

# news

2015

*For Members of the Scheme*



# CONTENTS

## News

03

Changes to your Pension Scheme	03
Online Communications	04
Taking a break?	04
Pension Scams – Don't get stung	05
Changes to State Pension and National Insurance Contributions from 6 April 2016	06
'Freedom and Choice'	07
How to boost your pension	08
Tax Limits on your Pension Savings	09

## Your Pension Scheme

10

How much do I pay into the Scheme?	10
Keep in touch	11

## Review of the Year 2014/15

12

Membership	12
Financial Statement	13
Investments	14
Satisfaction Survey 2015	15

## Data Sharing and Accessibility

18

Data Protection	18
National Fraud Initiative	18
Accessibility for our Members	19

## Contact Details

20



# NEWS

## Changes to your Pension Scheme

*The new look Pension Scheme has arrived, so what does this mean for you?*

### What has changed?

- Your pension is based on your average pay over your career rather than your final salary at retirement
- Your pension will build up at a rate of 1/49<sup>th</sup> of your pensionable pay each year. This rate is an improvement from the final salary scheme which used a rate of 1/60<sup>th</sup>
- You now pay pension contributions on any non-contractual overtime that you work
- Your normal retirement age is now the same as your State Pension Age
- Two years' service is needed to qualify for benefits and to apply for ill-health retirement
- You can choose to pay half the contributions and build up half the amount of pension. This can be used as a short-term option if your financial circumstances are difficult, instead of opting out of the Scheme



### What has stayed the same?

- Your employer shares the cost – most of our employers pay at least 20%
- You get tax relief on all your pension contributions
- Any pension benefits that you built up before 1 April 2015 are unchanged – when you retire, this part of your pension will be based on your final salary at retirement
- If you are aged 55 or over and are made redundant or retire due to business efficiency, you will receive the pension benefits you have built up in the Scheme immediately, without reductions
- You can retire and draw your pension benefits from age 55 onwards, but your benefits will be reduced as they will be paid for longer
- A lump sum of approximately three times your annual pay is automatically paid if you die as an active member, and you can nominate who you would like to receive it. Survivors' pensions may also be paid to your spouse, civil partner, nominated cohabiting partner and eligible children

A Member Guide to the new Scheme was posted to all members in February 2015.

This guide is also provided to every new member and the current version is available on our website at [www.nilgosc.org.uk/members](http://www.nilgosc.org.uk/members) or on request from NILGOSC.

## 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](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.



## 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)

Visit [www.pension-scams.com](http://www.pension-scams.com) to find out more.



## Taking a break?

*If you are off work because of a career break, strike break or unpaid child-related leave (unpaid maternity, paternity or adoption leave, or unpaid shared parental leave) you don't build up pension for this time.*

You can buy back this lost pension by paying Additional Pension Contributions (APCs) and, depending on why you were off work, your employer may help towards the cost.

More information, an additional pension calculator and the application form are available on our website: [www.nilgosc.org.uk/covering-lost-pension](http://www.nilgosc.org.uk/covering-lost-pension)

## Changes to State Pension and National Insurance Contributions from 6 April 2016

*It's not just our Pension Scheme that has changed – the State Pension is changing too.*

A new flat-rate State Pension is being introduced for people who reach State Pension Age after 5 April 2016. The full amount of the new State Pension is expected to be £151.25 per week, but the Government will not set the actual amount until later this year. You will need to have 35 qualifying years on your National Insurance records to be able to get the full new State Pension.

Most members of the Scheme currently pay a lower rate of National Insurance contributions. This is because you are contracted out of the Additional State Pension and receive a rebate of 1.4% of your National Insurance contributions. When the new State Pension is introduced, contracting out of the Additional State Pension will end, so you will be paying more in National Insurance contributions from 6 April 2016.



### The introduction of the new State Pension does not affect your benefits in our Scheme

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](http://www.gov.uk/state-pension-topup).

**More information on the new State Pension can be found at:**  
[www.nidirect.gov.uk/state-pension](http://www.nidirect.gov.uk/state-pension).

From next year the Department for Work and Pensions (DWP) is introducing a digital service so they will no longer give us your State Pension information. That means we will no longer be able to issue annual combined pension statements which include your State Pension information. You can still request a statement directly from the DWP by telephoning the Future Pension Centre on 0345 3000 168. We will continue to issue annual benefit statements but these will in future only include information on your Scheme benefits.

## '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'.*

These changes do not directly affect members of our Scheme, which is a defined benefit (DB) scheme. This is because your benefits are based on your pay and length of membership, and not on investment returns.

Within our Scheme, you can already give up some of your pension at retirement and take it as tax-free cash, subject to tax limits as per the example below.

### EXAMPLE

John has been in the Scheme for 20 years and is about to retire. The value of his Scheme pension is:

Annual Pension	£10,000
Lump Sum	£15,000

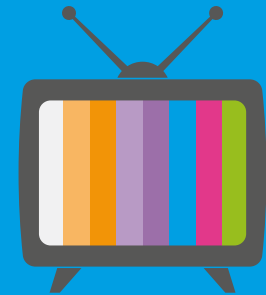
John's standard lump sum is £15,000 which will be paid to him tax-free. He could also decide to give up some of his annual pension for more tax-free cash up to a maximum, in his case, of £48,214. If he decides to do this his annual pension would reduce to £7,232.

The maximum amount of tax-free cash that John can take, as shown above, is 25% of his total pension value.

His total pension value is calculated as  $(£7,232 \times 20) + £48,214 = £192,854$ .

The maximum amount of tax-free cash that he can take is then worked out as  $£192,854 \times 25\% = £48,214$ .

If you want to take advantage of the new Freedom and Choice options, unfortunately you will have to transfer out of the Scheme and join a defined contribution (DC) scheme. This is a major financial decision, so it is important that you fully understand the implications of transferring your benefits out of the Scheme. If your transfer value is £30,000 or more you will have to take proper independent financial advice.



The Government has set up a service called 'Pension Wise', which offers online help at: [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk). You can also get one-to-one information from organisations such as Citizens Advice.

Please be aware that the Government recently introduced a safeguard that would allow NILGOSC to reduce transfer values if members transferring out of the Scheme to access flexible benefits means there is a risk to the taxpayer funds. It is very unlikely that NILGOSC will need to implement this safeguard and it will need Department of Environment approval before it could do so.

## How to boost your pension

*Even though you are a member of a pension scheme that many believe offers very good benefits, it may not be enough to give you the lifestyle you want at retirement.*

If you think you might need to increase your benefits, you can boost your pension in the following ways:

### Additional Voluntary Contributions (AVCs)

You can increase the amount you will get when you retire, including any lump sum, by paying Additional Voluntary Contributions (AVCs) with Prudential.

The contributions that you make are invested in a fund of your choice and when you retire you can use your AVC fund to buy extra annual pension, or take it as a lump sum (within tax limits).

You receive tax relief on your AVCs – for every £100 you pay, the actual cost is £80 if you are a basic rate taxpayer and £60 if you are a higher rate taxpayer. Your contributions are taken directly from your pay and you can choose how much you put in, up to a maximum of half of your salary.

As your contributions are invested in the financial markets, the value of your AVC fund can go down as well as up.

If you withdraw your AVC fund within three years of making your first AVC contribution, an exit charge may apply.

Prudential has a dedicated website that includes an online facility where new members can join and existing members can view their AVC account. This can be found at: [www.pru.co.uk/nilgosc](http://www.pru.co.uk/nilgosc).

You can also contact Prudential on 0800 012 1378 from Monday to Friday, between 9am and 6pm.

### Additional Pension Contributions (APCs)

You can buy additional pension of up to £6,500 per year (2015/16 figures) to boost your pension at retirement.

Unlike AVCs these contributions buy a guaranteed amount of pension rather than being invested in a fund that could go up or down.

You can either pay APCs by lump sum or make regular contributions. The cost depends on your age, the period you wish to pay over, whether you are male or female and your normal pension age. You must complete our medical to see if you are in good health before you can make your payment.

You can calculate the cost of buying additional pension using the APC calculator on the members' section of our website at: [www.nilgosc.org.uk/how-much-does-additional-pension-cost](http://www.nilgosc.org.uk/how-much-does-additional-pension-cost).



## Tax Limits on your Pension Savings

*As a member of the Scheme you receive tax relief on the contributions that you make, but if the size of your pension pot increases by more than a certain amount in a tax year you may have to pay a tax charge. This limit is known as the 'Annual Allowance'.*



There is another limit which also applies to pensions savings that you can build up over the course of your working life – known as the 'Lifetime Allowance'. We have explained more about these limits below.

### Annual Allowance

If you are a high earner, have been in the Scheme for a long time and receive a significant pay rise or make a lot of additional contributions (such as AVCs or APCs) to boost your pension, your pension savings may go over the limit, resulting in a tax charge.

The maximum that your pension savings can increase by in one year is currently £40,000. Most members will not be affected because the value of their pension savings will not increase by this amount.

You can carry forward unused annual allowance from the last three tax years, meaning that even if the value of your pension savings increases by more than £40,000 in a year, you may not have to pay a tax charge.

More information on the Annual Allowance and what to do if you are affected is available on our website at: [www.nilgosc.org.uk/tax-limits-on-your-pension](http://www.nilgosc.org.uk/tax-limits-on-your-pension).

### Lifetime Allowance

The Lifetime Allowance (LTA) is a limit on the total value of ALL your pension savings that you can claim at retirement without having to pay a tax charge. It does not include survivors' pensions, State Pension and any other State benefits. If the value of your pension benefits at retirement is more than the LTA, you will have to pay tax on the excess benefits.

The current LTA of £1.25 million will be reducing to £1 million from 6 April 2016, but the Government has announced that certain protections will be available. A £1 million LTA equates to a pension of £50,000 per year or £37,500 per year if you take the maximum 25% tax-free lump sum.

Most members will not be affected by this but more information on how to calculate the LTA is available on our website at: [www.nilgosc.org.uk/tax-limits-on-your-pension](http://www.nilgosc.org.uk/tax-limits-on-your-pension).

# YOUR PENSION SCHEME

## How much do I pay into the Scheme?

The amount that you pay depends on how much you earn, but it will be between 5.5% and 10.5% of your pay, as set out below.

Band	Yearly Pay	You Pay
1	£0 to £14,000	5.5%
2	£14,001 to £21,300	5.8%
3	£21,301 to £35,600	6.5%
4	£35,601 to £43,000	6.8%
5	£43,001 to £85,000	8.5%
6	More than £85,000	10.5%

## Are my contributions based on ALL of my pay?

Your contributions are based on your pensionable pay. This is your actual pay before any deductions such as tax and includes your basic pay and any overtime.

## Can I pay less than the amount shown?

Yes. The Scheme has a 50/50 section which means that you can choose to pay half the contributions and build up half the amount of pension. This can be used as a short-term option if your financial circumstances become challenging and means you don't have to opt out of the Scheme. More information is available on our website at: [www.nilgosc.org.uk/contribution-rates-from-1st-april-2015](http://www.nilgosc.org.uk/contribution-rates-from-1st-april-2015).

## What if I work part-time?

In this case it is the actual part-time pay you receive which decides the pay band you fall into and how much you pay.

## Does my employer pay towards my pension?

Yes, most of our employers currently pay at least 20% towards your pension, making it a very valuable and important part of your employment package.

## 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 would like your cohabiting partner to receive a pension when 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 members' section of our website: [www.nilgosc.org.uk/keeping-us-updated](http://www.nilgosc.org.uk/keeping-us-updated).

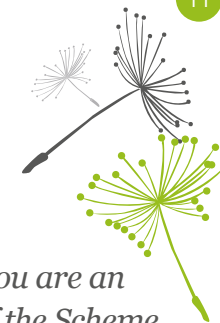
If you wish to revoke an existing nomination form you should complete a Revocation of Cohabiting Partner Nomination form which can also be downloaded from our website.

## 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 do this is to download a Change of Circumstances form from the members' section of our website [www.nilgosc.org.uk/keeping-us-updated](http://www.nilgosc.org.uk/keeping-us-updated) or to contact our office.

## Death Grant Expression of Wish Form



*If you die while you are an active member of the Scheme, we will normally pay out a lump sum of three times your annual pay.*

You can let us know who you would like to receive this lump sum by completing and returning a Death Grant Expression of Wish form. Your Pension Benefit Statement, which you received in August or September of this year, will state whether we hold a Death Grant Expression of Wish Form for you. If your circumstances have changed, please remember to complete a new form.

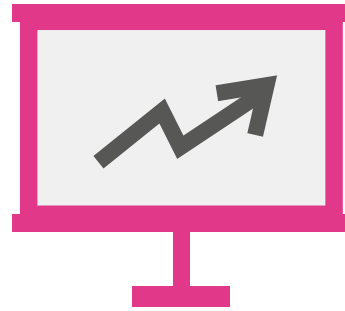
A Death Grant Expression of Wish form can be downloaded from the members' section of our website: [www.nilgosc.org.uk/keeping-us-updated](http://www.nilgosc.org.uk/keeping-us-updated).



# REVIEW OF THE YEAR 2014/15

## Membership

Membership of the Scheme increased during the year to 109,462 members.

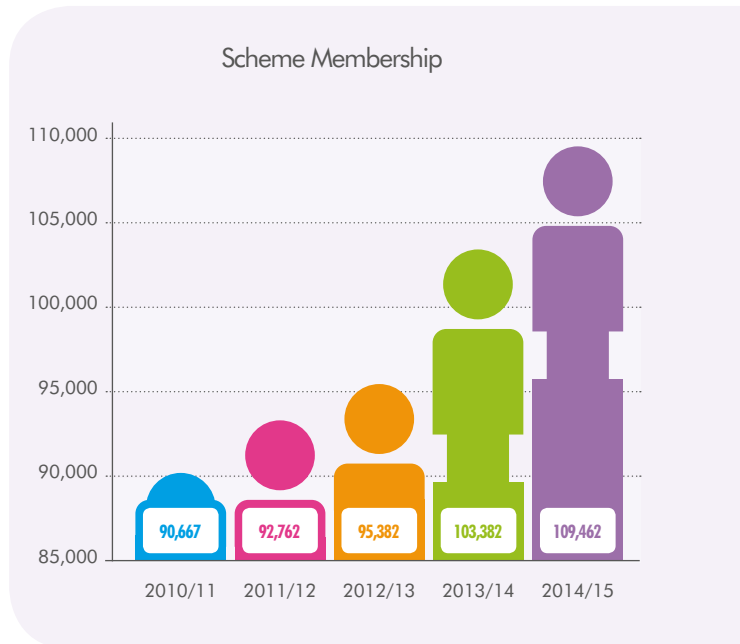


At 31 March 2015, the Scheme had

**52,876**  
active  
members

**30,129**  
pensioners

**26,457**  
deferred  
members

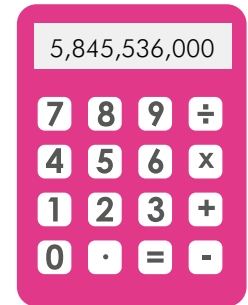


At 31 March 2015, there were 179 employers contributing to the Scheme including 11 councils, 1 Education Authority, 1 library authority, 85 schools, 9 further and higher education colleges and universities, 58 other bodies, and 14 employers who are closed to new members.

## Financial Statement

The statement below details NILGOSC's Fund Account for 2014/15 and 2013/14.

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).



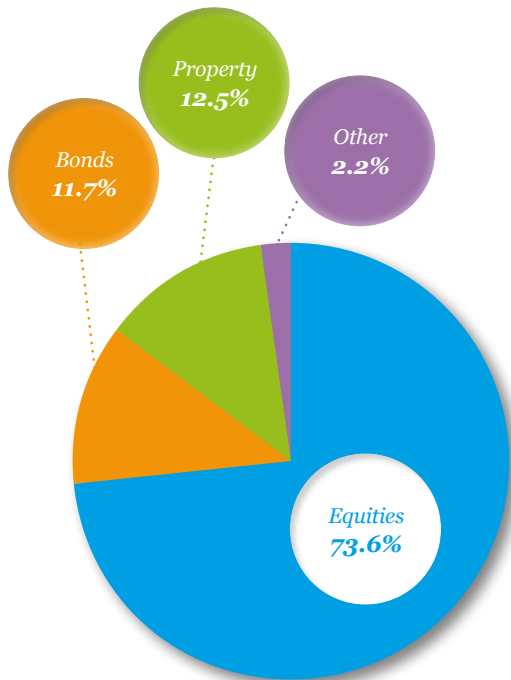
	2014/15 £,000	2013/14 £,000
<b>INCOME</b>		
Employers' contributions	173,757	160,470
Employees' contributions	57,594	54,021
Transfers In	5,227	7,757
Investment Income	89,170	92,107
	<b>325,748</b>	<b>314,355</b>
<b>EXPENDITURE</b>		
Benefits Paid	(181,519)	(176,399)
Payment on account of leavers	(3,610)	(2,784)
Administration expenses	(3,267)	(3,112)
Investment management expenses	(13,826)	(11,458)
	<b>(202,222)</b>	<b>(193,753)</b>
Net income	<b>123,526</b>	<b>120,602</b>
<b>SUMMARY</b>		
Opening net assets of the Scheme	5,055,506	4,650,721
Net income	123,526	120,602
Change in market value of investments	666,979	284,099
Net actuarial (losses)/gains recognised in the year	(475)	84
<b>Closing net assets of the Scheme</b>	<b>5,845,536</b>	<b>5,055,506</b>

## Investments

*The value of the Fund at 31 March 2015 was £5.85bn, an increase of £790m (15.6%) on the previous year.*

Over the year to 31 March 2015, the Fund achieved an overall return on the total assets of 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 2015.

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



Investment of the Fund

As we take a long-term approach to our investments, there was no significant change to our investment strategy during 2014/15. During the year, we continued to implement the plan to reduce the allocation to UK equities and spread risk through investments in Alternative asset classes, including Infrastructure. We made our first investments in Infrastructure during 2014/15, committing £40m to Antin Infrastructure Partners Fund II in April 2014 and a further £40m to KKR Global Infrastructure Investors II in February 2015.

Demonstrating our commitment to being a responsible investor, we continued to exercise our shareholder voting rights and engage with those companies in which we invested during 2014/15. In August 2014, we became a signatory to the 2014 Global Investor Statement on Climate Change. We have also signed up to the UN Principles of Responsible Investment and were delighted to receive an 'A' grade (on a scale of A+ to E) in respect of our 2014 assessment report.

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).

Signatory of:



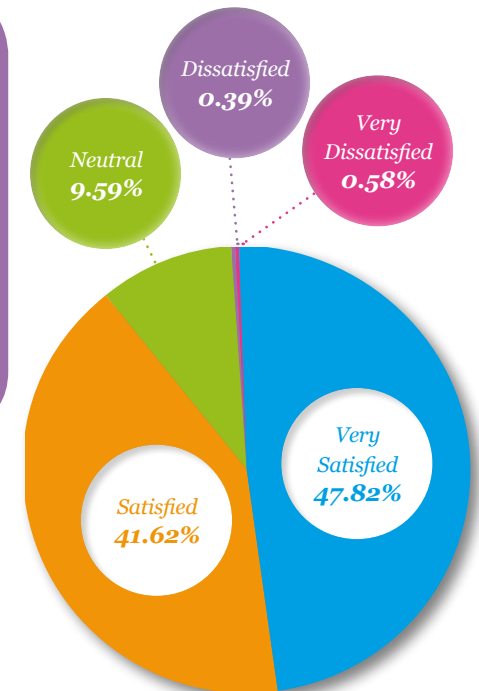
## SATISFACTION SURVEY 2015

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

A Satisfaction Survey for the year 2014/15 was carried out in May 2015 with a key focus on:

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

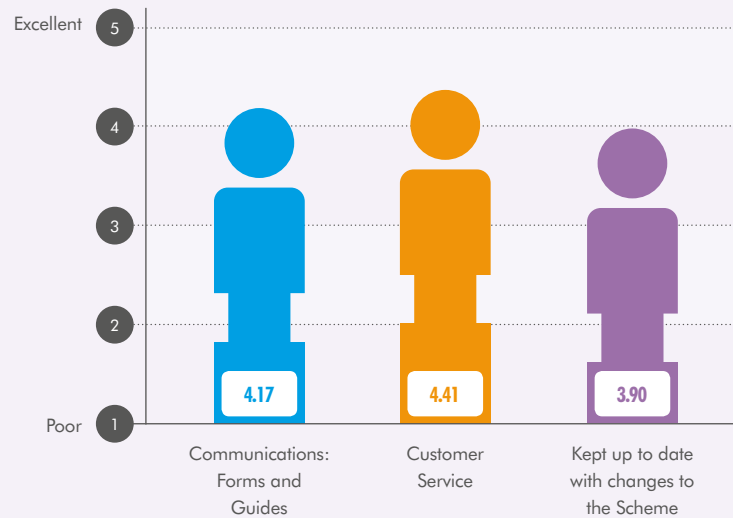
*We were delighted to hear that over 89% of our members were satisfied or very satisfied with the service they have received from us.*



Members' Overall Satisfaction



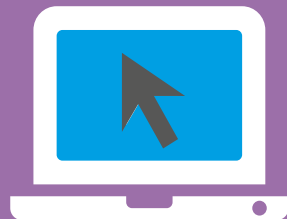
Satisfaction Rates by Service Area



## 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.*

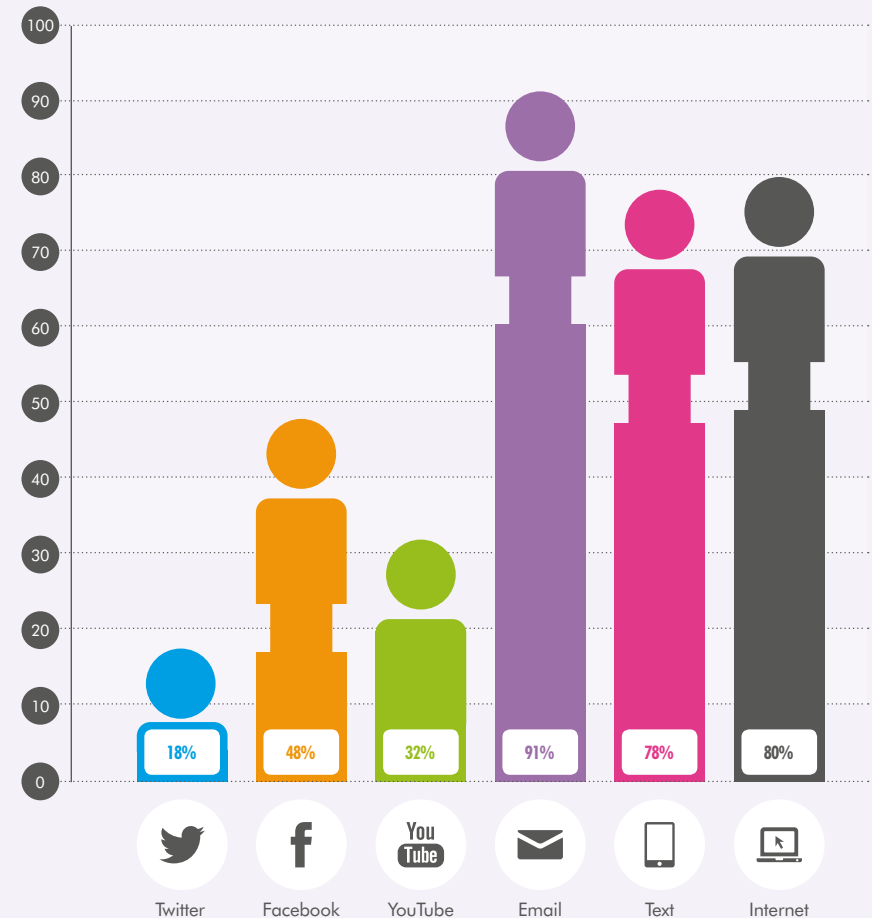
If you want to sign up for email communications visit our website: [www.nilgosc.org.uk/emailcapture.aspx](http://www.nilgosc.org.uk/emailcapture.aspx). For full details see page 4.



## Online communications

*The online communications section of the questionnaire identified that 91% of members use email as a means to communicate.*

Percentage of members who use social media and online communications



# 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).

**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 0845 308 7345 or email [equality@nilgosc.org.uk](mailto:equality@nilgosc.org.uk).

# CONTACT DETAILS



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411 Hollywood Road  
Belfast BT4 2LP



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