent – you may want to update the names on your form. You can update your Expression of Wish form directly on the Member Self Service portal, or by completing a form at: **https://www.southwark.gov.uk/council-and-democracy/pensions/pension-forms**.



Your privacy

We need to comply with the current rules on handling personal data (the European Union (EU) General Data Protection Regulation and the Data Protection Act 2018) which took effect on 25 May 2018. The aim of these rules is to give people more say than before in how their personal information is used, and improve security by standardising the way organisations across the EU store and use personal information.

The London Borough of Southwark, as the Administering Authority for the Scheme, is a Data Controller under the General Data Protection Regulation. This means we store, hold and manage your personal data in line with statutory requirements so we can administer your benefits. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Scheme, please visit **www.southwark.gov.uk/council-and-democracy/pensions/how-we-use-your-data**.

If you have any concerns, you may also contact our Data Protection Officer by emailing **DPO@southwark.gov.uk**.

Saving more

Depending on the amount of pension you are building up – and your aims for when you stop work (see 'Retirement planning' on page 10) – you may want to add more to your benefits by paying more into the Scheme.

There are two ways you may be able to do this through the Scheme. Here is a summary, highlighting some recent changes.

Additional Voluntary Contributions (AVCs)

AVCs are extra contributions you make into a personal 'pot' or account with a separate provider. You choose how to invest this money, and then use the amount you have built up towards extra benefits when you retire.

Tax relief applies to AVCs in the same way it does to your normal contributions, so the real cost of any AVCs you make will be lower than the amount going into the account.

You can pay up to 100% of your pensionable pay towards your pension – so, for practical purposes, this means that most people can pay as much as they want to in AVCs (after their standard pension contributions and National Insurance).

You can use your AVC account to buy pension, take cash, or a mix of both – and, if you transfer your AVCs to another arrangement (for example, a personal pension), you will have access to more flexible retirement options (see page 11).

You must take your AVCs at the same time as your main Scheme benefits (except in some flexible retirement cases).

There are three options you may be able to take up, depending on your personal situation:

- **Buying 'top-up' Scheme pension with your AVCs**: you must take the whole Scheme pension – main benefit and AVC top-up – at the same time.
- **Taking your whole AVC account as tax-free cash**: this option is available as long as the total cash you receive from the Scheme is 25% or less than the value of your Scheme benefits overall.
- **Taking an annuity from the open market**: you can use your AVC fund to buy an annuity from your current AVC provider or an alternative company.

Our current AVC provider is AEGON. If this changes, we will issue any updates about this on the Scheme website, and through the Member Self Service portal.

Additional Pension Contributions (APCs)

APCs are extra contributions you can make directly towards additional Scheme pension (currently you can buy up to £7,026 a year of additional pension).

Please note: You can't pay APCs if you have chosen to be in the 50/50 section of the Scheme, unless it is to buy back pension for a period of leave, as follows:

- You can use APCs to buy back lost pension if you are absent from work as a result of industrial action, authorised unpaid leave or unpaid additional child related leave. If you don't pay APCs, this period will not count towards your pension.
- If you choose to cover the break within 30 days of returning to work (or longer, if your employer agrees) your employer will normally meet two thirds of the cost. However, if the absence was due to industrial action, you would have to cover the whole cost yourself.

You can use this calculator to work out how much APCs will cost - **www.lgpsmember.org/more/apc/index.php**

Please note that any additional contributions you make will count towards the annual allowance - see page 7.

You can make AVCs and APCs either through regular monthly contributions, or with stand-alone single payments.

For more details about any aspect of saving more, please visit the Scheme website:
www.lgpsmember.org/arm/already-member-extra.php

Retirement planning

Take stock of your benefits

Start gathering details of the benefits you can expect to receive when you retire. Aside from any other type of saving or investment you may have, you might be due pension benefits from at least some of the following.

The Scheme: the statement you receive with this newsletter will have the latest information about your Scheme pension.

'Old' company pensions: If you belonged to a pension scheme at a past employer which you haven't merged with your Southwark Scheme pension, consider whether you still have a deferred pension due from that scheme. This could well be the case, unless you transferred your benefits out.

If you recall joining an old employer's scheme but you no longer have the details, try to find them using the Government's Pension Tracing Service, at **www.gov.uk/find-pension-contact-details.**

Personal pensions

If you have any personal or stakeholder pension plans outside the Scheme, you should receive statements from your provider updating you on their value, or have access to them online.

State pension

The amount of State pension you will receive depends on your National Insurance contributions over your working life. For example, if you were in the Scheme before April 2016, it was 'contracted out' – which means your employer saved on National Insurance at the time in place of building up part of your State pension. So you may not receive the maximum weekly amount of State pension.

For more information about your State benefits, check the Government website:

- There is a calculator available to forecast the level of State pension you can expect at **www.gov.uk/check-state-pension**.
- State pension ages are under ongoing review by the Government, and they are now different for groups of people depending on their date of birth. You can find your State pension age at **www.gov.uk/state-pension-age**. Remember that if you are currently building up benefits in the Scheme, your State pension age is also your normal retirement age for receiving your Scheme pension.

Adding all these together will give you an idea of your likely retirement income, as things stand.

Think about life after work

Now you know what you could get from your pension savings, you will need to consider if it matches what you might want, or need.

Currently, you might have at least a feel for what you spend, or even a carefully worked-out household budget. Try to have a figure in mind as a starting point.

When you stop work, what costs might arise that do not feature in your budget now? For example:

- You might have plans to travel more, or move away.
- You could be anticipating medical costs.
- You may have family you expect to be looking after.

At the same time, other expenses may fall away:

- Your commute will stop – saving you the fares or the petrol.
- You may have school fees now that you will no longer need to pay – and any children at home may have moved out by the time you retire.
- You will hopefully have paid off your mortgage, or any other current loans.

If there is a gap between your retirement 'budget' and the amount of pension you are expecting to receive, you may want to take action to add to your benefits (see 'Saving more' on page 9).

Your retirement options

Another point to consider in your retirement planning is how you might want to receive your benefits.

As you are aware, your Scheme pension is a CARE arrangement (and before that, final salary) – a type of 'defined benefit' scheme where you can keep track of the benefits you are building up.

Members of 'defined contribution' plans have a range of options for how they use their pension savings. In a 'defined contribution' plan, the employee builds up a pension account, chooses how to invest it, then uses it to provide benefits on retirement. (So, they work in a similar way to a personal pension.)

The options for members of defined contribution plans are:

- **Annuity** – using some or all of the account to buy a pension;
- **Cash** – taking the whole value of the account as cash, with the first 25% tax-free, and the rest taxable at the member's highest rate;
- **Drawdown** – receiving income directly from the account, while continuing to invest the rest; or
- …A mix of any of the above.

This means that if you wanted to take advantage of the extra flexibility of cash or drawdown you would have to transfer your benefits out of the Scheme and into a defined contribution plan – like a personal pension. However, as defined benefit schemes like ours are considered fairly stable, this would be an unusual move – so much so that the Government rules are that anyone with a pension worth £30,000 or more must be able to show they have taken financial advice before transferring out.

While we believe it is likely that most members with a CARE or final salary pension will decide to receive it in that form, bear in mind that you would be able to use the flexible options for any personal pension benefits outside the Scheme.

A dedicated Government service called Pension Wise is available to help people understand their retirement options. As well as the information available on its website, Pension Wise offers a free appointment with an expert (by phone or in person) to anyone aged 50 or over:

www.pensionwise.gov.uk

Practical steps

If you have reached your earliest retirement age (age 55), and you want to take payment of your pension benefits, please contact the Pensions Team confirming the date you want to start receiving them.

The Pensions Team will then give you a quotation of your retirement benefits together with the options you have for taking more tax-free cash, if you want to. They will also have some forms for you to fill in before they can process your retirement benefits.

Finding out more

If you have a question about your pension and you cannot find the information you are looking for on the websites or your Member Self Service Portal, please contact the Pensions Team.

LGPS Members' Website: **www.lgpsmember.org**

Southwark Website (including link to Member Self Service Portal): **www.southwark.gov.uk/council-and-democracy/pensions**

Email: **LBSpensions@southwark.gov.uk**

Phone: **020 7525 4924**

Opening hours: 9am to 5pm

Write to: **Southwark Council, Pension Services**
Finance and Governance
Second Floor, Hub 1
PO Box 64529
London SE1P 5LX

Please note that no-one involved in running the Scheme – including the Pensions Team – is allowed to advise you directly about your benefits. If you need any help making financial decisions, please consider taking independent financial advice.

You can find an adviser near you using the search facility at: **www.unbiased.co.uk.**

Remember to visit the Financial Conduct Authority's Register to check that any adviser you are thinking of speaking to is properly authorised: **www.fca.org.uk/firms/financial-services-register**

Money and Pensions Service

Last year, the Government announced that it would be combining three financial guidance services into one:

- The Pensions Advisory Service (or 'TPAS'), which answers any queries individuals may have about pensions;
- The Money Advice Service, which offers a range of useful information about any area of financial planning; and
- Pension Wise, which was set up to help pension savers later in their careers understand the options they may have for how to receive their benefits.

At first, this new organisation had a working title of the 'Single Financial Guidance Body' – and you can still find information about the new service at the website: **https://singlefinancialguidancebody.org.uk**

As we go to press, the way the combined service will work is taking shape, with a launch expected in autumn 2019.

In the meantime, you can still visit the websites of the three separate services for specific help – either by linking from the new service site, or individually:

- TPAS: **www.pensionsadvisoryservice.co.uk**
- Money Advice Service: **www.moneyadviceservice.org.uk**
- Pension Wise: **www.pensionwise.gov.uk**

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