

Retirement Journey

June 2019



Retirement journey

- 1) Annual Benefit Statements
- 2) Estimate Process
- 3) Retirement Process
- 4) Exit Payment Cap

Annual Benefit Statements

- Staffordshire Pension Fund must issue an Annual Benefit Statement within 5 months of the end of the Scheme Year (31 March)
- This is a Statutory Obligation
- Statements must be issued to all Active, Deferred, Deferred Pensioner (ceased Tier 3 benefits) and Pension Credit members
- Failure to provide an ABS by 31 August is a Breach and must be reported to the Pensions Regulator

What does an ABS show?

- Checking personal details
- Benefits payable as at 31 March, payable at Normal Retirement Age
- Break down of the elements of the calculation
- Death in service benefits
- Estimated benefits at Normal Pension Age
- Lifetime Allowance

Why is it important?

Pre 2014 Scheme

All benefits based on final salary



You could get it right at the end.....

Post 2014 Scheme

- Benefits based on 2 salaries:
 - Final salary (old definition)*
 - Actual salary per year (including overtime and bonuses)
- Incorrect actual salary = Incorrect CARE pension for that year
- Assumed pensionable pay



Data requirements are more onerous – accurate record keeping is key

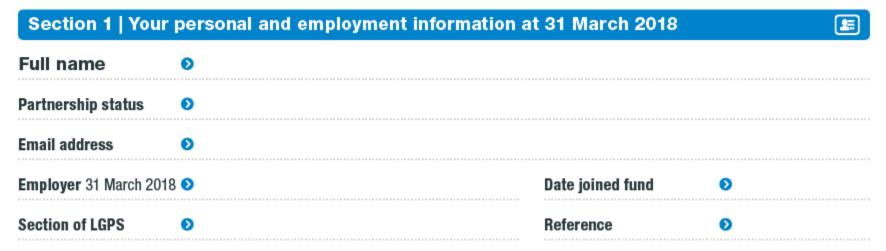
Pension Build Up

Membership up to 31 March 2008		Membership from 1 April 2008 to 31 March 2014		Membership from 1 April 2014
Annual Pension = Membership x Final Pay / 80	+	Annual Pension = Membership x Final Pay / 60	+	Annual Pension = Pensionable pay for each year / 49 (half that if in 50/50 section)
Automatic tax-free cash lump sum = 3 x Annual Pension		No automatic tax-free cash lump sum*		No automatic tax-free cash lump sum*

^{*} Option to convert pension into tax-free cash

Each section of the ABS is colour-coded:

Dark Blue – personal details



Light Blue – this is the value held in the member's Pension Account at the 31 March in the year the statement was issued (as if the member had left on 31 March and then the benefit were to be paid at Normal Pension Age)

Left hand side – Standard Benefits

Right hand side – Maximum Lump Sum



Light Blue – this is the Pay that has been used to calculate the benefit each year (provided by you as the Employer in your Year End Return)

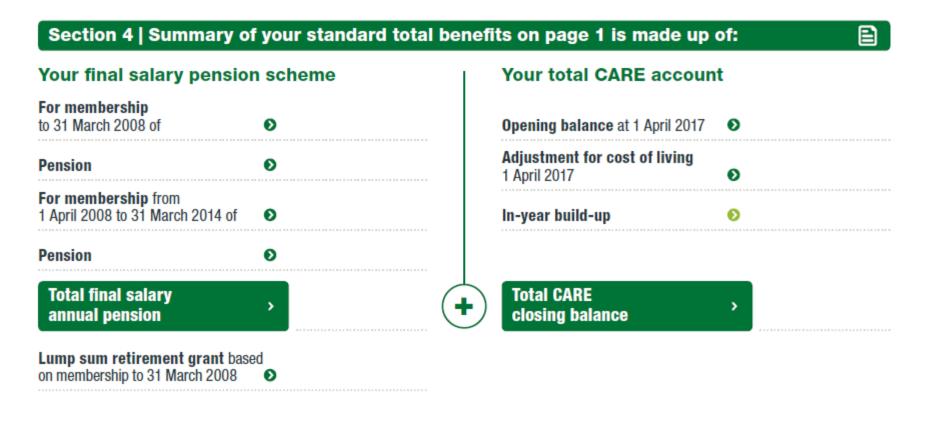
Final Salary – this should be a Whole Time Equivalent

CARE Pay – this is the Actual Pay for each section – this should include APP

You are the first point of contact for the member if this information is incorrect

Section 3 | How your pension is calculated Please note: The benefits shown in this statement are based on the figures below, which have been supplied by your employer. It is important that you check these figures and contact your employer quickly if they are wrong. Your final salary pensionable pay Your CARE pensionable pay – main section Your CARE pensionable pay – 50/50 section

Dark Green – this section shows how the Pension and Lump Sum from Section 2 has been calculated (split between Final Salary and CARE calculations)



Light Green – this is the in year build up of CARE

Your total CARE in-year build-up is made up of:

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Any pension bought or transferred into the fund before 1 April 2017 will already have been accounted for in the existing figures. If the pension was transferred into the fund before 1 April 2014 it is included in your final salary and not LGPS CARE benefits.

Scheme year April 2017 to March 2018

	Your CARE pensionable pay – main section divided by 49	•
+	Your CARE pensionable pay – 50/50 section divided by 98	•
+	Additional pension bought	•
+	Transfers in	•

Orange – this section provides estimate values for Death In Service benefits

Section 5 Value of death in service benefits at 31 March 2018	O
Annual survivor's pension	•
Lump sum death grant	•
Nomination details for lump sum death grant	
The date you last nominated anyone to receive any death grant:	
If you have not yet nominated anyone to receive any death grant, and would like to do so, you ca www.staffspf.org.uk/Members/Forms/Nominate-Beneficiary.aspx	an fill in a form by going to our website at

Red – benefit projections – this projects forward the benefit that would be due if the member continues to have the same CARE pay for each scheme year from the ABS issue date to Normal Pension Age (later of age 65 or State Pension Age)

Section 6 Estimated benefits if you stay in the scheme until your normal pension age				
Your normal pension age (NPA)	•			
Estimated final salary pension built up to NPA	•			
Estimated CARE pension built up to NPA	•			
Total estimated annual pension at NPA	>			
Total estimated lump sum retirement grant	>			
Estimated final salary survivor's pension at NPA	•			
Estimated CARE survivor's pension at NPA	•			
Total estimated survivor's pension at NPA	>			

Purple – Tax and your pension – this section gives details of the Standard Lifetime Allowance values of a benefit

Tax limits apply to pension savings. These limits are called the lifetime allowance and the annual allowance. Confirmation of your lifetime allowance value at the 31 March 2018 is provided below. The standard lifetime allowance was £1 million for the 2017/2018 tax year. From April 2018 the standard lifetime allowance will be increased in line with inflation. Lifetime allowance Current lifetime allowance value at 31 March 2018 ↑ The percentage of your lifetime allowance used by the current value of your LGPS benefits shown in this statement ↑ **Morch 2018** **M

Estimate Process

- Member can request an estimate from us (only if within 12 months of retirement)
- Member can use MSS to check own benefit
- Employer can request estimates
- Member cannot request estimates on grounds of – III Health, Redundancy/Efficiency, Flexible Retirement or any estimate where there may be a cost to the employer
- GDPR Issues

Estimate Process - Timescales

- Our Service Standards for Estimate Processing is 20 working days
- What we require from you:
- Date
- Reason for leaving
- Pay
- If the member's estimate should be issued immediately

Quick Question

- You are retiring. When do you expect to be paid?
- When do you send Pensions a termination form?
- Do your employees have the same expectations?
- Do you explain the process to them?

Retirement Process

- What do you need to provide?
- Termination Details
- Date
- Reason for leaving
- Pay (please note, we may need 13 years worth of Final Salary)

Retirement Process (Pensions Services)

- 2 stage process
- Stage 1 Commutation Quotation
- Disclosure requirement
- 2 months if leaving under SPA
- 1 month if at or over SPA
- Breach is reportable to regulator if standard not met

Retirement Process (Pensions Services)

- Stage 2 Actual Payment
- Our Service Standard member to receive payment of any Lump Sum Retirement Grant within 13 working days of us receiving all information/documentation
- Pension will be paid (with arrears) at the end of the next pay period

Exit Payment Cap

- Restricting exit payments within the Public Sector to £95k
- Consultation ends 3 July
- What payments?
- Redundancy Payment
- Compensation Payment
- PILON
- Settlement Agreement / ex-gratia payment
- Pension Strain / Actuarial Strain
- May require amendments to Pension Scheme Regulations
- May require new Factors to calculate Strain
- Watch this Space for more information

Actuarial Strain

- What is Actuarial Strain?
- Cost for early release based on locally agreed factors
- Why is it different for each member?
- Dependant on Age; Pension benefit (including TVs); R85 protection

In Summary

 Joined up working between Pensions and Employers is essential

And Finally.....

