NOV 2015

your pension
a simple guide for new members

gmpf

GREATER MANCHESTER PENSION FUND

Tameside Metropolitan Borough

Please see page 11 for details of important paperwork you need to fill in

welcome

We have produced this guide to introduce you to your employer's official pension scheme - Greater Manchester Pension Fund, or GMPF for short.

We look at the benefits you can look forward to as a member, how soon you can draw them, and we also look at the cover you have in case the unexpected happens.

GMPF is part of a nationwide scheme called the Local Government Pension Scheme - the LGPS as we'll call it from now on.

Especially if you've never been in a pension before, there is quite a lot to take in, so if you need to know more, you are welcome to visit our website, call our friendly helpline, or visit our offices - all the details are shown on the back page.

And finally, please remember, this guide is based on our understanding of the scheme rules, at the time of going to press, but these may change over time.

contents

your pension choices

Did you know that most working people **have to** pay into some kind of pension scheme...

Most of us are paying into the State pension through our National Insurance. Then on top of this, we can choose to pay into a staff pension scheme (GMPF in our case) or a personal pension, or even both!

Here are some of the benefits you get by joining GMPF. Why not spend a few minutes reading the rest of this guide, to find out what we have to offer - it could be the most valuable few minutes you'll ever spend!

Benefits for you

A pension paid for life, plus the chance to draw some of your package as a **tax free lump sum**.

Inflation proofing

Our pensions normally go up each year in line with prices to protect you from inflation

Life cover

Lump sum life cover of 3 times your assumed pay - and you can have a say in who gets it.

Family benefits

Pensions for your family and dependants if you die.

Shared costs

Your employer pays into the scheme with you - we couldn't offer all of this if they didn't!

How to join

Who can join?

Membership of the Scheme is open to you if you work for one of the local authorities in Greater Manchester, and a whole range of other organisations too. It doesn't matter whether you are full time, part time, or even temporary - you are welcome to join as long as you are **under 75**.

Sorry, not open to police officers, fire fighters or teachers who have separate schemes.

How to join

If you work for one of our larger employers (like a local authority) they will bring you in automatically in most cases, unless your contract is for less than 3 months, in which case you will have to ask.

At other employers where membership isn't automatic, in many cases they will still give you the option of joining - please ask your employer to find out more.

Once you have joined, your employer will let us know, and with your help we will then sort out the paperwork...

Sorting out the paperwork

As a new member, or even if you are just moving between employers within the Scheme, we will send you some information, including a new member declaration.

It's important you fill this in for us, as it helps us set up your records correctly. It's also the best way of letting us know your choices if you've been in a pension scheme before.

Been in a pension scheme before?

Local Government Pension Scheme

Deferred benefits: If you've been in the LGPS* before and you have deferred benefits we will normally combine these with your new pension account automatically. If you would rather choose to keep your deferred benefits separate then you must ask within 12 months of rejoining.

Opt outs: If you have deferred benefits because you opted out of the Scheme, from 11 April 2015 onwards, you **cannot** combine these.

Unpaid refunds: If you have an unpaid LGPS refund, we will automatically link this with your new pension account.

Sorry the rules on rejoining are complex, and the options open to you depend on how long ago you left the Scheme, and how long you had been a member.

For this reason is it especially important you fill in the P2 form we send you, so we can let you know your options.

**LGPS in England or Wales*

Additional Voluntary Contributions (AVCs)

If you have been paying AVCs you may be able to transfer them into our in house AVC scheme - please ask for details.

Public Sector pensions

If you have been in a public sector pension scheme before, such as the Civil Service, the NHS, the Teachers' Pension Scheme, we will normally accept a transfer from them.

How this will work will depend on when you left that scheme. ***To find out more, please fill in the P2 form we send you, so we can let you know your options.***

If you already draw a local government pension

Whether or not you join the Scheme again, you must tell the people who pay your pension about your new job. They will then check to see whether or not they have to reduce your pension.

Private companies

Sorry, we don't normally accept transfers from private companies. But if you are returning from a private firm which had been carrying out local authority services, we may consider a transfer as long as you ask within 12 months of joining.

Cancelling

Membership isn't compulsory - you can cancel your membership at any time - **opting out** as it's known.

If you want to opt out, you must let your employer know in writing, and they will cancel it from your next 'pay packet'.

Remember, even if you opt out of this scheme, you will normally have to pay into some other form of pension anyway.

People often cancel for personal financial reasons... if you're considering this, why not think about the lower cost 50/50 option instead...

The 50/50 option...

As well as the main scheme, the scheme also offers a lower cost 50/50 option. When you first join, you are automatically put into the main scheme. But you can choose the 50/50 option at any time instead. If you want to do this, please let your employer know in writing, or fill in a **50/50 option form** which you can get from your employer or on our website:
www.gmpf.org.uk

This can be a great way of keeping the costs down, but of course you build up lower benefits for yourself while you're doing this. On the other hand, the 50/50 option doesn't have any effect on your life cover or dependants' benefits.

If you do choose the 50/50 option, you can very easily switch back to paying standard contributions down the line. In fact periodically your employer will have to put you back into the main scheme, but they will let you know first.

Pay and your pension

Both the cost to you and the benefits you build up in the Scheme are tied into your pay. We use a particular type of pay called **pensionable pay.** It includes the types of pay shown in the table - for ease we will just call this **pay** from now on...

Pensionable pay

This is your pay **before** deductions and includes:

- Basic pay
- Bonus
- All types of overtime
- Shift allowance
- Standby allowance

So this should be most or all of your pay, except things like car allowance. And extras like rent free accommodation will only be included if spelled out in your contract.

If you are unsure about the type of pay in your case, please ask your employer's pensions section.

Assumed pay

Sometimes we have to work out your benefits on **assumed pay**. We do this to protect your benefits if you have a period where you are are on reduced or no pay, for example because of sickness or injury, child related leave or reserve forces leave. So we take the average pay you received for the 12 weeks (or 3 months if monthly paid) before the reduction, gross it up to an annual figure and divide that by the period of time you were on reduced or no pay. (Any reduction because of a strike break is ignored).

The cost to you

How to use the pay bands table

Simply take your pay, as explained opposite, and see which band it falls into in the table on the right. This will show you the cost to you, as a percentage of that pay. By the way, we've shown both the standard contributions (in the main section of the Scheme) and the 50/50 option...

Part timers

If you are part time, it is your **actual part time pay** which decides the pay band you fall into.

Changing pay bands

Remember, if your pay alters, this could mean you move into a different pay band. The bands will normally go up each year, to avoid people changing bands too often just through ordinary pay rises.

Lower tax & National Insurance

If you earn enough to pay tax and National Insurance, then these will both be lower, bringing the cost in 'take home pay' down to about ⅔ the cost shown on your payslip.

Band	Yearly pay	Main section	50/50 option
1	Up to £13,600	5.5%	2.75%
2	£13,601 to £21,200	5.8%	2.9%
3	£21,201 to £34,400	6.5%	3.25%
4	£34,401 to £43,500	6.8%	3.40%
5	£43,501 to £60,700	8.5%	4.25%
6	£60,701 to £86,000	9.9%	4.95%
7	£86,001 to £101,200	10.5%	5.25%
8	£101,201 to £151,800	11.4%	5.70%
9	£151,801 or more	12.5%	6.25%

The cost to your employer

One of the benefits of joining this scheme is that your employer pays in too. The cost to your employer goes up or down, and is set every three years, to make sure we have enough in the pot to pay out your benefits.

See over the page for some examples of the cost to you...

example

Steve earns **£20,000** a year, so he falls into band **2**.

He is paying into the **main section**, so this sets his contribution rate at **5.8%**.

This works out at just under **£97** a month - less after savings in tax and National Insurance.

Band	Yearly pay	Main section	50/50 option
2	£13,601 to £21,200	5.8%	2.9%

example

Jane earns **£22,000** a year, so she falls into band **3**.

She has chosen the **50/50 option**, so this sets her contribution rate at **3.25%**.

This works out at just under **£60** a month - less after savings in tax and National Insurance.

So she earns more than Steve, but is paying less in, because she has chosen the 50/50 option. But remember, she is building up smaller benefits too because of this!

Band	Yearly pay	Main section	50/50 option
3	£21,201 to £34,400	6.5%	3.25%

Your pension benefits

You don't need to be a maths wizard to work out your benefits in the scheme... as each year goes by, you simply build up a portion of your pay for that year in pension benefits. Those benefits are then banked in an individual account for you.

Then, in the next year, you build up a portion of your pay for *that* year, which is in turn added to your pension account, and so on down the line.

What's more, each year, we look at everything in your account so far, and increase it in line with prices, so it always keeps its buying power.

How much will I build up each year?

As each year goes by, you build **1/49th** of your pay - or asumed pay - for that year in pension benefits. In other words, take your pay, and divide it by 49... that's the amount we will add to your pension account.

What pay are my benefits based on?

They are based on the same type of pensionable pay we looked at before - so that includes things like overtime. But if you have a spell where your pay is reduced - for example sickness absence - we will use **assumed pay** instead - see earlier.

If you also have LGPS benefits from before April 2014, these are normally worked out differently. Please ask if you need to know more.

The 50/50 option

If you choose the 50/50 option, this means you won't build up 1/49th each year, you will build up **half** that instead. (By the way this doesn't affect things like life cover or dependants' benefits, which we'll look at later).

If you switch back to paying standard contributions at a later date, you start building up standard benefits again.

What if I'm part time?

We simply look at your pay for each year to work out your benefits - so that can be part time pay, full time pay, or a mixture of both. The more hours you work, the higher your pay, so the higher your benefits based on that pay.

Swapping pension for lump sum

No matter when you joined the LGPS, close to retirement, you can swap some pension for a tax free lump sum instead if you like. If you want to do this, you get £12 of lump sum for every £1 of pension you give up. There are limits on how much tax free cash you can take, and we will work this out for you at the time.

See over the page for an example...

example

Remember Steve? He is paying into the main section, and we know that his pay is **£20,000**. So in his first year, he will build up 1/49th of that - that's just over **£400**.

Then the next year, assuming he's on a slightly higher pay, he will build up a slightly higher pension, and so on down the line.

Let's say Steve has paid in for 35 years by the time he retires... even if his pay never went up, and prices never went up, he would still be looking at a pension of over **£14,000** a year.

Of course in reality, the pension pot he builds up each year will change as his pay changes, and prices are likely to go up, meaning his benefits will go up in line. But we've done it this way to try and give you a realisitic feel for the scheme's value in today's money.

Swapping pension for lump sum

Suppose Steve decides he would like **£36,000** as a lump sum, he will need to give up £3,000 of his yearly pension to get this, so that would bring down his pension to just over **£11,000**. Based on current limits, he could take as much as roughly £60,000 as a lump sum. But remember, Steve would be giving up a lot of income - year after year - to get this.

Your pension
and the cost of living

As you will see from the last few pages, each year in the career average scheme you build up 1/49th of your pay (or assumed pay) as a pension. Then each year the value of what's in your pension account so far is increased in line with prices.

What measure of inflation do you use?

We normally increase our pensions each April in line with the Government's preferred measure of inflation, currently the Consumer Prices Index (CPI).

What about when I'm drawing my pension?

We increase pensions in payment each April, again in line with inflation, to make sure your pension from us keeps its buying power.

What if there is negative inflation?

This is extremely unlikely to happen, but if it did a Treasury Order would specify how we were to revalue pension accounts for members who were still paying in. It could specify a reduction in line with CPI. Or it may just specify that the value stays the same for that year. For pensions in payment, they will just stay the same for that year if there is negative inflation.

Absence
from work

There are all kinds of reasons why we sometimes need time off work - maternity or paternity leave, long term illness, or even a strike are just some examples. So here's a quick guide to how these might affect your pension...

Sickness absence

During any **paid** periods of sickness absence, you pay pension contributions on whatever pay you receive. Even if this is a reduced pay, you carry on building up the same benefits you were doing before - in other words either standard benefits or 50/50 benefits, depending on which option you were in. That's because we use **assumed pay** to work out your benefits (see earlier).

If you go onto **unpaid** sickness absence, you will stop paying into the pension, but you will still carry on building up pension benefits. In fact, if you were in the 50/50 option, we will put you back into the main scheme, so you will start building up standard benefits again. Again during any unpaid periods of sickness absence, there is no adverse affect on your benefits, because we work them out using your **assumed pay**.

Child related leave

This covers the following:

- Maternity & paternity leave
- Shared parental leave
- Adoption leave

For ease we'll just call this child related leave here...

As long as you are being paid during any periods of child related leave (both ordinary and additional), you don't lose any pension benefits. If this is a reduced pay, you pay contributions on that reduced pay, but you carry on building up the same benefits you were doing before - in other words either standard benefits or 50/50 benefits, depending on which option you were in. That's because we use **assumed pay** to work out your benefits (see earlier).

During any **unpaid additional** child related leave, you won't build up any pension benefits. But if you like, you can buy back this **lost pension** by paying **additional pension contributions (APCs)** as explained later. In this case your employer would share the cost with you.

By the way, the amount of **lost pension** is worked out based on your lost pay for the period of absence (for example if you were in the main section, 1/49th of your lost pay).

Please note: time limits apply for this type of shared cost APCs.

Authorised unpaid leave

If you aren't being paid, then you aren't paying pension contributions, so this will reduce your benefits. But if you like, you can buy back this lost pension by paying **additional pension contributions (APCs)** as explained later. In this case your employer would share the cost with you. The amount of **lost pension** is worked out based on your lost pay for the period of absence (for example if you were in the main section, 1/49th of your lost pay).

Please note: time limits apply for this type of shared cost APCs.

Unauthorised leave

You won't be paid during any periods of unauthorised leave, so naturally you won't be paying any pension contributions. In this case there is **no option** to catch up on the lost benefits by paying APCs.

Strike break

During a strike break you won't build up any pension benefits. But if you like, you can buy back this lost pension by paying **additional pension contributions (APCs)** as explained later. In this case you would pay the full cost yourself. The amount of **lost pension** is worked out based on your lost pay for the period of absence (for example if you were in the main section, 1/49th of your lost pay).

Reserve forces leave

If you choose to stay in the Scheme, you will normally stop being paid by your employer, and get paid by the Ministry of Defence instead. The MoD should carry on collecting your normal pension contributions, and there will be no effect on your pension benefits, as we will work them out on your **assumed pay** (see earlier). If your regular employer also pays you something, this won't count for pension purposes at all.

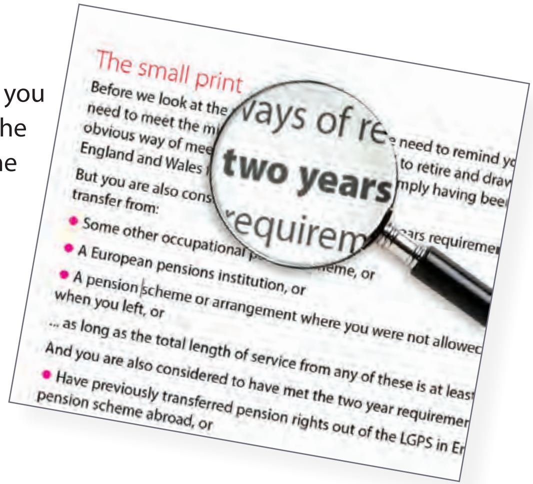
Shared cost APCs

Please note: where shared cost APCs are available (as highlighted by this symbol) your employer will pay 2/3 of the cost. But you normally only have 30 days from returning to work to take up this option, although your employer may extend the deadline, which often makes it easier for you and them if you have several short absences.

Drawing your benefits

There are many different ways of retiring in the LGPS, and we'll look at these over the next few pages. In fact you can choose to retire and draw your benefits at any time between 55 and 75 - so you have quite a lot of choice, as this section explains.

The small print



Before we look at the many ways of retiring, we need to remind you that generally you need to meet the minimum **two years** required to retire and draw your benefits. The obvious way of meeting this requirement is by simply having been a member of the LGPS in England and Wales for at least two years.

But you are also considered to have met the two years requirement if you have brought in a transfer from:

- Some other occupational pension scheme, or
- A European pensions institution, or
- A pension scheme or arrangement where you were not allowed a refund of contributions when you left, or

... as long as the total length of service from any of these is at least two years.

And you are also considered to have met the two year requirement if you:

- Have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad, or
- You already have deferred benefits in the LGPS, or
- You are already receiving a pension from the LGPS in England or Wales (other than a dependant's pension or a pension as a result of a pension sharing order)
- You have paid National Insurance contributions whilst a member of the LGPS and stop to contribute to the LGPS in the tax year of reaching pension age, or
- You have paid in for less than two years, but stop contributing to the LGPS because you reach age 75.

Normal pension age

There isn't one fixed retirement age for all members...

Instead you have your own **normal pension age** - and that's 65, or your State pension age if later. Your State pension age may change from time to time, so please visit **www.gov.uk** to check yours.

If you retire at your normal pension age, your benefits will be worked out just as we've explained - without any extras, or any reductions.

But there are various other ways of retiring, as shown in the next few pages. It's important to understand a little about how they each work, as this will have an effect on your benefits. In some cases benefits are boosted, and in others, benefits are reduced.

Retiring early at your own choice

Retiring early through redundancy or efficiency

Retiring early through ill health

Flexible retirement

Late retirement - up to 75

Retiring early at your own choice

You can choose to retire and draw your benefits any time from **55**, but be careful with this option...

As it's *your* choice to retire early in this way, your benefits will normally be reduced by a percentage, to take account of the fact we will be paying them for longer.

The reduction is roughly 5% for each year early you choose to draw your benefits. Here is an extract from the full table, which you can find on our website by searching *early retirement factors*.

Years early	Percentage reduction in pension	
	Men	Women
1	6%	5%
2	11%	11%
3	16%	15%
4	20%	20%
5	25%	24%

Remember, retiring early at your own choice normally means reduced benefits...

Remember minimum 2 years required

example

Norman is choosing to draw his pension at age **61** but his **normal pension age is 66**.

So he is choosing to draw it **five years early**, and will face a **25%** reduction in his pension.

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- *One way of avoiding the reductions mentioned is to leave but delay drawing your benefits... the closer to your normal pension age you draw them, the smaller the reduction.*
- *Employers can waive reductions at their discretion, and you can ask your employer what their policy is on this.*
- *Remember, these reductions **don't** apply if your employer retires you early through ill health or redundancy/efficiency. See over the page for more.*
- *If you have previous LGPS membership before October 2006 and have long membership, the 85 rule may offer some protection against the reductions. But this only normally applies if you choose to retire **from age 60**.*

Retiring on Ill health

Your employer can retire you on ill health at any age as long as you meet the two year requirement and also satisfy the following two conditions:

- Your employer must be satisfied that you are **permanently unable** to do your own job, and
- They must be satisfied that you have no immediate capacity for **gainful employment***.

They will consult a specially qualified doctor in assessing your case, and they will class you as a tier 1, tier 2, or tier 3 ill health case, as explained later.

In all cases, your ill health benefits will be based on the benefits you have built up so far, and will be paid without any early retirement reduction. And if you fall into tiers 1 or 2, the value of your benefits will be enhanced too.

****Gainful employment*** means paid employment of at least 30 hours a week for at least 12 months.

Remember minimum 2 years required

Tier 1

No prospect of *gainful employment* before normal pension age

We will pay you the benefits you have built up so far, without any early retirement reduction, and you will be given an enhancement. This will be 1/49th of your pay multiplied by the number of years until your **normal pension age**.

Tier 2

No prospect of *gainful employment* in the next 3 years, but good prospect of *gainful employment* before normal pension age

We will pay you the benefits you have built up so far, without any early retirement reduction, and you will be given an enhancement. The enhancement will be 25% (a quarter) of the tier 1 enhancement.

Tier 3

Good prospect of *gainful employment* in the next 3 years

We will pay you the benefits you have built up so far, without any early retirement reduction, but without any enhancement. Please be aware the Tier 3 pension is a temporary payment and will be paid for a maximum of three years. It will stop before the three years if:

- You start ***gainful employment***, or
- It is decided you are fit for ***gainful employment*** at an 18 month medical review

- *If you retire under any of the ill health tiers, if you have had periods on reduced or no pay, we will use your assumed pay instead to work out your benefits, so you don't lose out.*
- *We have only given a brief summary here - we also have a more detailed guide to ill health retirements which is available on our website, or in print from us.*

Flexible retirement

As long as you are **55** or over, your employer can allow you to reduce your hours or move to a lower grade **and** draw all or part of your pension benefits whilst carrying on working. But watch out, the benefits you draw will normally be reduced if you haven't reached your normal pension age (unless your employer waives the reduction).

After you have flexibly retired, you carry on building up pension benefits in your 'reduced' job - unless of course you choose to opt out.

Please remember, flexible retirement is only possible if your employer allows it - in other words it's an employer discretion.

Remember minimum 2 years required

Remember minimum 2 years required

Redundancy/efficiency

If your employer makes you **redundant** or retires you in the interests of **efficiency**, we will pay your pension benefits immediately **as long as you are 55 or over**. If you retire in this way, there will be no early retirement reductions in your ordinary scheme benefits.

- If you have also bought some extra pension through APCs (see later) these **will** be reduced for early payment.
- If you leave through redundancy/ efficiency but you are **under** 55, you are simply treated as any other leaver (see later section).

Late retirement

You can stay in the Scheme as late as the day before your 75th birthday, if your employer will let you carry on working for them. Naturally your benefits will be bigger because you have paid in longer. And as an added bonus, your benefits will normally be enhanced by a percentage too.

Please note, once you reach 75, you must stop paying into the Scheme, and we have to pay your benefits - even if you carry on working.

Lump sum life cover

From the moment you join the scheme, you have valuable life cover in the form of a lump sum.

If you die before you leave

If you die before you leave, we will pay out a lump sum equal to three times your yearly pay (or assumed pay).

If you also have deferred benefits

Please note that if you have other separate membership in the LGPS, there may only be one lump sum payment if you die. An example is that if you also have deferred benefits in the LGPS, we would pay whichever lump sum is better. There wouldn't be two life cover payments.

If you die after you retire

Different rules apply - please ask if you need to know more.

Who will you pay the lump sum to?

We will decide who to pay the lump sum to, but we will always take your wishes into account. To help us with this, you can fill in a *Lump sum nomination form* to let us know who you would like to benefit. This is part of our booklet *What happens when you die...*

We can only pay the lump sum life cover if you are under 75 when you die

If you do nominate

We will always give great weight to your nomination, and will generally follow it unless this isn't possible, or we feel there are exceptional circumstances.

An example of when we can't follow your nomination is if a beneficiary has died, or we can't trace them within two years.

And there will always be a short delay to allow for any claims from family or dependants who wouldn't benefit if we followed your nomination. But they would have to put forward an exceptionally strong case for us to pay them instead.

If you don't nominate, or we don't follow your nomination

If you don't nominate, or we don't follow your nomination, we will normally pay the lump sum to your spouse, civil partner or cohabiting partner.

If you don't leave any of the above, we will normally pay it to your personal representatives.

If you would like to make a nomination but don't have this booklet, please download one from our website at **www.gmpf.org.uk**, ask your employer's pensions officer, or call our helpline on 0161 301 7000.

Pensions for dependants

Now let's move on to look at pensions for dependants. These benefits are totally separate to the lump sum life cover - they are worked out in a different way, and can be paid to different people. With this type of benefit, we have no discretion - the scheme rules spell out who we should pay a pension to. This is **either** your spouse, cohabiting partner, or your civil partner, **plus** any dependent children...

Spouse - this means someone you are married to.

Cohabiting partner - this means someone you are living with.

Civil partnership - where two people of the same sex have registered their partnership through a civil ceremony.

Dependent children - normally under 18, see later for more.

How much pension will my dependants get?

This is tricky to explain, but this should give you the general idea...

A pension for your spouse, cohabiting partner, or same sex civil partner...

They will get 160th of your pay for the years you have paid in, plus the years you *would* have built up by your **normal pension age**. In other words:

Total years to normal pension age X Pay ÷ 160

Please note: For a **cohabiting partner**, we can only count membership from 6 April 1988, unless you have paid extra to make it count.

Please see the notes over the page for more about dependants' pensions...

A pension for your eligible dependent children...

They will get a portion of a pension based on your pay for the years you have paid in, plus the years you *would* have built up by your **normal pension age**. The portion depends how many children, and whether we are paying other dependants' pensions as well:

- One child: 320th.
- Two or more children: Equal share of pension based on160th

If we pay children's pensions but no spouse or partner's pensions:

- One child: 240th.
- Two or more children: Equal share of pension based on120th

For example, for one child, where there is also a spouse or partner's pension it would be:

Total years to normal pension age X Pay ÷ 320

Who counts as an eligible dependent child?

By an **eligible dependent child**, we mean your natural child, adopted child, or a child you have accepted into your family. The child needs to be:

- Under 18, or
- Over 18 but under 23 and in full time education, or vocational training (for example an apprenticeship), or
- Permanently dependent on you and unable to carry out gainful employment because of a disability.

Please see our separate death benefits booklet for more about children accepted into your family, children who are dependant because of a disability, and natural children born after your death,

More about working out dependants' pensions

- If you have had any periods of reduced pay or no pay, dependants' benefits will be based on your **assumed pay** instead, so they don't lose out.
- If you die in service, and the illness which caused it had lead you to reduce your hours and therefore your pay, we will base the assumed pay for working out dependants' benefits on the unreduced pay. This must be certifed by a specially qualified doctor.
- Dependants' pensions also include a value to reflect any transfers into the scheme which you have had.
- If you get married, form a cohabiting partnership or form a same sex civil partnership after you retire then different rules may apply.
- If you also have LGPS benefits from before April 2014, dependants' pensions relating to this period are normally worked out differently.

Please ask if you need to know more about any of these...

Do I need to register my dependants' details with you?

We don't need you to register your dependants' details with us, but they will need to provide us with various details if you die, as explained here...

If you are **married** or in a same sex **civil partnership** we will need to see a copy of the marriage certificate or civil partnership certificate.

Dependent children - we will ask to see the original full birth certficate showing parents, or an adoption certificate, or in the case of children accepted into your family, some form of proof of this.

To qualify as a **cohabiting partner**...

- Your partner must be someone you could have legally married or formed a civil partnership with,
- Neither of you could be married to, or in a civil partnership with someone else,

And your partner will need to provide proof that:

- you had been living together for at least two years (for example from a utility bill),
- you had some financial dependance on each other (for example a joint bank account).

Leavers' choices

If you leave and you aren't entitled to draw your benefits immediately, you have various choices, and this generally depends on how long you have been a member, as this section explains...

If you have been a member for less than two years you can choose between...

A transfer *or* **A refund**

If you have been a member for two years or more, you can't have a refund. Instead you can choose between...

A transfer *or* **Deferred benefits**

See over the page for more about transfers and deferred benefits.

More about refunds

This is where we simply pay you back the money you have paid in. This is open to you as long as you haven't met the minimum 2 years required to be entitled to benefits. See the *Drawing your benefits* section for more about this.

If you have a refund:

- You will get back your own contributions, but not any of your employer's. Before you get your refund, we will have to take tax and National Insurance from it.
- The earliest we can pay the refund is a month and two days after you leave, but if we pay it more than 12 months after you leave we will add interest to cover the period from the date you leave.
- Please note: if you join the Scheme again before we have paid the refund, we will have to cancel the refund and automatically link the benefits with your new job instead.
- A refund must be paid within 5 years of your leaving the LGPS (or age 75 if earlier).
- If you opt out of the Scheme in your first three months and request a refund, this will be processed through your employer's payroll.

More about deferred benefits

This is where we work out the value of your benefits, then hold them for you until a later date. See *Your pension benefits* for how we do this. We will *automatically* defer your benefits if you leave but don't ask us to transfer them.

- *We will normally increase your deferred benefits each year in line with the cost of living, and will send you an illustration of this each year.*
- *You can generally draw your deferred benefits at the same age as you would have done had you stayed in the Scheme. The exact details will depend on the rules that were in place at the time you left, but generally this means from 55, but usually with an early retirement reduction.*
- *If you draw your deferred benefits early on grounds of ill health, your benefits will not be enhanced, as they would with a current member.*
- *If you join another pension scheme at some point in the future, you can ask us about transferring your deferred benefits into it.*
- *If you have deferred benefits with us and you join the LGPS again, please ask at the time what the rules are about linking your benefits together. In fact if you have an unpaid refund, then this must be joined with your new active pension account in the LGPS.*
- *If you die before you have drawn your deferred benefits, we will pay out a lump sum, and pensions to your dependents.*

More about transfers

This is where we work out the 'cash value' of your benefits, then pay this over to another pension scheme, for example a company pension scheme or a personal pension.

- *The transfer value is based on the value of the benefits you have built up including your own retirement benefits and a pension for a spouse or partner. To do this, we use factors supplied by the Government Actuary which take account of inflation, investment returns and life expectancy.*
- *You cannot transfer your benefits (other than AVCs) if you leave with less than three months membership, or with less than 12 months before your normal pension age. As long as you meet these conditions, on request, we will provide you with a statement within three months, and you then have another three months to decide whether or not to go ahead.*
- *Even if you do not ask for a transfer as soon as you leave, you can ask for one at some point in the future. In fact you have the right to ask for an up to date statement of the transfer value once a year. But watch out, some schemes restrict inward transfers.*
- *Naturally you cannot have a transfer if we have already paid your benefits.*

Multiple jobs: If you have more than one job and leave one of them, you can defer the benefits from that job, or transfer the membership to your other job.

Freedom & choice in pensions

You might also want to know that it is possible to leave the Scheme, even if you arent leaving your employer. This may then enable you to transfer your benefits into a totally different type of pension scheme, which would possibly offer more freedom over when and how you can draw your benefits. These rules are part of the Government's initiative to offer more freedom and choice in pensions and mean that:

- At least 12 months before your normal pension age, you can transfer your benefits from the LGPS (where benefits are termed *safeguarded benefits*) to an arrangement which is termed as offering *flexible benefits* - a defined contribution scheme (such as a personal pension scheme).

This is open to you if you as long as:

- We **haven't** paid your benefits,
- You opt out so you stop paying into the Scheme as a current active member
- You are not retiring with immediate benefits on the grounds of redundancy, business efficiency or ill health

Buyer beware

But this approach is not without its risks. So you will be required to take independent financial advice (at your own cost) where the outward transfer value is £30,000 or more. This also applies to you if you are a deferred pension credit member (this means you were given part of your ex spouse's pension pot as part of a pension sharing order) but normal pension age becomes your normal benefit age.

AVCs

Freedom & choice also applies to AVCs, meaning you can transfer your AVCs (as long as you have stopped paying them) and there is no requirement for you to have stopped contributing to your AVCs at least 12 months before normal pension age or to have asked about a transfer at least 12 months before normal pension age.

For more about Freedom and Choice see our website.

Topping up your benefits

We offer three easy ways of topping up your benefits...

- Buying Extra Pension with APCs
- AVCs
- Additional Death Benefits

Just like your normal contributions, you get tax relief on each, and you can even pay into more than one at once, if you like. There are few limits on how much you can pay in, so this gives you quite a lot of scope to top up your benefits.

1 Buying extra pension with APCs

Additional pension contributions (APCs for short) are a way of topping up your pension directly with us – you pay in a set amount, and that tops up your pension by a set amount. You can either use APCs to top up your pension simply because you want to, or to catch up on some lost benefits following a break, where you haven't paid contributions. You can boost your pension in this way by as much as £6,675.

What's the cost?

You can choose to either pay APCs by instalments or with a one off payment. The easiest way to get an idea of the cost is to visit this external LGPS website: **https://apc.lgps2014.org/**

Will my employer pay towards my APCs?

If it is simply a case of you choosing to top up your pension with APCs, then your employer is unlikely to pay towards the cost. But if you are paying APCs to catch up some lost benefits, for example following unpaid parental leave, then in many cases your employer will pay towards the cost - in fact they will pay $^{2}/_{3}$ of the cost. This makes sense, since they would have paid into the scheme anyway, had your normal contributions continued. Please see the *Absence from work* section for more information.

Can anyone pay APCs?

Generally yes, but if you are paying by instalments, we will need a doctor's certficate to confirm you are likely to be fit enough to complete the payments.

For more about APCs please see our website, or call our helpline on: 0161 301 7000.

2 Additional Voluntary Contributions

AVCs are simply a form of investment to build up a separate pot of money which you draw in the form of a *separate* pension and, if you like, at least some of its value as a tax free lump sum. Funds like us use outside AVC providers to run their in house AVC schemes, and we have chosen Prudential.

There is no minimum amount, and you can either pay a fixed amount into your AVCs, or a percentage, so the amount changes if your pay changes. Also, there is no specific upper limit on AVCs, but there are overriding tax limits which can be an issue if you are one of our better paid members and/or have long service. Prudential can help you check these.

For more information about AVCs, please contact Prudential's *Retirement Specialist Team* on:
0800 032 6674 or download an application form at:
www.pru.co.uk/localgov

If you pay AVCs as a member of the LGPS, there are four main options when it comes to drawing them at retirement:

- Buy an annuity from your in-house AVC provider.
- Buy an annuity from *another* insurance company of your choice (this is known as the Open Market Option).
- Buy an extra pension from the main scheme (a scheme annuity).
- Take all or some of it as a tax free cash lump sum

Freedom & Choice

You may have heard about other pension options as part of an initiative called *Freedom & Choice in Pensions*. These include things like draw down pensions, in other words drawing pensions or AVCs in stages rather than all at once. Sorry these options **don't** apply to your in house AVCs unless you transfer your AVC out to a personal pension or similar, which does allow this.

3 Additional Death benefits

This is quite different to the other ways of topping up benefits, as it is a way of providing extra life cover and more protection for your family on top of the valuable cover you already enjoy as a member. The scheme is also run through the Prudential and is open to every member. It's generally used to provide extra lump sum life cover, but you could use it to provide dependants' pensions too.

For more information about additional death benefits through AVCs, please contact Prudential's *Retirement Specialist Team* service on: 0800 032 6674
or download an application form at:
www.pru.co.uk/rz/localgov/

Tax limits
and your pension

Pensions are a tax efficient method of saving for your future, since pension contributions are generally tax free. But there are two key tax limits that you should know about - the annual allowance and the lifetime allowance. Most scheme members' pension savings will be less than these allowances, but if you do go over either allowance, this may result in a tax charge. So we have included a brief explanation in this section...

Annual allowance

Annual allowance is an amount set by HMRC and is the amount by which the value of your pension benefits may **grow** in any one year without you having to pay a tax charge.

An annual allowance of £80,000 applies for the 2015/16 tax year but subject to a £40,000 allowance for savings from 9 July 2015 to 5 April 2016. If you are an individual earning over £150,000, from April 2016, for every £2 of earnings above this level the annual allowance of £40,000 will be reduced by £1. If you earn £210,000 or above, you will have a reduced annual allowance of £10,000. This is our current understanding of the changes made to the annual allowance from 2015/16 onwards. At the time of writing this booklet the changes were still being finalised. See our website for further details of the changes. Updates will be added as we fully understand the full implications of these changes.

The annual allowance applies to your total pension savings for **all** tax-registered pension arrangements that you still pay into.

You would only be subject to an annual allowance tax charge if the value of your pension savings for a tax year increases by more than the annual allowance for that tax year. If you do exceed the annual allowance, you can carry forward any unused annual allowances from the previous three tax years (as long as you have been a member of a registered pension scheme for the relevant years).

Glossary

- Pension input period: Period looked at to check amount your pension has grown. For 2015/16 this is 1 April 2015 to 5 April 2016. Then from 2016/17 it will be aligned with the tax year.

Glossary

- Carry forward: unused allowance from an earlier period, which you carry forward to help avoid going over the limit.

Lifetime allowance

The lifetime allowance is a limit on the total value of your pension savings that you can have without triggering an excessive benefits tax charge.

This includes:

- Your benefits in the Local Government Pension Scheme (LGPS), and
- Any pension benefits you may have in other tax-registered pension arrangements.

But it does not include:

- State pensions and dependant's pensions.

What happens if I go over the lifetime allowance?

If the value of your pension benefits when they come into payment are more than the lifetime allowance, you will have to pay tax on the excess benefits. The lifetime allowance for **2015** is **£1.25 million** but this will fall to £1 million from 6 April 2016 (you may wish to check the HMRC website that this is still up to date).

Where to find out more about tax limits and my pension...

For more details about lifetime allowance and annual allowance please use the A-Z search facility in our website at:

www.gmpf.org.uk

Or you can visit the 'Tax on your private pension contributions' page on the GOV.UK website at:

www.gov.uk/tax-on-your-private-pension

When a marriage or civil partnership breaks down

Your pension benefits can be worth a considerable amount, and if you go through a divorce/dissolution, the value of these benefits needs to be taken into account. The first step is to value your benefits, and as the member, you or your solicitor (with your authority) can ask for this value (as can the court in special circumstances), but your husband, wife, civil partner or their solicitor cannot. There are three main ways of treating your pension benefits during a divorce/dissolution:

Offsetting: where the value of your benefits is offset against other assets. So to take a simple example, you might keep your £60,000 worth of pension benefits, but your 'ex' would keep the £60,000 house.

Earmarking: where part of your pension is paid to your 'ex' at the point you draw it.

Pension sharing: where the value of your benefits is split, and part of it used to set up your 'ex' with a completely separate pension pot.

Time limits

There are strict time limits for sorting out the pension arrangements during a divorce or dissolution, so if you or your solicitor need information, please see our website, or call us on 0161 301 7000 or 0161 301 7033.

How to complain

If you are at all unhappy, first of all talk the problem through with us or your employer - whoever you think is at fault. Many problems are caused by simple misunderstandings, and can be put right quickly and easily this way. But if you feel that you want to take matters further, we have a two stage internal dispute system, as shown on the right.

And at any stage of the internal dispute system, you can also turn to an outside organisation called TPAS for free confidential help. (See over the page).

Making your complaint

We recommend you use our factsheet called *How to Complain*, as this gives further details of the dispute system, and includes a form to help you explain your complaint clearly.

You can get a copy from our website, or by ringing our helpline on 0161 301 7000.

Stage 1 - formal complaint

Your first step is to put your complaint in writing to whoever you think is at fault - either your employer or this Fund. Please make sure you do this within six months of the problem taking place, as your complaint can only be looked at later than this in special cases.

Complaints against this Fund...

Stage One Pensions Referee, c/o GMPF

Please see back cover for address details.

Complaints against your employer...

Please write to your employer's Pensions Officer.

Stage 2 - further appeal

If you are unhappy with the stage 1 decision you have six months to appeal to a stage 2 referee, who has been appointed by this Fund. You can also do this if you have gone through stage 1 but haven't had a reply within three months.

Please write to:

The Stage Two Pensions Referee, c/o GMPF

Please see back cover for address details.

Outside organisations

The Pensions Advisory Service (TPAS) helps members and beneficiaries with pensions queries, or if they are dissatisfied with the complaints procedure. TPAS cannot force schemes to take action and may refer cases to the Pensions Ombudsman instead. You can contact TPAS through your Citizens Advice Bureau, or at:

11 Belgrave Road, London, SW1V 1RB

0300 123 1047

www.advisoryservice.org.uk

The Pensions Ombudsman can investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme that has not been satisfactorily resolved through the two stage internal dispute system or with the help of TPAS. Pension schemes and members must normally go along with the Ombudsman's decision unless it is overturned by a court.

11 Belgrave Road, London, SW1V 1RB

020 7630 2200

www.pensions-ombudsman.org.uk

State pensions: please contact your local Department for Work & Pensions Office

The Pensions Regulator is a watchdog which makes sure schemes are run properly, and protects members against fraud. Anyone who is worried about a scheme can report them to The Pensions Regulator.

Napier House, Trafalgar Place, Brighton, BN1 4DW

0845 600 7060

www.thepensionsregulator.gov.uk

Independent advisers are not tied to selling the products of just one company, but will still charge a fee or earn commission on the products they sell. Find an adviser in your area at:

www.unbiased.co.uk

The Pension Tracing Service holds the details of all pension schemes, which have to register their details with them. GMPF has done this. If you were in another scheme in the past and you have lost touch with them, the Tracing Service should be able to help:

The Pension Service, Mail Handling Site, Wolverhampton, WV98 1LU

0345 6002 537

www.gov.uk/find-lost-pension

Data protection statement

Tameside MBC is registered as the Data Controller for the details we hold about you as a member of the scheme.

We hold these details on computer, and larger employers have access to some parts of this (but only for their own employees). For example they can use it to produce retirement estimates, but they can't see things like details of any nominations you have made.

GMPF's actuary needs certain details to carry out the three yearly check. So we send him the details he needs, such as your pay and your age, but not any details he doesn't need such as your home address.

More details of GMPF employers and our actuaries can be found in our annual report, which is available on our website.

Notes

Can we help?

Here are the ways you can find out more or get in touch with us. If you do contact us, please quote your National Insurance number.

Remember to let us know your new address if you move house.

Visit our website to find out more or to contact us by email:

www.gmpf.org.uk

Or call our friendly helpline on:

0161 301 7000

Or call in at our offices - please note change of address:

GMPF, Guardsman Tony Downes House, 5 Manchester Rd, Droylsden, M43 6SF.

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lgps

The LGPS is a tax registered scheme and is registered with HMRC.