

Your Time

Newsletter for Essex County Council Pensioners



Issue 1

Newsletter Date: Winter 2009

Welcome to the winter 2009 issue of "Your Time".

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We are here to help you

Welcome to the first edition of *Your Time*, a Newsletter communication specifically aimed at providing retired members of the Essex County Council Pension Fund with useful information relating to their pensions.

We always welcome feedback from our pensioners regarding the service we are providing, and would be interested to know what you think of our Newsletter and if you have any suggestions for articles to be featured in future editions.

It is important that we do not lose contact with you, so that we can continue to issue pension payments. Should our offices receive returned correspondence, we may suspend payment of your pension. Therefore, if you are planning on moving address, please forward us the



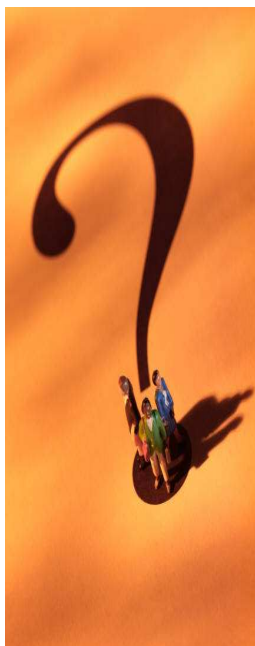
relevant details, at your earliest opportunity. Please be aware that we need to receive any change of address details in writing, signed either by you or the individual who has been appointed as your legal representative. We are also able to accept signed faxes and e-mails where there is scanned paperwork attached which has been signed.

About us

In September 2007, Pensions Services undertook the running of the Pensioner Payroll from our Employee Pay & Conditions Department at County Hall. Within the Pensions Services section, there is a dedicated

Pensioner Payroll Team responsible for dealing with day-to-day queries, updating payroll records, and processing the monthly payroll. We currently issue monthly payments to over 30,000 pensioners, which includes

both Local Government and Essex Fire Authority retirees. You can contact our offices either by phone, e-mail or fax. Our contact details can be found at the back of this Newsletter.



Part 1: Understanding Your Tax Code

Tax codes are used by us, as your pension provider, to calculate the amount of tax to deduct from your pension. If an incorrect tax code is being applied to your pension, this may result in you paying either too much or too little tax.

If your tax code consists of a number followed by a letter, you can estimate the total pension you can earn in a year before paying tax by multiplying the number in your tax code by ten.

For example, if your code was 115L, your tax free income would total £1,150. You would only be taxed on taxable income in excess of this amount. A summary of the main tax code letters and their meaning is shown in the box below.

The tax code works by spreading your tax free income equally over the tax year. This process can be complicated if your tax code changes during the tax year.

Summary of Tax Code Letters

- L** This code is valid for individuals who qualify for the basic Personal Allowance, which equates to 647L for the 2009-10 tax year. This code is also used as the basis for the 'emergency' * tax code
- P** This is applicable for people aged between 65 to 74 who are eligible for the full personal allowance
- Y** This is valid for people aged 75 or over who are eligible for the full Personal Allowance
- K** This code indicates that your total allowances are less than your total 'deductions' - see section "How does the 'K code' work?"
- T** This indicates there are outstanding items to review in your tax code
- BR** This code is used when all of your income is taxed at the basic rate, which is currently 20%. This is often used for a second pension where all your personal allowances are being applied to your main pension
- D0** This is used when all of your pension is taxed at the higher rate of tax, which is currently 40%
- NT** This is used to indicate that no tax should be taken from your pension

*For new pensioners, P45 information is not always available, and so we operate the emergency code (currently 647L) which is subsequently reviewed by the Tax Office. Once the correct code is received, a tax adjustment is sometimes made.

Personal Allowance

Everyone is entitled to the basic personal allowance, but if you are aged 65 or over, and your taxable income is below a certain level, the allowance rate is greater. For 2009/10, the Personal allowance rates are as follows:

Personal Allowance Rates	2009/10	Income Limit
Basic amount for individuals aged under 65	£6,475	none
Aged 65 to 74	£9,490	£22,900
Aged 75 or over	£9,640	£22,900

If your taxable income exceeds the 'income limit', the age-related allowance decreases by half of the amount (£1 for every £2) you have over that limit, until the basic rate allowance is met, i.e. your allowances will never reduce below the basic rate allowance no matter how high your level of income is.

How does the 'K code' work?

Where you have income on which tax is still due ('deductions'), and this amount exceeds your total allowances, you will normally be issued with a 'K' tax code. The number shown on a 'K' code multiplied by ten, roughly equates to the amount which must be added to your taxable income to incorporate the excess untaxed income you have received.

K Code Example:

K347 indicates that:

- A) Your untaxed income received was approximately £3,470 higher than your taxable income
- B) Your total taxable income must be increased by £3,470 to ensure that the correct amount of tax is taken

Q. I think my tax code is wrong: what do I need to do?

If you believe that the tax code being operated against your pension is wrong, you need to contact the Tax Office who will be able to review your tax record and, if necessary, forward our offices a revised tax coding notice. When querying your tax code, check that the Tax Office is holding the correct Tax Reference Number on your record:

For Local Government Pensions, the Tax Reference number is: **120/BA07190**.

For Fire-fighter Pensions, the Tax Reference number is: **120/E50004**.

The Tax Office's contact details are:

**North East Metropolitan Area
Fountain Court
119 Grange Road
Middlesbrough
TS1 2XA
Tel: (0845) 302 1414**

**If calling from abroad telephone:
+44 191 501 6078**

**The Tax Office's telephone opening hours are:
8.00am to 8.00pm Monday to Friday
8:00am to 4.00pm Saturday**

**A Textphone service is available for people
who are deaf or hearing/speech impaired:**

(0845) 302 1408

Overseas Payment Service



As you may be aware, our current overseas payments provider, the Bank of Scotland, is terminating its Transcontinental Automated Payments Service (TAPS) with effect from 24th December 2009. From this date, Citibank, who offer a similar service to TAPS, will be responsible for issuing pension payments to overseas accounts. Citibank's administration is handled by Xafinity Paymaster who currently charge £2.74 per transaction.

If you are interested in having your pension paid in to an overseas account, please contact our offices for more details.

Q. I am moving abroad: how will my pension be treated for UK tax purposes?

If you have recently left or are about to leave the UK to reside abroad, you should fill out form **P85** which can be obtained from your Tax Office. Normally, income arising from sources within the UK remains liable to UK tax. However, you may be entitled to tax relief under the terms of a **Double Taxation Agreement** between the UK and your country of residence. If you have any queries regarding this, please contact HM Revenue and Customs, who have a dedicated helpline for tax enquiries for non-UK residents:

Tel: **0845 070 0040**. If you are calling from abroad, phone: **+44 151 210 2222**

Our Contact Details



Telephone: (01245) 431333

Mon-Thurs: 9am - 5:30pm Fri: 9am - 5:00pm



Fax: (01245) 493439



E-mail: pensionpayroll@essex.gov.uk



**Write to: Pensioner Payroll Team, Essex County Council, PO Box 11,
County Hall, Chelmsford, Essex CM1 1LX**



December Pension Payment

The December pension payment will be made early on 21st December if your monthly pension is normally paid in arrears on the last working day of the month.

In The Next Issue.....

- Part 2: Understanding Your Tax Code
- Maintaining Your Pension Record
- Tax band changes for high earners