



London Borough  
of Hounslow

# Your pension matters



# Welcome!

Welcome to a new edition of your pension newsletter, aimed at active members of the Hounslow pension fund. There has been a huge amount happening in the world of pensions recently.

This past year has seen the new Government introduce a number of changes to pensions, including changing the way pensions increase and the state pension age; further details are contained in this newsletter.

Amendments have been made to the current Local Government Pension Scheme (LGPS) rules which result in some minor adjustments to the scheme regulations and a few more important changes. This newsletter provides information about these changes so you can identify whether or not they affect you and if you need to take any action.

The Public Sector Pensions Commission led by Lord Hutton, published its final report setting out proposals for public sector pensions. A summary of these changes are contained within this newsletter.

We welcome your input to help us improve communication with all our members; details of how to feedback your views can be found on the back page.

Enjoy the newsletter!

# LGPS Update

## **Option to combine previous LGPS benefits**

Under the new regulations, you are able to combine all previous LGPS benefits in England and Wales with your active membership providing you elect to do so within 12 months of joining the scheme with a new employer. Before the change you were only allowed to combine the most recent LGPS benefits.

The regulations give every active member a one off opportunity to combine any previous period of deferred membership they may have in the LGPS in England and Wales. So, if you have a period of deferred membership in the LGPS in England and Wales that you want to combine with your current (active) pension you can still apply, even if you have previously declared that you did not wish to combine the benefits. Please note this is a time limited opportunity and you will need to elect to combine your benefits by 1 October 2011.

Please contact the Hounslow Administration Team for further information, contact details can be found on the back page.

## **Pensions Increases and pay ranges used to determine contribution rates from April 2011**

Increases to pensions are now made in line with the Consumer Price Index (CPI). Pensions will increase by 3.1% from April 2011.

The pay ranges which are used to assess the contributions that active members make to the scheme have also increased by CPI.

Whole time equivalent pay range	Employee contribution rate
- £12,900	5.5%
£12,901 - £15,100	5.8%
£15,101 - £19,400	5.9%
£19,401 - £32,400	6.5%
£32,401 - £43,300	6.8%
£43,301 - £81,100	7.2%
More than £81,100	7.5%

## Pensions in the news

### Changes to the Annual Allowance

From 6 April 2011, the annual amount you can save in to a pension (Annual Allowance) will be reduced from £255,000 to £50,000. Any increase in benefits in excess of the Annual Allowance can be offset by any unused allowance from the previous three years.

Reasons for exceeding the allowance could be:

- Increase in salary due to promotion;
- Additional pension or scheme membership awarded by your employer;
- Paying a large amount into your AVC fund; or,
- Combining previous periods of membership if your current salary is much higher.

If you have any concerns you should speak to your tax advisor.

### Changes to the Life Time Allowance

The Lifetime Allowance is the total value of all your

pensions at the date they are paid (excluding state pension). This will be reduced from 6 April 2012 from £1.8 million to £1.5 million. This is not expected to affect many LGPS members.

If you have any concerns you should speak to your tax advisor.

## State Pension Age

The increase in the State Pension Age (SPA) to age 66 for men and women has been brought forward and will now take place between 2018 and 2020. As a consequence the current schedule to increase women's SPA has been accelerated so that both men and women will have a State Pension Age of 65 from April 2018.

Period in which birthday falls	State Pension payable from
6th December 1953 to 5th January 1954	6th March 2019
6th January 1954 to 5th February 1954	6th July 2019
6th February 1954 to 5th March 1954	6th November 2019
6th March 1954 to 5th April 1954	6th March 2020
6th April 1954 to 5th April 1968	66th birthday

Following on from this, further changes will be made so that:-

- From 6th April 2036 State Pension Age will be 67
- From 6th April 2046 State Pension Age will be 68

## The Hutton Report

In March 2011 The Public Sector Pensions Commission led by Lord Hutton published its final report on Public Service pensions, this includes 27 recommendations for changes to public service pension arrangements, some of which that could affect the LGPS:

The main theme of the Hutton report is the reform of public sector pensions so that they are fair and affordable for public sector workers and the tax payer. Recommendations include:

- Support for the continuation of a defined benefit pension scheme;
- Future accrual of pension benefits should move from final salary to career average revalued earnings (CARE);
- All existing pension benefits should be honoured on a final salary basis;
- The scheme pension age should be linked to changes in the state pension age;
- There should be a cost ceiling for employers, with a default position of either reduced benefits or increased employee contributions if this ceiling is breached.

In the 2011 Budget, The Chancellor announced the Government's acceptance of these recommendations. However, we do not yet know what changes will be made to the LGPS as a result of the Hutton report.

To view the full report go to [http://www.hm-treasury.gov.uk/indreview\\_johnhutton\\_pensions.htm](http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm)

# Your new pension website – Just a click away!

We are delighted to announce the launch of the new Hounslow Pension Fund Website.

Your benefits are now just a click away!

You are now able to:

- Check that your personal details are up-to-date;
- See how much pension you are likely to receive when you retire;
- See how taking early retirement will affect your pension;
- Access the Scheme’s member booklet, forms and governing documents.

Simply visit [www.hartlinkonline.co.uk/hounslow](http://www.hartlinkonline.co.uk/hounslow) to get started.

Please contact the Hounslow administration team if you have any queries regarding the new web site.



# Keeping in Touch

Look out for the next issue of your newsletter 'Your Pensions Matters', due out later this year.

In the meantime, if you have any ideas on how we can improve your newsletter or have any queries about your Hounslow Pension, you can contact the Administration Team at Capita Hartshead:

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The content of this issue is based on London Borough of Hounslow's understanding of the legislation and events as at April 2011. Nothing in this newsletter can override legislation. It is not intended to constitute advice and should not be considered as a substitute for specific advice in relation to individual circumstances.