

Staffordshire Pension Fund – Scheme Member Webinar

11 September 2024

Q&A

- **Is that 3 times your pay regardless of your pay or is it capped i.e. if you earn 50k do you get 150k or is it capped at 100k?**

The death in service lump sum is three times your actual pensionable salary (pay figure used is not capped).

- **The contribution rate is against the annual income. When pay rises are agreed and awarded, it is all paid in arrears in a specific month, and despite the new annual salary being still within the same rate bracket, a higher rate was used for that month. Is this correct?**

Other than each April, it is your employer's discretion when to review employee contribution rates and when to apply any change. Your employer may choose to review employee contribution bands and rates where a material change in pay occurs (pay increases due to a pay award are a material change). Regardless, pension contributions must be deducted from the arrears of pensionable pay. Most Scheme employers tend to re-band on a monthly basis.

- **What happens if you leave before 2 years in post, or you go from one fixed term contract to another within SCC, please?**

If you have been paying into the Local Government Pension Scheme (LGPS) for less than 2 years you can receive a refund of your contributions. If you rejoin the LGPS, you can combine the periods of membership.

- **If aged over 55yrs and leaving SCC can the pension be deferred, or would it have to be taken?**

If voluntary resignation, you can elect to defer payment of pension rather than take it immediately. The default position of the Fund is to award a deferred benefit if you are aged 55 to 60, unless you notify us you wish to take immediate payment of reduced pension benefits. You can ask for benefits to be paid at any time between age 55 and 75.

- **Can I take my deferred pension at 55 and still continue working and contributing to my active pension scheme?**

Yes, if you have a separate deferred benefit record, you can access this from age 55 whilst still building up additional pension in your active pension account.

- I have worked for the City Council for almost 39 years. Last year change of salary/title which appears to have generated me as a new starter, so now I have active and undecided leaver showing on the portal - I have rung a couple of times during the last couple of months, but still no change. How long before this is likely to be updated?

Scheme employers will usually send monthly member payroll data to pension services (either via data portal known as i-Connect or monthly spreadsheets). When an employee has a contract change, we will usually be provided with a separate leaver and starter notification. As with your situation, this results in your existing pension record being flagged as "undecided leaver" and a separate pension record being set up for the new role.

Under the current LGPS regulations, the two pension accounts should be automatically combined. However, if there has been a reduction in full-time equivalent salary, we would write to you first as it may be in your interests to keep benefits separate. Please contact the Pensions Team for an update of your personal pension record.

Email: pensions.enquiries@staffordshire.gov.uk

- If you reduce your hours/go part time on the same salary (not flexible retirement) are you best to leave the scheme and join again under the new contract?

If you joined Scheme after 1 April 2014, the reduction in hours won't impact the pension you have already built up. However, if you have final salary benefits (membership before 1 April 2014), the hour change would not be a problem unless you are also reducing your pay grade/point. For further information on how a reduction in pay can affect your pension, please see our website: Staffordshire Pension Fund - Reduction or restriction in pay

<https://www.staffspf.org.uk/Members/Active-Members/Reduction-or-restriction-in-pay/Reduction-or-restriction-in-pay.aspx>

- My current post is time limited - so potential redundancy may apply. If I choose to take early retirement - I can see from calculator on the portal what pension I can expect dependent upon my age at retirement. I assume that this includes the reduction for going before 67? However, how do I find out what it would be worth if I go due to redundancy and there would be no deduction?

Under current LGPS regulations, if you are made redundant and are aged 55+, your pension benefits will be released without an early retirement percentage reduction being applied. Unfortunately, we are unable to provide a redundancy pension estimate following direct request from member. Due to the cost to the Scheme employer, requests should be made via your HR team. However, you can get a rough idea of the potential benefits via the online My Pension Portal. The voluntary retirement figures will include early retirement reduction

(amounts are displayed). Therefore, you can add any reduction to pension and lump sum to work out the unreduced benefits if made redundant at the chosen leaving date.

- **If the contributions paid at the end of the year are higher than they should have been, should the employer pay back the over payment?**
Your employer decides which employee contribution bands and rates apply and when these are to be changed (although they must be reviewed each April). If there has been an overpayment of employee and/or employer contributions, your employer can request these be recovered from the Pension Fund. Alternatively, they could deduct the overpayment from future contributions.
- **I think I meet the rule of 85 next April, I will be 58 at that time. I started in the scheme in 1998. The information is very confusing, how can I get some firm advice around this.**
The rule of 85 was removed from the Local Government Pension Scheme (LGPS) with effect from 1 October 2006 and does not apply to anyone who joined the Scheme after that date.

However, for those like yourself who built up pension benefits before 30 September 2006, there are varying levels of protection.

If you were born after 31 March 1960, any membership built up in the Scheme before 31 March 2008 (final salary – 80ths) will be fully protected by the ‘rule of 85’. If you retire on or after your 60th birthday and would have met the ‘rule of 85’ on that date, the protected benefits would be payable without reduction. However, the remaining part of your pension (built up after 1 April 2008) would be reduced at retirement.

Note: if a member is retiring before age 60 but would have met the ‘rule of 85’, the protected benefits would be reduced (based on the period from retirement to age 60). However, an employer may agree that the rule of 85 should apply in full. Please see the notes on our website for further information on the ‘rule of 85’

<https://www.staffspf.org.uk/Members/Active-Members/Leaving-the-Scheme/Retirement/Early-Retirement/Rule-of-85-explanation/Rule-of-85.aspx>

- **Having worked for various employers, I have multiple pension schemes - how would I get some clarification around combining these potentially to LGPS?**
There is a time limit of 12 months from joining the Fund to investigate a transfer in of previous pension rights. If you want to get clarification whether you can still combine previous benefits, please email: pensions.enquiries@staffordshire.gov.uk

- **Are all lump sums paid tax free or is there a limit?**

In the LGPS, you can generally take up to 25% of the value of your benefits as a lump sum. For most people, any lump sums taken will be tax-free as the maximum lump sum they can take is much lower than the HM Revenue and Customs limits.

From 6 April 2024, the maximum lump sum is the lowest of:

- 25% of the capital value of your benefits (as assessed in line with guidance issued by the Government Actuary),
- £268,275, or
- £268,275 less the total lump sums you have already taken.

If these limits are exceeded, tax may be due.

- **Thank you for the information, can I ask regarding being made redundant- is it the same if you are at risk as a team and take VR?**

The LGPS regulations do not differentiate between voluntary redundancy and or compulsory redundancy. You would be entitled to immediate payment of unreduced pension benefits if your employment is terminated on grounds of redundancy, and you have attained age 55.

- **I have worked for SOTCC since 2005. I have a deferred and active pension. Is the deferred pension based on my final salary? How long do I have to work full time for it to be based on full time. You have explained 3 schemes how come I only have 2?**

It would depend what period of membership is covered by the deferred benefit on how the pension is calculated.

The LGPS was a 'final salary' pension scheme up to 1 April 2014.

- For each year before 1 April 2008, you get a yearly pension of 1/80th of your final pay, plus a lump sum of 3 times your pension.
- For each year 1 April 2008 to 31 March 2014, you get a yearly pension of 1/60th of your final pay.
- If you work part time, final pay is the full-time equivalent pay for your job.
- Normal Pension Age for final salary benefits is generally 65.

From 1 April 2014, the LGPS changed to a career average revalued earnings (CARE) scheme.

- Each Scheme year (starts 1 April), 1/49th of your pay is added to your pension account. This is increased annually for the cost of living.
- If you are in the 50/50 section, you get half of pension (1/98th) each year.
- Normal Pension Age for CARE benefits is your State Pension Age

Your total pension you build up will depend on length of service and salary.

- **I am 61 this year and have only been in the scheme for 12 years. I want to add some APC / AVC. Which is best for me in my situation? I also have some AVC from another scheme. Is it best left where it is or transferred into this scheme?**

Staffordshire Pension Fund are not permitted to provide financial advice, we can only provide you with information on your available options.

There are several ways you can provide extra benefits on top of the benefits you are already looking forward to as a member of the LGPS.

You can improve your retirement benefits by paying:

- **additional pension contributions to buy extra LGPS pension,**
- **additional voluntary contributions (AVCs) arranged through the LGPS (in-house AVCs),**
- **free-standing additional voluntary contributions to a scheme of your choice,**
- **contributions to a stakeholder or personal pension plan.**

For further information on the first two options, please visit our website: <https://www.staffspf.org.uk/Members/Forms/Improving-your-benefits/Improving-Your-Benefits.aspx>

You may wish to take independent financial advice before you decide to pay extra.

- **I've specified the beneficiary (my wife) but should something happen to both of us I'd like to nominate my daughter as the beneficiary but there is no option to do this.**
We are unable to accept a conditional nomination of beneficiary for the death grant lump sum based on specific circumstances. However, should your situation change, you can amend your nominee(s) at any time. If you are already signed up to My Pension Portal (MPP), you can now complete your nomination details using your online account.
- **I can't access my pension portal anymore I get the error message 'Unfortunately there was an error. Here are some reasons why you might be seeing this message: Authentication failed, please check your username and password are correct and try again. If you have entered incorrect details too many times your account may have been locked.' How do I unlock this? I can't seem to get anywhere using the forgotten username or password either.**

If you are unable to remember your username or password, you can request a reminder from the relevant Links on our website:

- Request Username Reminder
<https://staffspf.hostingssf.aquilaheywood.com/home/registration/request-username.html>
- Forgotten your Password?
<https://staffspf.hostingssf.aquilaheywood.com/home/registration/request-password-hint.html>

We will send you an email with a link to reset your password. This will be sent to the registered email address held on your record. Note: the link is time limited.

It should be noted that you can only login to My Pension Portal by using the Username that was set up by you as part of the initial registration and not your email address.

If you are experiencing any difficulties using the online facility, please email pension services colleagues who will be able to assist you.

pensionsonline@staffordshire.gov.uk

Please quote your Pay Reference number in any correspondence.

- I cannot access the portal. I tried to log in yesterday, said incorrect details so reset my password, it confirmed it had been updated but I still cannot log in?
Please ensure that you are using your username that you set up for yourself as part of the initial registration and not your email address when trying to log onto the system.
- I have a deferred pension and an active pension. Would there be any penalty to put it all into my council pension?
There is a time scale for aggregating previous deferred benefits of 12 months from recommencing membership the Local Government Pension Scheme. This time limit does not apply if your deferred pension and active record are concurrent (i.e. membership overlaps).

If you have period of final salary membership (pre-1 April 2014), you will need to consider whether the final pay in your current job is likely to be higher than the final pay used to work out your deferred final salary benefits. To make a proper comparison, cost of living increases are added to the pay used to work out your deferred benefits to bring it up to today's value.

- **I had another council pension which stopped about 15 years ago. Could I transfer this into SCC and if so, how would I check whether beneficial to do so?**

It should be noted that there is a time scale for transferring previous pension rights which is 12 months from joining/rejoining the Local Government Pension Scheme.

If you are still within the 12 months window, you should inform us of any previous pension benefits you would like to explore transferring into Staffordshire Pension Fund. We will then contact the previous pension provider to obtain membership details and will then write to you setting out the options available to you. You would then need to confirm whether or not you wish to combine your pension benefits.

- **If you had a break away from work/pension scheme for 6 years, is there a way of "buying back" the missing years?**
You cannot "buy back" the missing years. However, you can improve your retirement benefits by paying additional pension contributions (APCs) to buy extra LGPS pension. Alternatively, you can pay Additional Voluntary Contributions (AVCs) arranged through our in-house AVC provider, Standard Life.

Please note you will have to pay the full cost yourself, as unlike your normal benefits, these extra benefits aren't subsidised by your employer. However, you will get tax relief on any additional contributions you elect to pay.

For further information on improving your benefits, please see our website: <https://www.staffspf.org.uk/Members/Forms/Improving-your-benefits/Improving-Your-Benefits.aspx>

- **Can you explain the rule 85?**
The rule of 85 is used to work out whether or not a member's pension benefits (retirement pension and retirement grant) will be reduced if a member retires before their normal pension age (NPA). It is not used to decide when a member can retire or as a reason for leaving.

When a member retires under certain circumstances, where the sum of their age plus the calendar length of their membership of the Scheme (both in whole years) is equal to or greater than 85, then all or part of their pension will be unreduced.

The rule of 85 was removed from the Local Government Pension Scheme (LGPS) with effect from 1 October 2006 and does not apply to anyone who joined the Scheme after that date.

For those who built up pension benefits before 30 September 2006 there are varying levels of protection.

For further information on the 'Rule of 85, please see the notes available on our website:

<https://www.staffspf.org.uk/Members/Active-Members/Leaving-the-Scheme/Retirement/Early-Retirement/Rule-of-85-explanation/Rule-of-85.aspx>

- **I've been on the portal and can't see the calculator.**
The benefit projectors can be found in the fourth panel on the My Pension Portal dashboard (homepage):
Home > Your Dashboard > Documents > My Documents
- **Do unmarried partners count as spouse for pension benefits?**
The LGPS can pay a survivor's pension to a spouse, civil partner, eligible cohabiting partner or child.

An eligible cohabiting partner is a partner you are living with who, at the date of your death, has met all the following conditions for a continuous period of at least two years:

- **you and your cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and**
- **you and your cohabiting partner have been living together as if you were a married couple, or civil partners,**
- **and neither you nor your cohabiting partner has been living with someone else as if you/they were a married couple or civil partners, and**
- **either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.**

You are not required to complete a form to nominate your cohabiting partner. However, you can provide Staffordshire Pension Fund with your cohabiting partner's details if you wish. On your death, we will require evidence that the conditions for a cohabiting partner's pension are met.

- **I am contributing to the shared cost salary sacrifice AVC scheme with Standard Life in order to build up additional tax-free lump sum. How/when would that be paid to me when I retire? Would that be paid directly to me via Standard Life or would the LGPS be involved? Can you give some idea of how the process actually works please?**
If you have paid Additional Voluntary Contributions (AVCs), you will be able to take some or all of your AVC fund as a tax-free lump sum when you take your LGPS pension. Alternatively, you could use all or part of your AVC fund to provide a regular monthly income.

If you wish to take your AVC Fund as a lump sum, you can use the lump sum calculator available on the national LGPS member website to estimate your potential retirement benefits:

<https://www.lgpsmember.org/help-and-support/tools-and-calculators/lump-sum-calculator/>

Note: you first may wish to obtain an estimate of standard LGPS benefits – yearly pension and automatic lump sum – from My Pension Portal (MPP)

- **Can you nominate a beneficiary on the portal?**

Yes, if you are already signed up to My Pension Portal (MPP), you can log on and complete your nomination details using your online account.

Please note, if you have previously completed a paper version of the Nomination of a Beneficiary for Death Grant form, this will be held on your pension record, but it will not show on MPP.

- **If you change from one LGPS to another what is the gap for continued service between posts?**

This question is more relevant to your employment status rather than pension benefits. A break in service of more than a week (Sunday to Saturday) will usually break continuous service that can be counted for a redundancy payment.

There is no maximum break in membership that would prevent you from combining pension benefits although if break is more than 5 years, you may lose any final salary link. Note: If you opt out of the LGPS and re-join the Scheme, you will not be permitted to join your deferred benefit with the pension account that will be created when you re-join the Scheme. Instead, you will have two separate sets of pension benefits.

- **If you leave before 2 years in post, and no other LGPS from elsewhere, are you still offered deferment?**

The vesting period in the LGPS is two years. To qualify for a pension benefit, you have been a member of the LGPS in England and Wales for two years or brought a transfer of pension rights into the LGPS from a different occupational pension scheme which when added to the period of time you have been a member of the LGPS is, in total, two or more years.

If you have been paying into the Local Government Pension Scheme (LGPS) for less than 2 years you can receive a refund of your contributions.

- **Can I leave my pension to my adult children as I have been a single parent for over 30 years and have paid into the pension for 31. What will happen to my contributions if not?**

You cannot nominate your children to receive the spouse/partner's pension. However, if you die when you are receiving your pension and before age 75, there may be a lump sum death grant payable to your estate - the lump sum is ten times the yearly amount of your pension before giving up any pension for a lump sum, reduced by any pension and lump sum already paid to you. You can nominate your children as beneficiaries for the lump sum death grant.

- **Would the rule of 85 be shown in figures within the benefit projector?**
Yes, the online benefit projector will take into account any 'rule of 85' protections you may have when working out the relevant early retirement percentage reductions.

- **Is there an option to draw down over a period of time on the 25% tax free element or do you have to take it in one lump sum, also, are any AVC pots included in your lifetime personal allowance, thanks.**

The LGPS does not offer the option of flexible pension income (pension drawdown). When you elect to receive pension, you will have option to take a pension commencement lump sum (one-off payment) up to 25% of the notional capital value of benefits.

If you have paid Additional Voluntary Contributions (AVCs), these will count against HMRC's maximum lump sum limits. The maximum tax-free lump sum limit you can receive from all your pensions, including your LGPS & AVCs, is £268,275.00

- **If you take your pension before the latest pay offer has been settled, are you still entitled to that increase on your pension once it has been settled?**

If you receive a backdated pay award, you can ask Pension Services to recalculate your pension. However, we will need confirmation from your employer of any arrears paid to you.

Note: your employer is not obliged to contact former employees to offer the pay award. However, you can request that the pay award should be applied. Employee and employer contributions must be deducted from arrears of pensionable pay that is paid because of a backdated pay award.

- **Does the rule of 85 apply if there is a break in service?**

The 'rule of 85' is calculated by adding together your age and calendar length of membership (both in whole years). Therefore, a break in service will simply reduce your membership used in the assessment.

- **The portal doesn't seem to give figures for if I was to look at leaving and deferring taking my pension. Just thinking of using savings to live on and then taking pension in a few years. But we cannot see on portal to look at predictions for the future.**

Unfortunately, the online calculator will not provide you with estimate figures on these grounds as requires two separate calculations; the initial deferred benefit calculation at date of leaving and a manual calculation of the early retirement reductions if you were to elect for payment before your normal pension age. The online deferred benefit projector will only display value of your deferred benefit payable at your Normal Pension age (State Pension age). You can though view the current early retirement reduction factors on the Fund's website to get an idea of potential reductions that may apply:

<https://www.staffspf.org.uk/Members/Active-Members/Leaving-the-Scheme/Retirement/Early-Retirement/Early-Retirement.aspx>

Note: if you leave your employment and elect for the deferred benefit option, you will then be able to use the online calculator to estimate the pension if you were to take payment of your deferred benefit.

- **why does the calculator only go up to 2026?**

If you are running a voluntary retirement estimate via the online portal, the leaving date will default to your normal retirement date (State Pension age). However, you can amend this to a date between age 55 and 75 (although earliest date can be selected is today's date if already attained age 55 as calculator won't look backwards).

- **My CARE pay and Final pay figures don't match in my statement. Is this because I'm old enough to be in all 3 schemes?**

If you became a member of the LGPS before 1 April 2014, or transferred in membership with a final salary link, these benefits will be based on your fulltime equivalent pay (Final Pay). However, career average benefits are based on your actual, part-time salary (CARE Pay). Therefore, if you do not work whole-time, these pay figures will differ.