



Local Government Pensions Board

Date: MONDAY, 7 OCTOBER 2019
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: James Tumbridge (Chairman)
Jon Avern
Yvette Dunne
Christina McLellan
Martin Newnham (Deputy Chairman)
Mark Wheatley

Enquiries: Chris Rumbles
tel. no.: 020 7332 1405
christopher.rumbles@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting on 10th June 2019.

For Decision
(Pages 1 - 4)
4. **WORK PROGRAMME**
There are no outstanding items on the work programme at this time.
5. **TRAINING PRESENTATION**
Presentation of the Chamberlain.

For Information
6. **THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**
Report of the Chamberlain.

For Information
(Pages 5 - 58)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

LOCAL GOVERNMENT PENSIONS BOARD

Monday, 10 June 2019

Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 1.45 pm

Present

Members:

Jon Averbs
Yvette Dunne
Christina McLellan
Martin Newnham

Officers:

| | |
|----------------------------|------------------------------|
| James Graham | - Group Accountant |
| Kate Limna | - Corporate Treasurer |
| Jeff Henegan | - Assistant Pensions Manager |
| Matt Mott | - Pensions Manager |
| Christopher Rumbles, Clerk | - Town Clerk's Department |

1. APOLOGIES

Apologies were received from James Tumbridge and Mark Wheatley.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations of interests.

3. COURT ORDER

The Order of the Court, appointing the Board and setting its terms of reference, was received.

4. ELECTION OF CHAIR

In accordance with Standing Order 29, the Board proceeded to elect a Chairman for the ensuing year. The Town Clerk read a list of Members eligible to stand and James Tumbridge, being the only Member having expressed their willingness to serve was duly elected Chairman.

5. ELECTION OF DEPUTY CHAIR

In accordance with Standing Order No 30, the Board proceeded to elect a Deputy Chairman for the ensuing year. The Town Clerk read a list of Members eligible to stand and Martin Newnham, being the only Member expressing their willingness to serve, was duly elected Deputy Chairman.

6. MINUTES OF THE PREVIOUS MEETING

RESOLVED, that the public minutes of the meeting on 7th February 2019 are approved as an accurate record.

7. **REPORT OF ACTION TAKEN SINCE THE LAST MEETING**

The Board received a report of the Town Clerk that summarised the action taken under delegated authority to the Town Clerk.

RESOLVED, that the board notes the action taken.

8. **OUTSTANDING ACTIONS**

The Board received a report of the Town Clerk that summarised outstanding actions from the previous meetings.

Internal mechanism for testing future Print Runs

The Pensions Manager updated the Board on work that had taken place with APS to ensure robust measures were in place for future mailouts. This had included providing APS with a diary of known events along with guidance dates for each of these. APS had also appointed an individual to work with the Pensions Team and a good level of engagement would now be maintained going forward.

Two recent mailouts of newsletters and pension increase letters to circa 8,000 people had proved successful. Work was also underway preparing for the deferred annual benefit statements that would include personal data. Templates had already been issued and data would be sent over shortly, with it being likely statements would be issued in advance of the statutory deadline of the end of August.

The Pension Manager stressed that his team had done everything they could to ensure robust measures were now in place, with these having proved successful to date.

RESOLVED, that the Board noted the outstanding actions.

9. **TRAINING OVERVIEW**

The Board received a presentation of the Pensions Manager providing a training overview and summary forward plan.

The Pensions Manager talked through the training needs analysis conducted by Barnet Waddingham, the training achievements of the Board to date and also the expectations of the Pension Regulator in relation to completion of its online Trustee Toolkit.

It was noted that 29 out of a possible 42 modules of The Pension Regulator's online training toolkit had been completed by the Board to date. The Pensions Manager proposed that all Board Members should aim to complete The Pension Regulator's online training toolkit by April 2020.

The Pensions Manager talked through a proposed training plan for the coming months focussing on a number of key areas of training in relation to scheme investments & pooling, ill health, HMRC limits and legal challenges.

The Board were invited to put forward any additional areas of training or briefings that would benefit them. It was clarified that results from the training

needs analysis conducted by Barnet Waddingham had been considered and factored into the training plan.

It was explained that the proposed training plan would provide a regular programme of training for the Board over the next 12 months. It was stressed that pensions regulations were continually changing and there was a need for the Board to continue its ongoing development to remain up to date with these changes.

RESOLVED, that the Board note the proposed training plan.

10. **THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**

The Board received a report of the Chamberlain providing information and updates on a range of topics in relation to the City Corporation's Local Government Pension Scheme.

Risk Register

A Member referred to the McCloud judgement in relation to age discrimination claims and questioned whether the risk register needed adjusting to reflect this judgement. A discussion followed and it was acknowledged that the judgement was not specific to the LGPS, but that it could have an impact. It was stressed that any liability as a result of the judgement remained a potential liability for the Fund and it was a risk over which the City Corporation had no control.

It was acknowledged that a potential result of the judgement could lead to the City Corporation needing to contact pension scheme members if it resulted in a change in the rules. It was proposed putting a risk on the register relating to the impact of external events.

Administration Key Performance Indicators

A Member noted the statistics showed the Pensions Team were performing very well with all KPIs at over 80%. The Pensions Manager confirmed that the ambition would be to see all KPIs at over 90%. It was suggested that as calculations become more complex there may be a need to change the way estimates were being recorded

A Member noted a slight drop in the KPI relating to statements notifying estimates of retirement benefit. The Pensions Manager assured the Board that there had been very few cases where there had been a delay. Where there had been a delay there would have been a specific reason for this e.g. bank details not provided or team member on holiday. The Board noted that estimates requested were often for multiple dates and an increasing number of more complex estimates in relation to Annual Allowance which had contributed to a slight drop, which would continue to be monitored.

Scheme Benefits

A Member questioned whether the benefits of LGPS scheme membership were regularly communicated to Members and proposed a simple to digest document reminding Members of the benefits and advantages of membership be circulated.

The Pensions Manager clarified that newsletters were regularly circulated to scheme members outlining the benefits of membership but that he could arrange for information on benefits of LGPS membership to be added to the intranet also.

A Member proposed including an update on Additional Voluntary Contributions, death grants and the three-tier health benefits system when the annual statements were circulated in August.

The Pensions Manager explained that ill-health retirement was managed through Occupational Health and has to meet strict criteria. Ill health retirement would be advised to scheme members going through the ill-health leaver process and who meet the criteria. The Pensions Manager confirmed that beneficiary nomination details, of those who would receive payment of a death grant should the scheme member die in service, are also included in the annual benefit statements. It was agreed that other elements were worth reinforcing e.g. additional voluntary contributions.

The Pension Manager clarified that contribution rates were communicated twice yearly, which was once more than required.

RESOLVED, that the pension update be noted.

11. PENSION FUND - DRAFT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Board received a report of the Chamberlain presenting the draft Pension Fund Statement of Account for year ended 31 March 2019.

RECEIVED

12. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

The meeting closed at 2.30pm.

Chairman

Contact Officer: Chris Rumbles
tel. no.: 020 7332 1405
christopher.rumbles@cityoflondon.gov.uk

Agenda Item 6

| | |
|--|------------------------|
| Committee: | Date: |
| Local Government Pensions Board | 7 October 2019 |
| Subject: The City Corporation's Pensions Scheme - Update | Public |
| Report of: The Chamberlain | For Information |
| Report author: Matt Mott – Chamberlain's Department | |

Summary

At the Board's meeting on 20 October 2016, it was agreed that information regarding a range of topics in relation to the Corporation's Local Government Pensions Scheme (the Scheme) would be provided at each meeting. Members have indicated that information regarding communications be provided on an annual basis and all of the other items of information will be provided at each meeting except for when there is no updated information since the previous meeting

| Item | Update |
|---|---|
| Annual schedule of events for the Pensions Scheme | Update provided (Appendix A). |
| Documentation of communications which are circulated to Members | <p>Pension Increase letter Appendix B (i)</p> <p>Deferred Annual Benefit Statement & notes (DABS) Appendix B (ii)</p> <p>Annual Benefit Statement & notes (ABS) Appendix B (iii)</p> <p>Newsletter pensioner scheme members Appendix B (iv)</p> <p>Tapered Annual Allowance letter & Factsheet Appendix B (v)</p> <p>Life Certificate Appendix B (vi)</p> |
| Information of Scheme Record Keeping | No amendments since the last Board meeting. |
| The Pensions Board's Risk Register | <p>An update is to be provided concerning the possibility of creating a risk regarding external influences.</p> <p>The formatting of the LGPS risk register is to be reviewed to meet with current CoL requirements.</p> <p>Risk Register Appendix C (i)</p> <p>Risk Matrix Appendix C (ii)</p> |

| | |
|---|---|
| A record of any complaints or disputes under the Scheme's complaints procedure | <p>1 IDRP.</p> <p>Scheme member appeal against the Corporation's decision that the member does not meet the criteria to qualify for pension benefits on the grounds of ill health.</p> <p>Please note, the decision not to award retirement on the grounds of ill health was made by the Corporation in their role as the employer rather than a decision made by the Pensions Office on behalf of the Corporation as the Adminstrating Authority.</p> |
| Public Service Pensions Reporting Breaches of Pension Law | None to report |
| Any audit reports relating to the administration of the Scheme | None to report |
| Any reports relating to the administration of the Pension Scheme which have been considered by other Committees | None to report. |
| New Admitted Bodies | <p>The LGPS allows non-public sector employers to participate in the scheme. To do this the employer must undertake the duties, or former duties, of the local authority usually by employing the local government staff currently undertaking these tasks.</p> <p>This is known as a TUPE transfer and under present employment legislation the pension provision offered by the new employer must be broadly comparable to the LGPS.</p> <p>Employers generally do not have a broadly comparable pension scheme available, therefore, they apply to be admitted to the LGPS as a scheme employer.</p> <p>The employees LGPS benefits are unaffected as they retain all their pension rights, including pension already built up with the original employer, as they transfer from one employer to another.</p> <p>Since April 2019 two new employers, Skanska and Veolia, have gained admitted body status under TUPE for the existing employees undertaking work on behalf of the Corporation.</p> |

| | |
|--|---|
| Annual Benefit Statements (ABS) | <p>There is a statutory requirement to provide an ABS to scheme members by 31 August each year.</p> <p>ABS for deferred members were produced and distributed on 3 July.</p> <p>ABS for active members (ie employees) were produced following completion of the Year End process, the process by which member records are updated with pay and membership details to 31 March.</p> <p>These ABS were produced and distributed on 13 August to the scheme members home address.</p> |
| Guaranteed Minimum Pensions (GMP) Reconciliation | <p>Pension data is continuing to be analysed and JLT are liaising with HMRC.</p> <p>HMRC advised that they would issue a final report for each Scheme once final queries had been responded to in April 2019.</p> <p>HMRC have still not provided a specific date for the final report, although we now believe this will be provided during Q3 2019.</p> <p>JLT will undertake a final analysis of HMRC and Scheme data. Due to the delays by HMRC we would expect this now to be completed by the end of March 2020.</p> <p>A report will be brought to the Board when the process has been completed</p> |
| Automatic Enrolment Update | <p>The Corporation has a contractual obligation, as an employer, to enrol its employees into a pension scheme on their first day of employment (providing their contract of employment is for 3 months or longer).</p> <p>Employees can opt out of the pension scheme whenever they wish. If the employee has opted out of the LGPS and they meet age and pay criteria the Corporation must, under Automatic Enrolment Legislation, re-enrol them back into the scheme.</p> <p>This occurs every 3 years on the anniversary of the first date that Automatic Enrolment applied to the Corporation. This is known as the Staging Date and for the Corporation that was 1 June 2013 .</p> |

| | |
|---|--|
| | <p>Employees who qualified for re-enrolment were re-enrolled into the LGPS with effect from 1 June 2019. They can if they wish, choose to opt out of the scheme again.</p> <p>The Automatic Enrolment process re-enrolled 255 employees into the LGPS with effect from 1 June 2019</p> <p>To date 137 employees have chosen to opt out again and have received a refund of the contributions they had paid since 1 June 2019</p> <p>A further 110 people were also re-enrolled into the main LGPS from the 50/50 scheme (where scheme members pay half rate contributions to receive a half rate pension).</p> <p>To date 27 of those enrolled have remained in the main scheme.</p> |
| City Print contract | <p>APS have now successfully completed 5 mailings, including the annual benefit statements (ABS). The deferred statement was distributed on 3 July and the active ABS was distributed on 13 August well within the statutory deadline of 31 August.</p> <p>The latest mailing by APS was the pensioner newsletter. That was successfully distributed on 16 September.</p> <p>APS have to date printed and distributed approximately 20,000 items in 2019.</p> <p>The service provided by APS will continue to be monitored both by the Pensions Office and the Corporation.</p> |
| Public Sector Pensions Legal Challenge Update | <p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>The Court of Appeal has ruled that reforms made to the judges and firefighters pension schemes were discriminatory on behalf of age.</p> <p>This has raised some concerns that all public sector pensions schemes, including the LGPS, may also be discriminatory on behalf of age.</p> <p>The government requested the right to appeal to the Supreme Court, however, this</p> |

| | |
|--|--|
| | <p>was request was denied. All Public sector schemes may now need to review their regulations and possibly make amendments to them.</p> <p>No details have yet been provided concerning the LGPS, although it is understood stakeholders such as Ministry of Housing, Communities and Local Government (MHCLG), the Local Government Association (LGA), scheme actuaries and the Scheme Advisory Board (SAB) are in discussion with regards to the effect of this ruling and what possible changes may be required.</p> <p>More information will be brought to the Board when it is available.</p> |
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Recommendation

The Board is recommended to consider the information provided in the following reports and provide any comments in relation to this information.

Appendices:

Appendix A – Annual Schedule of Events

Appendix B (i) - Pension Increase letter

Appendix B (ii) - Deferred Annual Benefit Statement & notes (DABS)

Appendix B (iii) – Active Annual Benefit Statement & notes (ABS)

Appendix B (iv) - Newsletter pensioner scheme members

Appendix B (v) - Tapered Annual Allowance & Factsheet

Appendix B (vi) - Life Certificate

Appendix C (i) Risk Register

Appendix C (ii) Risk Matrix

Contact:

Matt Mott

Pensions Manager | Chamberlain's Department

T: 020 7332 1133

E: matt.mott@cityoflondon.gov.uk

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Local Government Pensions - Schedule of Events 2019/20

| Date Due | Event | Completed |
|---|--|---|
| March 2019 Within 2 weeks of quarter date | Tax return for Quarter 4 (to 31/3/2019) | 1 April 2019 |
| 1 April 2019 | Employee Contribution band review/ implementation. | 1 April 2019 |
| 1 April 2019 | Revaluation of CARE benefits. | 1 April 2019 |
| 1 Monday in April following the 6 th | Pensions Increase (PI) – Annual Inflation increase. | 8 April 2019 |
| 31 May 2019 | Publish City Fund Accounts (including the Pension Fund Accounts) | 31 July 2019 |
| 1 June 2019 | Automatic Enrolment re-enrolment date | 1 June 2019 |
| June 2019 Within 2 weeks of quarter date | Tax return for Quarter 1 (to 30/06/2019) | 1 July 2019 |
| 30 June 2019 | Target date for the issue of Annual Benefit Statement (ABS) to Deferred members. | 3 July 2019 (deadline 31 August) |
| TBA July 2019 | Draft accounts to Audit & Risk Management Cttee and Finance Cttee | Finance Committee 23 July 2019 ARM 16 July 2019 |
| 31 July 2019 | Publish signed City Fund Accounts (including the Pension Fund Accounts) and the Pension Fund Annual Report | 31 July 2019 |
| 31 st August 2019 | Issue of Annual Benefit Statements deadline. | 13 August 2019 |
| September 2019 Within 2 weeks of quarter date | Tax return for Quarter 2 (to 30/09/2019) | |
| 30 September 2019 | Employee Contribution Band review | Expected November |
| 1 October 2019 | Office of National Statistics (ONS) Survey | 25 September 2019 |
| 5 October 2019 | Issue of Annual Allowance (AA) Saving Statements deadline | 4 October 2019 |
| 31 October 2019 | Automatic Enrolment Re-declaration | 13 September |
| 6 November 2019 | Scheme Return to the Pensions Regulator | |
| 30 November 2019 | Publication of Pension Fund Accounts and Annual Report | |
| December 2019 Within 2 weeks of quarter date | Tax Return for Quarter 3 (to 31/12/2019) | |
| 31 st January 2020 | HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold. | |
| 31 March 2020 | End of GMP Reconciliation Project | |

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Telephone 020 7332 1370
Fax 020 7710 8539

Date 8 March 2019

Dear

Re: Pension Increase Order 2019

I writing to inform you that HM Treasury have announced the Pensions Increase applicable for 2019/20 will be 2.4%. This increase will be applied to your pension from 8th April 2019.

You will receive a payslip for both the months of March and April. Further payslips will only be provided if your pension amount changes by £2 or more from the amount of the preceding month.

Should you have any queries, please contact Claire O'Malley or Julia Olayiwola on the above telephone number.

Yours sincerely

Matt Mott
Pensions Manager

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APPENDIX B(ii)

CITY OF LONDON Deferred Pensioner Annual Benefit Statement

Issue Date: June 2019

Deferred Pensioner Benefit Details with effect from 8 April 2019

| | | |
|---|--------------|----------|
| <input type="checkbox"/> | | |
| Name | *** | |
| NI Number | *** | |
| Date of Birth | *** | |
| Date of leaving | *** | |
| Date Benefits payable from | *** | |
| 1. Current annual pension payable as at (includes pensions increase of £75.75) | 8 April 2019 | £467.28 |
| 2. Lump Sum Retiring Grant (includes pensions increase of £0.00) | | £0.00 |
| 3. Contingent spouses pension (includes pensions increase of £28.39) | | £175.22 |
| 4. Death Grant (includes pensions increase of £378.75) | | £2336.40 |
| Pensions increase of *** % applies and is included in the above pension figures. | | |

Name: ***

NI Number: ***

Your Nomination Details

Nomination Comments

19/07/2010

Your Membership Details

Employer

Start Date

End Date

CITY OF LONDON



Local Government Pension Scheme (LGPS) Deferred Pensioner Annual Benefit Statement Notes 2019

The attached statement shows the current value of the pension benefits held with the City of London Pension Fund at 8 April 2019

Explanatory Notes

Date Benefits payable from – this is the age at which you can take the pension benefits you have built up in full.

The date you can take your benefits is usually after your 60th birthday. However, you can choose to take your pension benefits from age 55 but they will normally be reduced as they are being paid earlier.

Beginning in July 2019 the City of London Pension Fund will write to scheme members as they near their 55th birthday to remind them they can, if they choose, elect for reduced early payment of their deferred benefits from age 55.

Your pension benefits can be paid to you before the age of 55 in certain circumstances, as detailed below:

- i) **Ill health grounds** – where your health deteriorates to the state where you would be incapable of efficiently carrying out the duties you were performing during your employment with your former employer, and if you left the LGPS after 1 April 2008, your condition would also need to prevent you from obtaining other gainful employment, whether in local government or elsewhere, within three years of the date of your application or normal pension age whichever is the sooner;
- ii) **Compassionate grounds** – at any time from age 55 (or age 50 if you left the LGPS prior to **1 April 2008 and you were an active member on 5 April 2006**) where your former employer determines that payment is justified on compassionate grounds
- iii) **Employer consent** – You can apply to your former employer for the early payment of your pension benefits from age 55 (or age 50 if you left the LGPS prior to **1 April 2008 and you were an active member on 5 April 2006**)

Your pension benefits may also be reduced for early payment unless you qualify under the 85 year rule.

Please note that if benefits are drawn before age 55, unless due to ill-health retirement, the payment would be classified as an unauthorised payment by HMRC and subject to a significant tax charge.

The City of London has resolved in respect of the discretion at ii) "... that payment of benefits on compassionate grounds will be allowed only where there are substantive reasons and the former employee's ability to continue gainful employment is severely restricted". In respect of the discretion at iii) above, "... to make use of this discretion only where there are clear financial advantages to the Corporation".

The 85 year rule – if you were a member of the LGPS before 1 October 2006, some or all of your benefits paid early could be protected from a reduction under this rule. The rule is satisfied if your age at the date you draw your benefits is **age 60** or older and your scheme membership (in whole years), including the period from the date of leaving to the date of application, add up to 85 or more.

8th April 2019 – This is the effective date of the last increase in the value of the deferred benefits. Benefits are uprated in line with the increase in the Consumer Price Index (CPI) each April. The provisions of the Pensions (Increase) Act, 1971 apply to your benefits.

Current annual pension shows the current value of the yearly pension that will become payable at the date shown on your statement '**Date Benefits payable from**'

Lump Sum Retiring Grant – this is a one off lump sum payment that is payable in addition to the annual pension. This is also payable at the date shown on your statement '**Date Benefits payable from**'. The lump sum retirement grant only builds up in respect of your membership prior to 1 April 2008; therefore if your membership of the LGPS dates from 1 April 2008 onwards there is no automatic lump sum payable.

At retirement you will have an option to convert some of your pension into (extra) lump sum retirement grant. The amount you are allowed to convert is set by HM Revenue & Customs and every £1.00 of annual pension converted will provide a lump sum of £12.00

Contingent spouse's pension – this is the pension that would be paid to a spouse, civil partner or eligible cohabiting partner¹ in the event of your death. This pension would be paid immediately after your death and would be payable for life.

Your Nomination Details – If you die before receiving payment of your deferred pension benefits, a death grant equal to the amount notified on the statement would be payable. If you have completed a form informing us of who you would like the death grant to be paid to this information will be detailed on the statement.

If you have not made a nomination or wish to amend your nomination for payment of the death grant, you can print a "death grant expression of wish form" from our forms and guides section of our website, www.yourpension.org.uk/CityofLondon/Home, complete and send to our office.

Please note: The City of London Pension Fund has absolute discretion regarding payment of the death grant.

Your Membership Details – The periods that count for benefit purposes are shown on this statement.

Personal details – You are advised to notify us of any changes of your address during the period of deferment. You can download a change of address form from our website <http://www.yourpension.org.uk/CityofLondon/Left-the-Scheme/Deferred-Members/Forms-Guides.aspx>

If your partnership status has changed please inform us by forwarding copies (*please do not send us originals*) of appropriate documents e.g. marriage certificates, civil registration documents or decree absolute, or a cohabiting partner notification form¹.

¹A cohabiting partner will only be eligible to receive a pension in the event of your death if you were paying into the LGPS on or after 1 April 2008 and meet certain criteria (please see website).

Freedom & Choice – Pension Flexibility

The Government announced in the 2014 Budget that reforms to workplace pensions would be made, effective from 6 April 2015. These reforms offer greater flexibility ('Freedom and Choice') in the way individuals aged 55 and over can access any Defined Contribution (DC) pension savings they may have.

It's important that as a member of the Local Government Pension Scheme (LGPS) you understand that you are a "Deferred" member of a public sector Defined Benefit (DB) scheme and therefore the flexibilities being introduced under 'Freedom and Choice' **do not impact on how you can take your Defined Benefits from the LGPS.**

There are, however, some indirect changes which will impact upon any members of the LGPS who are considering transferring the value of their accrued LGPS Defined Benefit pension rights from the LGPS to a DC arrangement offering 'flexible benefits'. For further information about these changes can be found here – <http://www.lgpslibrary.org/assets/gas/uk/FCEv1.0.pdf>

If you wish to consider a transfer to your current pension scheme you should in the first instance contact your current scheme administrators in order to provide them with the authority to write to us for details.

Pension Scams

An increasing number of companies are targeting savers with pension scams claiming that they can help them take their pension cash early. Individuals may be targeted through websites, mass texting or through cold calls.

LGPS members should be wary about giving any information in response to these approaches and of being talked into transferring their pension benefits to other pension arrangements before reaching retirement age.

The Pensions Regulator provides further information about the dangers of pension scams – visit the below:
<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

If you think you may have been contacted by someone who is not legitimate or if you think you have been a victim of fraud you can contact Action Fraud on 0300 123 2040 or at www.actionfraud.police.uk

CITY OF LONDON PENSION FUND

☎020 7332 3707/3750

Email: pensions@cityoflondon.gov.uk

Change of address forms and Expression of Wish forms can be found on our website (see below). Both forms need your signature, so please print and sign, then either scan to the email address above or post to the address below.

 www.yourpension.org.uk/cityoflondon

✉: Pensions Manager, City of London, Guildhall, PO Box 270, London EC2P 2EJ

NOTHING IN THIS STATEMENT CAN OVERRIDE THE PROVISIONS OF THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS.
YOU SHOULD NOT MAKE ANY FINANCIAL COMMITMENT BASED ON THIS STATEMENT.

APPENDIX B(iii)

LGPS Personal Benefit Statement

Issue Date: August 2019

Section 1: Personal Details

| | |
|--|----------------|
| Full Name and title | *** |
| Date of Birth | *** |
| National Insurance Number | *** |
| Partnership Status | M |
| Employment Number | *** |
| Reference Number | *** |
| Employer at 31/03/2019 | CITY OF LONDON |
| Date Joined Scheme | *** |
| Section of scheme at 31/03/2019 | MAIN |
| CARE Pensionable Pay in year to 31/03/2019 | £59,801.67 |
| Final Salary Pensionable Pay | £56,940.00 |

It is important that the details above are correct as any inaccuracies will affect all of the calculations below. If any of the above details are incorrect please inform your Pensions Department.

Section 2: Summary of Total Benefits at 31/03/2019

Name: ***

NI Number: ***

Your benefits accrued at 31/03/2019 (as detailed in sections 3 and 4)

| | | | |
|----------------|-----------|--------------------|-----------|
| Annual pension | £18643.08 | Automatic lump sum | £25915.50 |
|----------------|-----------|--------------------|-----------|

Death in service benefits

| | | | |
|---------------------------|------------|---------------------------|-----------|
| Death in service lump sum | £179405.01 | Annual survivor's pension | £14024.18 |
|---------------------------|------------|---------------------------|-----------|

Your Nomination Details

Name: ***

NI Number: ***

Nomination Comments:

14/12/2017

Section 3: Career Average Pension Benefits at 31/03/2019 (payable from 16/01/2036)

Name: ***

NI Number: ***

PLEASE NOTE: The benefits calculated in this section of the statement are based on the pay figures below. It is important that you check this and the pension build-up on the line below and contact your employer to report any perceived inaccuracies.

| | |
|---|-----------|
| Pensionable Pay for year to 31/03/2019 in Main section | £59801.67 |
| Pensionable Pay for year to 31/03/2019 in 50/50 section | £0.00 |

Amount of pension built up in the year to 31/03/2019

| | | | | | | | | |
|--------------------------|---|---------------------------|---|------------------------------|---|--------------|---|----------|
| Main Section Pay / 49 | + | 50/50 Section Pay / 98 | + | Additional Pension Bought | + | Transfers in | = | Total |
| £1220.44 | | £0.00 | | £0.00 | | £0.00 | | £1220.44 |

Total Career Average Pension in the year to 31/03/2019

| | | | | | | |
|----------------------------------|---|------------------------------------|---|--------------------------------------|---|---|
| Previous year closing balance | + | Increase for the cost of living | + | In year build up (as shown above) | = | Total Career Average Pension at 31/03/2019 |
| £3000.16 | | £90.00 | | £1220.44 | | £4310.60 |

Section 4: Final Salary Benefits at 31/03/2019 (payable from 16/01/2036)

Name: ***

NI Number: ***

| | | |
|-------------------------------|----------------------|--------------------|
| Final Salary pay £56940.00 | Annual pension | Automatic lump sum |
| | Total | £25915.50 |
| | Including 60ths | £14332.48 |
| | + 80ths | £5694.00 |
| | + Additional Pension | £8638.48 |
| | | £0.00 |

**Section 5: Projections if you remain contributing to the scheme until 15/01/2036
(ie to your Normal Pension Age (NPA) of 67 Yrs 0 Days)**

Name: ***

NI Number: ***

| | | |
|---|-----------|----------------|
| Total Pension at NPA | £40186.06 | Automatic lump |
| Including projected Career Average Pension to NPA | £24807.31 | sum at NPA |
| and projected Final Salary pension to NPA | £15378.75 | £26104.68 |

| | |
|--|-----------|
| Prospective survivor's annual pension if you remain in the scheme to NPA | £14051.73 |
| Including projected Career Average Pension to NPA | £7597.23 |
| and projected Final Salary pension to NPA | £6454.50 |

Annual Allowance

| | |
|--|-----------|
| Pension Input for tax year 2018/19 06/04/2018 to 05/04/2019 | £10819.81 |
| Unused allowance carry forward in respect of 2018/2019 | £29180.19 |

Please refer to the notes for further information about the Annual Allowance.

Section 6: Your Membership Details for Final Salary Benefits**Name: *******NI Number: *****

Your employer supplies us with your membership information.

We have shown any other pension scheme membership transferred to the Local Government Pension Fund.

If you believe any of the details are incorrect, please let us know.

| Employer | Period | | Calendar length years/days | Percentage of whole time | Period of membership years/days |
|----------|--------|-----|----------------------------------|--------------------------------|---------------------------------------|
| | From | To | | | |
| *** | *** | *** | 12/301 | 100.000000 | 12/301 |
| *** | *** | *** | 00/000 | 0.000000 | 00/157 |
| *** | *** | *** | 00/000 | 0.000000 | 00/254 |
| *** | *** | *** | 04/030 | 102.550000 | 04/068 |



Local Government Pension Scheme (LGPS) **Annual Benefit Statement 2019**

Enclosed is your annual pension benefit statement for 2019. It is important that you read this statement and these explanatory notes.

If you believe any of the details on the statement are not correct (as at 31st March 2019) please email - pensions@cityoflondon.gov.uk

Since 1st April 2014 the LGPS has been a Career Average Revalued Earnings (CARE) Scheme, benefits build up at the rate of a 1/49th of your pensionable pay (if you are a member of the main section of the Scheme), or at the rate of 1/98th of your pensionable pay (if you are a member of the 50/50 section of the Scheme) and then revalued in line with increases in the Consumer Price Index (CPI) on 1 April each year.

The CARE benefits shown on this statement have had the 2018 inflationary increase of 3% applied to them.

All benefits built up to 31st March 2014 will continue to be based on final pensionable pay. This statement shows that benefits have been calculated on the 1/80th pension and automatic 3/80ths lump sum basis in respect of membership up to 31st March 2008, plus 1/60th pension with no automatic lump sum from membership built up between 1st April 2008 and 31 March 2014.

If there is no survivor's pension shown and you are married, in a civil partnership or have a co-habiting partner, then we have not seen verification that you are in a qualifying relationship. Therefore, please send to the Pensions Office either the appropriate certificate or a completed Notification of Co-habiting Partner form available on the pensions office website - www.yourpension.org.uk/CityofLondon/Home.aspx

Also, if the "Nomination Details" section is blank you should complete an "Expression of Wish" form (also available on the Pensions Office website) in order to indicate to whom you would like the Death Grant to be paid.

When can I retire?

Since 1 April 2014 you can choose to leave your employment and receive payment of your pension anytime from age 55 but the longer you work the more your pension will be.

Your pension will be reduced if you choose to retire before your normal pension age and increased if you retire later.

Normal pension age is no longer fixed at 65; it will be the same as your current state pension age - with 65 as the earliest age but see the protection section below. If you are unsure of your state pension age have a look at - www.gov.uk/calculate-state-pension

If you were age 55 or over as at 31st March 2019 your figures do not show any early retirement reduction which would apply had you retired on this date.



Also included in your statement is a projection to your normal pension age. If you were over your Normal Pension Age as at 31st March 2018 section 5 has been left blank intentionally.

Protections

If you were a member of the Scheme on 31 March 2014, you automatically joined the career average pension scheme and will continue to build up benefits in the LGPS. The entire pension you have built up in the LGPS before this date is fully protected.

All benefits built up before 1 April 2014 will continue to be based on your final year's pay when you leave or retire, as these benefits were built up in the final salary scheme. That means that all the membership you built up to 31 March 2014 will be used to calculate your final salary benefits when you leave.

Your Normal Pension Age is also protected. This means that the benefits you built up before 1 April 2014 retain their Normal Pension Age under final salary scheme rules, which for almost all scheme members is age 65.

Rule of 85

If you have rule of 85 protection this continues to apply from 1 April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily receive payment of your pension on or after age 55 and before age 60, further information can be found here - <https://www.lgpsmember.org/more/eightyfive.php>

Underpin

Protections are in place if you are nearing retirement to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the 'underpin'.

The underpin generally applies to you if you were: Paying into the Scheme on 31 March 2012 and, you were within 10 years of your Normal Pension Age on 1 April 2012, further information can be found here - <https://www.lgpsmember.org/more/pre2014.php>

This underpin protection has now been extended to apply if you were an active member of a different public service pension scheme (e.g. Civil Service Pension Scheme) on 31 March 2012 and you were within 10 years of age 65 on 1 April 2012; if you transfer the pension benefits from the other public service pension schemes into the LGPS and part or all of that transfer buys final salary benefits in the LGPS the underpin will apply to you.

This change is being backdated to take effect from 1 April 2014.

Transfers into the LGPS

If you have been a member of the LGPS with City of London Pension Fund for less than 12 months you can elect to transfer your previous pension rights into the scheme. However, you do need to make an election before the 12 months expires.

Additional Contributions (if applicable)

If you are paying or have paid to Purchase Additional Years the value at 31 March 2019 is **included** in the illustration amounts



If you are paying or have paid Additional Regular Contributions (ARCS) the value at 31 March 2019 is ***included*** in the illustration amounts

If you are paying or have paid Additional Pension Contributions (APC) the value at 31 March 2019 is ***included*** in the illustration amounts

If you are paying or have paid Additional Voluntary Contributions (AVC) values are ***not included*** in the illustration amounts. AVC annual statements will be provided separately by your AVC provider.

Changes to Pre - April 2014 AVC contracts

If you pay or have paid Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, you will see some changes to your AVC plans and how you can receive payment of them.

When you take the main scheme benefits you will no longer be able to leave the AVC invested and take it at a later date.

All scheme members can now buy additional pension from the LGPS with the AVC plan when they take their benefits from the scheme. Previously, this option was only available to scheme members who took immediate payment of their main scheme benefits (i.e. pension and lump sum) and their AVC plan when they left the scheme.

If you die before taking the AVC and a lump sum is to be paid from your AVC plan, the pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to the estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.

For scheme members currently paying AVCs:

- You can now pay up to 100% (rather than 50%) of your pensionable pay into the AVC plan.
- AVCs will now also be deducted from any voluntary overtime you work (if you pay AVCs as percentage of your salary).

Annual Allowance (AA)

This is the amount by which your pension can grow before you may have to pay additional tax. The limit is currently **£40,000** but if you earn over **£150,000** the limit may be reduced to a **minimum of £10,000**.

We will write to all scheme members who we think may be affected by 6 October 2019.

Most scheme members will not be affected by the annual allowance tax charge, however, we have included the value of your pension input amount in this year's statement based on the information we hold with regard to your LGPS benefits up to 31 March 2019. You should add this value to any other pension benefits you have accrued during the year.

If you exceed the annual allowance you may be allowed to bring forward any unused allowance for the last three years to off-set the excess. This means that even if the value of your pension



savings increase by more than £40,000 in a year you may not be liable to pay the annual allowance tax charge.

There are, however, some things that the Fund will not know about but could affect your AA. For example, income from other employments, income from property rental and any other pension provision you may have .

If you think you are at risk of exceeding the annual allowance you should seek advice. Further information can be found at - <https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

If your LGPS benefits exceed the threshold for AA in 2018/19 we will write to you separately in October.

Membership Details

The membership used for calculating your final salary benefits is recorded under section 6 of the statement. If you were a member of the LGPS with the City of London Pension Fund prior to 1 April 2014 the membership shown in section 6 ends at 31 March 2014 when the scheme changed to a CARE arrangement.

All benefits built up from 1 April 2014 are recorded under Section 3 of the statement including any transfers purchasing CARE benefits.

Important

It is important to note that your annual benefit statement is for guidance only and you should not base an irreversible decision to retire solely on the figures in this statement.

The benefit values shown in this statement are illustrative values ONLY, based on the LGPS regulations in force at the time of production and do not constitute an offer to pay the benefit values shown.



September 2019

Pensioners' Newsletter



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Pensions Board

This meets three times a year.

The Board members are as follows:

Employer Representatives

James Tumbridge (Chairman)
Jon Avern
Mark Wheatley

Member Representatives

Yvette Dunne
Christina McLellan
Martin Newnham

Minutes and agendas of the meetings are posted to our website -

<http://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=1206>

Pay Day Schedule for remainder of 2019/20

| Month | Pay Day |
|----------------|----------------------------------|
| September 2019 | 30 th September 2019 |
| October 2019 | 31 st October 2019 |
| November 2019 | 29 th November 2019 |
| December 2019 | <u>31st December 2019</u> |
| January 2020 | 31st January 2020 |
| February 2020 | 28 th February 2020 |
| March 2020 | 31 st March 2020 |

Change of Address or Bank Details

It is important to inform us of a change of address as soon as possible to prevent correspondence containing financial details e.g. your P60 going to your old address.

We need a signature against such changes so please therefore either:

1. Scan and email a signed letter to pensionspayroll@cityoflondon.gov.uk .
2. Post a signed letter.
3. Complete a form which can be found on the Pensions team's web site (separate from the main City of London site). You can access this site by using the link www.yourpension.org.uk/CityofLondon.

If your pension is returned unpaid because you have changed bank details and not informed us or a payslip or P60 is returned because you have moved address and not told us, we will suspend payment of your pension until your new details have been verified.

Should your circumstances have changed e.g. you have married or become a widow/widower, we will require a copy of the certificate for our records. These can also be emailed or posted to us.

Pensioners' Association

Membership of the City of London Pensioners' Association is available to most City pensioners and the surviving partners of late members. For a small monthly subscription, currently 90 pence per month, the Association provides; the services of a Welfare Officer, a quarterly newsletter containing useful information on benefits together with news and articles submitted by members and a diary. If you would like more information please contact the Membership Secretary, Sue Clark, on telephone number 020 8524 4472 or email her on mpwandsemc@ntlworld.com

National Fraud Initiative – 2019

We are participating in an exercise to promote the appropriate spending of public money. We are required by law to protect the public funds we administer. We may share information provided to us with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud. The Audit Commission currently requires us to participate in its anti-fraud initiative.

For this initiative, we are providing details of pensioners so that they can be compared to information provided by other public bodies. This will ensure, for example, that no pensions are being paid to persons who are deceased or no longer entitled, and that occupational pension income is being declared when housing benefit is applied for.

Occasionally genuine errors can be made, although extremely rare and previous exercises have uncovered such instances. These exercises, therefore, help promote the best use of public funds protecting both the scheme member and the Pension Fund itself.

Life Certificates

The changes made this year to improve the Life Certificate process have proved successful with over 98% having been completed and returned. Receipt of these certificates have been acknowledged.

It is not our intention to cause concern and inconvenience to any of our pensioners. However, if a Life Certificate has not been returned we will suspend payment of the pension.

Please note that this only applies to those pensioners living abroad.

Death Grant Expression of Wish Form

As most of you will be aware, in many cases there will be a Death Grant payable following a pensioner's death. The pensioner will have had to have been under 75 at the time of death and been on pension for less than five years and in some cases, less than ten years.

These payments are discretionary and whilst there is often an obvious choice of who the beneficiary should be (eg a spouse), it is easier for the City if the deceased had filled out an Expression of Wish form nominating who they would like the payment to go to.

These forms can be found on our website: www.yourpension.org.uk/CityofLondon. These can also be requested from the office.

Please note that death grants are not payable following the death of a dependant.

Data Protection Act 18 (DPA18) Privacy Notice

From 25/05/2018, new rules regarding data protection were introduced.

The City holds pensioners' data. We share the data with other organisations eg scheme actuaries and HMRC and therefore these new rules apply.

The privacy statement can be found on the website:

www.yourpension.org.uk/CityofLondon

Payslips

Please be reminded that payslips are only sent out if there is a difference in your net pay of £2 or more from the previous pay period. However, the March payslip is always sent to you in order that you have your taxable pay and tax paid to date figures should you need them e.g. for self-assessment purposes. The April payslip also goes out to most pensioners because it includes the pensions increase amount. As the increase is from part way through April, the May payslip will also be sent to those pensioners receiving the increase as this will be the first full month at the new rate.

Should you need copy payslips for a specific one-off reason e.g. mortgage applications, these can be provided by the Payroll Team.

CITY OF LONDON PENSION OFFICE CONTACTS **Telephone 020 7332 followed by the following extension**

☎ Claire O'Malley 0207332 1370 – claire.o'malley@cityoflondon.gov.uk

☎ Julia Olayiwola 0207332 3982 – julia.olayiwola@cityoflondon.gov.uk

General Office Email: pensionspayroll@cityoflondon.gov.uk

Pensions Website – www.yourpension.org.uk/cityoflondon

✉: Pensions Manager, City of London, Guildhall, PO Box 270, London EC2P 2EJ
(The Pensions Office is located in the North Wing, Guildhall)

LGPS factsheet

Pensions Taxation - Annual Allowance

HM Revenue and Customs impose two controls on the amount of pension savings you can make without having to pay extra tax. These controls are known as the Annual Allowance and Lifetime Allowance. This is in addition to any income tax you pay on your pension once it is in payment.

This factsheet looks at the Annual Allowance which is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge.

What is the Annual Allowance?

The Annual Allowance (AA) is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. This is in addition to any income tax you pay on your pension once it is in payment.

If the value of your pension savings in any one year (including pension savings outside of the LGPS) are in excess of the annual allowance, the excess will be taxed as income.

The Government reduced the AA from £255,000 to £50,000 from 6 April 2011 and then reduced it again to £40,000 from 6 April 2014. Further changes to the annual allowance have been made for higher earners from 6 April 2016, which resulted in special transitional rules for the 2015/16 tax year. These changes are covered in more detail later in this factsheet.

| Pension Input Period | Annual Allowance |
|--------------------------------------|------------------------------------|
| 1 April 2011 to 31 March 2012 | £50,000 |
| 1 April 2012 to 31 March 2013 | £50,000 |
| 1 April 2013 to 31 March 2014 | £50,000 |
| 1 April 2014 to 31 March 2015 | £40,000 |
| 1 April 2015 to 5 April 2016 | £80,000 (transitional rules apply) |
| 6 April 2016 to 5 April 2017 | £40,000 (unless tapering applies) |
| 6 April 2017 to 5 April 2018 | £40,000 (unless tapering applies) |
| 6 April 2018 to 5 April 2019 onwards | £40,000 (unless tapering applies) |

Am I likely to be affected by the Annual Allowance?

Most people will not be affected by the AA tax charge because the value of their pension saving will not increase in a year by more than £40,000, or, if it does they are likely to have unused allowance from previous years that can be carried forward.

You are most likely to be affected if:

- you have a period of final salary scheme membership and you receive a significant pay increase, and/or;
- you pay a high level of additional contributions, and/or;
- you are a higher earner, and/or;
- you transfer pension rights into the LGPS from a previous public sector pension scheme¹ under the preferential club transfer rules and your salary (full time equivalent) upon joining the LGPS is somewhat higher than the salary you earned when you left the previous scheme, and/or;
- you combine a previous LGPS pension benefit that was built up in the final salary section of the LGPS with your current pension account and your salary (full time equivalent) has increased significantly since leaving and re-joining the scheme, and/or;
- you have accessed flexible benefits on or after 6 April 2015

Your pension fund will inform you if your LGPS pension savings exceed the standard AA in any year by no later than 6 October of the following year.

The 50/50 section of the LGPS

If you wish to slow down your pension build up to avoid or mitigate an AA tax charge the 50/50 section of the LGPS allows you to pay half your normal contributions and build up half your normal pension, whilst still retaining full life and ill health cover. Visit the [LGPS member website](#) for more information on this option.

Before considering any action to reduce your tax liabilities you should always seek independent financial advice from an FCA registered adviser. For help in choosing an independent financial adviser visit the [money advice website](#).

How is the Annual Allowance calculated?

The increase in the value of your pension savings in the LGPS in a year is calculated by working out the value of your benefits immediately before the start of the 'pension input period', increasing the value by inflation and then comparing it with the value of your benefits at the end of the 'pension input period'.

The 'pension input period' (PIP) is the period over which your pension growth is measured. From 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April. Prior to the 2016/17 the PIP for the LGPS was 1 April to 31 March, except for the year 2015/16 when special transitional rules apply.

In the LGPS the value of your pension benefits is calculated by multiplying the amount of your annual pension by 16 and adding any lump sum you are automatically entitled to from the pension scheme plus any AVCs you or your employer has paid during the year.

If the difference in the value of pension benefits at the end of the PIP less the value of your pension benefits immediately before the start of PIP (adjusted for inflation), is more than the AA then you may be liable to pay a tax charge.

¹ A public service pension scheme includes a pension scheme covering civil servants, the judiciary, the armed forces, any scheme in England, Wales or Scotland covering local government workers, or teachers, or health service workers, or fire and rescue workers or members of the police forces; or membership of a new public body pension scheme.

It is important to note that the assessment for the AA covers any pension benefits you may have where you have been an active member during the year, not just benefits in the LGPS. For example, if the increase in the value of your LGPS benefits was calculated as £30,000 in 2014/15 when the AA was £40,000, but you also had an increase in the value of other pension benefits of £15,000 in the same year, that would mean you had a total increase in pension benefits of £45,000. If you did not have any carry forward (see below for more information), you would be liable for a tax charge for the amount you exceeded the AA by, even though at face value you did not breach the AA in either scheme.

Carry forward

You would only be subject to an AA tax charge if the value of your total pension savings for a year increase by more than the AA for that year. However, a three year carry forward rule allows you to carry forward unused AA from the previous three years. This means that even if the value of your pension savings increase by more than the AA in a year you may not be liable to the AA tax charge.

For example, if the value of your pension savings in 2014/15 increased by £50,000 (i.e. by £10,000 more than the AA) but in the three previous years had increased by £25,000, £28,000 and £30,000, then the amount by which each of these previous years fell short of the AA for those three years would more than offset the £10,000 excess pension saving in the current year. There would be no AA tax charge to pay in this case.

To carry forward unused AA from an earlier year you must have been a member of a tax registered pension scheme in that year.

Changes to Annual Allowance

The Finance (No 2) Act 2015 introduced two important changes to the AA with effect from 6 April 2016.

1. An annual allowance taper for high earners from 6 April 2016
2. To adjust the 'pension input period' during 2015/16 so that it becomes aligned with the tax year from 6 April 2016

1. Tapered Annual Allowance for higher earners

From the tax year 2016/17 the AA is tapered for members who have a 'Threshold Income' in excess of £110,000, and 'Adjusted Income' in excess of £150,000. For every £2 that your Adjusted Income exceeds £150,000, your AA is tapered down by £1 (to a minimum of £10,000).

| | Definition | Limit |
|-------------------------|---|----------|
| Threshold Income | Broadly your taxable income after the deduction of your pension contributions (including AVCs deducted under the net pay arrangement) | £110,000 |
| Adjusted Income | Broadly your threshold income plus pensions savings built up over the tax year | £150,000 |

Threshold income includes all sources of income that are taxable e.g. property income, savings income, dividend income, pension income, social security income (where taxable), state pension income etc.

Please note, you are not allowed to deduct from taxable income any amount of employment income given up for pension provision as a result of any salary sacrifice made on or after 9 July 2015.

How does the taper work?

From 6 April 2016, the taper reduces the AA by £1 for £2 of adjusted income received over £150,000, until a minimum AA of £10,000 is reached. This means that from 6 April 2016 the AA for high earners is as follows:

| Adjusted Income | Annual Allowance |
|-------------------|------------------|
| £150,000 or below | £40,000 |
| £160,000 | £35,000 |
| £170,000 | £30,000 |
| £180,000 | £25,000 |
| £190,000 | £20,000 |
| £200,000 | £15,000 |
| £210,000 or above | £10,000 |

Examples

Cerys

| | | |
|-------------------------------------|----------|---|
| Gross Salary 2016/17 | £120,000 | |
| Less employee pension contributions | £13,680 | 11.4% |
| Threshold Income 2016/17 | £106,320 | Below £110,000 so the AA will not be tapered and remains at £40,000 |
| Pensions saving in the year | £39,184 | Less than £40,000 so no tax charge |

Sanjay

| | | |
|---|---------------|---|
| Gross salary 2016/17 | £130,000 | |
| Less employee pension contributions | £14,820 | 11.4% |
| Plus taxable income from property | £30,000 | |
| Threshold Income 2016/17 | £145,180 | |
| Plus pensions saving in the year | £42,449 | |
| Adjusted Income 2016/17 | £187,629 | Greater than £150,000 so AA will be tapered |
| Tapered AA | £21,185* | |
| In excess of AA | £21,264 | Pension saving of £42,449 less tapered AA |
| AA tax charge at marginal rate (assumed to be 40%) | £8,505 | 21,264 x 40% |

*Taper = £187,629 - £150,000 = £37,629 / 2 = £18,815. Standard AA £40,000 less £18,815 = £21,185

Please note, the examples above make no allowance for any carry forward. The pension savings in the year assume that both Sanjay and Cerys have no final salary benefits in the LGPS and that they are not paying any additional contributions.

2. Aligning the 'Pension Input Period' with the tax year

The 'pension input period' (PIP) is the period over which your pension growth is measured. Up until 2014/15 the PIP in the LGPS ran from 1 April to 31 March. From 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April. Special transitional

arrangements apply for 2015/16 meaning that there are 2 PIPs in 2015/16, as set out below:

Pre-alignment tax year: 1 April 2015 to 8 July 2015 - the revised AA during this period is £80,000

Post-alignment tax year: 9 July 2015 to 5 April 2016 - the AA for this period is the amount of the £80,000 not used up from the pre-alignment tax year (subject to a maximum of £40,000) together with any carry forward available from the three previous years.

If you have flexibly accessed any benefits in a money purchase pension arrangement on or after 6 April 2015 (see below) you should contact your pension fund for information about how the pre and post alignment tax years will work as it will be different to the above.

Annual Allowance 'Flexible Benefit' access

If you have any benefits in a money purchase (defined contribution) pension arrangement which you have flexibly accessed on or after 6 April 2015 then the Money Purchase Annual Allowance (MPAA) rules may apply. However, the MPAA will only apply if your total contributions to a money purchase arrangement in a Pension Input Period exceed the MPAA.

Generally, if you have flexibly accessed any benefits in a money purchase arrangement on or after 6 April 2015, any further contributions you make to a money purchase scheme in subsequent tax years will be tested against the MPAA. If your contributions exceed the MPAA your defined benefit pension (LGPS) savings will be tested against the alternative AA and you will pay a tax charge in respect of your money purchase saving in excess of the MPAA.

| Tax Year | MPAA | Alternative annual allowance if MPAA is exceeded |
|-----------------|---------|--|
| 2016/17 | £10,000 | £30,000 |
| 2017/18 onwards | £4,000 | £36,000 |

Special transitional rules applied for the tax year 2015/16 – contact your pension fund for more information, if applicable.

If you access flexible benefits you will be provided with a flexible access statement; you should provide your LGPS pension fund with a copy of this statement.

Flexible access means taking a cash amount over the tax-free lump sum from a flexi-access drawdown account, taking an uncrystallised funds pension lump sum (UFPLS), purchasing a flexible annuity, taking a scheme pension from a defined contribution scheme with fewer than 12 pensioner members or taking a stand-alone lump sum if you have primary but not enhanced protection².

How would I pay an Annual Allowance tax charge?

If you exceed the AA in any year you are responsible for reporting this to HMRC on your self-assessment tax return.

² A stand-alone lump sum is a lump sum relating to pre 6 April 2006 where the whole amount can be taken as a lump sum without a connected pension

Your pension fund is obliged to notify you if your LGPS benefits (plus the amount of any Additional Voluntary Contributions (AVCs) you may have paid) exceed the standard AA, or if they believe you have exceeded the MPAA, in a year. They must inform you by no later than 6 October of the following tax year. However, your pension fund is not obliged to inform you if you exceed the tapered annual allowance.

If you have an AA tax charge that is more than £2,000 and your pension savings in the LGPS alone have increased in the year by more than the standard AA you may be able to opt for the LGPS to pay some or all of the tax charge on your behalf. The tax charge would then be recovered from your pension benefits.

If you want the LGPS to pay some or all of an AA tax charge on your behalf, you must notify your pension fund no later than 31 July in the year following the end of the year to which the AA charge relates. However, if you are retiring (and draw all of your benefits from the LGPS) and you want the LGPS to pay some or all of the tax charge on your behalf from your benefits, you must tell your pension fund before you become entitled to those benefits.

Am I affected?

If you think you are affected by the AA more information is available on the Government's website - <https://www.gov.uk/tax-on-your-private-pension/annual-allowance>. If you are unsure if you will be affected by the AA use the [AA quick check tool](#) on the LGPS member website.

This factsheet provides an overview of the AA rules at April 2018. It should not be treated as a complete and authoritative statement of the law. The rules governing AA can be complex and are subject to change; if you are unsure how to proceed you are advised to obtain independent financial advice. For help in choosing an independent financial advisor visit the [money advice website](#).

More information

If you have any questions about your LGPS membership or benefits, please contact:

Chamberlain's Department

Dr Peter Kane MA, MSc, CPFA
Chamberlain (Finance Director)

Mr....

Telephone 020 7332 1133

Email pensions
@cityoflondon.gov.uk

Our ref PG/PEN/AA 18_19

Date

Dear Mr....

**The Local Government Pension Scheme (LGPS)
City of London Pension Fund Pension Savings Statement 2018/19**

I am required by HM Revenue & Customs (HMRC) to issue you with a Pension Savings Statement as the growth of your LGPS benefits in the City of London Pension Fund has exceeded the Annual Allowance (AA) limit for the tax year 2018/19. This growth is known as the Pensions Input Amount (PIA).

The enclosed statement contains your pension growth for 2017/18 and the three preceding years, plus the total value of any unused allowance for these periods. The unused amount is referred to as Carry Forward and is used to reduce the potential liability to a tax charge if your pension growth is in excess of the AA limit (£40,000) for this year.

If your pension growth has exceeded the 2018/19 AA limit and your Carry Forward from the three preceding years is not sufficient to offset the excess, you may be subject to a tax charge.

If your charge liability exceeds £2,000 you can request the City of London Pension Fund pays the charge to HMRC on your behalf in return for a permanent reduction to your pension benefits. This is known as Scheme Pays and the reduction is referred to as the Debit. If this is your preference, please complete the enclosed Scheme Pays form instructing us of the amount of the tax charge you want the Fund to pay on your behalf.

If your pension growth in the City of London Pension Fund, less the value of any available Carry Forward from the three preceding years, is greater than £40,000 I have enclosed an illustration of the estimated tax charge liability and the value of the potential Debit amount should you elect for Scheme Pays to meet this charge.

If your total pension growth, less the value of any available Carry Forward from the three preceding years, is less than £40,000 you will not need to take any further action.

Pension Savings Statement 2018/2019

| | |
|----------------------------|--|
| Name: | |
| National Insurance Number: | |

| | |
|---|------------|
| City of London Pension Fund 'Pension Scheme Tax Reference' (PSTR) number: | 00329946RE |
|---|------------|

| Pension Input Period (PIP) | Standard Annual Allowance | Pension Input Amount (PIA) | Unused Allowance |
|---------------------------------------|---------------------------|----------------------------|------------------|
| *2015/16 | £40,000 | | |
| 2016/17 | £40,000 | | |
| 2017/18 | £40,000 | | |
| Total Carry Forward to 2018/19 | | | |

*2015/16 was split into two periods. An £80,00 limit applied to the first period and the unused amount (to a maximum of £40,000) was carried forward to the second period.

| Pension Input Period (PIP) | Standard Annual Allowance | Pension Input Amount (PIA) | Unused / Excess Allowance |
|----------------------------|---------------------------|----------------------------|---------------------------|
| 2018/19 | £40,000 | | |

If your 'Unused / Excess Allowance' figure for 2018/19 is a negative value and having applied the 'Total Carry Forward to 2018/19' it is still negative you will be subject to a tax charge. Please read the 'illustration page' and the further information enclosed.

Please note, this information is based upon your LGPS benefits with the City of London Pension Fund only. Should you have further pension provision you must add the PIA from each scheme together to determine the full potential taxable excess.

This Pension Savings Statement should be retained for future reference.

For the tax year 2018/19 a Tapered Annual Allowance (TAA) may also apply. The TAA is applicable for individuals whose “threshold income” is more than £110,000 per year and whose “adjusted income” is more than £150,000 per year; in these circumstances their personal AA limit may be reduced to a minimum of £10,000. If I believe you may be affected by the TAA I have included an additional illustration of these values and the appropriate Voluntary Scheme Pays election form.

| | Definition | Limit |
|-------------------------|---|-----------|
| Threshold Income | Broadly, your taxable income after the deduction of your pension contributions (including AVCs deducted under the net pay arrangement). | £ 110,000 |
| Adjusted Income | Broadly, your threshold income plus pensions savings built up over the year. | £ 150,000 |

Threshold income includes all sources of income that are taxable, e.g. property income, savings income, dividend income, pension income, social security income (where taxable), state pension income etc.

Please use the links below to find further information about AA and TAA which may assist you in deciding what action you need to take. I have also enclosed a factsheet, notes and a table of responsibility for your attention.

<https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100>

<https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

<https://www.pensionsadvisoryservice.org.uk/about-pensions/saving-into-a-pension/pensions-and-tax/the-annual-allowance>

<http://www.hmrc.gov.uk/tools/pension-allowance/>

Please note, I am unable to provide you with any financial or taxation advice. It is your responsibility to determine your personal tax liability and report it to HMRC on your Self-Assessment tax return.

This is a complex issue and the contents of this letter are based upon my understanding of the legislation as it currently stands. The relevant regulations will be used to reach a decision in any dispute or disagreement. You may wish therefore to consider seeking independent financial or taxation advice before making an irreversible decision.

Yours sincerely

Matt Mott
Pensions Manager

Notes

- If you exceed the AA or TAA limits you may carry forward unused allowance from the previous 3 years
- If you do not have sufficient unused allowance you will have a tax charge up to your highest rate of income tax
- If you are making in house Additional Voluntary Contributions (AVCs) the PIA shown will include any additional contributions paid in the relevant PIP
- You must notify HMRC, usually on your self-assessment return, of any tax charge
 - Post, by 31 October 2019
 - Online, by 31 January 2020
- If the charge is more than £2,000 you may elect for “scheme pays”. If this is your intention, please complete and return the enclosed election form.
- If you elect for “scheme pays” your LGPS pension will be actuarially reduced
- If your adjusted income is in excess of £150,000 your AA limit will be reduced by £1 for every £2 you exceed £150,000
- All values are based on information provided by your employer
- If you are unsure about anything relating to AA and TAA you should seek independent financial or taxation advice
- If you have other pension provision outside of the City of London Pension Fund you must add the PIA values for all schemes together
- A lower AA may apply if you have accessed any pension savings using the pension freedoms introduced in April 2015

Timeline & Responsibility

| Dates | Action | Responsibility |
|-------------------------|--|---|
| 5 October 2019 | Pension Saving Statement | The Fund |
| 31 December 2019 | Notify Fund of Scheme Pays Election TAA | Scheme Member |
| 31 January 2020 | Self-Assessment Tax Return | Scheme Member |
| 31 July 2020 | Notify Fund of Scheme Pays Election AA | Scheme Member |
| 14 February 2021 | Payment of AA tax charge | The Fund (Scheme Pays) or Scheme Member |

The notes above are for information purposes only and are intended to provide you with a general overview of scheme rules. In the event of any dispute over your pension, the appropriate legislation will apply.

Annual Allowance Illustration 2018/19

The following is for illustrative purposes only and shows the possible reduction to your annual pension if you elect for Scheme Pays. It is based on our understanding of pension legislation in force at the time of calculation.

The tax charge will be based on your marginal rate of tax and I have illustrated Scheme Pays under both a 40% and 45% tax rate.

Based on City of London Pension Fund benefit values only;

| | |
|--|----------|
| Excess over the Annual Allowance: | £ |
| Less Carry Forward of Unused Allowance: | £ 0.00 |
| Annual Allowance Subject to Tax Charge: | £ |

| Marginal Rate of Tax | Tax Charge | Debit Amount (Reduction to annual pension under Scheme Pays) |
|-----------------------------|-------------------|--|
| 40% | £ | £ |
| 45% | £ | £ |

Please Note: The Debit amount is based on retirement at your normal pension age and may vary to the value shown:

- The amount is linked to the Consumer Price Index (CPI) for the period between the year of the charge and your date of retirement.
- If you retire earlier than your normal pension age the Debit amount will be reduced to take account of early payment.
- If you retire after your normal pension age the Debit amount will be increased to take account of late payment.

If you wish the City of London Pension Fund to make payment of your AA tax charge on your behalf and make a reduction to the value of your annual pension, then you should complete and return the enclosed Scheme Pays election form.

Your request for this option must be received by the Fund no later than 31 July following the tax year to which the charge relates, or your date of retirement if earlier. For example, if the charge was accrued in 2018/19 your notification must be received no later than 31 July 2020.

To be eligible for Scheme Pays the tax charge must exceed £2,000 and must be solely in relation to the pension benefits held with the City of London.

Annual Allowance 'SCHEME PAYS ELECTION FORM – LGPS Tax Year 2018/19

| Part A: Personal Details | | | | | | | | | |
|--|--|--|--|------------|--|-------------------------------|-----------|----------------|--|
| Title: | | | | Full Name: | | | | | |
| NI Number: | | | | | | | | Date of Birth: | |
| Home Address: | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | Postcode: | | |
| Tel Number | | | | | | | Email: | | |
| Part B: Annual Allowance (AA) Charge Information | | | | | | | | | |
| Tax Year to which my AA charge relates: | | | | | | 06/04/20..... - 05/04/20..... | | | |
| Amount of AA charge I wish the Scheme to pay on my behalf (please indicate if this is an estimated figure) | | | | | | £ | | | |

Important Notes (please ensure that you read these before completing Part C)

1. You can only elect to use the 'Scheme Pays' facility if your total annual allowance tax charge for any tax year exceeds £2,000, and this charge relates to pension growth associated with the LGPS benefits in the City of London Pension Fund.
2. If you are taking all of your benefits from the LGPS during the tax year to which your annual allowance charge liability relates, your election for 'Scheme Pays' must be received by the City of London Fund prior to your retirement date.
3. Please note, you cannot elect for the 'Scheme Pays' facility (charge on the excess above £40,000 AA limit) until after the end of the tax year in which the annual allowance charge arises. You must elect for 'Scheme Pays' no later than 31 July 2020.
4. If you have declared an estimated annual allowance tax charge figure, there is a time limit for you to notify City of London Pension Fund of the correct amount of the annual allowance charge that you want the Scheme to pay. The Fund must receive the revised information no later than the 31 July following the end of the period of 4 years from the end of the tax year to which your annual allowance tax charge liability relates. For example, if your annual allowance charge relates to the tax year 2018-19, then your request to change your previous 'Scheme Pays' declaration must be received by the Fund no later than 31 July 2020.

Please turn over

PART C: Annual Allowance ‘Scheme Pays’ Member Declaration (please read declaration before signing)

I, hereby, declare that:

- *I have read and understood the ‘Important Notes’ detailed overleaf.*
- *the amount of annual allowance tax charge liability that I wish the Scheme to pay, on my behalf, has been calculated using the correct marginal tax rate.*
- *I understand that I cannot withdraw this election once this has been received by the City of London Pension Fund*
- *I understand that this election must be received by the City of London Pension Fund by the statutory cut-off date if the scheme is to become jointly and severally liable to the annual allowance charge.*
- *I am aware that my LGPS benefits will be reduced to take account of the annual allowance tax that will be paid, on my behalf, by the Scheme.*
- *where applicable, I have stated that the annual allowance tax charge is an estimated figure; and I will subsequently notify the City of London Pension Fund regarding the revised annual allowance tax charge liability once this is known.*

Signed _____ **Dated** ____/____/____

Please return your completed election form to:

City of London Corporation, PO Box 270, Guildhall, London EC2P 2EJ

Email: pensions@cityoflondon.gov.uk

“Appropriate information contained on this form will be held on computer files and/or relevant filing systems for the purposes of General Data Protection Regulation (GDPR) and may be shared with other relevant establishments and agencies for the purpose of providing the appropriate service or meeting legislative requirements”.



Tapered Annual Allowance Illustration 2018/19

The following is for illustrative purposes only and show the possible reduction to your annual pension if you elect for Scheme Pays. It is based on our understanding of pension legislation in force at the time of calculation.

The tax charge will be based on your marginal rate of tax and I have illustrated Scheme Pays under both a 40% and 45% tax rate.

| | |
|--|---|
| Estimated 'Adjusted Income' for Tapered Annual Allowance | £ |
| Estimate Tapered Annual Allowance | £ |

Based on City of London Pension Fund benefit values only;

| | |
|--|----------|
| Excess between TAA and standard Annual Allowance: | £ |
| Less Carry Forward of Unused Allowance: | £ |
| Tapered Annual Allowance Subject to Tax Charge: | £ |

| Marginal Rate of Tax | Tax Charge | Debit Amount (Reduction to annual pension under Scheme Pays) |
|----------------------|------------|---|
| 40% | £ | £ |
| 45% | £ | £ |

Please Note: The Debit amount is based on retirement at your normal pension age and may vary to the value shown:

- The amount is linked to CPI for the period between the year of the charge and your date of retirement.
- If you retire earlier than your normal pension age the Debit amount will be reduced to account of early payment.
- If you retire after your normal pension age the Debit amount will be increased to take account of late payment.

If you wish the City of London Pension Fund to make payment of your TAA tax charge on your behalf and make a reduction to the value of your annual pension, then you should complete and return the enclosed TAA Scheme Pays election form.

Your request for this option must be received by the Fund no later than 31 December following the tax year to which the charge relates, or your date of retirement if earlier. For example, if the charge was accrued in 2018/19 your notification must be received no later than 31 December 2019.

*To be eligible for Scheme pays the tax charge must exceed **£2,000** and must be solely in relation to the pension benefits held with the City of London.*

Tapered Annual Allowance 'SCHEME PAYS ELECTION FORM – LGPS Tax Year 2018/19

| Part A: Personal Details | | | | | | | | | |
|---|--|--|--|--|--|-------------------------------|-----------|----------------|--|
| Title: | | | | | | | | Full Name: | |
| NI Number: | | | | | | | | Date of Birth: | |
| Home Address: | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | Postcode: | | |
| Tel Number: | | | | | | | Email: | | |
| Part B: Tapered Annual Allowance (TAA) Charge Information (both fields are mandatory) | | | | | | | | | |
| Tax Year to which my TAA charge relates: | | | | | | 06/04/20..... - 05/04/20..... | | | |
| Amount of TAA charge I wish the Scheme to pay on my behalf (please indicate if this is an estimated figure) | | | | | | £ | | | |

Important Notes (please ensure that you read these before completing Part C)

1. You can only elect to use the 'Scheme Pays' facility if your total annual allowance tax charge for any tax year exceeds £2,000, and this charge relates to pension growth associated with the LGPS benefits in the City of London Pension Fund.
2. If you are taking all of your benefits from the LGPS during the tax year to which your annual allowance charge liability relates, your election for 'Scheme Pays' must be received by the City of London Fund prior to your retirement date.
3. Please note, you cannot elect for the 'Voluntary Scheme Pays' facility (charge on the excess above the TAA limit) until after the end of the tax year in which the annual allowance charge arises. You must elect for 'Voluntary Scheme Pays' no later than 31 December 2019.
4. If you have declared an estimated annual allowance tax charge figure, there is a time limit for you to notify City of London Pension Fund of the correct amount of the annual allowance charge that you want the Scheme to pay. The Fund must receive the revised information no later than the 31 December following the end of the period of 4 years from the end of the tax year to which your annual allowance tax charge liability relates. For example, if your annual allowance charge relates to the tax year 2018-19, then your request to change your previous 'Scheme Pays' declaration must be received by the Fund no later than 31 December 2019.

Please turn over

PART C: Tapered Annual Allowance (TAA) 'Scheme Pays' Member Declaration (please read declaration before signing)

I, hereby, declare that:

- I have read and understood the 'Important Notes' detailed overleaf.*
- the amount of tapered annual allowance tax charge liability that I wish the Scheme to pay, on my behalf, has been calculated using the correct marginal tax rate.*
- I understand that I cannot withdraw this election once this has been received by the City of London Pension Fund*
- I understand that this election must be received by the City of London Pension Fund by the statutory cut-off date.*
- I understand that I will remain solely liable for any tax charge incurred as a result of exceeding the tapered annual allowance.*
- I am aware that my LGPS benefits will be reduced to take account of the tapered annual allowance tax that will be paid, on my behalf, by the Scheme.*
- where applicable, I have stated that the tapered annual allowance tax charge is an estimated figure; and I will subsequently notify the City of London Pension Fund regarding the revised tapered annual allowance tax charge liability once this is known.*

Signed _____ **Dated** ____/____/____

Please return your completed election form to:

City of London Corporation, PO Box 270, Guildhall, London EC2P 2EJ

Email: pensions@cityoflondon.gov.uk

"Appropriate information contained on this form will be held on computer files and/or relevant filing systems for the purposes of General Data Protection Regulation (GDPR) and may be shared with other relevant establishments and agencies for the purpose of providing the appropriate service or meeting legislative requirements".



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Chamberlain's Department

Dr Peter Kane MA, MSc, CPFA
Chamberlain (Finance Director)

Telephone

Email @cityoflondon.gov.uk

Our ref

Case Officer

Date

Dear

Life Certificate 2019

The City of London Pension Fund is required to obtain written confirmation that a pensioner remains eligible to receive their payments.

For pensioners living overseas this is an annual requirement and I would therefore ask you to complete the attached certificate and return it to me. Your reply should be received at this office within 2 months of the date of this letter.

We can accept posted copies of your certificate to the address shown at the foot of this letter. Alternatively, if you have access to a scanner you can scan and email it to pensionspayroll@cityoflondon.gov.uk

Upon receipt of the completed certificate, the Pensions Office will send you written confirmation that it has been received.

If a completed certificate is not received within 2 months of the date of this letter the Pensions Office will send a second request to which a response will be expected within 2 months of the date we send it.

If a completed Life Certificate is not received following the second request, your pension will be suspended with effect from August 2019.

May I thank you for your assistance in completing this Certificate of Entitlement. If you are unable to complete the certificate, then please contact me as soon as possible.

Yours sincerely

Matt Mott
Pensions Manager



Certificate of Entitlement to Receive a Pension from the City of London

| | |
|---------------------|--------------|
| Name: | |
| N.I. Number: | Date: |
| Address: | |

Declaration of entitlement to receive a pension

I confirm that I am resident in another country and remain entitled to receive a pension from the City of London Local Government Pension Scheme

| | |
|-----------------------|--|
| Signature: | |
| Date: | |
| Email address: | |

Confirmation of signature by Independent Witness

I confirm the above signature of

| | |
|--------------------|--|
| Name: | |
| Address: | |
| Occupation: | |
| Signature: | |
| Date: | |

Due to the recent introduction of the Data Protection Act 2018 it has become necessary to ensure that the method of communications used to contact our pensioners is appropriate and accurate. I would therefore be grateful if you would also supply the following information:

Telephone Number:

Email address:

Please indicate if future life certificates and newsletters can be emailed to you Y/N

Notes:

1. If your circumstances have changed recently, (e.g. widowed, re-married) I would be grateful if this could be notified to the Pensions Payroll Office separately, enclosing copies of any relevant certificates.
2. If the pensioner named is unable to sign this certificate, the person signing on their behalf must hold Power of Attorney or a letter of authority enabling the signatory to act for the pensioner. Copies of these documents must be sent with this form if not submitted previously.
3. Should you have any difficulty or queries regarding the completion of this certificate, please contact the Pensions Payroll Office on 020 7332 1370

If in the future we are unable to contact you for any reason, can you please complete the following section:

Contact details of your next of kin or person that will deal with your affairs:

Name:

Address:

.....

.....

Email address:

Relationship to pensioner:

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City of London LGPS Risk Register for the LGPS Pensions Board - FOR CONSIDERATION

| Risk No. | Risk (Short description) | Risk Owner | Cause | Effect | Existing Controls | Current Risk | | | | Planned Actions | Target Risk | | |
|----------|--|---|--|--|--|--------------|---------|---------|-----------|--|-------------|---------|---------|
| | | | | | | Likelihood | Impact | Rating | Direction | | Likelihood | Impact | Rating |
| 1 | Inappropriate Investment Strategy | Chamberlain | (i) Inappropriate investment advice. (ii) Advice ignored | (i) Inappropriate risk/return profile. (ii) Opportunities not maximised to progress towards full funding (iii) Ramifications on employers contributions. | Investment strategy devised to reduce financial risk through use of asset allocation and a range of Fund Managers implementing different investment mandates. Monitoring of fund managers' performance by Chamberlain & Financial Investment Board. Information on market conditions provide by Investment Consultant. | Unlikely | Major | Amber 8 | ↔ | Review of asset allocation by Investment Consultant following triennial valuation | Unlikely | Major | Amber 8 |
| 2 | Unsuitable triennial actuarial valuation leading to inappropriate employer rates | Chamberlain | (i) Inappropriate assumptions used by the Actuary (ii) Inaccurate data supplied to the Actuary | Employer rates unsuitable to maintain long term cost efficiency & solvency. | (i) Regular meetings with the Actuary to ensure that assumptions are appropriate involving nominated Members of the Finance Cttee, with final report to Finance Cttee. (ii) prompt clearance of queries from Actuary. (iii) Robust Year End procedures and updates. (iv) Checking for errors or inconsistencies in valuation extract report before submission to the Actuary. | Rare | Minor | Green 1 | ↔ | Continue existing controls | Rare | Minor | Green 1 |
| 3 | Failure to comply with legislative requirements. | Chamberlain | (i) Lack of consultation with appropriate persons. (ii) Lack of training/ appropriately skilled staff | (i) Inaccurate benefits paid. (ii) Financial loss. (iii) Increase in Appeals. (iv) Fines from Pensions Regulator (v) Reputational damage | (i) Recruitment of suitable staff appropriate salary levels. (ii) Formal Institute of Payroll Professionals training. (iii) Attendance at seminars and Forums, webinars and user groups. (iv) Knowledge updates via LGA training sessions | Possible | Minor | Green 3 | ↔ | Continue existing controls | Possible | Minor | Green 3 |
| 4 | Pension Scheme Administration | Chamberlain | (i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/increased staff turnover. (iv) IT system failure. (v) Data Accuracy. (vi) Lack of resources. | (i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions. | (i) Recruitment and training of staff. (ii) Ensuring software is the latest version and any known errors are reported. (iii) Ensure IT have sufficient back-ups and Disaster Recovery. (iv) Ensuring training opportunities are shared. (v) Robust checking procedures in place at all stages of record management from new starters, transfers received, career changes, pension top-ups, leaving and benefit payment. (vi) If staff or other resources are lacking ensure priority cases are covered and all checking levels maintained. | Unlikely | Serious | Green 4 | ↔ | Continue existing controls | Unlikely | Serious | Green 4 |
| 5 | Pension Fund Fraud | Chamberlain | (i) Not notified of death. (ii) Staff acting inappropriately | (i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss to the Pension Fund | (i) Use of Mortality Screening Service and Tell Us Once Service (Government initiative that allows us to be notified of a death when registered). (ii) Participation in the National Fraud Initiative. (iii) Sending Life Certificates to Overseas Pensioners. | Unlikely | Minor | Green 2 | ↔ | Continue existing controls | Unlikely | Minor | Green 2 |
| 6 | Employer becomes insolvent or is abolished with insufficient funding to meet liabilities | Chamberlain/ Comptroller & City Solicitor | Processes not in place to capture or review covenant of individual employers. | Fund would pick up the liabilities potentially leading to increased contribution rates for other employers. | Bond/guarantor sought for potential new admitted bodies and incorporated into admission agreements where appropriate. | Possible | Serious | Amber 6 | ↔ | Annual review of employer covenants particularly where bonds/guarantors are required | Unlikely | Serious | Green 4 |
| 7 | Cyber-Security | Chamberlain | (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) IT system failure (iv) Data Accuracy. (v) Lack of resources. | (i) Inaccurate benefits paid or delayed. (ii) Increased costs of inefficiencies. (iii) Financial penalties/ sanctions. (iv) Breach of Data Protection regulations. (v) Loss/corruption of data | Training of staff plus (i) Ensuring software is the latest version and any known errors are reported. (ii) Ensure IT have sufficient back-ups and Disaster Recovery. (iii) Ensure cyber-security procedures are robust and adhered to. (iv) Following DPA18 legislation | Unlikely | Serious | Green 4 | ↔ | Continue existing controls | Unlikely | Serious | Green 4 |

| Risk No. | Risk (Short description) | Risk Owner | Cause | Effect | Existing Controls | Current Risk | | | | Planned Actions | Target Risk | | |
|----------|--------------------------|------------|-------|--------|-------------------|--------------|--------|--------|-----------|-----------------|-------------|--------|--------|
| | | | | | | Likelihood | Impact | Rating | Direction | | Likelihood | Impact | Rating |

City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

(A) Likelihood criteria

| | Rare (1) | Unlikely (2) | Possible (3) | Likely (4) |
|-------------|--|--|---|---|
| Criteria | Less than 10% | 10 – 40% | 40 – 75% | More than 75% |
| Probability | Has happened rarely/rever before | Unlikely to occur | Fairly likely to occur | More likely to occur than not |
| Time period | Unlikely to occur in a 10 year period | Likely to occur within a 10 year period | Likely to occur once within a one year period | Likely to occur once within three months |
| Numerical | Less than one chance in a hundred thousand (<10-5) | Less than one chance in ten thousand (<10-4) | Less than one chance in a thousand (<10-3) | Less than one chance in a hundred (<10-2) |

(B) Impact criteria

| Impact title | Definitions |
|--------------|---|
| Minor (1) | Service delivery/performance: Minor impact on service, typically up to one day. Financial: financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints contained within business unit/division. Legal/statutory: Litigation claim or find less than £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives. |
| Serious (2) | Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user/stakeholder complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve one or more service plan objectives. |
| Major (4) | Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national media coverage 1 to 3 days. Legal/statutory: Litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people. Objectives: Failure to achieve a strategic plan objective. |
| Extreme (8) | Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National publicity more than three days. Possible resignation of leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective. |

(C) Risk scoring grid

| Likelihood | Impact | | | |
|--------------|------------|-------------|-------------|-------------|
| | Minor (1) | Serious (2) | Major (4) | Extreme (8) |
| X | | | | |
| Likely (4) | 4 Green | 8 Amber | 16 Red | 32 Red |
| Possible (3) | 3 Green | 6 Amber | 12 Amber | 24 Red |
| Unlikely (2) | 2 Green | 4 Green | 8 Amber | 16 Red |
| Rare (1) | 1 Green | 2 Green | 4 Green | 8 Amber |

(D) Risk score definitions

| | |
|--------------|--|
| RED | Urgent action required to reduce rating |
| AMBER | Action required to maintain or reduce rating |
| GREEN | Action required to maintain rating |

This is an extract from the City of London Corporation Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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