

# news

2017

*For Deferred Members of the Scheme*



**NiLGOSC**  
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'  
SUPERANNUATION COMMITTEE



# WELCOME

Welcome to the 2017 NILGOSC Annual Deferred Members' Newsletter. It's been a busy year in the Scheme with membership growing to 118,794 by March and the Scheme valued at an all-time high of £7.08bn. We hope you enjoy reading the Newsletter. In addition we recommend that you take this opportunity to:-

**Check that your Deferred Pension Benefit Statement is correct**

See page 6 of this newsletter for more information on your Deferred Pension Benefit Statement

**Update your Death Grant Expression of Wish**

See page 8

**Check and update your Contact Details**

See page 4



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# NEWS



## My NILGOSC Pension Online

*In 2018, NILGOSC will implement a new free online service that lets you see a simplified version of your pension record and allows you to contact us.*

This new service will be called 'My NILGOSC Pension Online' and once registered, will allow you to:

- See a simplified version of your pension record
- Tell us about any changes in your home address, telephone number or email address
- Update your Death Grant Expression of Wish
- Contact us with a direct query
- View important documentation

My NILGOSC Pension Online will support various mobile devices, including smart phones, tablets and laptops.

This is an exciting development that we hope will enhance our service to you. We will be issuing more specific information in 2018 about how you can register and use the system.

## Email 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 date 19,000 members have registered for this service.

To register or update your email address please visit our website [www.nilgosc.org.uk/emailcapture.aspx](http://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 Pension Benefit Statement will continue to be posted to your home address for the time being.





## Keep In Touch

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

The best way to do this is to download a Change of Circumstances form from the members' section of our website [www.nilgosc.org.uk/keep-us-updated](http://www.nilgosc.org.uk/keep-us-updated) and forward it to us or to contact our office.

## Award Winners

NILGOSC was honoured to receive a Local Government Chronicle Knowledge and Skills Award for the training provided to staff.

The judges were impressed with NILGOSC's processes for assessing needs, the methods of delivering training and monitoring of results. The volume and variety of training received also caught the judges' eyes.

Pictured (right) are NILGOSC staff members Jenna Fisher, Richard Wallace and Carole McSherry at the awards ceremony.



# Freedom and Choice

*Reforms introduced on 6 April 2015 give individuals aged 55 and over much more flexibility in how they choose to access their pension savings.*

Despite greater 'Freedom and Choice' the reforms introduced do not mean that NILGOSC members can release funds directly from the Scheme.

12 months or more prior to retirement, members have the right to transfer their pension rights, both main scheme and AVC together or independently to a Defined Contribution scheme which will offer 'flexible benefits'.

Should members be contacted by a reputable pensions company, they should not give up their benefits lightly. A transfer out of the Scheme should only be made after having taken professional advice.

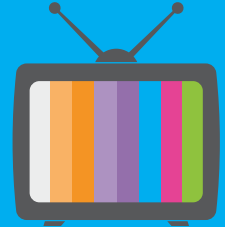
Having Freedom and Choice is great, as long as we know what the right choice is!

If you do decide to transfer your Scheme benefits into a Defined Contribution scheme and the transfer value is £30,000 or more, you must take advice from an advisor who is qualified to give advice on transfers and authorised by the Financial Conduct Authority. This is to ensure that you understand the special valuable features that you have in the Scheme and can make an informed decision on how to proceed.

The Government has set up a service called 'Pension Wise', which offers online help at: [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk).






**Pension wise**  
Your money. Your choice.




## Pension Scams - Don't Get Stung

Pension scams are on the increase in the UK. Savers are being enticed by claims that they can access their pension before age 55 or that they can already take more than 25% of their pension as cash. For most people the offers will be false and victims will lose most, if not all, of their savings.




The scammers have a variety of tricks to catch you out. They may:

-  claim that you can access your pension pot before age 55
-  approach you out of the blue over the phone, via text message or in person door-to-door
-  entice you with upfront cash, pension loans or promises of better returns on your savings

-  offer a free pension review, health check or try to lure you in with so-called one-off investment opportunities.

Check the facts before you make an irreversible decision. A lifetime's savings can be lost in a moment.

What to do if you think you're being targeted:

-  Never be rushed or pressured into making a decision
-  Before you sign anything, call The Pensions Advisory Service on 0300 123 1047
-  If you have already accepted an offer, call Action Fraud on 0300 123 2040.

Understand your options by visiting [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk).



# YOUR PENSION

## Re-joining the Scheme?

If you start working for one of our Scheme employers and have a contract of employment of three months or more, you will automatically re-join the Scheme. Re-joining could allow you to link your deferred benefits with the pension built up in your new job. If you have deferred benefits as a result of opting out, these cannot be linked together but you can still re-join.

## Deferred Pension Benefit Statement

*Please remember to check the details in the Deferred Pension Benefit Statement sent out to you in June.*

This will give you important details about your current pension benefits. It is important that you tell us about any incorrect information.

If you opted out because of the cost of being in the Scheme you may wish to consider re-joining and choosing the 50/50 section of the Scheme. In the 50/50 section you build up pension at half the rate for half the contributions. You still have full death and ill-health protection.



## When can I claim my deferred pension?

*The date that your deferred benefits are due to be paid depends on when you left the Scheme. If you left before 1 April 2015 your normal retirement date is usually age 65. If you left on or after 1 April 2015 your Normal Pension Age is the same as your State Pension Age. Your annual pension benefit statement will show you the exact date.*

### At age 55 or over

Your deferred benefits can be paid out as soon as you reach age 55 and have left local government employment.

If you are interested in early payment, please contact the pension administration team directly who will provide you with a detailed quotation and claim forms. As NILGOSC will be paying your benefits for a longer period of time, **your benefits will be reduced.**



### Ill-Health

You may be able to have your pension paid early if you have an illness which makes you permanently unable to do your job and results in you being less likely to be capable of doing any other job. The decision is made by NILGOSC after examination by an independent registered medical practitioner. Ill-health retirement applications should be made to the pension administration team in writing, accompanied by current medical evidence.

### Transfer of Benefits

As long as you are not a pensioner and are more than one year away from your Normal Pension Age, you are free to ask for a transfer to another scheme. Please ask your new employer or pension provider to request transfer details from NILGOSC as soon as possible after joining a new scheme or plan. If you are transferring to a Defined Contribution scheme and the value of your NILGOSC benefits is greater than £30,000 you must take financial advice.

# DEATH BENEFITS

## I live with my partner but we aren't married. Will my partner receive a pension when I die?

A recent Supreme Court ruling has changed who is eligible for a Cohabiting Partner's Pension. A cohabiting partner no longer needs to be nominated and, providing the eligibility criteria are met, a cohabiting partner will be entitled to receive a Survivor's Pension.

Although we are still awaiting amended regulations, we understand the criteria will be as follows:

- Both you and your cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, AND
- Both you and your cohabiting partner have been living together as if you were husband and wife, or civil partners, AND
- Neither you nor your cohabiting partner have been living with someone else as if you/they were husband and wife or civil partners, AND
- Either your cohabiting partner is financially dependent on you or you are financially interdependent on each other.

The above criteria will have to be met for a continuous period of at least two years prior to death and is only applicable to members who left the Scheme on or after 1 April 2009.



## Death Grant - Expression of Wish Form

*If you die while you are a deferred member of the Scheme, we will normally pay out a lump sum of either three times the value of your deferred annual pension (if you left the Scheme before 1 April 2009) or five times the current value of your deferred annual pension (if you left the Scheme on or after 1 April 2009).*

From 1 April 2015 if you are also an active member of the Scheme, the death grant payable will be the higher of that from your deferred membership or your active membership. Both death grants will not be paid.

Less than 33% of deferred members 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 Deferred Members' section of our website [www.nilgosc.org.uk/keep-us-updated](http://www.nilgosc.org.uk/keep-us-updated).

Your Pension Benefit Statement which you received in June of this year will state whether we hold an Expression of Wish Form for you. If your circumstances have changed, please remember to complete a new form.



## Know Your Retirement Date

Over recent years there have been a number of important changes to State Pension ages. Since April 2015, the Scheme's normal retirement age for active members has been linked to the State Pension Age.

Changes from 2010 have seen the State Pension Age for women rise from 60 to match that of men at 65. The State Pension Age over the coming years will rise for men and women as shown in the table below:

Date of Birth	State Pension Age
Between 6 December 1953 and 5 October 1954	Between 65 and 66
Between 6 October 1954 and 5 April 1960	66
Between 6 April 1960 and 5 March 1961	Between 66 and 67
Between 6 March 1961 and 5 April 1970	67
Between 6 April 1970 and 5 April 1978	Proposed that it will increase to between 67 and 68*
After 6 April 1978	68

More information on your State Pension Age can be found at: [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

\* The changes proposed in July 2017 will have to be approved by Parliament.

## Maximising Your State Pension

*How can you ensure that you are maximising your State Pension?*

### Check to make sure you are on course for a full State Pension

In addition to your Scheme pension, deferred members may also be entitled to a State Pension. But are you entitled to a full 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.

### Why wouldn't I receive the full new State Pension?

If you paid into a 'contracted out' pension scheme such as LGPS (NI), between 6 April 1978 and 5 April 2016, both you and your employer paid a lower rate of National Insurance during your membership of the scheme.

This may mean that you will not have built up enough National Insurance contributions to qualify for a full State Pension (and your State Pension may be paid at a lower rate). However, in most cases, the pension you get from the Scheme will be at least the same that you would have received from the State Pension had you not been contracted out.

### Gaps in your National Insurance record

If you have gaps in your National Insurance record you may be able to pay voluntary National Insurance contributions to fill them, and increase your State Pension. Normally you must make the top-up payment within six years of missing the original payment, however, individuals reaching State Pension Age on or after 6 April 2016 have until 5 April 2023 to pay for any gaps from 2006/07 to 2015/16.

# REVIEW OF THE YEAR 2016/17

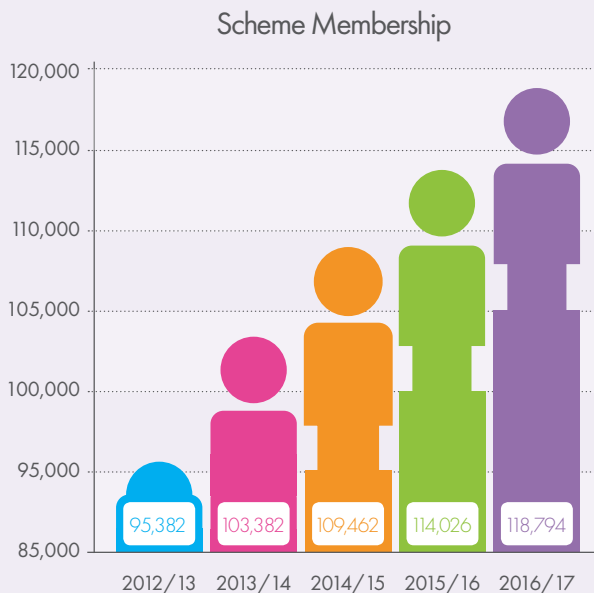
2017 has been a busy year for NILGOSC with Scheme membership growing to 118,794 members by 31 March. In addition the NILGOSC fund grew to over £7bn for the first time in our history.

Our investments outperformed their targets with the overall fund return for the year of 21.73 per cent; we appointed Unigestion as a new fund manager in September 2016 to manage a global equity portfolio; and we voted at over 500 company meetings.

Our administration teams worked hard during the year and on top of the normal services they also processed a large number of redundancy related tasks generated by Public Sector reform in Northern Ireland.

## Membership

*Membership of the Scheme increased during the year to 118,794 members.*



At 31 March 2017,  
the Scheme had

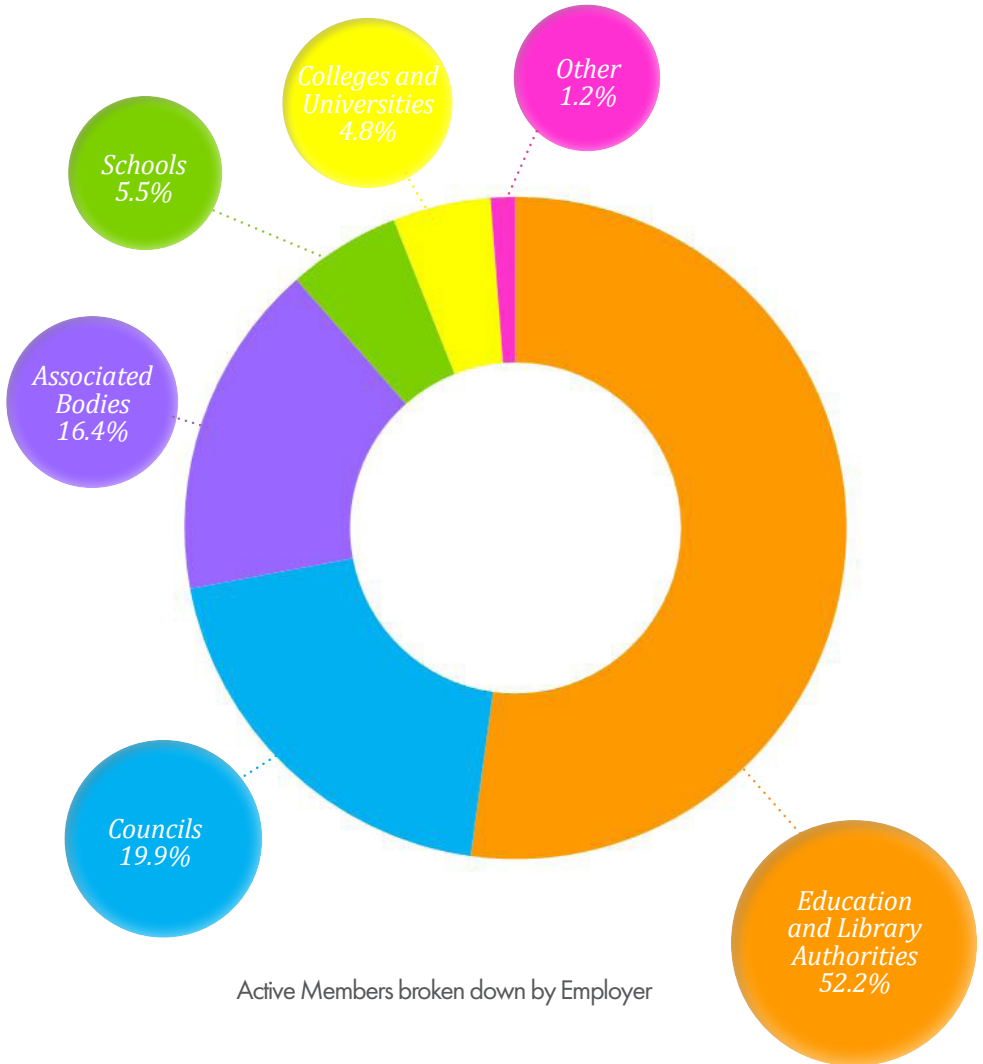
*54,546  
active  
members*

*33,395  
pensioners*

*30,853  
deferred  
members*

# Employers

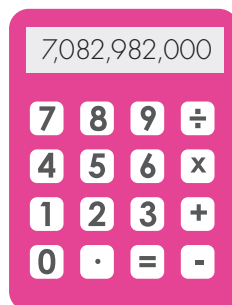
At 31 March 2017, there were 176 employers contributing to the Scheme including: 11 councils, 1 Education Authority, 1 library authority, 88 schools, 9 further and higher education colleges and universities, 52 other bodies, and 14 employers who are closed to new members.



# Financial Statement

*The statement below details NILGOSC's Fund Account for 2016/17 and 2015/16.*

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](http://www.nilgosc.org.uk/annual-reports-and-corporate-plan).



	2016/17 £'000	2015/16 £'000
<b>INCOME</b>		
Employers' contributions	205,649	200,825
Employees' contributions	54,419	54,610
Transfers In	8,581	11,373
Investment Income	73,915	87,854
	<b>342,564</b>	<b>354,662</b>
<b>EXPENDITURE</b>		
Benefits Paid	(232,538)	(221,543)
Payment on account of leavers	(4,080)	(4,147)
Administration expenses	(6,281)	(3,803)
Investment management expenses	(19,267)	(18,304)
	<b>(262,166)</b>	<b>(247,797)</b>
Net income	<b>80,398</b>	<b>106,865</b>
<b>SUMMARY</b>		
Opening net assets of the Scheme	5,820,140	5,820,770
Net income	80,398	106,865
Change in market value of investments	1,184,479	(108,278)
Net actuarial (losses)/gains recognised in the year	(2,035)	783
<b>Closing net assets of the Scheme</b>	<b>7,082,982</b>	<b>5,820,140</b>

## Investments

*The value of the Fund at 31 March 2017 was £7.083bn, an increase of £1.263bn on the previous year.*

The overall return on total assets for the year was 21.73% (2015/16: -0.4%), which was ahead of the Fund's current investment target of CPI+5%. The comparable investment returns on a 3 and 5 year basis are as follows:

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

Equities delivered double digit returns across the board and bonds and property markets delivered positive returns during the 12 months to 31 March 2017. Global political events and market volatility impacted shorter term returns during 2016/17. Six out of ten investment portfolios outperformed their respective market index over for the year.

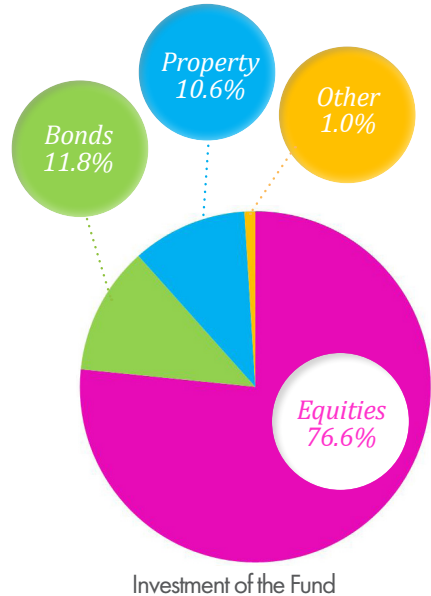
As a pension scheme with benefits payable far into the future, NILGOSC takes a longer-term approach to investment and is not unduly concerned with short-term events and volatility.

Following a decision to withdraw a global equity mandate from an underperforming active global equity manager in late 2015, NILGOSC appointed Unigestion in September 2016 to manage a replacement £327m global equity portfolio.

NILGOSC's medium term strategy is to reduce reliance on global equity markets and diversify its returns by investing in assets that provide longer term, stable and inflation-linked cashflows. NILGOSC therefore made a £100m commitment to the M&G UK Residential Property Fund in September 2016, and invested a further £27m in global infrastructure during the year. During 2016/17 NILGOSC collaborated with Lothian Pension Fund to help access infrastructure opportunities directly.

This approach is designed to help build a diversified infrastructure portfolio in line with the 5% target allocation.

The Fund is invested across a range of different asset classes as shown in the diagram below:



NILGOSC voted at 524 investee company AGMs and other corporate meetings during 2016/17. The main areas of dissent continue to be executive remuneration practices and board composition.

The Financial Reporting Council classified NILGOSC as a Tier 1 organisation in respect of its responsible investment stewardship activities. Asset owners ranked as Tier 1 are considered to provide a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary.

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

# 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](http://www.nilgosc.org.uk/data-protection).

The new General Data Protection Regulation is due to come into force from 25 May 2018. This will result in a number of changes in how personal data is handled and processed, including new and strengthened rights for members, as data subjects and increased transparency in how information is processed. NILGOSC is currently reviewing its processes in preparation for the new regulations. Any resulting changes will be reflected on the website.

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 [info@nilgosc.org.uk](mailto:info@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](http://www.nilgosc.org.uk/national-fraud-initiative). However, if you have any

questions, please contact our Information and Compliance 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](http://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 0345 3197 320 or email [equality@nilgosc.org.uk](mailto:equality@nilgosc.org.uk).

# CONTACT DETAILS



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