

# Shetland Islands Council

## Pensioner Members - Pensions Newsletter

### June 2024

---



Welcome to the June 2024 Pensioner Members' Newsletter. The purpose of this newsletter is to keep all of our pensioner members informed about the Shetland Islands Council Pension Fund and Local Government Pension Scheme (LGPS) matters in general.

#### VISITING THE PENSIONS SECTION

Where possible, we ask that you call in advance to make an appointment so that the right person is available to speak with you regarding your pension query.

#### PENSION INCREASE

Pensions are increased each April to keep up with the cost of living. The pension increase for 2024 was **6.70 %**. This follows increases of 10.1% for 2023, 3.10 % for 2022, 0.50% for 2021 and 1.70% for 2020.

#### How is the pension increase decided?

The Pension Fund does not set the pension increase amount. We must follow legislation which states the increase to be applied each April should be based on the Consumer Prices Index (CPI) for the previous September. So the 6.70% increase in April 2024, is based on the CPI rate from September 2023.

#### When will my pension increase?

The 2024 increase took effect from **Monday 8 April 2024**. As this is part way through the month, you'll only receive part of the increase for April, with the full increase, if applicable, being paid from May onwards.

The payslip you receive in June 2024 will confirm your new pension amount and, if applicable, will also include arrears for the period 8 April to 31 May 2024.

#### Why is the pension increase lower than I expected?

If you retired early before age 55, your pension is, for most members, paid at a flat rate until age 55. It will then be increased to the level it would have been, had it been increased every year by the rise in cost of living since your date of early retirement.

If your pension payments began after **23 April 2023** you will only get part of the increase. The table below shows how much your pension will be increased by based on the date your pension began.

<b>Date Pension Began</b>	<b>% Increase</b>
On or Before 23 April 2023	6.70%
24 April 2023 – 23 May 2023	6.14%
24 May 2023 – 23 June 2023	5.58%
24 June 2023 – 23 July 2023	5.03%
24 July 2023 – 23 August 2023	4.47%
24 August 2023 – 23 September 2023	3.91%
24 September 2023 – 23 October 2023	3.35%
24 October 2023 – 23 November 2023	2.79%
24 November 2023 – 23 December 2023	2.23%
24 December 2023 – 23 January 2024	1.68%
24 January 2024 – 23 February 2024	1.12%
24 February 2024 – 23 March 2024	0.56%

If you paid into the LGPS before 6 April 1997 and have now reached State Pension Age, it is likely you will have a Guaranteed Minimum Pension (GMP).

GMP is the minimum amount of pension we must pay you. Your GMP is also increased but some or all of the increase is paid with your State Pension.

So while the increase from us may be lower than expected, your State Pension will also have increased, giving you the full 6.70% increase you are entitled to.

The exception to this is members whose State Pension Age is after 5 April 2016. The Pension Fund is now responsible for paying the full increases in these cases.

## STATE PENSION INCREASE

On 6 April 2024, the basic State Pension increased by **6.70%**.

If your state pension is not in payment, you can check how much you'll be eligible for and when you can claim it. Visit the Government's website [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension) to see your forecast.

For more information on your state pension please visit [www.gov.uk](http://www.gov.uk) or call **0800 731 0469**.

## P60 END OF TAX YEAR CERTIFICATE

In May of each year we issue a P60 certificate to all of our pensioners. The P60 is a summary of your pension and tax details for the tax year that ended on 5 April 2024. **Please keep your P60 certificate safe**, as other organisations often ask to see it as a proof of income if you make a claim for benefits or complete a self-assessment tax return.

## TAX CODE QUERIES

Your final tax code for 2023/24 can be found on your P60. If your tax code changes you do not need to contact us because HMRC automatically tell us of any changes.

We receive many queries about tax codes. We do not set your tax code. We must apply the tax code to your pension as advised to us by HMRC. We are unable to change tax codes without HMRC providing an updated code electronically. HMRC will not speak to us about your tax code, therefore you must contact them directly.

You can contact HMRC by telephoning them on **0300 200 3300** or visiting [www.gov.uk/incometax](http://www.gov.uk/incometax). Please have your National Insurance number available, along with the Pension Fund's PAYE reference number which is: **961 9902097**. You can also write to them at:

H.M. Inspector of Taxes  
Centre 1 Tax Office  
Queensway House  
East Kilbride  
Glasgow  
G79 1AA

One reason your tax code may change is if you have started receiving your State Pension. Any tax-free personal allowance you may have is allocated to your state pension first, so you may need to pay more tax on your LGPS pension.

HMRC has introduced a new service that allows people to view their own Personal Tax Account. It is quick to set up and you can deal with HMRC online at a time that suits you. Go to [www.gov.uk/personal-tax-account](http://www.gov.uk/personal-tax-account) and follow the instructions.

**Tax Help for Older People** is a service from the charity Tax Volunteers providing free, independent and expert advice for older people on lower incomes who cannot afford to pay for professional tax advice. You can contact them on [www.taxvol.org.uk](http://www.taxvol.org.uk)

## COST OF LIVING

The rise in cost of living is putting pressure on people's finances. Whether it's the cost of filling up your car, the weekly shop or your energy bills, everyone's feeling the pinch.

Here's where you can find extra support:

- **Age Scotland:** Provide information on a range of topics from energy bills to benefits that you may be entitled to. Call for free, confidential advice on **0800 124 4222** or visit [www.ageuk.org.uk/scotland/](http://www.ageuk.org.uk/scotland/)
- **Citizens Advice:** Get help with queries about employment, housing, debt, benefits and consumer issues like energy bills. Call free on **0800 028 1456** or visit [www.cas.org.uk/](http://www.cas.org.uk/)

## PENSION SCAMS – Stay safe online and on calls

Scammers always think of new tricks so please remain vigilant and keep your personal data safe. Never give out financial information over the phone or allow remote access to your computer following an unsolicited call or email. If you feel harassed or intimidated, simply hang up.

The usual methods for pension fraudsters to approach their victims are via telephone (cold-calling) or unsolicited emails.

To help protect yourself:

- Reject offers that come out of the blue
- Beware of adverts online
- Check who you are dealing with. Use the financial services register on the Financial Conduct Authority website at: [www.fca.org.uk](http://www.fca.org.uk)
- Do not click on links or open emails from senders you do not know
- Do not give out personal details.

If you suspect a scam, call Action Fraud on 0300 123 2040 or visit their website at: <https://www.actionfraud.police.uk>

You can stop cold-calling to your landline and mobile at: [www.tpsonline.org.uk/register](http://www.tpsonline.org.uk/register)

## RETURNING TO LOCAL GOVERNMENT TO WORK

You must notify us immediately if you retired early on the grounds of redundancy or efficiency, and then become re-employed by an organisation that participates in the LGPS. In fact, we recommend that you check with us before commencing employment, so that we can make you aware of any pension implications.

Retirement benefits already paid can become subject to “unauthorised payment” tax charges (**at 55%**) if you are under 55 and become re-employed within 6 months in a job that is **NOT** materially different to the job you retired from.

If you retired on redundancy or efficiency grounds with additional service granted by your employer (often referred to as Compensatory Added Years (CAYs)) and you return to local government work, your additional service pension may be reduced and/or permanently suspended. **Overpayments of the CAY pension element due to re-employment will have to be repaid.**

Your pension will not be affected if you take up employment with an employer who is not in the LGPS.

## McCLOUD JUDGEMENT

The LGPS benefit structure has been reviewed following the Government's loss of the right to appeal two Court of Appeal judgements in December 2018, collectively referred to as the 'McCloud' judgement. The courts have ruled that the 'transitional protections' awarded to members who were within 10 years of normal retirement age in 2012 when the scheme was reformed on 1 April 2015 were unlawful on the grounds of age discrimination. A consultation on this closed on 23 October 2020. As a result of the responses received following the consultation, Scottish Ministers decided to address retrospective changes to the "McCloud Judgement" separately in The Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2022. On 1 October 2023 the retrospective remedy to address these age inequalities came into force.

**If you did have other public sector service that was not transferred to Shetland Islands Council Pension Fund, you will need to advise us to allow us to check whether you qualify for protection. You do not need to make a claim, we will do automatically do the check.**

## MANAGING YOUR DATA

To comply with regulations the Pension Fund shares limited information with other public bodies to prevent and detect fraud.

### LGPS National Database

This is a data sharing project with all other Local Government Pension Funds in Scotland. It allows funds to identify if a member has any LGPS records elsewhere in the country; this information is necessary to help administer the pension scheme and calculate pension benefits.

### National Fraud Initiative (NFI)

The Pension Fund has a legal obligation to participate in the NFI, a counter-fraud exercise led by Audit Scotland. It compares information about individuals held by different public bodies to identify circumstances that might suggest the existence of fraud or error.

### Tell Us Once

This service allows the Fund to be automatically notified when a death is registered.

The Fund does not sell any information to third parties and data collected and shared is done in line with the Data Protection Act 2018 and the General Data Protection Regulations 2018. More information on how your data is held and processed can be found online in our Privacy Notice at:

<https://www.shetlandpensionfund.org/website-privacy-policy>

## AUTOMATIC SPOUSE'S/CHILDREN'S PENSIONS

There is no need to nominate your husband, wife, civil partner or dependant children for a pension payable on your death, as payment is automatic, **but you should make a nomination for the lump sum.**

Depending on the regulations you retired under, and if certain criteria is fulfilled, there may be a provision for a co-habiting partner pension. Further information on this is obtainable from the Pensions Section.

If you are the guardian of a child being paid a child's pension, please note that once they attain the age of 17, we must be told immediately if they stop full-time education or training. The pension is paid up to the earlier of the date they stop full time education or training, or age 23. **Any overpayment must be repaid.**

## LUMP SUM PAID ON DEATH

If you die prior to age 75 there may be a death lump sum payable. If there is, it is calculated based on the rules of the LGPS regulations you retired under.

We have ultimate discretion to whom a lump sum is paid to on death. By completing a nomination form, you can tell us who you would like to receive any lump sum payable on your death. This will ensure quick and accurate payment after your death to the person or persons that you would like the lump sum to be paid to.

**If you have not completed a nomination form or want to change your nomination, a form can be obtained from the resources section on our Website at: <https://www.shetlandpensionfund.org> or contact the Pensions Section and we will send you the appropriate form.**

## THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) AND STOCK MARKETS

Towards the end of last year, there was a lot of uncertainty and talk around financial markets, the economy and pension funds. We'd like to reassure you that your pension with us is safe.

Your pension is not based on investments or their performance and any financial volatility will not affect its value. The Fund remains in a financially strong position and your pension is guaranteed by law.

## SCHEME YEAR 2023/24

In the course of the year the Shetland Islands Council Pension Fund's value increased from **£652 million** at 31 March 2023 to **£767 million** at 31 March 2024.

The table below summarises the membership of the scheme over the past 3 years.

	2021/22	2022/23	2023/24
<b>ACTIVE</b>	3,634	3,625	3,547
<b>DEFERRED</b>	2,503	2,608	2,755
<b>PENSIONERS/DEPENDANTS</b>	2,321	2,429	2,528
<b>TOTAL</b>	<b>8,458</b>	<b>8,662</b>	<b>8,830</b>

## INVESTMENT PERFORMANCE

During the first half of the financial year the investment markets were focused on inflation figures which remained stubbornly high. The central banks in the UK, Europe and the US tried to combat inflation by raising interest rates, which

led to economic recession concerns. The ongoing conflict in Ukraine was still a global concern, while also being a factor in the increase in global energy and food supply costs. These factors led to equity markets being rather subdued over the first half of the financial year. This is in contrast to the second half of the financial year, as investment markets rallied strongly as inflation started falling, and central banks paused interest rate rises. Markets believed that interest rates had peaked and could possibly start easing in 2024. During October saw the start of conflict between Gaza and Israel which is still ongoing, with concern that it might spread to other countries. Property markets struggled throughout the year as the cost of finance made investing more expensive for investors.

Equity markets produced the best returns in 2023/24. There were mixed returns between the main equity markets but North America was the best performing market with a return of 26.3%, down to Pacific (Ex Japan) at 3.0%. Bond markets stabilised as interest rates came to an end. Property struggled as interest rates increased the cost of borrowing for potential investors. Cash returned 5.0% which was in line with interest rates. The Pension Fund's overall investment return for 2023/24 was 15.0%.

The start of the 2024/25 financial year continues to be dominated by concern over the outlook for interest rates, as economic figures point to interest rates possibly remaining higher for longer.

## PENSION FUND ACCOUNTS 2023/24

The Pension Fund accounts have been prepared with regard to statute and the Code of Practice on Local Authority Accounting in the United Kingdom and summarise the transactions and net assets of the Fund. An extract from the Pension Fund accounts is shown in this leaflet, with a full copy of the accounts being available from mid July 2024 on the Council's website at the following link: [http://www.shetland.gov.uk/about\\_finances/](http://www.shetland.gov.uk/about_finances/)

At the end of March 2024 the Pension Fund was invested as follows:

		£000	%
Equities	Actively Managed	312,447	40.8
	Passive	286,895	37.4
Infrastructure	Diversified Growth	67,147	8.8
Private Credit		27,661	3.6
Property	Property	62,205	8.1
	Property Debt	6,528	0.8
Cash		3,773	0.5
Total		<u>766,656</u>	<u>100.0</u>

## Performance

The fund's overall performance is measured against an agreed performance benchmark (i.e. market return where funds invested) and recorded on a quarterly basis. The following table compares the performance of the SIC Pension Fund against the set benchmark over the past five years.

	2019/20	2020/21	2021/22	2022/23	2023/24	3 Year Annualised	5 Year Annualised
	%	%	%	%	%	%	%
Fund Return	(7.3)	28.4	11.6	(0.5)	15.0	8.5	8.7
Fund Benchmark	(3.6)	23.8	13.1	(0.5)	17.1	9.6	9.5
Performance	<u>(3.7)</u>	<u>4.6</u>	<u>(1.5)</u>	<u>0.0</u>	<u>(2.1)</u>	<u>(1.1)</u>	<u>(0.8)</u>

2022/23		Notes	2023/24	2023/24
£000			£000	£000
	<b>Dealings with members, employers and others directly involved in the scheme</b>			
(23,024)	Contributions	6	(24,769)	
(2,346)	Transfers in from other pension funds	7	(1,539)	
(4)	Other income		0	
<b>(25,374)</b>	<b>Total Additions</b>			<b>(26,308)</b>
17,543	Benefits payable	8	20,209	
2,188	Payments to and on account of leavers	9	1,702	
9	Other payments		6	
<b>19,740</b>	<b>Total Withdrawals</b>			<b>21,917</b>
<b>(5,634)</b>	<b>Net (additions)/withdrawals from dealings with members</b>			<b>(4,391)</b>
2,997	Management expenses	10		3,144
<b>(2,637)</b>	<b>Net additions including Fund Management Expenses</b>			<b>(1,247)</b>
	<b>Return on investments</b>			
(6,336)	Investment income	12		(8,019)
8,454	(Profits) and losses on disposal of investments and changes in market value of investments	15b		(98,253)
<b>2,118</b>	<b>Net return on investments</b>			<b>(106,272)</b>
<b>(519)</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>			<b>(107,519)</b>
<b>(659,948)</b>	<b>Opening net assets of the scheme</b>			<b>(660,467)</b>
<b>(660,467)</b>	<b>Closing net assets of the scheme</b>			<b>(767,986)</b>



As at 31 March 2023 £000	Notes	As at 31 March 2024 £000
	<b>Investment Assets</b>	
652,306	Investment Assets 13	766,656
<b>652,306</b>	<b>Total Investment Assets</b>	<b>766,656</b>
	<b>Non-current Assets</b>	
116	Long-term debtors 20a	109
<b>116</b>	<b>Total Non-current Assets</b>	<b>109</b>
	<b>Current Assets</b>	
1,925	Debtors 20	2,130
8,451	Bank current accounts 20	1,675
<b>10,376</b>	<b>Total Current Assets</b>	<b>3,805</b>
	<b>Current Liabilities</b>	
(697)	Sundry creditors 22	(593)
(1,634)	Benefits payable 22	(1,991)
<b>(2,331)</b>	<b>Total Current Liabilities</b>	<b>(2,584)</b>
<b>660,467</b>	<b>Net assets of the scheme available to fund benefits at the reporting year end</b>	<b>767,986</b>

The 2023/24 figures are unaudited.

## COMMENTS AND SUGGESTIONS

Please get in touch with us if you have any comments or suggestions about this newsletter or our website.

## ANY QUESTIONS?

If you have any questions after reading this newsletter, please do not hesitate to contact the Pensions Section, who will be pleased to help.

## CHANGE OF CIRCUMSTANCES

Please do remember and let us know if you change your:

- Name
- Marital Status
- Gender
- Address
- Bank Details

If you change your bank account details, please either write to us or contact us for a new bank mandate form. We cannot accept changes to bank details over

the phone for security reasons. If you would like to submit bank details electronically then please phone the Pensions Section first to discuss.

## CONTACTING THE SHETLAND ISLANDS COUNCIL PENSIONS SECTION

### Phone

Team Leader – Expenditure:	Mary Smith	Tel: 01595 74 4644
Pensions Supervisor:	Lisa Shearer	Tel: 01595 74 4662
Pensions Officer:	Gavin Philip	Tel: 01595 74 4693
Pensions Officer:	Ruth Wood	Tel: 01595 74 4619
Pensions Officer:	Sandra Eldridge	Tel: 01595 74 4652
Pensions Officer:	Martin Lumsden	Tel: 01595 74 4663
Pensions Officer:	Rob Kirkpatrick	Tel: 01595 74 4349
Pensions Assistant:	Suchi Puttaswamy	Tel: 01595 74 4852

**Email:** [Pensions-FinanceServices@shetland.gov.uk](mailto:Pensions-FinanceServices@shetland.gov.uk)

**Address:** Shetland Islands Council, Corporate Services – Finance: Pensions Section, 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ

**Website:** <https://www.shetlandpensionfund.org/>

**The information in our newsletters, website and letters do not override any legislation which will prevail in any dispute. These are not intended to constitute financial advice. Our leaflets and website provide a guide to the Local Government Pension Scheme in Scotland and does not cover every circumstance. They should be used as a guide only and are for information only.**