

Winter 2014



The Newsletter For Members of
the Mineworkers' Pension Scheme

Pensions Newsline

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Trustee news

Summer 2014 Pensioner Representative Election

The term of office for Alan Gascoyne, the elected Pensioner Representative for the Derbyshire, Nottinghamshire and Lincolnshire constituency came to an end on 30 September 2014. During August and September 2014, an election was held in that constituency.

The election results - facts and figures

Candidate	Votes cast	
John Bonser	6,498	● Two candidates stood for election
Alan Gascoyne	5,616	● 12,114 members voted, just over 31% of the 38,671 who were eligible to vote
		● John Bonser, the successful candidate, received just over 53% of the votes cast.

John Bonser has therefore been elected as a Trustee and will serve as a Pensioner Representative for a period of five years, to 30 September 2019.

John worked underground in the mining industry for 36 years at New Hucknall and Annesley Colliery.

He has served as an NUM and UDM Union Branch Official and Union Social Insurance Officer and is President of the Midland Miners Fatal Accident Relief Society. He is also an elected Trustee of the Nottinghamshire and District Miners Pension Scheme.

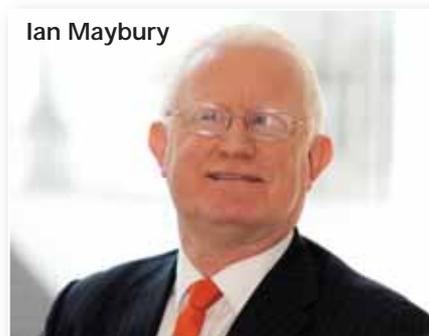
The Trustees would like to offer their thanks to those who voted and give their congratulations to John.



John Bonser

The Trustees would also like to thank Alan Gascoyne for his work during his time as a Trustee to the Scheme. Alan had been the Pensioner Representative Trustee for the Derbyshire, Nottinghamshire and Lincolnshire constituency since October 2006.

Changes to our Appointed Trustees



Ian Maybury

As reported in the summer edition of Pensions Newsline, Michael Woodmore, an appointed MPS Trustee from 2005, retired as a Trustee in September.

Michael's replacement is Ian Maybury, an experienced trustee and actuary with expertise in investment and risk management.

Ian is an independent Trustee director of the Universities Superannuation Scheme and a Trustee of the pension schemes of Citigroup, Unilever and the Royal National Institute of Blind People. He also holds a number of advisory roles, including positions at Capita and Schroders.

Summer 2015 Pensioner Representative Election

In 2015, an election will be held in the North East England & Overseas constituency. During the summer, we will write to all members living in that constituency about the election.

Any MPS member in this constituency who is interested in standing as a candidate will be able to request an information pack which contains full details of the responsibilities and duties of a Trustee. Further details of the arrangements for the election will be included in the next edition of MPS Newsline.

Notice Board

The 2014 Actuarial Valuation

Work is now underway on the actuarial valuation of the Scheme as at 30 September 2014. Results are expected around the middle of 2015.

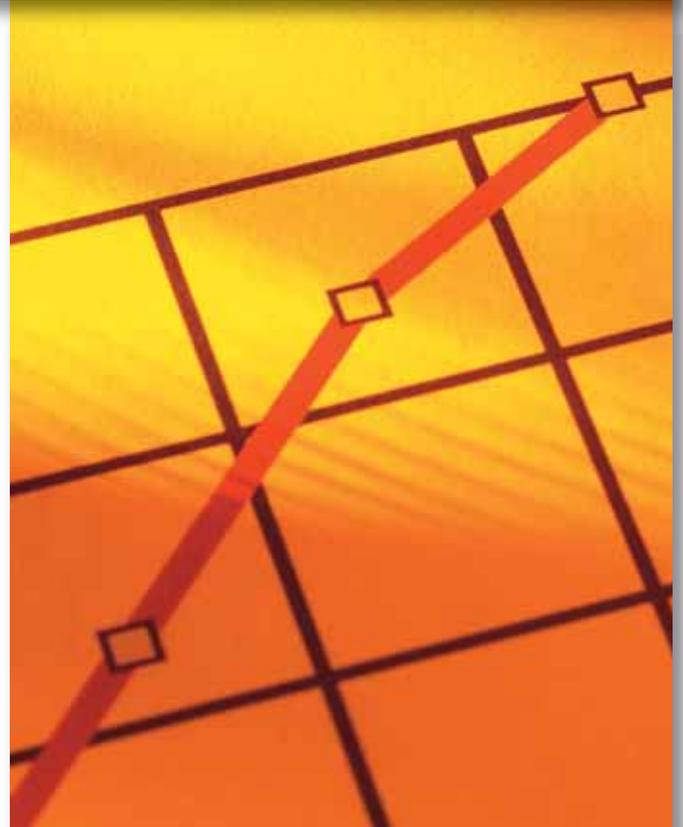
The amount of any new bonuses in 2015, 2016 and 2017 will depend on the results of this valuation. However, at this stage, it is too early to anticipate these results.

We will provide you with an update as to how the valuation is progressing in the next issue of Newsline.

The 2014 Budget

In the last edition of Pensions Newsline, we explained that, in his Budget earlier this year, the Chancellor announced changes relating to pensions. Most of the changes will be introduced from April 2015, with some already introduced from March 2014.

Although the changes relate mainly to defined contribution pension schemes, which are a different type of Scheme to the MPS, there are a few changes that could affect some MPS members. We have provided further details of the changes below.



Effective from April 2015:

- Members of defined contribution pension schemes will be given more flexibility as to how they can draw their pension savings. They will no longer be obliged to purchase an annuity on retirement. This change does not directly affect MPS members as the MPS is not a defined contribution pension scheme.
- Members of defined benefit schemes like the MPS, who have not yet drawn their pension and are more than a year away from normal retirement age (so age 59 and under in MPS), have the option to transfer their pension benefits to a defined contribution scheme. This means if you are under 59, and not yet drawing your MPS pension, you could transfer it to another arrangement.
- The Government has confirmed that, as currently, members of defined benefit schemes who are already drawing their pension will not be able to transfer their pension benefits to a defined contribution scheme. This means if you are already drawing your MPS pension you will **not** be able to transfer it to another arrangement.
- The minimum age at which pension benefits in most UK pension schemes can be taken will increase from 55 to 57 by 2028 (and then, going forward, the age will be maintained at 10 years below the State Pension Age). This change is not expected to affect the vast majority of MPS members who have a right to take their pension benefits from age 50. (Your last benefit statement will show the age from which your pension can be taken.) However, a handful of MPS members who have not yet started drawing their pension don't have this right and could be affected by this change.
- From March 2014 HM Revenue and Customs (HMRC) increased the limits for which members with very small pensions could convert them into a one off taxable cash payment. From April 2015 the age at which an eligible member can make use of the new limits will be lowered from 60 to 55. Further details on these changes are provided on pages 4 and 5.

Changes to trivial commutation

What is trivial commutation?

Members with very small pensions have for some years been able, if they wish, to convert them into a one-off taxable cash payment, provided that they meet certain qualifying conditions specified by HM Revenue and Customs (HMRC). This member option is known as "trivial commutation".

Do you qualify for trivial commutation?

The key qualifying condition relates to the amount of the cash payment that can be made. This has to be less than limits set by HMRC. As mentioned on page 3, from March 2014 these limits increased:

- If you have less than £30,000 of pension savings in total across all of your pension arrangements (as a guide this is broadly equivalent to a total pension of less than £29 per week), you can convert them to a cash lump sum. Previously this limit was £18,000.
- If your MPS pension saving is less than £10,000 (as a guide this is broadly equivalent to a pension of less than £10 per week), you can convert it to a cash lump sum. Previously this limit was £2,000.
- If your pension savings are more than the amounts set out above, then you are unaffected by these changes.



Three other important qualifying conditions set by HMRC that must be met before you can trivially commute are as follows:

1. Age limit

You must currently be over age 60 to qualify for trivial commutation. From April 2015, this will be lowered to 55. Once you reach the qualifying age you can apply for trivial commutation, providing you meet the other qualifying conditions.

2. Guaranteed Minimum Pension (GMP)

If you left British Coal after April 1978 and your pension is subject to a minimum amount known as GMP (which is broadly equivalent to the amount that would have been earned in the State Earnings Related Pension Scheme) then you will not be able to apply for trivial commutation until you reach your GMP payment age (which is 65 for men and 60 for women).

3. Previous trivial commutation

If you have already trivially commuted any pension benefits from another arrangement and did so more than 12 months ago then you won't be able to qualify for the £30,000 limit option. However, if your pension is small enough you may still be able to qualify for the £10,000 limit option as this only takes into account your MPS pension benefits.

It is important to note that it is HMRC who sets the qualifying conditions for trivial commutation, not the Trustees. The Trustees do not have any power to change these qualifying conditions. Furthermore, whilst the Trustees have decided to give MPS members who meet the qualifying conditions the option to trivially commute their pension benefits, not all pension schemes and providers will offer it as an option to their members.



How do I apply for trivial commutation?

The Trustees expect that many thousands of members will be eligible for and interested in trivial commutation.

Members with MPS pension savings of less than £10,000 (broadly equivalent to a weekly pension of less than £10)

Starting in the New Year, the Administration Office will write to all qualifying members with pension savings in the MPS of less than £10,000 to offer them the chance to trivially commute their pension.

We expect that it will take around five months to contact everybody who qualifies as the Administration Office will need to carry out personalised calculations for each member. There will be a timetable for making offers to members, with oldest members receiving their offers first.

The Administration Office will not know the amount of lump sum that is payable in individual cases until the individual calculation has been carried out. We would respectfully ask that you do not write or telephone them to ask how much you will receive. They will not have this information until they are ready to write to you and it will delay the calculation for other members. In the meantime you will continue to receive your pension if it is already in payment.

If you don't receive an invitation to apply then it will mean you are ineligible for this type of trivial commutation.

Members with MPS pension savings between £10,000 and £30,000 (broadly equivalent to a weekly pension between £10 to £29)

Once the exercise to write to all qualifying members with pension savings in MPS of less than £10,000 has been completed, the Administration Office intend to write to those members with MPS pension savings between £10,000 to £30,000 to offer them the chance to apply for trivial commutation. We expect that the Administration Office will start to issue these letters from May next year.

However, it is important to remember that the limits for this type of trivial commutation have to take into account pension savings from all of a member's pension arrangements, not just MPS. Therefore members who receive a letter from the Administration Office, who wish to apply for trivial commutation, will also be asked to provide details of any other pension savings they may have. Without this information the Administration Office will be unable to fully assess the eligibility of these members.

If you think you may be eligible for this type of trivial commutation we would respectfully ask that you do not write to or telephone the Administration Office until they get in touch with you, which will be from May 2015. They will not be able to assess your eligibility until they are ready to write to you and it will delay the assessment for other members. In the meantime, you will continue to receive your pension if it is already in payment.

If you don't receive an invitation to apply it will mean you are ineligible for this type of trivial commutation.

What happens if I trivially commute my MPS pension?

If you are eligible for trivial commutation and you decide to exchange your pension then you will receive a one-off final cash payment. **This cash payment is taxable.**

Remember, whether to trivially commute your pension is your decision. However, once you have received your lump sum payment, your decision is final and cannot be reversed. You will then cease to be a member of the MPS. This means that you will no longer receive your MPS pension and, in the event of your death, no benefits will be payable to your dependants.

Certain State benefits, such as Housing Benefit or Council Tax reduction, are payable only if a claimant has income or savings below a certain level. If you choose to exchange your MPS entitlement for a commutation lump sum this might affect your ability to claim any income related benefits. You should take this into account before making your decision.



Benefits for your dependants

When a Scheme member dies the MPS provides a number of benefits to a member's dependants. The benefits payable will depend on the member's and dependant's individual circumstances. The Trustees thought it would be worthwhile to provide a reminder of what is payable and when.

Notifying the Scheme about a death

So that the Administration Office can let the family know what details are needed to allow them to identify and pay benefits it is important that they are told as soon as possible about the death of a member.

Does pension continue on the death of an MPS pensioner?

When a member dies, their entitlement to MPS pension ceases immediately. It is illegal to continue to claim pension in the name of the pensioner who has died.

What further benefits might be payable to your dependants?

Widow's pensions

Most pensions awarded to those who left the industry before 6 April 1978 carry no continuing entitlement to a widow's pension.

A widow's pension, based on two-thirds of the member's total weekly pension, is usually payable, on the death of a member who left the industry after 6 April 1978.

Once in payment, a widow's pension is payable for her life and would not cease should she re-marry (as long as she re-married after 1 January 1979).

Children's allowances

Children under 16 may be entitled to receive a pension following the death of a member.

Any disabled children, permanently incapable of supporting themselves, may receive a pension for life.

Otherwise pensions to children cease when they reach age 16 unless they are in full time education in which case payment will continue as long as education continues, up to a maximum age of 21.



Other dependants

The Rules of the Scheme give the Trustees discretion to pay particular benefits to other dependants in certain circumstances, for example, where an unmarried couple were living together as partners. The Trustees will take full account of all relevant information provided about a member's circumstances in considering whether to make a payment of discretionary Scheme benefits. You can get more information from the Administration Office.

Further details about death benefits

The above is only a summary of the benefits which might be payable on the death of a Scheme member. If you are uncertain of the benefits payable in the event of your death then please contact the Administration Office. The Administration Office's contact details can be found on the back page of Newsline.

Benefit fraud

The Trustees need to ensure that benefits are paid only to those who are entitled to receive them. The Trustees take this responsibility very seriously and have put a number of measures in place to try to ensure that pensions aren't paid to people who are not entitled to them.

Claiming a benefit that you are not entitled to through either providing incorrect information or deliberately withholding information is fraud and a criminal offence.

A summary of the main measures to combat fraud is provided below.

What does the Scheme do to combat fraud?

Every month, the Scheme compares its pension payroll records against death records held by the General Register Office to ensure MPS records are as up to date as possible. This helps us to get in touch with the small number of people who forget to advise us promptly that a relative has died.

We do ask families and authorised third parties (such as nursing homes or Council departments), to notify us of the death of an MPS member or pensioner as quickly as possible. Any benefits paid after a Scheme member has died are repayable to the Scheme and if benefits continue in payment for some time, a family might find it difficult to repay. The information we receive from our check of the records held by the General Register Office assists us if there is a delay before the family advise us of a member's death.

Unfortunately, in some cases we discover that there has been a deliberate attempt to defraud the Scheme and that the next of kin has decided not to notify the MPS of a pensioner's death so that they can continue to draw the member's pension.

The money for benefits in the fund is intended for our members, and it is the Trustees' responsibility to make sure that it is protected particularly from fraudulent claims. Any overpayment that is not recovered will reduce the amount available in the fund to pay Scheme benefits. The Trustees have a duty to seek recovery of any overpayment, including money paid after the date of death.

Over the year to date in 2014, we have discovered 805 cases where we had not been notified of a death, and so benefits were still being paid after our member had died, resulting in total overpayments of £480,000. In many of these cases, when we contacted the next of kin we found a genuine mistake had been made in not letting us know, and the monies paid in error have been fully refunded. However, some of this money was being fraudulently claimed by people who had no right to receive it. Much of this fraudulently claimed money has now been recovered directly by the Scheme from the estates or next of kin of the deceased pensioners. More has been recovered by the Scheme's solicitors through court orders, or other methods such as charges being made against the fraudulent individual's property. The balance is being actively pursued through criminal proceedings brought by the police.

Going forwards the Trustees will continue to be vigilant in ensuring that benefits aren't paid to people who are not entitled to them and they will continue to use all means necessary to recover fraudulently claimed benefits.



Your views on the service from MPS

Next year, we will be asking a sample of members to complete a survey and give us their views about different aspects of the Scheme including MPS publications and the quality of service they receive when contacting the Administration Office.

Everyone who returns the survey will have the opportunity to have their name entered in to a prize draw to win £25 in High Street vouchers. You do not need to give your name when completing the survey, unless you wish to take part in the prize draw, or if you would like an individual response to any queries you might raise. If you would like to be included in the 2015 survey, please let us know.

Paydays for 2015 ▶ If your pension is paid:

every four weeks:

9 January 2015	24 July 2015
6 February 2015	21 August 2015
6 March 2015	18 September 2015
Thursday 2 April 2015	16 October 2015
1 May 2015	13 November 2015
29 May 2015	11 December 2015
26 June 2015	

every 13 weeks:

30 January 2015
1 May 2015
31 July 2015
30 October 2015

once a year:

30 October 2015

Pension payments are normally made on Fridays, but as banks, building societies and post offices may be closed or have shorter opening hours on Friday 3 April (Good Friday), the Trustees have made arrangements for your payment to be made one day earlier, on **Thursday 2 April 2015**.

How to get in touch with the Administration Office

If you have a query about your pension you can use the Scheme's lo-call number, 0845 606 4444 to contact the MPS Administration Office. The office hours are 8.30am to 6.00 pm.

We also have an alternative number, which you can use to call from anywhere in the UK.

The alternative number has recently changed to 0121 415 0289.

This is also the number to use if you call us from outside the UK.

If you call from overseas, please dial +44 121 415 0289.

It may be cheaper to use this number if all your local and national calls are free.

When you call, we may ask some security questions to safeguard your interests.

You can also contact the MPS by email using the Scheme's website - www.mps-pension.org.uk

An enquiry received by email is treated in exactly the same way as a piece of post received on that day.

We take your security very seriously, so please be aware that if the email was sent on your behalf by a third party, the Scheme will be unable to respond by email and we will send a reply to you by post.

If you prefer to write to us, the Administration Office address is:

Mineworkers' Pension Scheme

Sutherland House, Russell Way, Crawley RH10 1UH.

You may find these other telephone numbers useful:-

National Concessionary Fuel Office (NCFO) and Cash in Lieu: 0845 759 0529

British Coal Staff Superannuation Scheme administration office:

Surname A-J: 0845 609 0012

Surname K-Z: 0845 609 0013

The BCSSS also has alternative numbers, which you may prefer to use if all your local and national calls are free. These are:

Surname A-J: 0114 203 4613

Surname K-Z: 0114 203 4629

Tax and Tax Code Enquiries (HMRC) - 0300 200 3300, quoting reference 083/MPS.

Keep in touch

Over the years, the Scheme could lose contact with you if you do not let us know of any change of address. Please do let us know if you move so we can make sure you have the opportunity to vote and take part in the Pensioner Representative Elections, and that you continue to receive information about your Scheme. If you know someone who used to work in the mining industry, but who does not receive their Pensions Newsline, please let them know how to get in touch.