

news

2016

For Pensioners of the Scheme



It has been yet another busy and challenging year for the Local Government Pension Scheme (the Scheme) in Northern Ireland. The new Career Average Revalued Earnings (CARE) scheme came into operation on 1 April 2015 and brought with it arguably the biggest single change in the Scheme for the 65 years that NILGOSC has been in existence.

Despite the significant changes in scheme administration we are delighted that Scheme membership grew to 114,026 last year, and the value of the Fund hit a record high in May 2015, reaching £5.9bn, however increasing investor uncertainty in the latter half of 2015 and into 2016 saw the Fund end the year a little lower at £5.82bn.

Nowadays it seems that there are more changes to pensions than ever before. Please keep an eye on the News section of our website (www.nilgosc.org.uk/news). We also publish news alerts on Twitter@NILGOSC.



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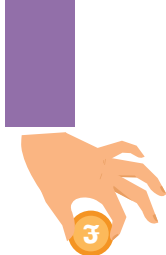
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YOUR PENSION SCHEME

Pension Payment Dates

The table below shows the dates on which your pension will be paid each month.

2016	
November	Wednesday 30 th
December	Wednesday 21 st
2017	
January	Tuesday 31 st
February	Tuesday 28 th
March	Friday 31 st
April	Friday 28 th
May	Wednesday 31 st
June	Friday 30 th
July	Monday 31 st
August	Thursday 31 st
September	Friday 29 th
October	Tuesday 31 st
November	Thursday 30 th
December	Thursday 21 st

Online Communications

Save Paper –

Choose the greener option

We are changing the way we communicate with you. We want to be more environmentally friendly, reduce costs and continue to meet member demand, so we are encouraging you to register your email address with us. We can then send you non-personalised communications, such as this annual newsletter and general Scheme information, by email rather than post.

To register or update your email address please visit our website

www.nilgosc.org.uk/emailcapture.aspx and provide us with your:

- Full name
- Email address
- Date of birth
- National Insurance number

All personalised information such as your yearly P60 and monthly payslips will continue to be posted to your home address for the time being.

For any written queries please allow us 10 working days to provide you with a response.



Guaranteed Minimum Pension (GMP) Reconciliation Exercise

The GMP reconciliation exercise is now well underway

The New State Pension was introduced on 6th April 2016. It replaced the previous basic State Pension and the earnings related State Second Pension. Up until the changes in April 2016, if you or your spouse were a member of the NILGOSC scheme between 6 April 1978 and 5 April 1997, you or they will have 'contracted out' of the additional element of the State Pension and will have benefited from paying a lower rate of National Insurance contributions.

As a result of contracting out, members were guaranteed a certain amount of pension in place of the additional state pension they were giving up. This is commonly referred to as the GMP (Guaranteed Minimum Pension).

Contracting out of the State Second Pension ended on 5th April 2016.

With the introduction of the new State Pension, all pension schemes across the UK have been asked to check their members' contracting out details and GMP amounts against the records held by HM Revenue & Customs (HMRC). Over time a number of factors may mean the data that was supplied between employers, HMRC, and scheme administrators may differ or not have been updated.

The GMP reconciliation exercise is well underway with over 4,000 member records investigated to date by our dedicated GMP Team. Currently less than 1% of the cases reconciled required corrective action. Investigations will continue over the next year on approximately 9,500 retired and deferred member records. You will only be contacted if it is identified that your pension needs amended as a result of the reconciliation.

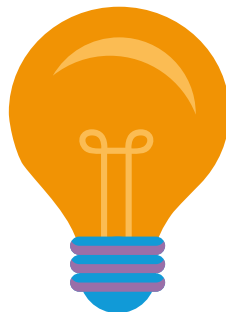
Useful Information

We pride ourselves with providing a good service to our members and we have identified below some organisations and sources of information that you may find useful:

- 📄 DSD A Guide to Public Services for Older People: - www.dsdni.gov.uk/sites/default/files/publications/dsd/guide-to-public-services-for-older-people-in-northern-ireland.pdf
- 📄 Age Sector Platform: - This group represents a strong unified voice for older people in Northern Ireland. It is the charity responsible for the Northern Ireland Pensioners Parliament - www.agesectorplatform.org
- 📄 Commissioner for Older People: - This group safeguards and promotes the interests of older people - www.copni.org

If I decide to go back to work, will my pension be affected?

If you get (or already have) a job with an employer who is in the Scheme, please let us know immediately and inform your new employer that you currently receive a Local Government Pension.



For most people, returning to work with an employer in the Scheme will not have an effect on the pension you currently receive. However, the rules on additional compensation pensions are different and these pensions can be reduced or suspended when a pensioner becomes re-employed.

If you are unsure whether your employer is in the Scheme, please visit the employers' section of our website www.nilgosc.org.uk/employers where you will find a list of employers that currently contribute to the Scheme.

Cost of Living Adjustment

Each year we increase pensions in line with the Pensions Increase (Review) Order (Northern Ireland) so that your pension keeps up with the cost of living.



It is the rate recorded in September of the previous year, which then sets the rate that applies the following April. When inflation was measured in September 2015 it was recorded at -0.1%, in other words there was negative inflation.

The Pension Increase regulations state that when there is negative or zero inflation, we must leave the value of your pension unchanged. Therefore there was no cost of living adjustments made to your pension in April 2016.

Changes to State Pension

The entire State Pension system had an overhaul from April 2016 as the government replaced the “two part” State Pension system with a single pension payment. In today’s money, the new State Pension will be £155 a week, compared to the basic State Pension of £116. You will also need to have 35 qualifying years to be able to get the full new State Pension.

If you are already receiving your state pension this change will NOT affect you. The introduction of the new State Pension will also not affect the pension that you receive from the Scheme.

If you’re due to reach State Pension Age in the first five years of the new system, you can ask for an estimate of your new State Pension now. This applies if you are:

- a woman born between 6 April 1953 and 5 August 1955, or
- a man born between 6 April 1951 and 5 August 1955

You can call the Future Pension Centre on **0345 300 0168** for a statement or get one online at: www.gov.uk/state-pension-statement.

More information on the new State Pension can be found at: www.nidirect.gov.uk/state-pension.



The Government has introduced a new State Pension ‘top-up’ facility to allow some pensioners and those close to State Pension Age to pay voluntary National Insurance contributions to increase their State Pension. The top-up facility is available to all pensioners who reach State Pension Age before the introduction of the new State Pension in April 2016. The scheme is expected to run until 5 April 2017. A calculator is available at www.gov.uk/state-pension-topup.

'Freedom and Choice'

You may have seen coverage on TV or in the papers recently about the changes to the law giving people more freedom on how and when they can take their pension. This is known as ‘Freedom and Choice’.

As you are already receiving your pension you cannot transfer it to another scheme to avail of these new options.

Paying Tax in Retirement

Her Majesty's Revenue and Customs (HMRC) informs NILGOSC of the tax codes which must be used for pensioners' payments. If you have any queries about your tax code, you should contact the tax office directly on **0300 200 3300 (0044 135 535 9022 if overseas)**. NILGOSC does not have any information on why a tax code has changed and does not have the ability to change a tax code without authorisation directly from HMRC.

Brexit Referendum

On 23 June 2016 the UK voted to leave the EU. The financial markets reacted very quickly and very negatively, although they also rapidly bounced back.

Please be assured that the value of your pension is not affected by any financial turmoil. For most years your pension has increased in line with inflation and there is a protection to ensure that when inflation is negative your pension is not reduced. If you are receiving your

pension and you live outside of the UK (whether in the EU or not) there will be no change to the existing process.



Payslip Information

You will receive a payslip when you first retire and then in April and May each year. Apart from that we only produce a payslip when your monthly pension changes by £1 or more after deductions. No payslip will be issued in May if there is no pension increase in the April.

New Bank Account?

If you want us to pay your pension into a different account you must notify the payroll team in writing. To allow enough time to make the change, please let us have the new details three weeks before your next payday.

Keep in touch

Please remember to add NILGOSC to the list of people who need to know if you move house, get married or if any of your personal details or circumstances change.

[The best way to tell us is using the contact us page of our website.](#)
[Alternatively you can call us, write in or call into the office.](#)




Let Us Know Your Wishes

I live with my partner but we aren't married. Can I nominate them to receive my pension when I die?

Unlike a husband, wife or registered civil partner, a cohabiting partner is not automatically entitled to a survivor's pension. If you were an active member of the Scheme (paying contributions) on or after 1 April 2009, you have the option of nominating a cohabiting partner to receive a pension if you die. This option is not open to you if you left the Scheme before 1 April 2009.

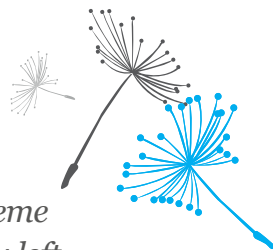
If you would like your cohabiting partner to receive a pension if you die, you must have completed a valid Nomination of Cohabiting Partner Form and filed it with us before your death.

There are certain conditions which you must meet before you can nominate a cohabiting partner to receive your pension. These are shown on the Nomination of Cohabiting Partner Form which can be downloaded from the pensioners' section of our website www.nilgosc.org.uk/keeping-us-updated or by contacting our office.

 If you wish to revoke an existing nomination form you should complete a Revocation of Cohabiting Partner Nomination form which can also be downloaded from our website or we can send you a copy if you contact our office.

Expression of Wish Form

A death grant is paid if you die before age 75 and have either been receiving your pension for less than 5 years (if you left the Scheme before 1 April 2009) or less than 10 years (if you left the Scheme on or after 1 April 2009).



Less than 42% of pensioners have told us who they would like to receive this lump sum, so make sure to tell us by completing and returning an Expression of Wish form which can be downloaded from the pensioners' section of our website www.nilgosc.org.uk/keeping-us-updated or by contacting our office. If your circumstances have changed please remember to complete a new form.

REVIEW OF THE YEAR 2015/16

Financial Statement

The statement below details NILGOSC's Fund Account for 2015/16 and 2014/15.

The full version of NILGOSC's financial statements is included in our Annual Report which is available on request or can be viewed on our website: www.nilgosc.org.uk/annual-reports-and-corporate-plan.

	2015/16 £,000	2014/15 (*as restated) £,000
INCOME		
Employers' contributions	200,825	173,757
Employees' contributions	54,610	52,648
Transfers In	11,373	5,224
Investment Income	87,854	89,170
	354,662	320,799
EXPENDITURE		
Benefits Paid	(221,543)	(179,314)
Payment on account of leavers	(4,147)	(3,610)
Administration expenses	(3,803)	(3,267)
Investment management expenses	(18,304)	(13,826)
	(247,797)	(200,017)
Net income	106,865	120,782
SUMMARY		
Opening net assets of the Scheme	5,820,770	5,034,548
Net income	106,865	120,782
Change in market value of investments	(108,278)	665,915
Net actuarial gains/(losses) recognised in the year	783	(475)
Closing net assets of the Scheme	5,820,140	5,820,770

*The results for 2014/15 were restated as a result of a change in accounting treatment of AVC investments. AVC investments are no longer included within the net assets of the NILGOSC pension scheme.

Investments

The value of the Fund at 31 March 2016 was £5.82bn, a decrease of £0.6m (0.01%) on the previous year.

Over the year to 31 March 2016, the Fund achieved an overall return on the total assets of -0.4% (2014/15: 15.1%). We have set an investment target to exceed the Consumer Price Index by 5% over a 3 and 5 year period and have exceeded this target over both time frames at 31 March 2016 as shown in the table below:

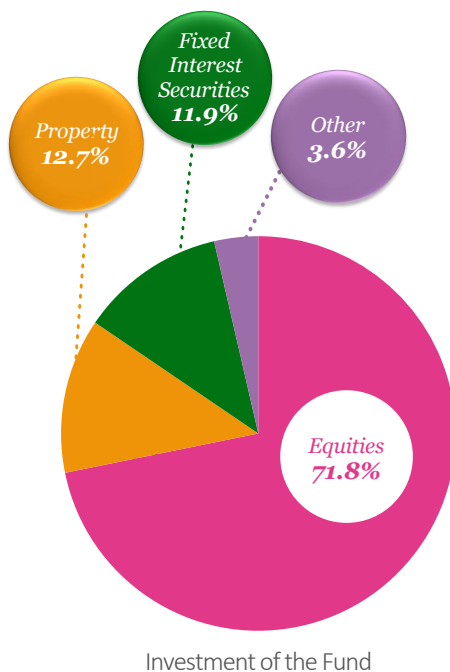
	3 Years	5 Years
NILGOSC	7.4%	7.8%
CPI + 5%	5.7%	6.7%

Markets were volatile over the year to 31 March 2016 and posted mixed returns, with US equities, bonds and property delivering positive returns.

As we take a long-term approach to our investments, there was no significant change to our investment strategy during 2015/16. During the year, we continued to implement the plan to reduce the allocation to UK equities and spread risk through investments in two Infrastructure funds - Antin Infrastructure Partners Fund II and KKR Global Infrastructure Investors Fund II. NILGOSC has committed £40m to each of the funds and as at 31 March 2016, it had funded £23.3m to Antin and

£8.7m to KKR. NILGOSC also received its first distributions from both funds during the year and will continue to explore other Infrastructure opportunities in the coming year to meet its target allocation of 5%.

The Fund is invested in a range of different assets as illustrated in the diagram below:



Detailed information on our investments is available in the Pension Fund section of our website at: www.nilgosc.org.uk/pension-fund.

NILGOSC Wins Responsible Investment Award



Ciara Keenan, NILGOSC (centre) receives the award from Alan Tripp and Mark Durden-Smith

At a special event in London on 1 September NILGOSC received industry recognition for its work on responsible investment.

NILGOSC's management of the pension fund aims to maximise the returns necessary to meet the Scheme liabilities. But in addition NILGOSC believes that environmental, social and corporate governance (ESG) issues can affect the performance of investments. NILGOSC has therefore developed a Responsible Investment policy which provides a framework to incorporate ESG issues into its investments.

Since 2010 NILGOSC has only appointed fund managers that genuinely take ESG issues into account. Each manager is assessed quarterly on its ESG credentials.

NILGOSC voted in 532 investee company AGMs and other corporate meetings during 2015/16. The main areas of dissent continue to be executive remuneration practices and board composition.

NILGOSC also has a separate Climate Risk Policy which influences its investment process. In October 2015, NILGOSC held its inaugural Climate Risk workshop which challenged managers to demonstrate how Climate Risk was considered as part of their portfolios.

During the 2015/16 year NILGOSC was a supporting investor in two collaborative engagements with other UNPRI signatories. The first was an engagement on the director nomination process, focused on listed companies in the US and France. The second engagement relates to water risks in the agricultural supply chains and is focused on listed companies in the food, beverage, apparel, retail and agricultural product sectors.




Signatory of:



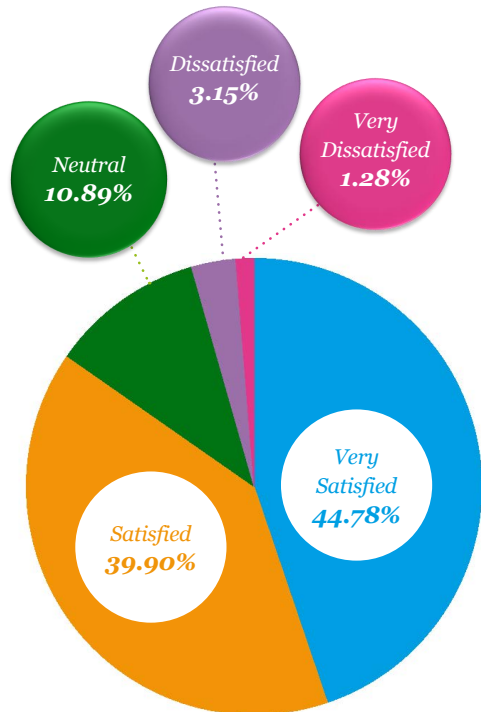
SATISFACTION SURVEY 2016

We pride ourselves on providing a great service to our members and are always keen to receive feedback.

A Satisfaction Survey for the year 2015/16 was carried out in May 2016 with a key focus on:

-  Communications – Scheme forms and guides
-  Customer service – staff knowledge, courtesy and professionalism
-  Website and online communications

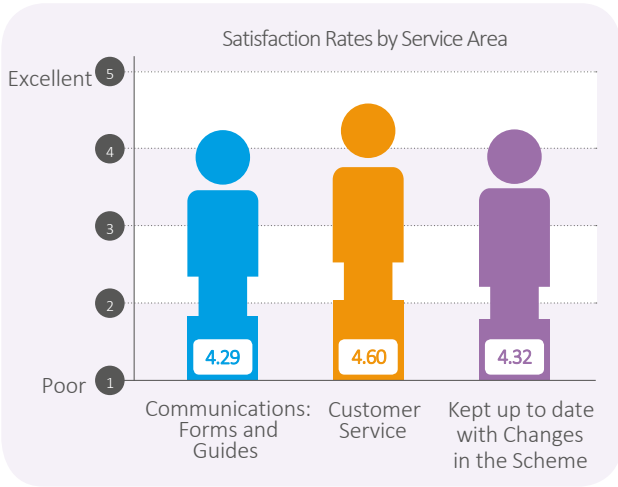
We were delighted to hear that over 84% of our members were satisfied or very satisfied with the service they have received from us.



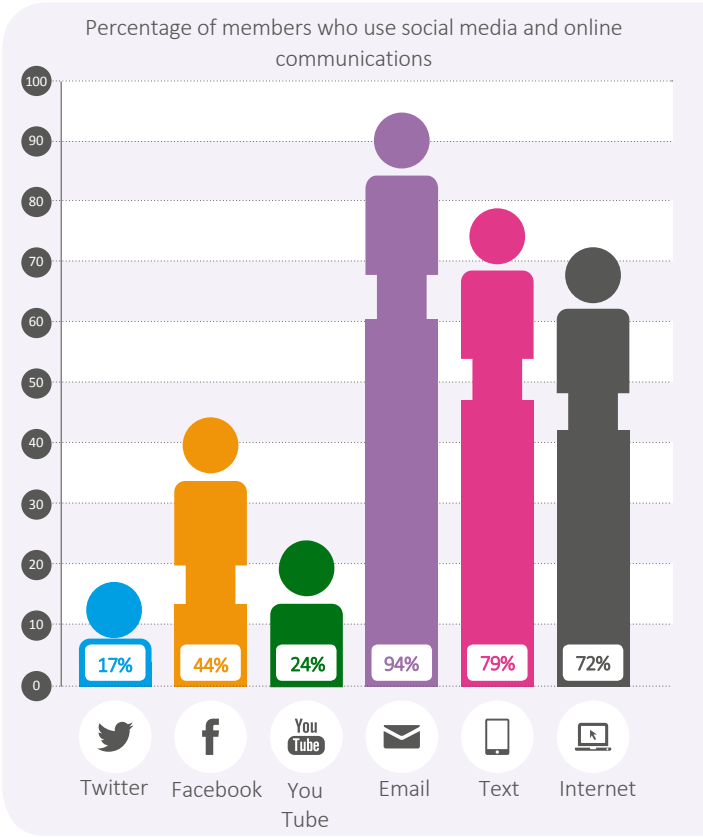
Members' Overall Satisfaction

Get online

In response to the feedback received on online communications, we have introduced email communications for general, non-confidential communications such as news updates and this annual newsletter.



Online Communications



The online communication section of the questionnaire identified that 94% of members use email as a means to communicate.

! If you want to sign up for email communications visit our website: www.nilgosc.org.uk/emailcapture.aspx. For full details see page 3.

DATA SHARING AND ACCESSIBILITY

Data Protection

We are registered with the Information Commissioner under the Data Protection Act 1998 to hold personal information which allows us to administer the pension scheme.

Further information on how we use the personal data that we collect is available on our website at

www.nilgosc.org.uk/data-protection.

You have the right to request a copy of the personal data we hold for you.

You can do so by writing to the Data Protection Officer at NILGOSC or emailing governance@nilgosc.org.uk.

National Fraud Initiative

In order to prevent and detect fraud, we may share information with other bodies responsible for auditing or administering public funds.

We participate in the National Fraud Initiative run by the Northern Ireland Audit Office, which has statutory powers to conduct data matching exercises. As part of this initiative, we provide details of pensioners and deferred members so that the information can be compared to that held by other public bodies. This will ensure, for example, that a pension is not being paid to someone who has died or is no longer entitled.

Further information about our participation in the National Fraud Initiative is available on our website at www.nilgosc.org.uk/national-fraud-initiative. However, if you have any questions, please contact our Governance Manager who can also provide hard copies of information available on our website.





Accessibility for our Members

We are always happy to provide documents and Scheme communications in an alternative format (such as audio or large print) or an alternative language for those whose first language is not English.

For more information and an alternative communications form, please refer to the 'Alternative Methods of Communication' booklet which can be downloaded from our website at www.nilgosc.org.uk/equality-scheme or obtained from NILGOSC.

If you would like to raise an equality issue with NILGOSC, please contact the Equality Officer on **0845 308 7345** or email equality@nilgosc.org.uk.

CONTACT DETAILS



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