

Pension Increase FAQs

- 1) [How much will my pension be increased by from April 2010?](#)
- 2) [As the change in the Retail price Index was a negative figure in the 12 months to September 2009 does that mean that you are going to reduce my pension?](#)
- 3) [Who decides the amount of the increase to my pension each year?](#)
- 4) [Why is the change of rate in RPI used to determine the increase in my Local Government Pension?](#)
- 5) [Will my state pension be increased?](#)
- 6) [If my Local Government Pension has not changed why is the amount of pension I have received changed/ Why is my tax deduction different this month?](#)
- 7) [What is the Retail Price Index?](#)
- 8) [Why hasn't my pension gone up by the rate of inflation?](#)
- 9) [What is the difference between the Consumers Price Index \(CPI\) and Retail Price Index \(RPI\)?](#)
- 10) [Why has my state pension been increased but my Local Government pension hasn't?](#)

How much will my pension be increased by from April 2010?

Public sector pension schemes are increased under the provisions of the Pensions increase Act, which is based on the September to September increase in the Retail Price Index (RPI). The change in the RPI to September 2009 was in fact a negative figure, i.e. -1.4% and therefore there will be no increase to Local Government Pensions in April 2010.

[Back to Top](#)

As the change in the Retail price Index was a negative figure in the 12 months to September 2009 does that mean that you are going to reduce my pension?

No there will be no reduction in your Local Government Pension as a result of the negative change to the RPI

[Back to Top](#)

Who decides the amount of the increase to my pension each year?

The increase is decided by the increase in the retail price index (RPI) in the 12 months ending with the previous September and is set by HM Treasury. As a result the Pension Section is unable to deal with any questions you may have regarding this. Further information from H M Treasury can be found at

http://www.hm-treasury.gov.uk/tax_pensions_increases.htm

[Back to Top](#)

Why is the change of rate in RPI used to determine the increase in my Local Government Pension?

Although other indices are used for different purposes the pensions increase legislation states that the change in the RPI is used when increasing public sector pensions.

[Back to Top](#)

Will my state pension be increased?

For any information regarding your state pension you should either contact your local Department for Work and Pensions office or alternatively visit www.direct.gov.uk

[Back to Top](#)

If my Local Government Pension has not changed why is the amount of pension I have received changed/Why is my tax deduction different this month?

Although the amount of your pension may not have changed it could be that we have been issued with a new tax code by Her Majesty's Revenue and Customs (HMRC). HMRC assess each individual's circumstances and allocate the appropriate tax code accordingly. This code is then sent to us electronically therefore updating our payroll system automatically. If your code has changed the HMRC will send you confirmation of your new tax code and how the code has been made up.

[Back to Top](#)

What is the Retail Price Index?

The RPI is used by the government as a base for various purposes, such as the indexation of pensions, amounts payable on index-linked securities including index-linked gilts and social housing rent increases. The RPI calculates the average price increase as a percentage for a basket of 600 different goods and services.

[Back to Top](#)

Why hasn't my pension gone up by the rate of inflation?

There are several ways to measure inflation, primarily by the Retail price Index (RPI or the Consumer Price Index (CPI). The pension increase legislation details that the RPI should be used when increasing public sector pensions.

[Back to Top](#)

What is the difference between the Consumers Price Index (CPI) and Retail Price Index (RPI)?

Both calculate and monitor the cost of specific goods in a basket, but these goods vary and the CPI and RPI are used for different purposes.

[Back to Top](#)

Why has my state pension been increased but my Local Government pension hasn't?

State benefits are usually increased using the change in the RPI however it is current government policy to award a minimum increase of 2.5% on the basic state pension.

[Back to Top](#)