

Active Member **news** PENSION UPDATE

For active members of the Local Government Pension Scheme (LGPS) Summer 2024

Welcome to the 2024 newsletter for contributing members of the Local Government Pension Scheme (LGPS).

We have produced this newsletter together with other LGPS funds. If you would like more information about your pension benefits, contact the RBKC Pensions Team.

Since 1 April 2014, the LGPS has been a career average revalued earnings (CARE) pension scheme. A proportion of your pensionable pay is added to your pension account each year. Your pension account is adjusted in line with the cost of living, and the revalued amount is added to your total pension pot.

A cost-of-living adjustment is applied each April to your pension benefits. For April 2023, this was an increase of 10.1%. You'll see this increase on your annual benefit statement. This adjustment is in line with the Consumer Price Index (CPI).

Please check that all the information in your statement is correct. Most importantly, check the 2023/2024 CARE pensionable pay figures shown on your statement, as these are the figures that affect how your pension builds up. Your employer gives us information about your pay, so if this is wrong, you should contact them.



The increase for April 2024 has been confirmed as 6.7%, but this will be included on your 2025 annual benefit statement because your statement is produced on 31 March.

New code for pension schemes

The Pensions Regulator (TPR) has published a new code of practice for pension schemes. The new General Code of Practice ('the code') replaces Code of Practice 14 for public service pension schemes and brings together 10 previous TPR codes into one code.

TPR's research on governance and administration shows that the LGPS already has high standards of

governance in place. The new code gives an opportunity for funds to look at their current working practices and make sure that they meet the standards of the new code.

The code sets out a 'single set of clear, consistent expectations on scheme governance and administration' to give guidance to governing bodies such as

pension committees and pension boards.

The new code came into force on 28 March 2024.



McCloud update

The LGPS rules changed from 1 October 2023. The changes made are called the 'McCloud remedy' and remove age discrimination which was highlighted in the McCloud court case.

Here is a brief overview of the McCloud case and what it could mean for members.

Background

In December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against because pension protections (or 'underpin') that had been put in place for older scheme members did not apply to them.

This ruling is called the 'McCloud judgment', after a member of the Judicial Pension Scheme involved in the case. Because of the ruling, there are now changes to all public service pension schemes that provided protections, including the LGPS.

The changes are intended to remove the age discrimination found in the McCloud court case.

What does the McCloud remedy mean?

The McCloud remedy means two main changes for LGPS members.

1. Qualifying younger members are now protected by the underpin too. This removes the discrimination found in the McCloud judgment.

2. The new underpin rules are much more detailed. This means that the underpin works fairly and consistently for all protected members.

How will the remedy affect me?

The new underpin rules are very complex and we expect only a small number of scheme members will have an increase to their pension benefits. We will check all members' records to work out if they are due an increase as a result of the McCloud remedy. If you are affected, we will contact you direct.

How do I get more information?

For more information, please visit the McCloud remedy web page on the LGPS member website at www.lgpsmember.org/mccloud-remedy/

Do I need to do anything?

We will look at your pension record to find out if you are protected by the underpin. You do not need to contact us. Your 2025 benefit statement will include information about how you are affected by the changes.



Update on pensions dashboards

Last year we gave you an update about LGPS funds taking part in a new initiative called pensions dashboards.

Pensions dashboards will allow people to access information about their pensions online, through a secure website. This means you will be able to see details about all your pension benefits, from all your pension providers, in one place. This will help you with planning your retirement.

Pension providers must connect to the new dashboard by 31 October 2026.

LGPS funds are putting plans in place and are working with specialist companies to connect with the dashboard. We will keep you updated on our progress.

For more information on pensions dashboards, please visit www.pensionsdashboardsprogramme.org.uk

Standards of retirement

The Pensions and Lifetime Savings Association (PLSA) have published the latest study on the Retirement Living Standards. Based on independent research by Loughborough University, the standards aim to remove uncertainty around planning for retirement and explain what retirement could be like at three different standards, as follows. The figures below are the yearly amounts you'd need to achieve a certain lifestyle.



- Minimum**
 Single: £14,400
 Couple: £22,400
 Covers all your needs, with some left over.
- Moderate**
 Single: £31,300
 Couple: £43,100
 More financial security and flexibility.
- Comfortable**
 Single: £43,100
 Couple: £59,000
 More financial freedom and some luxuries.

Now in its fifth year, this research has become a benchmark for the pensions industry and the Government. Focus groups made up of UK residents from different backgrounds took part in the research. They talked about their expectations for retirement, and the opportunities and choices they

need to take part in society, not just survive.

Spending costs were worked out for each of the three standards, in line with the Consumer Price Index (CPI), in the following categories.

- House
- Food
- Transport
- Holidays and leisure
- Clothing and personal
- Helping others

The research suggests that retired people value doing things more than having things. Being able to help others (family or charities,

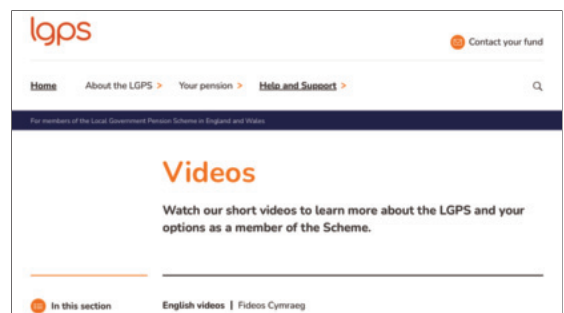
for example) has become more important, not just for the expensive items but for little things such as:

- helping with everyday costs;
- treating loved ones to a meal; and
- helping pay for activities and treats (especially for grandchildren).

For more information, visit www.retirementlivingstandards.org.uk

Pensions made simple

If you want to find out more about your LGPS pension and your options as a scheme member and you're short on time, take a look at the Pensions Made Simple videos. These nine short videos will give you quick introductions to topics such as 'How your pension works', 'Transferring your pension', 'Protection for you and your family' and 'Life after work'. Watch the videos now on www.lgpsmember.org/help-and-support/videos/



Pension Awareness Week – time to get on board



the retirement they want. The aim is to boost people's interest in their pensions.

One in six over-55s have no pension savings yet.

Source: unbiased

The following statements show that many people are not prepared for retirement and are not taking steps to plan their pensions and communicate with their pension providers.

During Pension Awareness Week, organisations from across the pensions industry hold free events, webinars and pension clinics to help members understand pensions and how to achieve

Pension Awareness Week returns from 9 September 2024. Support ranging from webinars to toolkits will be available on the website at www.pensionawarenessday.com

Research showed that 77% of savers don't know how much they'll need in retirement.

Source: PLSA

Five million people approaching retirement are at risk of not having "adequate" pension income.

Source: Centre for Ageing Better

You may be able to help a colleague, family member or friend by encouraging them to get in touch with their pension providers. If they have lost contact with them, help is available at www.gov.uk/find-pension-contact-details. Or, you may want to do something as simple as checking your State Pension (www.gov.uk/check-state-pension).

Are your nominated beneficiaries up to date?

You are covered for death in service from day one of paying pension contributions. If you die in service before the age of 75, and you are still paying contributions into the LGPS, an amount equal to three times your assumed pensionable pay can be paid as a death grant to someone you nominate. Assumed pensionable pay is an estimated figure used to make sure your pension is not affected if your pensionable pay reduces when you are away from work, for example due to sickness.

If you also have deferred benefits or are receiving a pension (or both) from a previous period of membership of the LGPS, the lump sum death

grant we pay will be:

- the total of any lump sum death grants payable from the deferred benefits or pension; or
- three times your assumed pensionable pay at the date of your death (the death-in-service grant);

whichever is higher.

You can let us know who you would like us to pay the death grant to by downloading an 'Expression of Wish Form – Death Grant Nomination' from the Resources section of our website www.rbkcpensionfund.org/resources/

Keep your pension safe

The number of pension scams continues to rise. It's more important than ever to understand how to protect your funds and the signs to look out for if you think you might be dealing with a scam.

Scammers often claim to be from genuine pension providers. They may contact you unexpectedly, through methods such as email, text message, social media or illegal cold-calling. They may offer you a 'free review' to discuss your finances. Their aim is to persuade you to transfer your pension savings to them, by promising access to high-earning, low-risk benefits.

If you want to find out more about how you can protect yourself against scams, visit the Financial Conduct Authority's (FCA) website at www.fca.org.uk

You can find more advice at www.moneyhelper.org.uk

If you receive a phone call or email which you think may be from us but you're not sure, don't give out your details. Please contact us to find out if the call or email is genuine.



Contacting the Pension Team



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