

news

2017

For Members of the Scheme



NiLGOSC
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'
SUPERANNUATION COMMITTEE



WELCOME

Welcome to the 2017 NILGOSC Annual 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 Pension Benefit Statement is correct

See page 10 of this newsletter for more information on your Pension Benefit Statement

Update your Death Grant Expression of Wish

See page 9

Check and update your Contact Details

See page 10

Consider if you need to boost your pension

See page 11



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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 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.



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.



Know Your Retirement Date

Over recent years there have been a number of important changes to State Pension ages. Since April 2015, the Scheme 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 will rise over the coming years 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

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

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.



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



Equality Scheme Review

NILGOSC has in place an Equality Scheme that sets out in detail the steps it will take to meet its statutory obligations under Section 75 of the Northern Ireland Act, to deliver services in a way which promotes equal opportunities and good relations.

A review of NILGOSC's Equality Scheme and effectiveness in implementing the Scheme was completed in late 2016 and a consultation issued in March 2017.

A summary of the review of the Scheme, consultation responses and the updated



Equality Scheme, along with other equality related documents, are available from our website at www.nilgosc.org.uk/equality-scheme.

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.



Visit www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams to find out more.

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, 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.

Check if you are on track to receive a full State Pension at: www.gov.uk/check-state-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 £14,100	5.5%
2	£14,101 to £21,500	5.8%
3	£21,501 to £35,900	6.5%
4	£35,901 to £43,400	6.8%
5	£43,401 to £85,800	8.5%
6	More than £85,800	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.

What if I work part-time?

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.

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 Cohabiting Partner's Pensions.

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.



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. This is in addition to any survivors' benefits (spouses', eligible cohabiting partners' or childrens' pensions).

You can let us know who you would like to receive this lump sum and any benefit payable from an AVC fund by completing and returning a Death Grant Expression of Wish Form.

Your Pension Benefit Statement, which you received in August of this year, will state whether we hold a Death Grant Expression of Wish Form for you. If your circumstances have changed or you wish to update your wishes then 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/keep-us-updated.



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 and forward it to us or to contact our office.

Pension Benefit Statements

Please remember to check the details in the Pension Benefit Statement sent out to you in August.

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



How to Boost Your Pension

Even though the Scheme 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:



PRUDENTIAL

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).

The benefits include:

Take advantage of tax relief

Contributions come from your salary each month before it's taxed. If you are a basic rate tax payer, a £100 contribution will only cost you £80, as the £20 you would pay in tax goes in your AVC pot instead.

AVCs are flexible

AVCs are flexible in order to suit your circumstances; you can stop, restart or adjust your contributions at any time.

Investing made easy

AVCs are investment based and you can stay in control of your savings by choosing where they are invested. It is important to note that investments may go up or down.

Taking your AVC- more choice than ever

There are a number of ways for you to take your AVC pot. You can access this from age 55, either at the same time as your NILGOSC pension or alternatively you can transfer it out to another provider.

Contacting Prudential

Prudential has a dedicated website that includes an online facility where new members can join and existing members can view their AVC accounts and access calculators.

This can be found at: www.pru.co.uk/local-gov. You can also contact Prudential on 0800 032 6674 from Monday to Friday, between 9am and 6pm.

Additional Pension Contributions (APCs)



You can buy additional Scheme pension of up to £6,644 per year (2017/18 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 a medical with a NILGOSC doctor, payable at your own expense to confirm that 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.

Tax Limits on your Pension Savings

1. Annual Allowance

As a member of the Scheme you receive tax relief on the contributions that you make, but if your pension savings increase by more than the £40,000 limit in 2017/18 you may have to pay a tax charge. This limit is known as the 'Annual Allowance'. The same limit applies for 2018/19.

This limit may affect you 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.

We will check your pension savings in September each year and will write to you by 6th October if you have exceeded the annual allowance limit.

Most members will not be affected because the value of their pension savings will not increase by this amount or they may have sufficient carry forward from the previous three years.

If you have taken any 'flexible access' benefits from a money purchase (Defined Contribution) scheme, then you may have a reduced annual allowance. You must tell NILGOSC if this applies to you.

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.



**HM Revenue
& Customs**

2. Lifetime Allowance

Lifetime Allowance (LTA) is the limit which applies to pensions savings that you can build up over your working life 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 is £1 million. 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 tax liability is available on our website at:

www.nilgosc.org.uk/tax-limits-on-your-pension.

Accessing Your Pension

Your Normal Pension Age in the Scheme is the same as your State Pension Age. However, you can claim your Scheme benefits anytime between the age of 55 and 75, providing you have been a Scheme member for more than two years.

You will not be able to claim your State Pension until you reach your State Pension Age. Your annual pension benefit statement will also show you your Normal Pension Age for your Scheme benefits. You must draw your pension before age 75.

Your NILGOSC pension may be paid in the following circumstances:

At age 55 or over

Your NILGOSC benefits can be paid out as soon as you reach age 55 and have left your job. As NILGOSC will be paying your benefits for a longer period of time, your benefits will be reduced. If you take your pension after your Normal Pension Age it will be increased because it is being paid later. If you are interested in early retirement, please contact the pension administration team directly who will provide you with a detailed quotation.

Flexible Retirement

From the age of 55, if you reduce your hours or move to a less senior position and your employer agrees, you can draw some or all of the pension benefits you have built up, helping to ease the move into retirement. This form of Flexible Retirement is at the discretion of your employer and your benefits may 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. Your employer will refer you to NILGOSC for ill-health retirement and NILGOSC's decision will be based on a report from an independent registered medical practitioner and other available supporting medical evidence.

Redundancy

If you are aged 55 and over and you have met the two year qualifying period your benefits must be paid immediately without any reductions. A member is not able to transfer out their benefits once a redundancy package has been agreed.

Transfer of Benefits

It may be possible to transfer your benefits to another pension scheme as long as you do so at least 12 months before your Normal Pension Age. 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.

Planning to Retire Soon – What Next?



If you are thinking of retiring please talk to your employer and agree the date you would like to finish. You both need to be clear what type of retirement you are taking. For example, are you retiring at Normal Pension Age, retiring early at your own choice or are you being made redundant?

The next steps are as follows-

1. Your employer notifies us that you are retiring and provides key information.
2. The NILGOSC pension administration team will issue a retirement pack which will include details of:
 - Your pension, and if applicable, your lump sum
 - The options for amending the magnitude of your lump sum
 - Options for those with an AVC fund
 - List of information NILGOSC requires such as bank account details and your decision regarding the magnitude of the lump sum. We may also need a copy of your birth certificate or passport as proof of age.

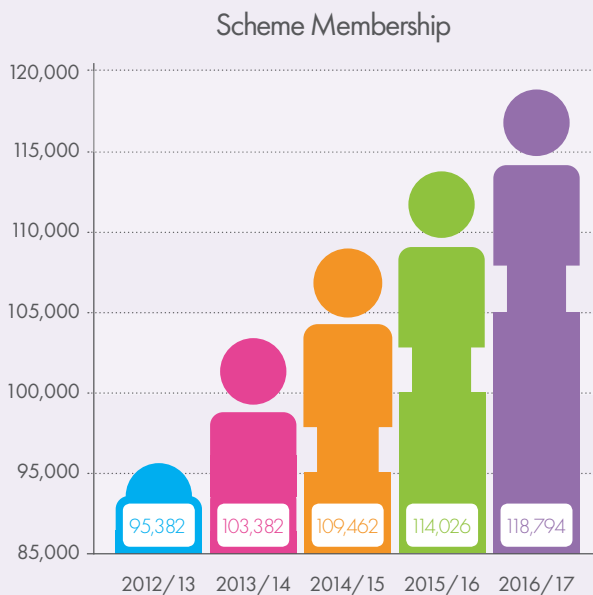
Until we receive the paperwork from your employer and then yourself we are unable to process your application, so please return your claim forms as soon as possible!

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*

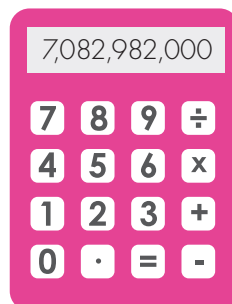
Employers

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.



	2016/17 £'000	2015/16 £'000
INCOME		
Employers' contributions	205,649	200,825
Employees' contributions	54,419	54,610
Transfers In	8,581	11,373
Investment Income	73,915	87,854
	342,564	354,662
EXPENDITURE		
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)
	(262,166)	(247,797)
Net income	80,398	106,865
SUMMARY		
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
Closing net assets of the Scheme	7,082,982	5,820,140

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.

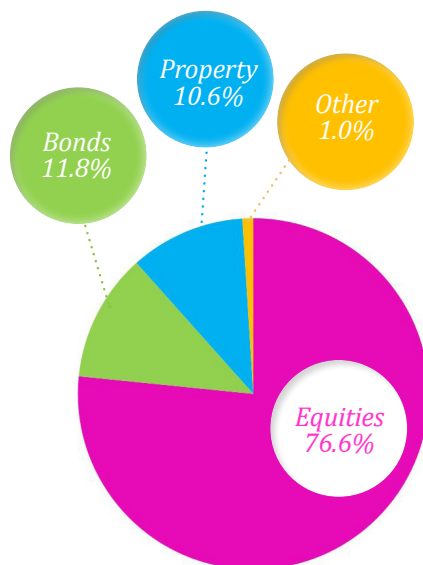
As a pension scheme with benefits payable far into the future, NILGOSC takes a longer-term approach to investment and is not unduly concerned with short-term events and volatility.

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:



Investment of the Fund

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.

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.

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.

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 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 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.

CONTACT DETAILS



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