

# news

2015

*For Deferred Members of the Scheme*



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# NEWS

## Changes to your Pension Scheme

*On 1 April 2015 the Scheme underwent major changes which affect how a member's pension is calculated at retirement.*

If you left before this date these changes will NOT affect you.

If you left on or after 1 April 2015 you will have built up some membership in the new Scheme which will have an impact on your benefits when you come to retire.

## What has changed if you have built up membership in the new Scheme?

- You can now retire and draw your pension from age 55 onwards, but it will be reduced as it will be paid for longer
- You need two years' service in the Scheme to apply for ill-health retirement
- Your normal retirement age for the pension that you build up from 1 April 2015 is the same as your State Pension Age. This means that you may have a different retirement age for your benefits built up before and after 1 April 2015. You must claim your entire pension at the same time – if your retirement age is different, one portion of your benefits will either be reduced for early payment or increased for late payment

For more information please visit the deferred members' section of our website: [www.nilgosc.org.uk/deferred-members](http://www.nilgosc.org.uk/deferred-members).

## Changes to State Pension

*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.

### 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).

# 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
- 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)

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.



## '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 is a deferred member of the Scheme. The value of his pension at his date of retirement 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.

# YOUR PENSION

## Pension Increases

As a deferred member of the Scheme, we will continue to look after your benefits until you retire. Each year the value of your future pension is increased to keep up with the cost of living. In April 2015 the increase was 1.2%.

## Accessing Your Pension Benefits

The date you can claim your pension 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 you can claim your benefits when you reach your State Pension Age (but with a minimum of age 65). You can calculate your State Pension Age using the calculator found at [www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension). Your annual pension benefit statement will also show you the exact date. Your pension may be paid early in the following circumstances:

### Ill-health

You may be able to have your pension paid early if you have an illness which is permanent and would have resulted in ill-health retirement if you had still been in the job to which your benefits apply.

In some cases NILGOSC will also consider whether you have a reduced likelihood of being able to do any other work. This decision is made by NILGOSC after examination by the Committee's doctor. Ill-health retirement applications should be made to NILGOSC in writing, accompanied by current medical evidence stating the permanency of the illness.

### At age 55 or over

You can apply to receive your benefits before your normal pension age if you are age 55 or over and have left your job. This can be done by writing directly to NILGOSC. Your benefits may be reduced as they will be paid for longer.

### 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.

### Application for payment

Although we try to trace all members, it is your responsibility to apply for payment of your benefits **two months** before they are due to be paid.

## 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 deferred 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.



## 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 on or after 1 April 2009, you have the option of nominating a cohabiting partner to receive a pension when 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 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 deferred 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.

## 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 value of your deferred annual pension plus pension increases (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.

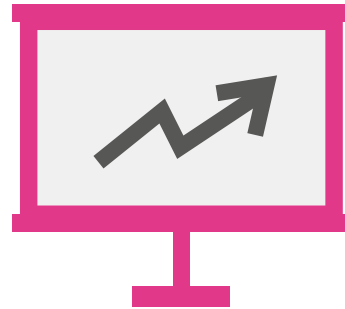
You can let us know who you would like to receive this lump sum by completing and returning a Death Grant Expression of Wish form which can be downloaded from the deferred members' section of our website [www.nilgosc.org.uk/keeping-us-updated](http://www.nilgosc.org.uk/keeping-us-updated).

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.

# REVIEW OF THE YEAR 2014/15

## Membership

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

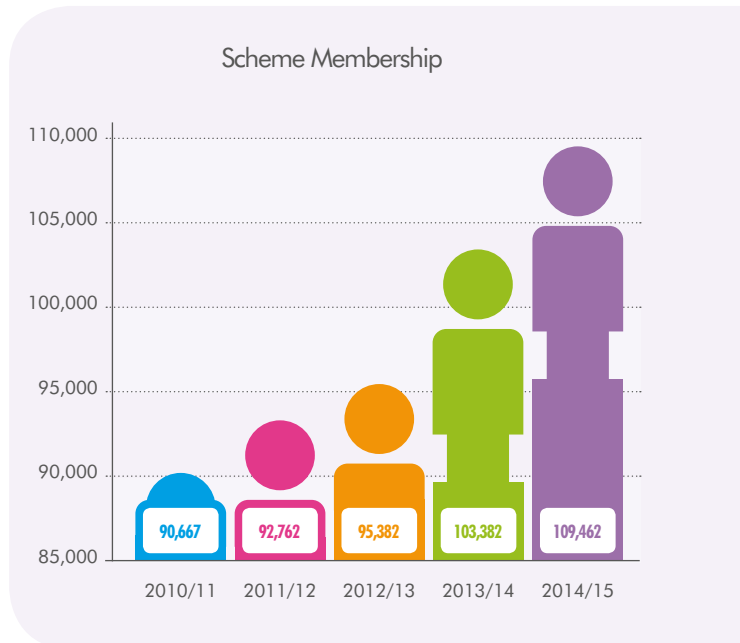


At 31 March 2015, the Scheme had

52,876  
active  
members

30,129  
pensioners

26,457  
deferred  
members

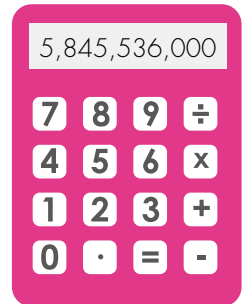


At 31 March 2015, there were 179 employers contributing to the Scheme including 11 councils, 1 Education Authority, 1 library authority, 85 schools, 9 further and higher education colleges and universities, 58 other bodies, and 14 employers who are closed to new members.

## 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).



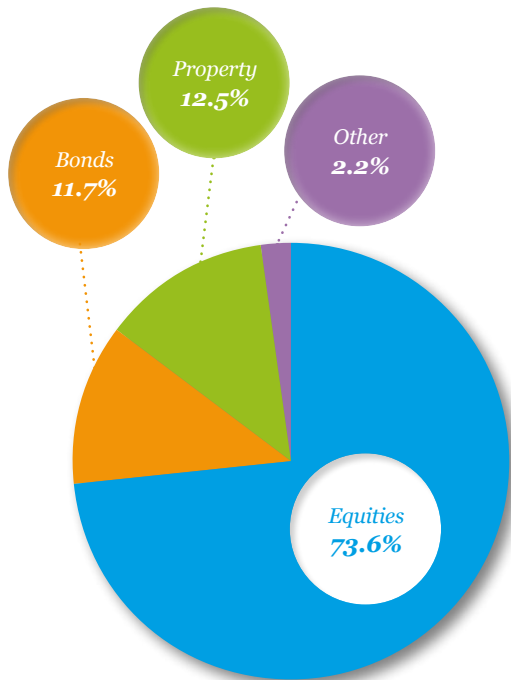
	2014/15 £,000	2013/14 £,000
<b>INCOME</b>		
Employers' contributions	173,757	160,470
Employees' contributions	57,594	54,021
Transfers In	5,227	7,757
Investment Income	89,170	92,107
	<b>325,748</b>	<b>314,355</b>
<b>EXPENDITURE</b>		
Benefits Paid	(181,519)	(176,399)
Payment on account of leavers	(3,610)	(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:



Principles for Responsible Investment

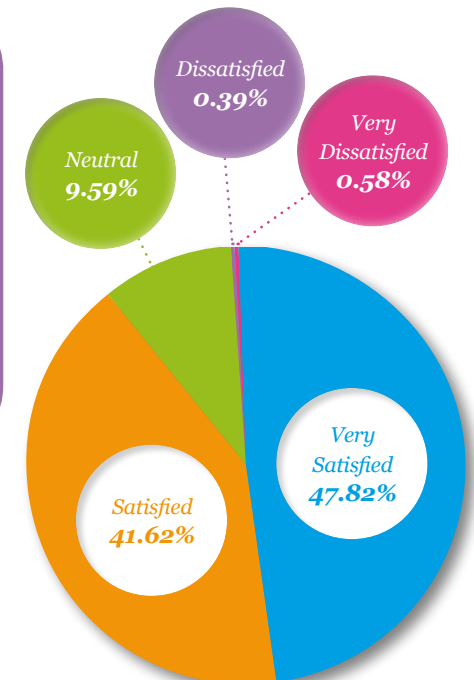
## SATISFACTION SURVEY 2015

*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:

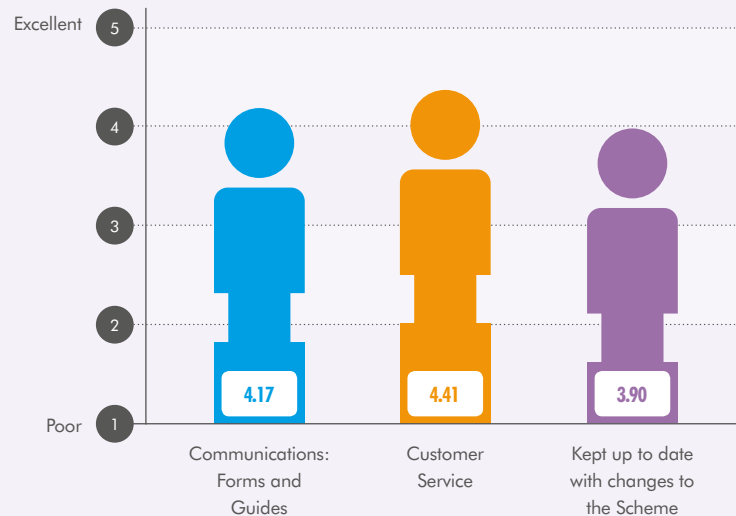
- Communications – Scheme forms and guides
- Customer service – staff knowledge, courtesy and professionalism
- Website and online communications

*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.*

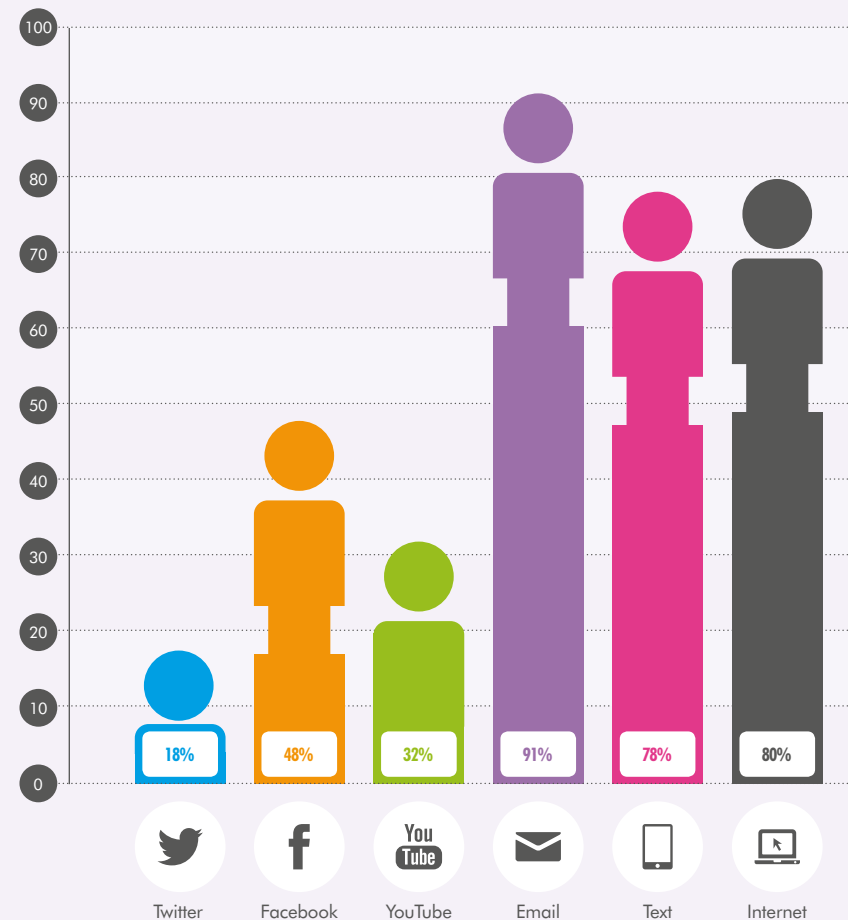
If you want to sign up for email communications visit our website: [www.nilgosc.org.uk/emailcapture.aspx](http://www.nilgosc.org.uk/emailcapture.aspx). For full details see page 3.



## 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: <https://www.nilgosc.org.uk/national-fraud-initiative-pensioners>.**

**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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