

# Active Member Benefit Statement FAQs



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### 1. When do I qualify for scheme benefits?

If you joined the Local Government Pension Scheme (LGPS) on or after 1 April 2014 with no earlier period of LGPS membership in England or Wales and having not transferred any previous pension rights into the LGPS, you must normally attain 2 years' scheme membership to qualify for benefits.

### 2. When can I retire normally?

The projections made on your statement assume that you will continue to contribute to the LGPS until your **Normal Pension Age (NPA)**. If you retire voluntarily before your NPA your pension and lump sum (if applicable) will be subject to a reduction for early payment.

Your NPA shown on your statement is linked to your **State Pension Age (SPA)** but this will change if the Government changes the SPA in the future. If your SPA is earlier than your 65<sup>th</sup> birthday, your NPA will instead be your 65<sup>th</sup> birthday. If you have membership in the LGPS before 1 April 2014 your final salary benefits retain their protected NPA, which for most members is age 65.

In 2017, the Government reviewed the SPA. On 19 July 2017, they announced the outcome which is a proposal to increase the SPA for people born between 6 April 1970 and 5 April 1978 (inclusive). To proceed with this proposal, the Government will need to change the law, which they have not yet done. The Government have announced that they will consider changing the law as part of the next review due by July 2023.

Your statement **does not** take this proposal into account. Your NPA in the LGPS Scheme will only change if the Government change the law. For more information, please see the Government's press release (<https://www.gov.uk/government/news/proposed-new-timetablefor-state-pension-age-increases>)

### 3. Does my statement take account of any early retirement reduction?

No. The benefits shown **do not** include any early retirement reductions that will apply if you were to retire earlier than your NPA.

If you would like to see how your benefits would be affected if you decided to withdraw them early, please refer to the benefit projectors on My Pension Online - Member Self Service. Details of how to use and understand the voluntary retirement benefit projector can be found in 'Scheme Documents' on your online account.

### 4. Does my statement include a late retirement increase?

If you have gone past your NPA as at the statement date, the total value of your benefits as at the statement date includes any late retirement increases due in accordance with current actuarial factors, issued by the Government. The Government may at any time in the future amend these factors.

### 5. Does my statement include previous years CARE pension?

Yes, the **Career Average Revalued Earnings pension (CARE pension)** shown on your statement on section C includes previous years CARE pension that you have built up, this also includes final salary benefits if applicable. For a more detailed breakdown of this please login to your My Pension Online - Member Self Service account and see the latest valuation option under 'Pension Benefits'.

### 6. What if I contribute to the LGPS under another employment?

You will receive a separate statement in respect of each of your pensionable employments.

## 7. What if I also have a deferred benefit under the LGPS?

You will have been issued with a separate statement for any deferred benefit you may have from an earlier period of LGPS membership.

## 8. Can I pay more to increase my benefits?

You may pay **Additional Voluntary Contributions (AVCs)** arranged through the LGPS (“in-house AVCs”) and you also have the option to set up an **Additional Pension Contributions (APC)** contract, which allows you to purchase more LGPS pension (but not normally if you are in the 50/50 section). As well as this you may also contribute to a personal pension scheme. For more information about increasing your benefits please see our website.

## 9. I am already paying additional contributions, are they included in my statement?

If you are paying or have previously paid additional contributions to buy “Added Years” or “Additional Pension” then the proportion, you have bought as at the statement date, is included in the pension amounts quoted. Please note that any additional years bought will not be shown separately.

If you are paying or have previously paid AVCs, these are treated separately and are not included in the statement. You should receive an AVC statement each year from your AVC provider detailing the value of your AVC fund.

## 10. What happens if I am unable to work because of an illness?

If you have been absent from work because of an illness and you have received reduced pay or no pay for any period as a result of the illness, there will be no effect on your pension. In these circumstances your employer should have confirmed the **Assumed Pensionable Pay (APP)**, this is based on the average pay received in the 3 complete months before your pay became reduced. Your CARE pension is calculated using your APP when your pay has been affected during your absence because of illness. This means that the CARE pension you build up while on such leave is protected.

If your employment is terminated on the grounds of ill health, your retirement benefits will become payable immediately at an unreduced rate and in some circumstances with enhancements, provided you meet certain ill-health conditions. For further information on the ill health process, please contact your employer’s HR department.

## 11. Has my Pension Sharing Order / Scheme Pays deduction been applied?

No adjustment has been made to the benefits shown on your statement if they are subject to a pension sharing order (following a divorce /dissolution of a civil partnership), the figures on the statement do not take account of the reduction to benefits imposed by the pension sharing order. The amount of the reduction will be calculated when your benefits are paid.

If at any time you have breached the annual allowance and elected for the scheme to pay the tax charge, the figures on the statement do not take account of the reduction to benefits to meet the tax charge. The amount of the reduction will be calculated when your benefits are paid. More information on annual allowance can be found in point 20.

Please also note that any figures produced on the benefit projector on My Pension Online - Member Self Service will not take into account any reductions that would apply to your pension for a pension sharing order or a reduction following a scheme pays deduction.

## 12. Does my statement provide for any Underpin protection?

The projections shown on your statement **do not** provide for any underpin adjustment.

If the underpin applies to you, a calculation will be performed at the date you cease to contribute to the scheme (or at your protected NPA if earlier), to check that the pension you have built up (or, if you have been in the 50/50 section of the scheme at any time, the pension you would have built up had you always

been in the Main section of the scheme) is at **least equal** to that which you would have received had the scheme not changed on 1 April 2014. If not at least equal, the difference in your benefits will be added to your CARE pension account.

The underpin applies to you if:

- you were an active member of the LGPS on 31 March 2012, and
- you were, on 1 April 2012, aged 55 or more, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you leave with an immediate entitlement to benefits.

The underpin will also apply if –

- on or after 1 April 2014, you transferred benefits into the LGPS from a different public sector scheme, and
- between leaving that scheme and joining the LGPS, you did not have a continuous break in active membership of any public sector scheme exceeding 5 years, and
- you were an active member of the other public sector scheme on 31 March 2012, and
- you were, on 1 April 2012, aged 55 or more, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you leave with an immediate entitlement to benefits.

The Underpin does not apply if –

- you opt out of the scheme prior to 65, or
- you leave the scheme with deferred benefits before age 60.

### **13. What happens to my pension benefits if I stop being a member?**

A letter detailing your options and the current value of your benefits will be sent to you automatically.

#### **Other points to note**

### **14. Normal Pension Age (NPA)- reductions and increases**

NPA is linked to your State Pension Age (SPA) for benefits built up from 1 April 2014 (but with a minimum of age 65) and is the age at which you can take the pension you have built up in full. If you choose to take your pension before your NPA it will normally be reduced, as it's being paid early. If you take it later than your NPA, it's increased because it's being paid late.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected NPA, which for most is age 65.

However, all pension benefits must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits in your CARE pension account (built up from April 2014) at your NPA (which is linked to your SPA but with a minimum of age 65).

The Normal Pension Age shown on your statement is the NPA in respect of your benefits built up from April 2014 i.e. your SPA or your 65th birthday if later.

So, generally, assuming your SPA is later than 65 if you retire before 65, both your final salary benefits and CARE benefits will be actuarially reduced.

If you retire on your 65th birthday, your final salary benefits will not be actuarially adjusted but your CARE benefits will be actuarially reduced.

If you retire between age 65 and your SPA, your final salary benefits will be actuarially increased, and your CARE benefits will be actuarially reduced.

Note that if you joined before 1 October 2006, you may have protection which means that some of the actuarial reduction won't apply upon early retirement.

If you retire on your SPA and your SPA is later than your 65<sup>th</sup> birthday, your final salary benefits will be actuarially increased, and your CARE benefits will not be actuarially adjusted.

If you retire after your SPA, both your final salary benefits and CARE benefits will be actuarially increased.

If you retire after age 65 then your final salary benefits will be increased by 0.010% (pension) and 0.001% (lump sum – if applicable) for each day between your 65<sup>th</sup> birthday and your retirement date. If you are age 65 or over as at the statement date, then these increases are included in your statement.

If you retire after your SPA (or 65<sup>th</sup> birthday if later) then your CARE benefits will be increased by 0.010% (pension) for each day between your SPA (or 65<sup>th</sup> birthday if later) and your retirement date.

The Government may change the above-stated late retirement factors at any time.

#### 15. Lump sum & maximum conversion

If you joined before 1 April 2008, you will be entitled upon retirement to an automatic lump sum and an annual pension. Otherwise, you will only be entitled to an annual pension. Either way, you may elect to increase the automatic lump sum or to receive a lump sum, by converting part of your annual pension. The current rate of conversion is £12 lump sum for each £1 of annual pension. This option is subject to certain restrictions in respect of the maximum amount of lump sum that may be received, and full details will be provided to you shortly before retirement. Any lump sum payment is tax free.

You can also look at your lump sum options by using the benefit projector on your My Pension Online - Member Self Service account. Details of how to use and understand the voluntary retirement benefit projector can be found in 'Scheme Documents' on your online account.

#### 16. Is my pension effected if my pay has been reduced due to absence?

If you have had a period of reduced or no pay due to sickness or injury, or a period of child related leave (i.e. ordinary maternity leave, ordinary adoption leave, paternity leave, paid additional maternity leave, paid additional paternity leave, paid shared parental leave or paid additional adoption leave) or a period on reserve forces service leave, your employer should have confirmed the **Assumed Pensionable Pay (APP)**, this is based on the average pay received in the 3 complete months before the leave. You are treated as receiving the value of APP for the purpose of calculating your pension when you are on protected leave as outlined above. This means that the CARE pension you build up while on such leave is protected.

If your pay has been reduced following absence for reasons not outlined above (i.e. additional unpaid maternity leave, authorised unpaid leave) then you will not accrue pension during this absence, your employer will contact you to confirm how much pension you have lost in this instance as well as confirm the options you have to buy back any lost pension.

#### 17. Post retirement marriages

Please note that partner benefits will differ where a post leaving marriage/civil partnership occurs. A pension for a widow of a post leaving marriage, a survivor of a same sex post leaving marriage, or a civil partner of a post leaving civil partnership will not include any pre-6 April 1978 membership. A pension for a widower of a post leaving marriage will not include any pre-6 April 1988 membership.

*Your Pension Service is Managed by Local Pension Partnership (LPP)*

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## 18. What happens to my pension if I die?

If you die as an active member of the scheme there will be a death grant payable as well as survivor benefits for any eligible survivors. This may include married partners, cohabiting partners and children subject to eligibility conditions. Death-in-service benefits are payable irrespective of whether the deceased member had been in the Scheme for 2 years or more. Death in service benefits are amounts quoted on your statement.

For the death grant, the LGPS allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an 'Expression of Wish' form.

The Administering Authority has absolute discretion over who receives any death grant; they can decide to pay any death grant due to your nominee/s or personal representatives or to any person who appears, at any time, to have been your relative or dependant.

To check that your death grant nomination is up to date please login to your My Pension Online - Member Self Service account. Please note you may alter your nomination as your circumstances change; you may also split the benefit between a multiple beneficiary.

## 19. Cohabiting partner survivor benefits

Eligible cohabiting partner benefits will not include any pre-6 April 1988 membership (unless you had elected prior to 1 April 2014 to pay for some or all, of that membership to count).

## 20. Annual allowance

Details of your annual allowance can be found on the financial details page of My Pension Online – Member Self Service.

## 21. I still have questions about my benefits, how can I find out more?

There is lots more information about the scheme on our website at [www.yourpension.org.uk](http://www.yourpension.org.uk)

## KEEPING US UP TO DATE

**Finally, please remember to let us know if your address changes so that we can keep you up to date with information about your pension benefits. You can do this by logging into My Pension Online - Member Self Service via our website.**

*All data held is for the purpose of administering the pension scheme and paying pension benefits. The administrators have a legal obligation and a legitimate interest under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA18) or any superseding legislation in processing data as a result of your membership of the scheme. This may include passing such data to the actuary, administrators, auditors, insurers, lawyers and such other third parties as may be necessary for the operation of the scheme. The LGPS administering authority and LPP who administer 'The Scheme', are joint data controllers under the GDPR and remain legally responsible for collecting and processing personal data under the GDPR for the scheme.*

## DISCLAIMER

*This document is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this document does not confer any contractual or statutory rights and is provided for information purposes only*

