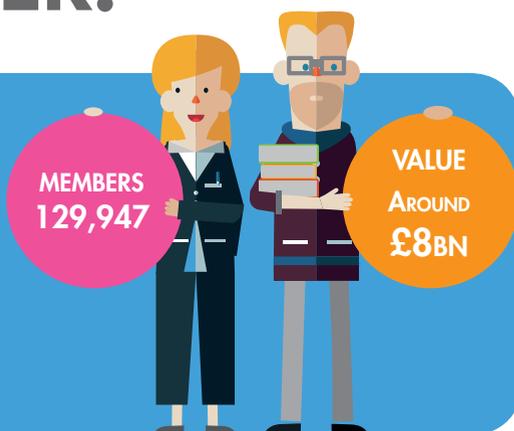


NILGOSC NEWS 2019



WELCOME TO THE 2019 NILGOSC ANNUAL MEMBERS' NEWSLETTER.

It's been a busy year in the Scheme with membership growing to 129,947 by March and the Scheme valued at an all-time high of approximately £8bn. We have decided to move the newsletter from Autumn to Spring going forward. We hope you enjoy reading this edition.



WE RECOMMEND THAT YOU TAKE THIS OPPORTUNITY TO:



Sign up to My NILGOSC Pension *Online*
SEE PAGE 4



Consider if you need to boost your pension
SEE PAGE 9



Update your Death Grant – Expression of Wish
SEE PAGE 13



Update your Personal Details
SEE PAGE 24

CONTENTS

NEWS

4 – 7

My NILGOSC Pension *Online*
Coming Soon - Communication Preferences
Pensions Dashboard
Possible Changes to the Scheme
Don't Let a Scammer Enjoy your Retirement!

YOUR PENSION

8 – 15

How much do I pay into the Scheme?
Know your Retirement Date
How to Boost your Pension
Accessing your Pension
Planning to Retire Soon – What Next?
Death Benefits
Frequently Asked Questions

REVIEW OF THE YEAR 2018/19

16 – 21

Membership
Employers
Satisfaction Survey
How we Invest
Responsible Investment

DATA SHARING AND ACCESSIBILITY

22 – 23

Data Protection
National Fraud Initiative
Accessibility for our Members

CONTACT DETAILS

24

NEWS

MY NILGOSC PENSION ONLINE

Have you signed up to My NILGOSC Pension Online? We know that having access to your pension details when needed is important to you, so it's important to us. That's why we have introduced a new self-service facility that allows you to access your pension details securely and update your information – wherever and whenever. We are delighted that over 12,000 members have signed up so far!

WHAT CAN I DO?

That depends on whether you are an **active contributing member**, **deferred member (left the Scheme but not yet receiving your pension)** or **pensioner member**.

View and update your personal information and contact details	● ● ●
Make or alter your Expression of Wish – Death Grant nomination, so your family are taken care of should anything happen to you	● ● ●
View reports that show how much your pension is currently worth	● ●
Estimate your pension's value upon retirement	● ●
Check your membership history	● ●
View payslips and P60s	●
Check and update your bank details	●



● ACTIVE



● DEFERRED



● PENSIONER

HOW TO GET ONLINE IN 3 EASY STEPS

- 1 Visit www.nilgosc.org.uk and click on 'My NILGOSC Pension Online'
- 2 Click on 'Register without Activation Key'. You will need your **National Insurance number** and your **email address** to enable you to request an Activation Key
- 3 Once you have the **Activation Key** you can complete the registration by creating your username, password and security responses

COMING SOON - COMMUNICATION PREFERENCES

Now that we have introduced My NILGOSC Pension Online we are keen to reduce the amount of paper that we use. Going forward we intend to gradually move our member communications online. This means that your annual newsletter and Pension Benefit Statement will be automatically uploaded to your online account.



If you would rather receive communications by post that's no problem. **You don't need to do anything right now**, later in the year we will be launching a communication preferences project where you can tell us how you would like to receive your communications - either online or by post.

PENSIONS DASHBOARDS

If you have more than one job during your working life you may have many different pension pots – including the State Pension. These can be hard to keep track of.

At the moment, you usually look at these pension pots separately which makes it hard to work out how much money you will have when you stop working.

Pensions Dashboards will let you see all of your pension savings at the same time in the same place. They will look for pension pots that match your details and show you key information. The pension provider's contact details will also be shown.

The pensions industry and government will begin work on Pensions Dashboards in 2019 and most pension schemes should be ready to provide information within 3 - 4 years.



POSSIBLE CHANGES TO THE SCHEME

When the new Scheme was introduced in April 2015 a cost cap mechanism was established to ensure that the costs of the pension scheme remain affordable and sustainable.

The cost cap was set at 17% of pensionable pay, however following a recent evaluation it was found that the cost of the Scheme was actually lower than this. Therefore in December 2018 the Government released a consultation which proposed to improve member benefits.

The Government has since announced a pause in the cost cap process in light of a court case that is currently being appealed to the Supreme Court, as its outcome is likely to have implications on how the cost cap is managed.



The timing of when any changes will be confirmed is very uncertain. Our understanding is that in a best case scenario it could be later this year but equally it could be 2020 or beyond as it will depend on when the court case is settled. We will update you with more information as soon as we receive it.

DON'T LET A SCAMMER ENJOY YOUR RETIREMENT!

Your pension is one of your most valuable assets and now that you have more choices about what you can do with your savings, scams are becoming more common, more sophisticated and harder to identify. You could lose all your pension savings in a moment, so it is important to be alert to false claims.

THE SCAMMERS HAVE A VARIETY OF TRICKS TO CATCH YOU OUT.

They may:

- claim that you can access your pension pot before age 55 – sometimes known as 'pensions liberation' or 'pension loans'
- claim that you can take more than 25% of your pension as cash
- approach you out of the blue over the phone, via text message or in person door-to-door
- entice you with promises of tax loopholes or 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 such as overseas property or renewable energy bonds which often don't exist or are extremely high risk with low returns.

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
- check the FCA register of regulated companies at <https://register.fca.org.uk/> or the FCA warning list www.fca.org.uk/scamsmart/warning-list
- seek independent financial advice from a FCA-regulated firm
- before you sign anything, call The Pensions Advisory Service on **0800 011 3797**
- if you have already accepted an offer, call Action Fraud on **0300 123 2040** or report it online at www.ActionFraud.police.uk

Understand your options by visiting www.pensionwise.gov.uk or visit www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams to find out more.

YOUR PENSION

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. The figures for 2019/20 are shown below.

BAND	YEARLY PAY	YOU PAY
1	£0 to £14,800	5.5%
2	£14,801 to £22,600	5.8%
3	£22,601 to £37,700	6.5%
4	£37,701 to £45,700	6.8%
5	£45,701 to £90,400	8.5%
6	More than £90,400	10.5%

KNOW YOUR RETIREMENT DATE

As a contributing member your Normal Retirement Age is linked to your State Pension Age.

DATE OF BIRTH	STATE PENSION AGE
Between 6 Dec 1953 and 5 Oct 1954	Between 65 and 66
Between 6 Oct 1954 and 5 Apr 1960	66
Between 6 Apr 1960 and 5 Mar 1961	Between 66 and 67
Between 6 Mar 1961 and 5 Apr 1970	67
Between 6 Apr 1970 and 5 Apr 1978	Between 67 and 68*
After 6 Apr 1978	68

* The changes proposed in July 2017 will have to be approved by Parliament before they are finalised.

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

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 want 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.

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 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.

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/localgov. You can also contact Prudential on **0800 032 6674** from Monday to Friday, between 9am and 5pm.

ADDITIONAL PENSION CONTRIBUTIONS (APCS)

You can buy additional pension of up to £7,008 per year (2019/20 figures) to boost your pension at retirement.

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

You can pay APCs by lump sum or 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 (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 calculator on our website www.nilgosc.org.uk/how-much-does-additional-pension-cost

ACCESSING YOUR PENSION

Your Normal Pension Age in the Scheme is the same as your State Pension Age and will be shown on your annual Pension Benefit Statement.

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 Scheme pension may be paid in the following circumstances:

EARLY RETIREMENT AT AGE 55 OR OVER

Your Scheme benefits can be paid out as soon as you reach age 55 and have left local government employment. As NILGOSC will be paying your benefits for a longer period of time, your benefits will be reduced. The size of this reduction depends on how early you draw them.

The reduction factors were improved earlier this year, so if you decide to retire early your pension won't be reduced as much as it would have been in previous years.

YEARS PAID EARLY	PENSION REDUCTION	LUMP SUM REDUCTION
1	5%	2%
2	10%	5%
3	15%	7%
4	19%	9%
5	23%	11%
6	26%	13%
7	30%	15%
8	33%	17%
9	36%	19%
10	38%	21%

If you are interested in seeing how taking your benefits early would affect your benefits, you can log on to My NILGOSC Pension *Online* and use the benefit projector.



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 you ease into retirement. Your benefits may be reduced as you are taking them early.



ILL-HEALTH

You may be able to have your pension paid early, without reduction, if because of your health:

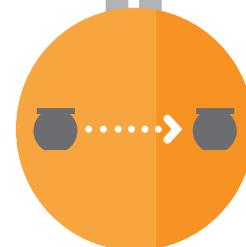
- you would be permanently unable to do your current job; and
- you are less likely to be capable of doing any other job before Normal Pension Age.

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. You are not able to transfer your benefits to another pension scheme if you are entitled to a redundancy pension.



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 you are retiring and provides key information.

2

NILGOSC will issue a retirement pack which will include details of:

- your pension, and if applicable, your lump sum
- the options for amending the size of your lump sum
- options for those with an AVC fund
- a list of information we require such as bank account details and your decision regarding the size 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 retirement, so please return your claim forms as soon as possible!

DEATH BENEFITS

I LIVE WITH MY PARTNER BUT WE AREN'T MARRIED. WILL MY PARTNER RECEIVE A PENSION WHEN I DIE?

A cohabiting partner no longer needs to be nominated and, providing the eligibility criteria are met, they 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
- both you and your cohabiting partner have been living together as if you were husband and wife, or civil partners
- neither you nor your cohabiting partner have been living with someone else as if you/they were husband and wife or civil partners
- either your cohabiting partner is financially dependent on you or you are financially interdependent.

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 a contributing 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' pensions.

The easiest way to let us know who you would like to receive this lump sum is by logging onto My NILGOSC Pension *Online*. Alternatively, you can download and complete a Death Grant Expression of Wish form from our website www.nilgosc.org.uk/keep-us-updated and return it to us.



FREQUENTLY ASKED QUESTIONS

DO I RECEIVE TAX RELIEF ON MY PENSION CONTRIBUTIONS?

Yes - your pension contributions are taken from your salary before you are taxed. This means that you pay less tax as the amount you pay is based on your salary after your pension contributions have been taken out.

ARE THERE TAX LIMITS ON MY PENSION SAVINGS?

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 2019/20 you may have to pay a tax charge.

This limit is known as the Annual Allowance. There is also a limit on the pension savings that you can build up over your working life without having to pay a tax charge. This is known as the Lifetime Allowance and for 2019/20 it is set at £1.055 million. More information can be found on our website www.nilgosc.org.uk/tax-limits-on-your-pension

WHAT IS THE 85 YEAR RULE?

The 85 Year Rule allowed members who retired between **age 60 and 65** to take their pension benefits without reduction, if the sum of their age plus the length of membership (both in whole years) equalled 85 years or more.

This option was removed from the Scheme on 1 October 2006, therefore anyone who joined the Scheme after this date has no 85 Year Rule protections and will have their pension benefits reduced if they retire before their Normal Pension Age.

If you were contributing to the Scheme on 30 September 2006 you will have some 85 Year Rule protections. These protections automatically apply if you retire early and are over age 60. If you are under age 60, these protections won't automatically apply in full, but your employer can choose to extend the 85 Year Rule at its own cost.

The table on the next page shows what 85 Year Rule protections you may have if you retire at age 60 or over, depending on when you joined the Scheme and your age.

SCHEME MEMBERSHIP	85 YEAR RULE PROTECTIONS
<ul style="list-style-type: none"> Joined after 30 September 2006 Member at 30 September 2006 and do not meet the 85 Year Rule by age 65 	No 85 Year Rule protections
<ul style="list-style-type: none"> Member at 30 September 2006 Under age 60 on 31 March 2016 Draw your pension before age 65 	The benefits that you built up until 31 March 2008 will not be reduced.
<ul style="list-style-type: none"> Member at 30 September 2006 Age 60 or over and meet the 85 Year Rule between 1 April 2016 and 31 March 2020 Draw your pension before age 65 	The benefits that you built up until 31 March 2008 will not be reduced. The benefits that you built up between 1 April 2008 and 31 March 2020 have some 85 Year Rule protections on a sliding scale.
<ul style="list-style-type: none"> Member at 30 September 2006 Age 60 or over and meet the 85 Year Rule by 31 March 2016 Draw your pension before age 65 	The benefits that you built up until 31 March 2016 will not be reduced.

Any benefits that you build up after your protected date (see table above) will have no 85 Year Rule protections. However, any benefits that you build up before this date will continue to be protected until you decide to claim them.

This is a complex rule, so if you would like to see how the 85 Year Rule will affect your benefits if you decide to retire early, you can log on to My NILGOSC Pension *Online* and use the benefit projector. Any protections that you have will be factored into the quotations that you run.



REVIEW OF THE YEAR 2018/19

The last year has been a busy one for NILGOSC with membership increasing to 129,947 members by 31 March.

MEMBERSHIP

At 31 March 2019, the Scheme had:



EMPLOYERS

At 31 March 2019, there were 171 employers contributing to the Scheme including:

- 11 councils
- 1 Education Authority
- 1 Library Authority
- 88 schools
- 9 further and higher education colleges and universities
- 49 other bodies
- 12 employers who are closed to new members.

SATISFACTION SURVEY

90% OF MEMBERS RATE CUSTOMER SATISFACTION AS GOOD OR EXCELLENT

98% OF EMPLOYING AUTHORITIES RATE OVERALL SATISFACTION WITH NILGOSC SERVICE AS GOOD OR EXCELLENT



Comments have been taken from the 2019 Satisfaction Survey

HOW WE INVEST

At 31 March 2019 the fund had a total value of approximately £8 billion.

As a pension scheme with benefits payable far into the future, NILGOSC takes a longer-term approach to investment to avoid undue focus on short-term events and volatility. We have therefore set an investment target which looks at returns over a 3 and 5 year period. Total investment returns are compared to our target, which is the Consumer Price Index (CPI) +3.5%.

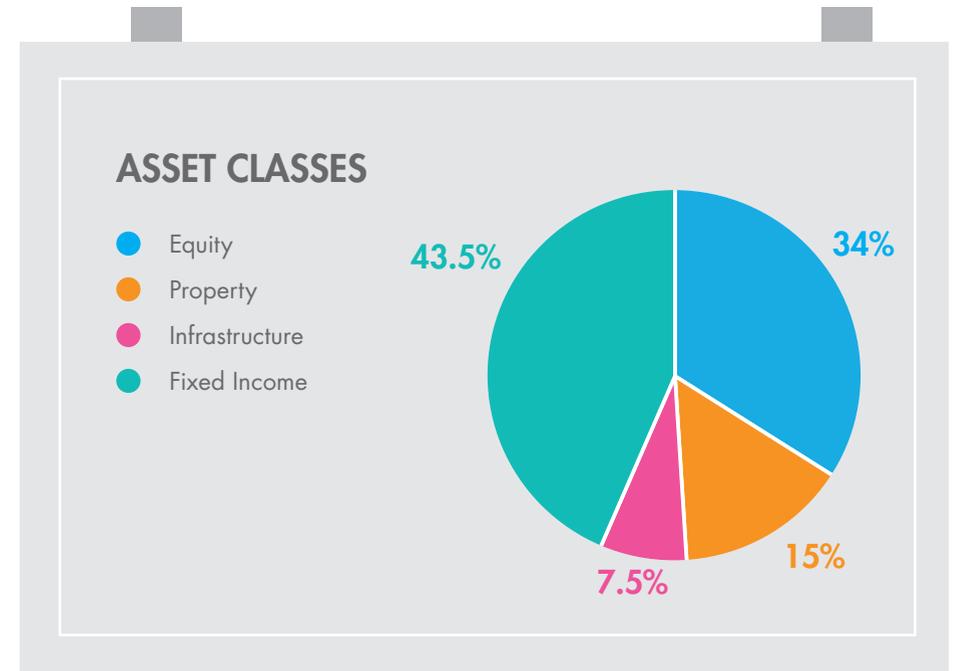
It is often quoted, but past performance really is no guarantee of future returns in financial markets and our focus remains firmly on the future and achieving solid longer-term investment returns within an acceptable level of risk. With this in mind, NILGOSC undertook a formal Investment Strategy Review in October 2017, which resulted in a change to both its strategic asset allocation and overall investment target.

The new investment strategy will take approximately 18-24 months to implement and a transition plan is in place to allow funds to be moved across asset classes in a timely and controlled manner. The first stage of this transition was successfully completed in March 2018, with £828m transferred from active UK equity mandates to passive index linked gilts.

The second stage was completed in March 2019. This involved a £2.2 billion transfer of assets from equities, passive holdings and existing fixed income, to 4 new specialised fixed income mandates. The next part of the process will involve the appointment of a new investment manager to manage a Global Property portfolio and finally the appointment of a specialised Emerging Market Equity manager.



The chart below shows the different asset classes and allocations in which the pension fund plans to be invested when the transition is complete:



Like many investors, NILGOSC encountered a volatile period during the year in respect of its investment portfolio and in particular equities. For further details of how the NILGOSC fund is invested and of fund performance, please refer to the NILGOSC website: www.nilgosc.org.uk/pension-fund.

Collaboration is one of NILGOSC's six strategic themes and during 2018/19 we continued to work together with other UK LGPS Funds on infrastructure investments to help achieve the mutual benefits of scale investing, which include better commercial terms and reduced costs. NILGOSC has 6 such infrastructure co-investments as at 31 March 2019.

RESPONSIBLE INVESTMENT

NILGOSC continues to take its responsibilities as a global investor seriously and strongly believes that environmental, social and corporate governance (ESG) issues can and do affect the long-term performance of investments. It is therefore our policy that these factors should be taken into account when managing our investments, subject to the overriding fiduciary duty to maximise the financial return for pension scheme members and beneficiaries.

As a responsible investor, NILGOSC has a legitimate interest in the management of the companies in which it invests. NILGOSC sees voting as a means of expressing concern over ESG issues and votes, if possible, at all company meetings within its actively

managed equity portfolios. During the year to 31 March 2019, NILGOSC exercised its voting rights at 521 investee company meetings. NILGOSC voted against the management recommendation on 64.5% of resolutions, with the main areas of concerns being executive pay, adequacy of sustainability related reporting and board composition.

As a means of demonstrating its commitment to responsible investment practices, NILGOSC has adopted the United Nations Principles of Responsible Investment (UNPRI) and engages with the companies in which it invests: by writing directly to UK and European companies when it has voted against resolutions at the Annual General Meeting to outline the rationale for the decision; in collaboration with like-minded investors through the UNPRI and other investor groups and indirectly via its Fund Managers. During the year to 31 March 2019 NILGOSC participated in several collaborative initiatives including:

- a UNPRI facilitated engagement on water risks in agricultural supply chains
- the CDP's 2018 non-discloser campaign
- signing the 2018 Global Investor Statement to Governments on Climate Change
- signing a UNPRI facilitated letter to the International Organization of Securities Commissions (IOSCO) on ESG disclosure.

Detailed information on how we invest the Fund, including our responsible investment practices, is available in the Pension Fund section of our website at: www.nilgosc.org.uk/pension-fund

DATA SHARING AND ACCESSIBILITY

DATA PROTECTION

NILGOSC is a Data Controller under the EU General Data Protection Regulations and UK data protection law. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duties, we are required to share your information with certain bodies but will only do so in limited and specified circumstances.

For more information about how we hold your data, who we share it with and what rights you have to request information from NILGOSC, please refer to the Privacy Notice for Members and Scheme Beneficiaries, available on our website at: www.nilgosc.org.uk/data-protection.

If you do not have access to the internet, or if you would like a hard copy of this Privacy Notice, please contact us using the details on the back cover.

Requests in relation to accessing your personal data or exercising any other rights under data protection legislation should be made in writing or via email to the Data Protection Officer at NILGOSC at governance@nilgosc.org.uk.

NATIONAL FRAUD INITIATIVE

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

We participate in the National Fraud Initiative (NFI) 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.

For further information about our participation in the National Fraud Initiative, please refer to the NFI Privacy Notice available on our website at www.nilgosc.org.uk/data-protection. If you would like a hard copy, please contact us using the details on the back cover.



If you have any further queries about our participation in the National Fraud Initiative, please contact our Governance Manager at governance@nilgosc.org.uk.

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.

Our website can also be translated into over 100 different languages using the Google Translate button at the top of each page.

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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Templeton House
411 Holywood Road
Belfast BT4 2LP



www.nilgosc.org.uk



0345 3197 325
Typetalk (for minicom users):
18001 0345 3197 325



info@nilgosc.org.uk

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. This is not only to keep your records up to date, but to make sure personal or sensitive information doesn't go to your old address and put you at risk of identity fraud.

If you are registered with My NILGOSC Pension *Online* you can update your address, telephone number or email address online. Alternatively you can download a Change of Circumstances form from our website and email it to us or contact our office.

You are welcome to visit us from Monday to Friday, between 9am and 5pm. You do not need to make an appointment. However, we close on public and statutory holidays, so please phone first, to check that the office is open.