

**Report to:** **GMPF LOCAL PENSION BOARD**

**Date:** Thursday, 14 February 2019

**Reporting Officer:** Sandra Stewart, Director of Pensions  
Euan Miller, Assistant Director, Pensions – Funding and Business Development

**Subject:** **UPDATE ON GMPF'S PENSIONS TAX SUPPORT**

**Report Summary:** The purpose of this report is to update the Local Pension Board on the pensions tax support provided to GMPF members likely to be affected by either the Lifetime Allowance or the Annual Allowance.

**Recommendations:** That the Board note the information contained in the report.

**Corporate Plan:** This report does not affect the Corporate Plan.

**Policy Implications:** There are no policy implications to consider.


**Financial Implications:** The total cost of providing the support outlined in this report was £77,600. However, the support provided has reduced the resource requirements of GMPF in this area and we understand it has been of benefit to members.  
**(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**


**Legal Implications:** It is a member's responsibility to ensure that they have paid the correct amount of tax each year, however all occupational pension schemes have a duty to provide members with the necessary information within a reasonable timescale to allow them to do this.  
**(Authorised by the Solicitor to the Fund)**

**Risk Management:** Whilst it can provide some factual information such as pension estimates at different retirement dates, GMPF cannot provide financial advice to members or recommend a financial advisor, which is a common request from members.

**Access to Information:** **NON-CONFIDENTIAL**  
**This report does not contain information that warrants its consideration in the absence of the Press or members of the public.**

**Background Information:** The background papers relating to this report can be inspected by contacting Euan Miller

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## **1. INTRODUCTION**

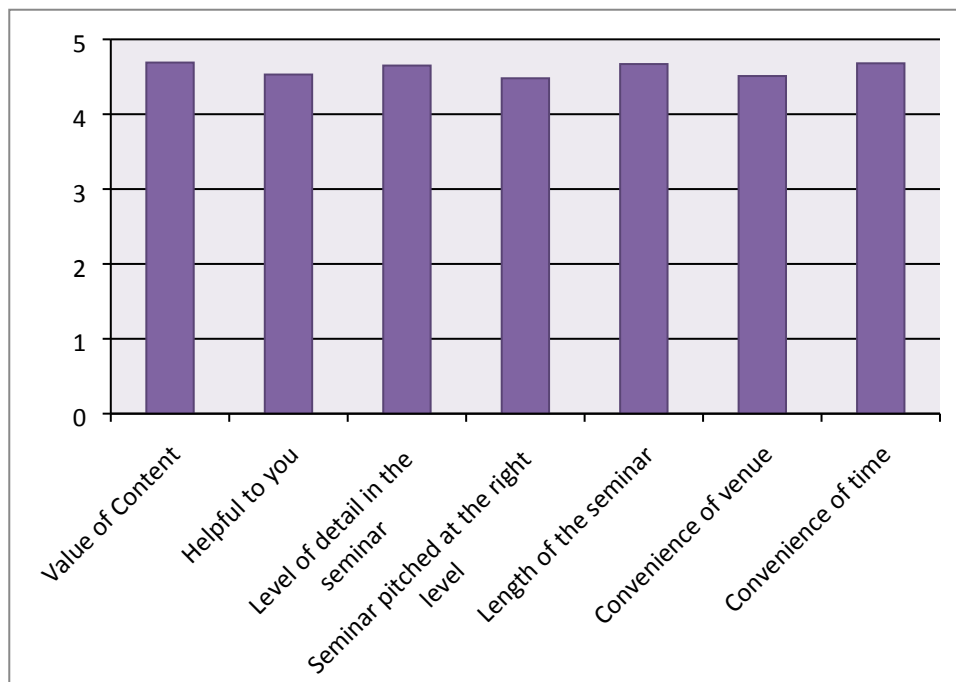
- 1.1 The Local Pension Board, at its 9 August 2018 meeting, asked the Fund to consider ways in which it could provide further support to its members. It was increasingly observed that more members were being affected by tax charges incurred from exceeding the Annual Allowance and Lifetime Allowance. The Annual Allowance was lowered to £40,000 in 2014 which has meant that since then more members have been exceeding their allowance.
- 1.2 Understandably, members find this area confusing and look for GMPF to provide support to help them navigate this process. Whilst it can provide some factual information, GMPF cannot provide financial advice to members or recommend a financial advisor which has been a common request.
- 1.3 To satisfy the request made for increased support, officers of the Fund devised a 3 stage process involving:
  - Stage 1 – A group seminar led by an independent expert, with a question and answer session at the end
  - Stage 2 – Individual guidance sessions to help members learn how to calculate their tax liabilities and how to make payment of their taxes
  - Stage 3 – Formal individual financial advice from a regulated LGPS specialist advisor looking into the detailed specifics of a member's individual case
- 1.4 It was proposed that GMPF cover the costs associated with stage 1 and 2 and any member wishing to proceed onto stage 3 would need to pay for their own financial advice.
- 1.5 There were 4 seminar events held throughout October and November 2018. Seminar events took place at both GMPF's office and Mercer's office in the centre of Manchester to ensure that members were given flexibility when receiving support. Subsequent individual guidance sessions were held at GMPF's office on a number of different dates.
- 1.6 All members who (on the basis of information held by GMPF) exceeded the standard Annual Allowance were made aware of the process and a notification was also issued to all GMPF employers.

## **2. OUTCOME OF GMPF'S SUPPORT**

- 2.1 210 GMPF members attended one of the main seminar events, with 87 members attending the individual guidance sessions.
- 2.2 Amongst the 210 attendees were a number of people acting as employer representatives who should be able to relay the information back to their organisations.
- 2.3 It was hoped that the support members and employer representatives received would translate into less GMPF administration resource spent on dealing with pensions taxation related queries, and this has proved to be the case.
- 2.4 The number of members who have elected for GMPF to pay their tax charge via the 'scheme pays' facility has been broadly similar to last year. 37 members have paid tax charges totalling £840,000 via scheme pays in respect of the 2017/2018 tax year. The corresponding figures for 2016/2017 were 42 members and tax charges of £991,000.
- 2.5 The event also allowed GMPF to raise the profile of the My Pension platform by informing members of its benefits and by providing information leaflets.

### 3. FEEDBACK

- 3.1 Feedback forms were handed to attendees of the main seminar events. The feedback received was generally very positive. The graph below shows the average scores garnered across the events; please note the scores are out of 5.



- 3.2 GMPF's members who attended the various seminar events left feedback such as "Wish I had this last year!" and "Very well delivered and informative. Nice pace and presentation. Examples really helped to understand". These two examples highlight the positive comments made by GMPF's members.
- 3.3 Informal feedback in the individual guidance sessions has also been positive. It was noted that members felt the support provided by GMPF went beyond the support offered by other funds and members felt that these sessions were a positive step towards dealing with the complex subject of pensions taxation.

### 4. CONCLUSION

- 4.1 The purpose of this work stream was to better support members with pensions taxation. The support offered was taken up by significant number of members and has garnered positive feedback. Indications are that the additional support provided has also helped ease the administrative burden for GMPF in this area.

### 5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.