

Retirement FAQ's

Moving from employment to retirement can be a stressful time if you are unsure of "how things work", so below are a few FAQ's to try to help answer some of the questions which you may have

Your colleagues at Tayside Pension Fund will always, either by phone, email, or in person at our offices in Dundee House answer your questions if not covered below or provide additional details specific to your own circumstances.

But please remember that in relation to your benefits that you are required to make certain financial decisions, for example whether to convert pension to provide lump sum, or on the use of your accrued AVC funds, and that we cannot provide any advice as to which options would be best for your own personal circumstances. Should you require help in making these decision you may wish to consider seeking the help of an independent financial adviser. The information noted below is for information only and as such does not override the statutory terms of the Scheme regulations.

What documents are required to bring my pension into payment?

For your pension to be brought into payment your employer must issue Tayside Pension Fund with the essential details which allow us to prepare, check and in turn issue to you what is known as your 'options' pack.

This pack will provide you with the value of your benefits, the details of the available conversion of pension to tax free lump sum, and where applicable details of your AVC fund. The pack will also contain the documents which you must complete to allow your benefits to be brought into payment, including: -

- **Bank mandate/marital status form** – Your pension and lump sum are paid direct into your nominated bank account and this form provides us with the details of this account. We must receive these details direct from you, we cannot receive them from your employer.
- **Member Retirement Declaration Form** – This forms asks you to declare about any other pension which you may have, whether they are in payment and where applicable asks you the value of those pensions in payments, the details collected by this form are required by each registered pension scheme in order to conform to overriding HMRC legislation. The form also contains the election form in respect of the conversion of pension to lump sum.
- **AVC Options Form** – You must provide us with a written election as to your decision regarding the use of your AVC Funds. The signed election will then be used to provide an instruction to the relevant AVC provider when the account is closed.
- **Voluntary Option Form** – This form is only issued to those retiring on voluntary grounds and its purpose is to advise that as your pension is being reduced for early payment that you have the option to leave it deferred within the fund until such time as the reduction no longer applies.

Only once all of the above are completed, signed and returned to us and if applicable any queries raised with your employer have been addressed, can we calculate the final pension benefits due to you, based on your specific instructions. Please contact us if you need help completing these forms, as once completed and returned to us you cannot change your decision in respect of the conversion of pension to lump sum.

We will also create a pensioner payroll record for you and authorise the payment of your lump sum (where applicable) via the Bacs system direct to your nominated bank account.

A letter will also be generated and issued to you, confirming the payment of your lump sum (where applicable) and the details of your actual pension benefits.

How do I work out how much of my pension I can convert into lump sum?

If you have membership upto and including 31st March 2009 you have an entitlement to an automatic lump sum, and its value is shown on both the estimate and final pension paperwork issued.

Retiring members, irrespective of the scheme entry date, are also entitled to provide themselves with tax free cash by converting some of their pension, to provide lump sum.

The conversion of pension to lump sum is calculated on the basis that for every £1 of pension given up you provide £12 of tax free cash.

HMRC has set a limit on the amount of tax free cash you can have and as such we will show you the maximum amount of tax free cash which can be achieved by giving up part of your pension.

These details are shown on the calculation summary sheet headed "Conversion Information". On this summary we show you the value of the benefits as calculated under the scheme regulations (shown as "standard benefits") and below this is reduced value of pension

you can take in order to provide the maximum tax free cash, this is detailed under the section "maximum conversion".

You do not have to elect to take the maximum conversion but when deciding on the amount to convert you cannot exceed the values shown on this summary.

If you have AVC funds the value of is included in the calculation of your standard and maximum conversion lump sum values.

Where you are retiring under your Employers Voluntary Severance Scheme you will see that the amount provided by the award of any Compensatory Added Years (CAY) is not shown on the conversion information. This is because you can only convert the value of main scheme benefits and not the value of the employer awarded CAY.

AVC 's

For Standard Life Account Payers

Please note that your employer sends the deductions made from your salary direct to your AVC provider no later than the 19th of the next month. As such we will be unable to close your AVC account until all payments are remitted to Standard Life.

Therefore if you wish to give up pension to provide an increased lump sum we will be unable to calculate and pay out your retirement benefits until such time as the closing balance of your AVC is received in order to ensure that you are not giving up more than 25% of the total value of your local government pension scheme benefits.

If you do not wish to give up pension to provide an increased lump sum we will arrange, in the first instance, to calculate and pay your standard Local Government Pension Scheme benefits and subsequently a separate payment will made in respect of your AVC Fund at such time as Standard Life issues the closing balance to this office.

Please note that should you wish to cease your AVC deductions prior to retirement please arrange to inform me in writing in order that I can issue a memo to your employer to cease the deductions and that we cannot control the processing time for the disinvestment process at Standard Life.

For Prudential Account Payers

Please note that your employer sends the deductions made from your salary direct to your AVC provider no later than the 19th of the next month. As such we will be unable to close your AVC account until all payments are remitted to Prudential.

Therefore if you wish to give up pension to provide an increased lump sum we will be unable to calculate and pay out your retirement benefits until such time as the closing balance of your AVC is received in order to ensure that you are not giving up more than 25% of the total value of your local government pension scheme benefits.

If you do not wish to give up pension to provide an increased lump sum we will arrange for Prudential to make payment of your AVC as a cash payment direct to you at your home address.

Please note that should you wish to cease your AVC deductions prior to retirement please contact Prudential directly and that we cannot control the processing time for the disinvestment process at Prudential.

When and how will my lump sum paid?

Your lump sum is paid into your nominated bank account via the BAC's system within 3 – 5 working days from the date it is authorised by Tayside Pension Fund. Payment of your lump sum is made at the point our checking process is completed and as such your lump sum will be paid to you prior to your initial monthly pension payment, but, cannot be paid prior to your date of retirement. A confirmation letter is issued advising you of the value and authorisation of this payment. Please remember that if you have been awarded Compensatory Added Years by your employer that this payment will be made separately by the employer.

Do I have to pay tax on my lump sum?

No, your lump sum (where applicable) is paid to you tax free.

What day will my monthly pension payment be paid?

We have two pensioner payrolls each month, and we will put new pensioners onto payroll with a payment date of the 20th of each month, with payments moving forward where a weekend or a bank holiday applies.

Your pay date will be confirmed in the letter issued to you at the completion of your actual pension calculation.

If you are already in receipt of a pension from us, subsequent pensions will continue to be paid alongside the existing one, on the same pay date and into the same bank account..

Is my monthly pension taxable?

Yes, your monthly pension payment forms part of your taxable income and as such we will apply the tax code issued to us by HMRC. If you think that the wrong tax code is being applied to your pension you will need to contact HMRC direct regarding this.

How soon after my retirement date will my pension benefits be paid?

We understand that the movement from work to retirement is a very stressful time and as such to aid in this transition we will take every effort to make payment of your pension and lump sum (where applicable) as quickly as possible following your date of retirement and it is hoped that that this will be no longer than 2 months following your date of retirement.

But it must be remembered that this payment date is dependent on all of the required documents and information being returned to us by you, your employer and if you have AVC funds also due that depending on the decision made regarding these funds that your pension cannot be paid until such time as your AVC account has been closed and its value notified to us by the provider. (See the section AVC's)

If you have been awarded Compensatory Added Years (CAY) under your employer scheme the value of the lump sum detailed on your pension benefit summary will be paid to you by your employer and not Tayside Pension Fund.

How long is my monthly pension payable?

Your pension is payable for life, and thereafter a survivor's pension maybe payable.

Will I get a payslip each month?

Payslips are available using our online pensioner portal. The registration process will be notified to you in the letter issued to you at the point your benefits become payable.

Contact details –

Email - pensions@dundeecity.gov.uk

Office visit - Dundee House,
Monday, Tuesday, Thursday Friday 8.30am to 5pm,
Wednesday 9.30am to 5pm

Telephone 01382 307904, 307905, 307910

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