

SOUTHWARK PENSIONS ROADSHOW

September 2020



This guide is a summary of The London Borough of Southwark Pension Fund (the Fund). It outlines the main benefits and how it works.

There are three categories of members:

Active members

If you're currently working and paying into the pension Fund, this makes you an active member

Deferred members

If you're no longer paying into the pension Fund but not yet retired, you are a deferred member

Pensioner members

You might already be taking money from the pension Fund, which means you're a pensioner member

While the Fund has tried to ensure the accuracy of this guide, it is not a legal document and it does not confer any rights to the benefits outlined within it. The Fund is subject to UK legislation. Any changes to the legislation that come into effect after April 2021 may not be accurately reflected in this guide.

In addition to the guide, the Fund website www.southwarkpensions.co.uk contains more information. Southwark Pension Services are also here to help. You can contact them on:

✉ lbspensions@southwark.gov.uk

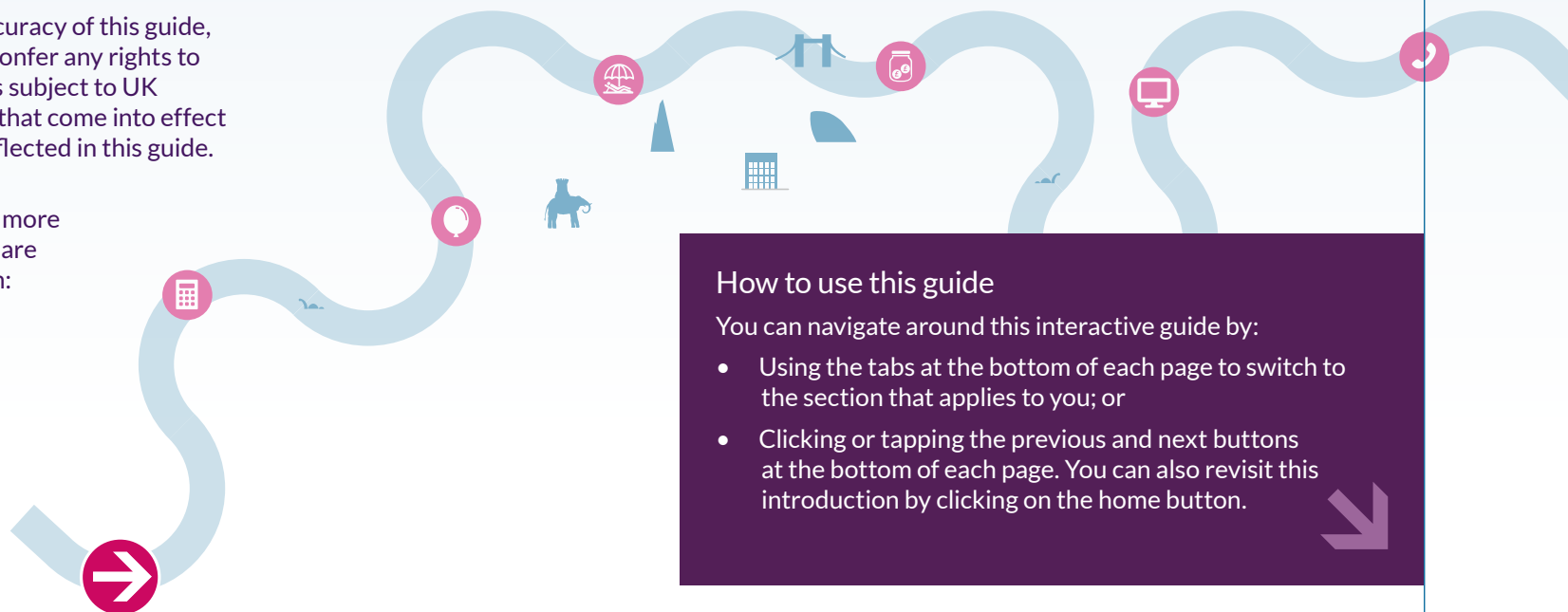
📞 020 7525 4924

🏠 Southwark Pension Services
Southwark Pension Fund
PO Box 7606
WS10 1EJ

How to use this guide

You can navigate around this interactive guide by:

- Using the tabs at the bottom of each page to switch to the section that applies to you; or
- Clicking or tapping the previous and next buttons at the bottom of each page. You can also revisit this introduction by clicking on the home button.

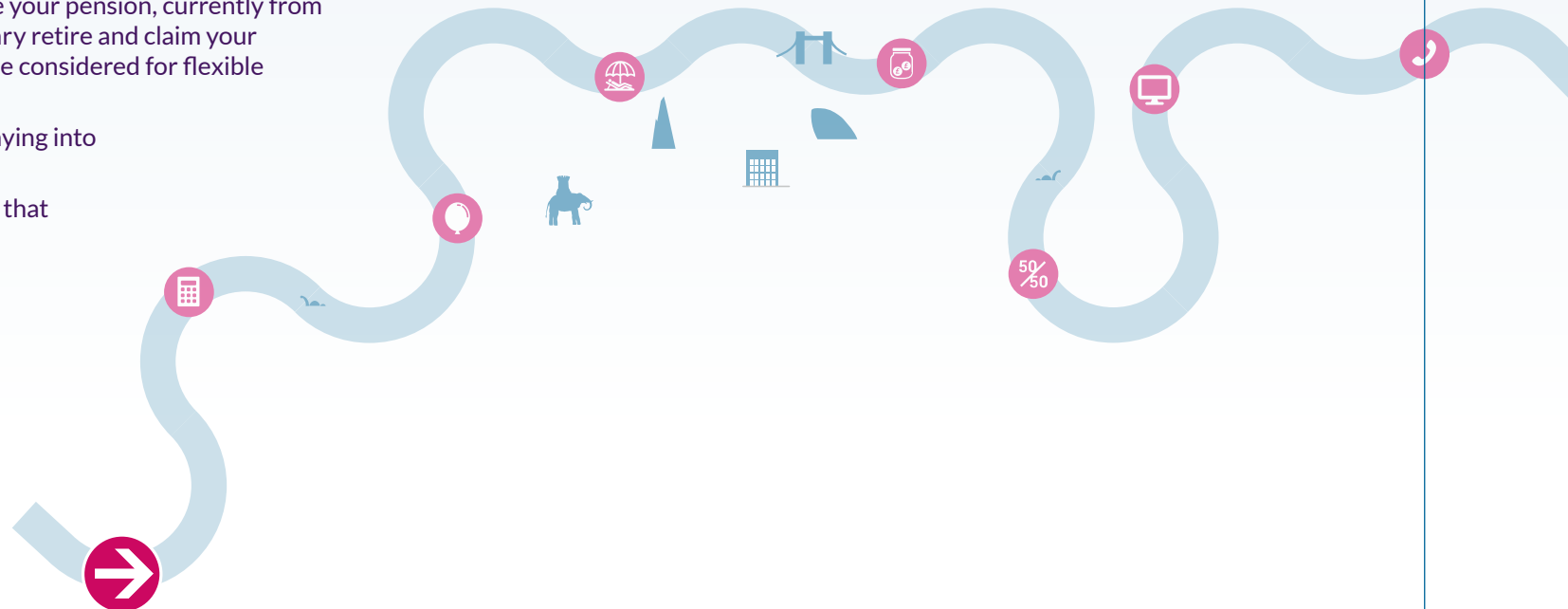
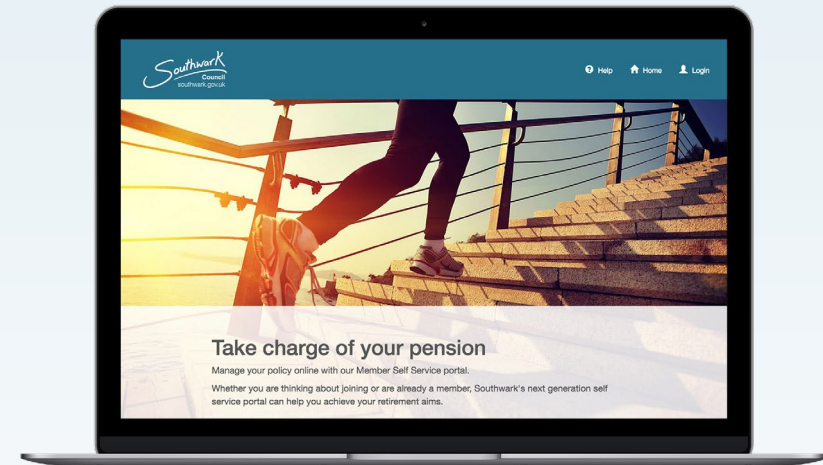


➔ BENEFITS OF THE LGPS

So what are the main benefits of being an active member of the Local Government Pension Scheme?

- Under current legislation you receive tax relief on the pension contributions you make as an active employee;
- You can elect to be in the main scheme or the 50/50 scheme;
- Your benefits are secure as the LGPS is a defined benefit scheme;
- The LGPS provides flexibility – you can if you wish, purchase additional pension benefits, you can also pay into a Additional Voluntary Contribution scheme (AVC) with our in-house AVC provider or you may take out a Freestanding Additional Voluntary Contribution scheme (FSAVC) with a provider of your choice;
- Financial security for your dependants with immediate life cover of 3 x your assumed pensionable salary. Spouse, Civil Partner or eligible cohabiting partner and eligible children would receive a child's pension;
- The flexibility as to when you can take your pension, currently from aged 55 years, you may either voluntary retire and claim your accrued pension or you can apply to be considered for flexible retirement from aged 55 years; and
- The ability to carry on working and paying into the LGPS until age 75 years.

For full scheme details, it's recommended that you visit the LGPS member site at www.lgpsmember.org/index.php





PENSION CALCULATIONS

Calculating pension benefits has got slightly more complicated!

There were Scheme changes in April 2008 which now means most people need three calculations:



Pre 1 April 2008

80th Scheme

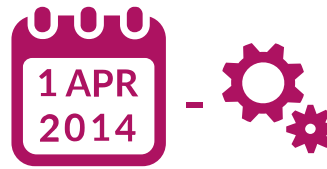
Provided a pension and a lump sum



Post 1 April 2008

60th Scheme

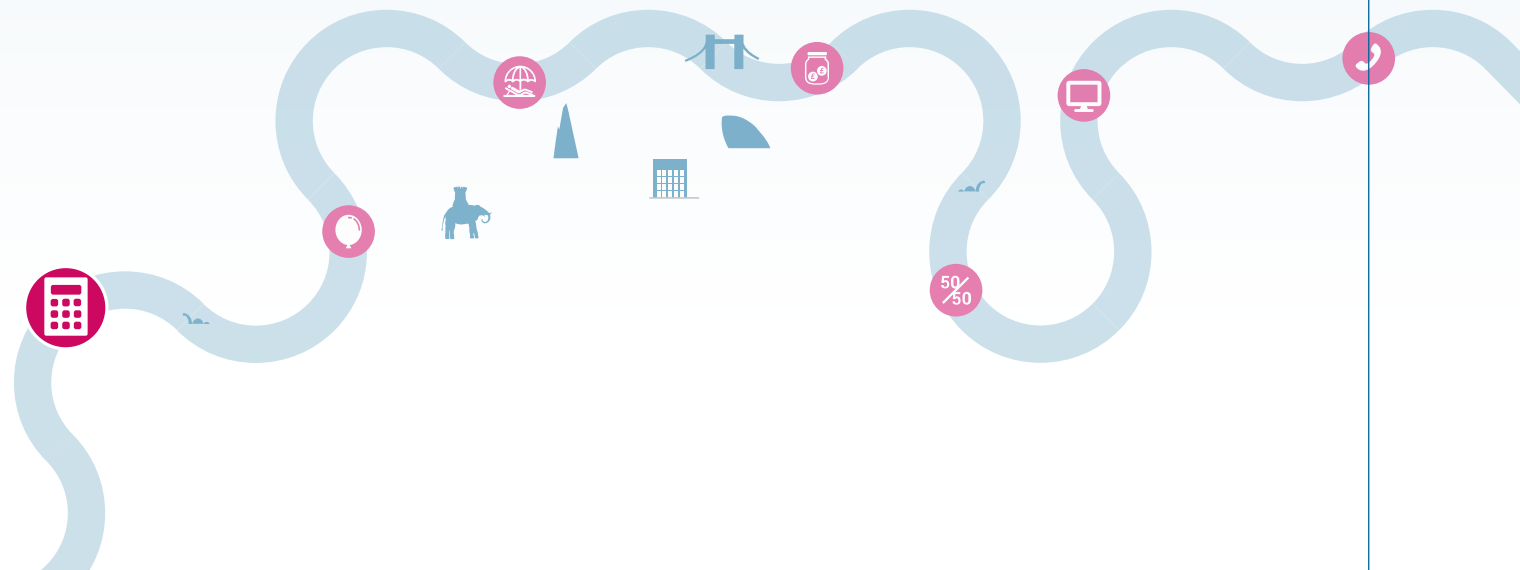
Only provides a pension (with an option to commute or 'give up' part or all of the pension as a lump sum)



Post 1 April 2008

CARE Scheme

Based on an individual's career average revalued earnings



Pension
calculations

Take Jim for example. He started working for the council on 1 April 1990 and he retired on **31 March 2010** on his **65th birthday** with a Pensionable Pay of **£20,000**.

This means Jim will need two pension calculations:



Pre 1 April 2008

One for his benefits for service prior to 1 April 2008 that will be calculated under the old **80th Scheme**



Post 1 April 2008

One for the benefits after 1 April 2008 will be calculated under the **60th Scheme**

How the 80th Scheme is calculated

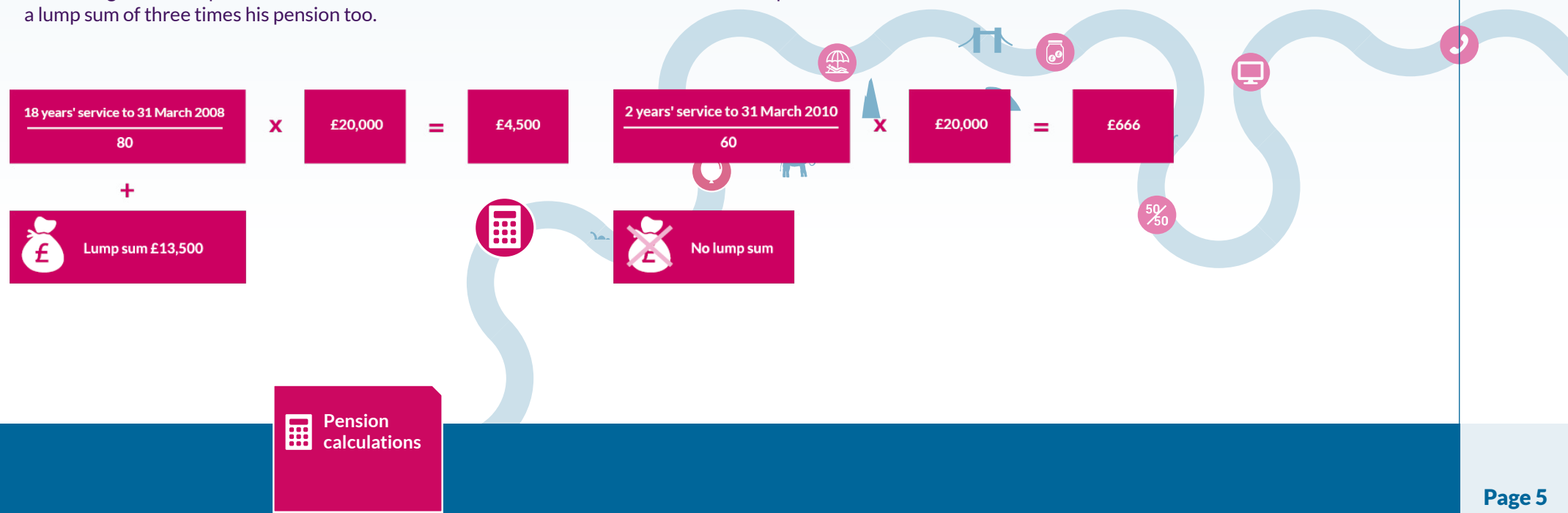
- Service 1 April 1990 to 31 March 2008 = **18 years**
- **18 years/80 x £20,000 = £4,500**
- And a lump sum of **£13,500**

Jim's service pre 1 April 2008 is in an 80th pension scheme. This means that the years and days of service that he has got is divided by 80 and then multiplied by his Pensionable Pay. This then give him his pension benefit. He would also receive a lump sum of three times his pension too.

How the 60th Scheme is calculated

- Service 1 April 2008 to 31 March 2010 = **2 years**
- **2/60 x £20,000 = £666**
- There is no automatic lump sum

Jim's service post 1 April 2008 is in a 60th Scheme. This means that his years and days of service is divided by 60 and multiplied by his Pensionable Pay to get his pension. There is no automatic lump sum.





PENSION CALCULATIONS



CARE calculation

If Jim were to be part of the CARE scheme rules, it would be as follows:

- For each year that Jim has worked, he has accrued £20,000/49 = £408.16 of pension
- From April 2014 to March 2017 this is £1,632.64 of pension
- Don't forget that each year, the pension amount increases by the Consumer Prices Index

YEAR 1 2014		YEAR 2 2015		YEAR 3 2016		YEAR 4 2017
£408.16	+	£408.16	+	£408.16	+	£408.16
=						
		Total		Inflation		
		£1,632.64	+	%		

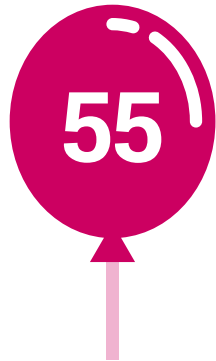


Converting to a lump sum

Jim does have the option to convert some pension to a lump sum at the rate of 1-12 so every **£1** of pension that is given up per year, he would get **£12** of lump sum.



There are three retirement ages to be aware of:



Earliest Retirement Age

The earliest that you can have your LGPS pension paid (except in ill-health) is currently 55 years, although your benefits will be reduced to take into account early payment. Protections may apply to some members.

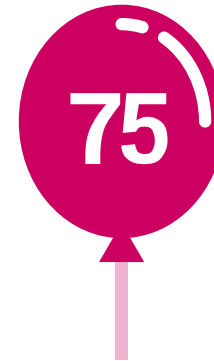
The Government confirmed early September 2020 that this will rise to age 57 from 2028.

NRA

SPA

Normal Retirement Age (NRA)

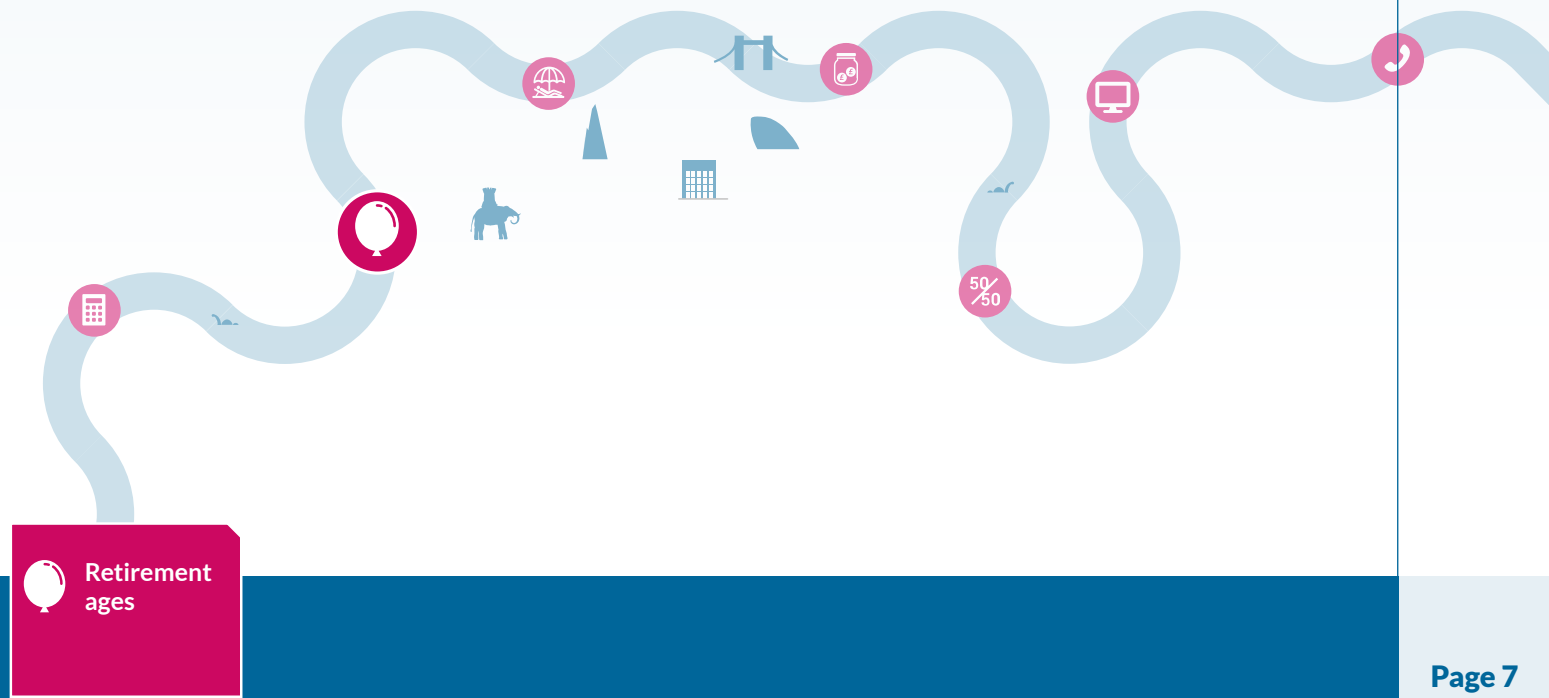
The Scheme NRA is linked to the State Pension Age.



Latest Retirement Age

You have to take your pension benefits by age 75.

There is an additional 'uplift' for benefits that aren't taken by SPA.75.





TYPES OF RETIREMENT

There are four types of retirement:

Voluntary retirement

If a member has service after 1 April 2014 and is over age 55 years, they can leave and elect to claim their pension benefits from any age after 55 years old. The benefits will be subject to actuarial reductions although some members may have protection under the 85 year rule.



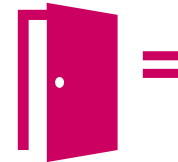
Visit

[www.southwarkpensions.co.uk/
fund-information/retirement](http://www.southwarkpensions.co.uk/fund-information/retirement) for
more information.



Redundancy/severance

If you're made redundant and are over age 55, you will receive an immediate payment of your pension benefits without a reduction. We will not supply redundancy estimates straight to a member – only to their employing department.



Ill-health retirement

If you become ill and occupational health deem you to be permanently unfit, you will receive immediate payment of your pension benefits (irrespective of how old you are and with a potential enhancement to your service).

The amount of pension benefit you will receive (and how long it is paid for) will be determined by the occupational health assessment.

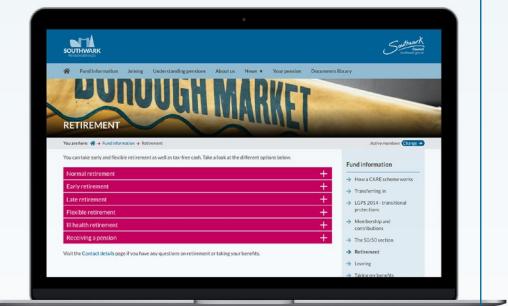


Flexible retirement

If you're over the minimum retirement age of 55 years old, you can request flexible retirement from your employing department. This means you will either step down in grade or reduce you pay e.g. reduce your working hours.

If they agree, you can immediately draw your pension benefits and then return to work.

You will receive payment of your accrued pension benefits as well as receive your reduced salary in addition to this. You will have the option to re-join the Scheme to build up a second pension if you want to.



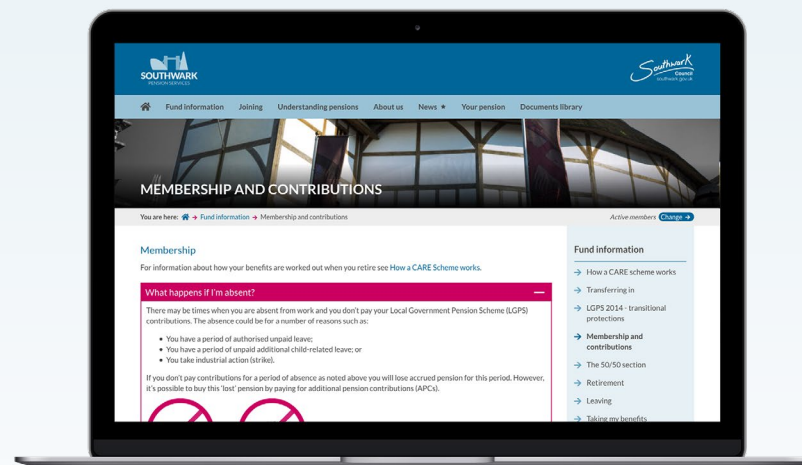


CONTRIBUTING MORE

If you want to boost your pension to make sure you have a comfortable retirement. There are two ways you can do this:

1. **Additional Pension Contract (APC)** – this means you can ‘buy’ more pension (up to £7,194) per year. The purchased amount is index-linked which means it delivers annual increases linked to inflation. The APC can be paid over varying periods of time.
2. **Additional Voluntary Contributions (AVCs)** – Southwark Council's AVC provider is Aegon Scottish Equitable and they work in a similar way to a personal pension. Saving money in this way gives you very flexible forms of investment that provides you with multiple retirement options.

Visit www.southwarkpensions.co.uk/fund-information/membership-and-contributions for more information.



Contributing
more

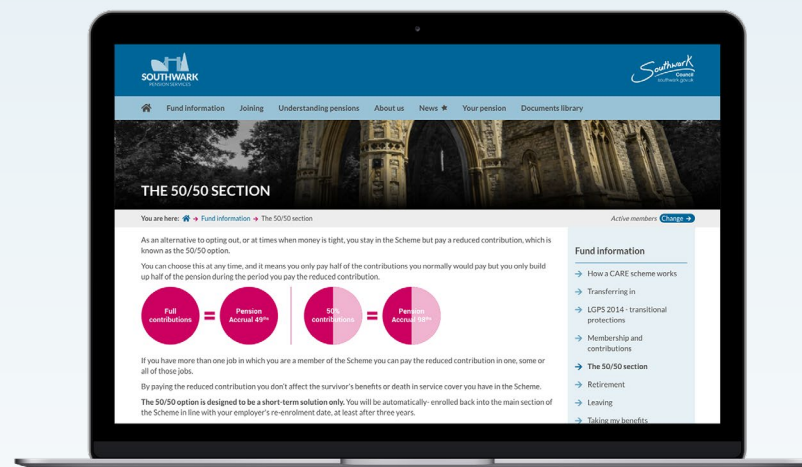
50/50 SECTION

You may be a member of the 50/50 section, which acts as an alternative to opting out, or when money is tight, you stay in the Scheme but pay a reduced contribution.

50% of the contribution is paid and 50% of the benefit is received.

You can choose this at any time, and it means you only pay half of the contributions you normally would pay but you only build up half of the pension during the period you pay the reduced contribution. You also retain the full death benefits too.

Visit www.southwarkpensions.co.uk/fund-information/the-50-50-section for more information.





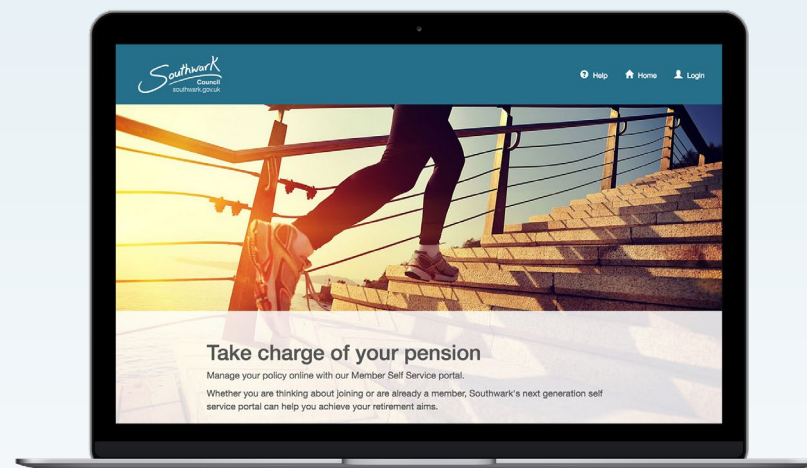
MEMBER SELF-SERVICE

Member self-service is an online portal which can be accessed from the new website by going to www.southwarkpensions.co.uk and clicking on the orange box.

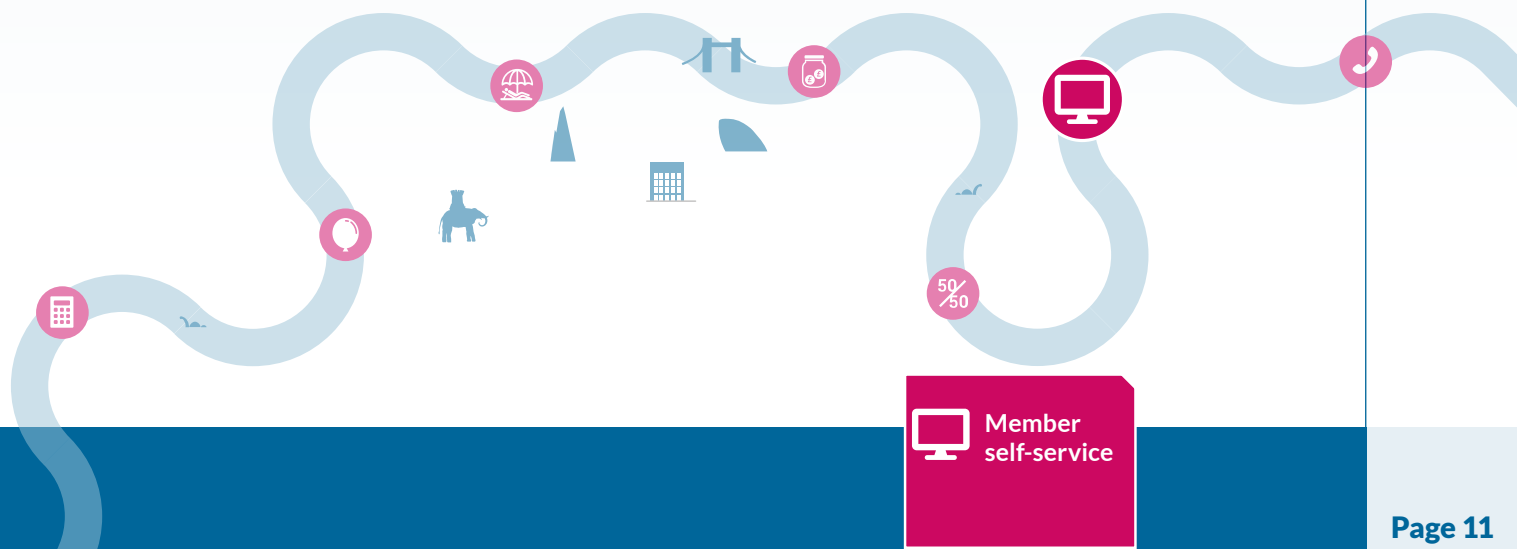
This is your secure area with your personal pension information. Take a moment to review the details we have for you and correct anything if it's wrong. Most importantly, check and make sure your nominations are up to date. You may have had a recent change in personal circumstances.

Why not check out how much you've saved and what your pension benefits could be in the future?

- **Already a member?**
That's simple — just type in your usual username and password.
- **Are you new?**
Follow the link and complete the online sign-up form to get a username and password. You'll then receive an email with your activation key. After this, you can complete your registration.
- **Need some help?**
If you forget your username and password, don't worry. You can get a reminder by clicking on the links provided. You can also call **020 7525 4924** for guidance.



Visit <https://pensions.southwark.gov.uk>
for more information.



Member
self-service

There are a number of organisations that can provide you with help and advice about your pension savings. Some of these are listed below:

The national Local Government Pension Scheme website

 www.lgpsmember.org

The Money and Pensions Service (MaPS)

MaPS bring together three organisations which can provide you with information and advice about pensions and other financial matters. You can find information about these three organisations, being The Pensions Advisory Service (TPAS), the Money Advice Service (MAS) and Pension Wise.


 www.maps.org.uk

You can contact each of these organisations directly.

The Pensions Advisory Service (TPAS)

TPAS is an independent voluntary body that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. TPAS is available at any time to assist members and beneficiaries with any pension query they may have or any difficulty they have failed to resolve with the trustees or administrators of a scheme.

 0800 011 3797

 You can complete an enquiry form at www.pensionsadvisoryservice.org.uk/contacting-us/online-enquiry-form

 www.pensionsadvisoryservice.org.uk

The Money Advice Service (MAS)


The MAS provides information on personal finance, including pensions.

 0800 138 7777

 enquiries@maps.org.uk


 www.moneyadvice.service.org.uk

Alternatively, you can write to either TPAS or the MAS at the address below:

 Money and Pensions Service
120 Holborn
London
EC1N 2TD

Pension Wise

Pension Wise is a Government service that offers free impartial guidance to help you understand your options in relation to your defined contribution pension savings. You can obtain pension guidance online, by telephone or face-to-face.

 0800 138 3944
(to book a free appointment)

 contact@pensionwise.gov.uk

 www.pensionwise.gov.uk

