



Meeting:	Pension Board
Date:	10/12/2019
Title:	Communicating with new and young members
Purpose:	For information only.
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1. Introduction

At a recent Board meeting members expressed concerns that young members opt out of the pension scheme and questioned how the Fund engage with its members to try and encourage them to remain in this scheme.

This report notes the regulations behind opting out, gives an idea of how many people do opt out of the scheme and explains how the fund engages with young and new members.

2. Who can join?

To be able to join the Local Government Pension Scheme (LGPS) an individual needs to be under age 75 and work for an employer that offers membership of the scheme.

If an individual starts a job in which they are eligible for membership of the LGPS they will be brought into the scheme, if their contract of employment is for 3 months or more. If it is for less than 3 months they can opt to join by completing an application form.

3. Opting Out

While most members stay in the LGPS, a small number decide to opt out of the scheme. If a member opts out of the LGPS before completing 3 months' membership they will be treated as never having been a member and the employer will refund any pension contributions made through their pay. If the member opts out of the LGPS when they have been a member for 3 months or more but have not completed the 2 year qualifying period (known as the vesting period) – they can take a refund of their contributions (less any statutory deductions) or transfer their pension to another qualifying pension scheme. If the member has more than 2 years membership their benefits are deferred in the scheme until retirement.

In order to opt out the member has to contact the Pension section to request an opt out form. Along with this opt-out form we send a letter to the member a letter which states the benefits of being a member of the scheme. These benefits include:

- A guaranteed pension, which increases annually, payable for life, and is based on pay.
- An option for a tax-free lump sum on retirement.
- Lump-sum death grant of three times pay if a member dies in service, paid to the people they have nominated.
- Pension for the members' husband, wife, civil partner or their eligible cohabiting partner.
- Pension if the member become too ill to work.
- Early retirement if the member is aged 55 or over and made redundant.
- Tax relief on contributions.
- Options to help get more benefits by paying extra.
- Contributions from the employer.

As an alternative to opting out there is also a 50/50 section of the scheme. Under this section the member elects to pay half their normal contribution rate and build up half their normal pension whilst retaining full life and ill-health cover. This section is designed to help members stay in the scheme, building up valuable pensions benefits, during times of financial hardship. Information on this section and an application form is also sent to members when an opt out form is sent out to members.

By sending information on the benefits of the scheme and information on the 50/50 section we hope that we can encourage members not to opt out of the scheme. We also try to mention the benefits of the scheme and the 50/50 section of the scheme if we receive phone calls from members who opt out.

4. How many people opt out?

A request was sent to the Payroll sections of Gwynedd, Conwy and Anglesey Councils for information on the number of staff who have currently opted out of the scheme. Unfortunately, only Gwynedd Council replied, however the information received gives a good indication of the number of members who have opted out:

Age range	Employed	Members of the Pension Scheme	-member of the pension scheme	Membership percentage
Up to 20	115	97	18	86.11%
21 to 30	943	812	131	86.11%

31 to 40	1195	1034	161	86.53%
41 to 50	1433	1301	132	90.79%
51 to 60	1519	1396	123	91.90%
61 to 70	518	400	118	77.22%
71 to 74	40	20	20	50.00%

As you can see that the percentage of younger members (under 40) opting out is slightly higher than middle aged members, however the percentage of older members (61+) opting out is higher than the younger and middle aged members. A number of older members tend to join the scheme later in life as home carers or cleaners and they feel that they are too old to start paying into a pension and therefore opt out.

5. How is the scheme promoted?

Gwynedd Pension Fund aims to use the most appropriate communication medium for the audiences receiving the information, which may involve using more than one method of communication. These include:

Induction Session

Most employers hold induction sessions for new staff members. The benefits of the pension scheme are covered at these sessions.

Starter Pack

A starter pack is issued to each new member. This pack includes a copy of the scheme booklet that explains all the benefits of the scheme, a death grant expression of wish form, a transfer of benefits form and information on how to register for the Member Self Service website.

Fund Website

The Fund has established an extensive website which sets out Scheme provisions in a simple and concise manner. Information updates and news items are quickly added to notify members of any Scheme developments. Electronic copies of Fund literature, policies and reports are also readily available to download.

The Fund's website contains a specific section for prospective members. It highlights the benefits of planning for retirement and what's provided by the Scheme so an informed choice can be made.

'Pensions Made Simple' Videos

Over the last few months we have been assisting the Local Government Association, with the Welsh translation, in the production of 7 short videos on various pension topics.

The topics covered are:

- What is a pension?

- How your pension works
- Looking after your pension
- Protection for you and your family
- Life after work
- Your annual allowance
- Your lifetime allowance

These videos can be accessed through the following link:

<https://www.lgpsmember.org/more/Videos.php>

These videos will be added to the Gwynedd Pension Fund website shortly.

Member Self Service Website

Member Self Service is an integrated web portal via the Gwynedd Pension Fund website, which allows members to view and update their pension details securely online. Members are able to perform accurate benefit calculations, update their death grant expression of wish and contact details, as well as view their annual benefit statement.

We are currently in the middle of the process of upgrading the Member Self Service website. This system should be live before the end of the year and we hope to provide a demonstration of this website at the next Board meeting.

Literature

There are a number of factsheets on the website that provide more detail on topics such as increasing benefits and making nominations. These factsheets can be sent out to individual members and are also available to download from the website.

Annual Benefit Statements

Statements are uploaded automatically to a member's Member Self Service, or sent directly to their home address if they have chosen not to register. The active statement sets out the current value of benefits (as at 31st March), a projection to Normal Pension Age, the current value of death benefits. The deferred statement on the other hand shows the up rated value of benefits as at state pension age.

Newsletters

The Fund issues a newsletter to all active members, covering new pension topics within the LGPS and the pensions industry in general on an ad hoc basis.

General Presentations & Courses

The Fund can deliver standard or tailored presentations on a wide range of LGPS related subjects at the request of the employers.

1 to 1 Sessions

1 to 1 sessions are available for individual members. Meetings are held at the employers'

offices if several require sessions or alternatively members can make an individual appointment at our office.