

Annual benefit statement notes

We have provided these notes to explain your annual benefit statement (ABS) 2023. They cannot cover every circumstance and if there is a dispute, the appropriate legislation will apply. They do not give you any rights, under a contract or by law.

Section 1: your personal and employment information at 31 March 2023

Full name

If you have changed your name, we will need a copy of your marriage certificate or change of name deed so that we can update your pension record.

Partnership status

Your partnership status shown on your pension fund records is shown here. If it is not correct, it will be corrected when final benefits are calculated at retirement or on leaving the fund.

Reference number

This is the reference number shown on your pension record for this annual benefit statement.

Employer

This is your employer at **31 March 2023**. If you were paying into the scheme for more than one job at this date, you will receive an annual benefit statement for each job. If you left employment after 31 March 2023, you will receive a separate notice of your benefits built up to your date of leaving.

Date joined scheme

This is the date you joined the Fund in this job.

Section of scheme

Since 1 April 2014, the LGPS has been a career average revalued earnings (CARE) scheme and there have been two sections to it - the main section and the 50/50 section. The section you were a member of on 31 March 2023 is shown on your statement.

Your CARE pensionable pay - main section

From 1 April 2014, your CARE pension is calculated on your CARE pensionable pay during a scheme year (1 April to 31 March), which is provided by your employer.

If you paid into the main section of the scheme during the year to 31 March 2023, the figure given for 'CARE pensionable pay – main section' is the pensionable pay you received while paying into the main section. If you work part-time, your pensionable pay represents your actual pay and is not a full-time equivalent.

The definition of pensionable pay in the CARE scheme includes any pay received for extra hours worked, such as overtime and additional hours. This part of your earnings is not included in the final salary calculation of your pensionable pay, unless overtime or additional hours formed part of your contract.

If you are (or have been) off work due to sickness or injury, and you received reduced or no pay (nil pay), the pensionable pay figure used to work out your pension for this period is your assumed pensionable pay (APP). APP is worked out as the pay you were receiving before your pay reduced or stopped. This means that you will continue to build up a similar pension to that you would have had if you had been working normally and receiving pay.

If you have any period of relevant child-related leave (for example, ordinary maternity leave, paternity leave or adoption leave, or paid shared parental leave and any paid additional maternity or adoption leave), the pensionable pay figure used to work out your pension is again your APP. 'Ordinary' maternity leave is the first 26 weeks of maternity leave and 'additional' maternity leave is the last 26 weeks.

Any period of unpaid additional maternity or adoption leave will not count for pensionable pay purposes. You can buy pension 'lost' during these periods by choosing to pay additional pension contributions (APCs).

If you are a member of the 50/50 section who goes onto nil pay while on child-related leave or sick leave, you will be put back in the main section from the beginning of the next pay period (if you are still on nil pay at that time).

Your CARE pensionable pay - 50/50 section

If you paid into the 50/50 section of the scheme during the year to 31 March 2023 the figure shown here is the pensionable pay you received while paying half rate contributions.

The pay in this section is based on the definition of CARE pensionable pay above. If a figure is shown here, it means you have chosen to be in the 50/50 section. Your 50/50 section CARE pensionable pay is split from your main section CARE pensionable pay so that you can check the pension you have built up in each section. If you were a member of both the main section and the 50/50 section of the scheme at different times during the scheme year, you will have figures shown for both.

Your final salary pensionable pay

If you became a member of the LGPS before 1 April 2014 or have transferred in membership with a final salary link, your final salary pensionable pay shown in your statement is your full-time equivalent pay for the year to 31 March 2023. This information has been provided by your employer.

Please note: if you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, this section will show as zero.

If you worked part-time before 31 March 2014, your final salary is converted to its full-time equivalent and your membership is then adjusted to the contractual hours you worked (including term-time weeks). The membership used in the final salary calculation includes any pension rights transferred-in from previous pension schemes.

Section 2: summary of your total benefits at 31 March 2023

The following sections show separately the values of your final salary benefits (if this applies) and your CARE pension. Although the final salary and CARE pension parts are worked out differently, they form a single benefit, with both parts being linked and paid together (section 2).

Please note: it assumes that you will take your pension benefits at your normal pension age (NPA), which is the date you reach age 65 or your state pension age (whichever date comes later). Your NPA is the date at which you can take the benefits you have built up in full, without any reductions. The benefits shown in this statement will be reduced if they are paid before your NPA. This reduction is not included in this statement.

Please see our early retirement page for [information about what reductions may apply](#).

To qualify for LGPS pension benefits, you have to pay into the LGPS for at least two years, or transfer pension benefits from another scheme into the LGPS. If you leave the scheme with less than two years' membership, you may not qualify for LGPS pension benefits and will usually be able to choose to have a refund of your contributions.

Annual pension

This is the total value of your pension at 31 March 2023, including your final salary pension (membership up to 31 March 2014) and CARE pension (for membership from 1 April 2014), which is due to be paid unreduced at your normal pension age (NPA).

Automatic lump sum retirement grant

This is the lump sum relating to your membership before 1 April 2008 and is paid when you take your pension benefits. If you were not a member of the LGPS in this fund before 1 April 2008, this section will show as zero.

Reduced annual pension

This is the current value of your reduced pension if you choose to take the maximum lump sum retirement grant allowed under HMRC rules. This is due to be paid unreduced at your normal pension age.

Increased lump sum retirement grant

When you draw your pension benefits you will have the option to exchange part of your pension for a lump sum, within certain limits set by HMRC. Every £1 of pension you give up provides £12 of tax-free lump sum.

The 'increased lump sum retirement grant' figure is the maximum lump sum retirement grant you can receive if you reduce your annual pension. This is due to be paid unreduced at normal pension age.

These figures do not include any 'in-house' additional voluntary contribution (AVC) fund you may have. Scottish Widows Standard Life or Utmost will issue a separate statement showing any in-house AVC fund value. This can be found in the [My Pension Portal \(MPP\)](#) "My Documents" section.

Death in service benefits

Lump sum death grant

If you die while you are an active member of the LGPS, a death grant is paid. The amount of the death grant would be three times your assumed pensionable pay at the date you die.

However, if you die while you are an active member and also have deferred benefits in the LGPS, or are receiving an LGPS member pension (that is not a survivor's pension) or a suspended 'tier 3' ill-health pension (or both), the amount of the death grant would be:

- the total of all death-in-service lump sums
- or
- the total of all death grants from the deferred pension, pension in payment, or suspended tier-3 ill-health pension records

whichever is more.

Annual survivor's pension

A survivor's pension is paid if, when you die, you are married or have a civil partner or eligible cohabiting partner (someone you live with who would be entitled to a survivor's pension).

We have used the partnership status we have on our records to decide the survivor's benefit shown on your statement. If your partnership status is incorrect, it will be checked prior to the payment of any benefits or when you leave the scheme.

If you have not told the fund your partnership status, when you die any eligible survivor's pensions will still be paid if the fund receives the relevant marriage or civil partnership certificate or, in the case of cohabiting partners, evidence that they meet the requirements for receiving a survivor's benefit.

If you die after leaving the LGPS, a survivor's pension is still paid but could be a lower amount.

Tax and your pension

Lifetime allowance (LTA)

The lifetime allowance (LTA) is set by HM Revenue and Customs (HMRC) and is the total value of all pension benefits you can have without having to pay a tax charge. If the value of your pension benefits when you draw them is more than the LTA then you will have to pay tax on the excess benefits.

Your benefit statement shows what percentage of the LTA is taken up by the value of the LGPS benefits shown in this statement.

However, the lifetime allowance is to be removed from April 2024, and the charge for going over it will be zero in tax year 2023/2024.

If you plan to retire, from 6 April 2023 you will not have to pay a lifetime allowance tax charge. As there are changes to rules around pension protections, we recommend you get financial advice if you will be affected.

Individual protection 2016

[Individual protection 2016](#) (IP2016) is available if your pension benefits had a value of more than £1 million on 5 April 2016. You can find more information and an online application on the HMRC website. You can't apply for IP2016 if you already have individual protection 2014 (IP2014).

Fixed protection 2016

Another type of lifetime allowance protection, [fixed protection 2016](#), does not apply if you stayed a member of the LGPS after 5 April 2016, as benefits would have built up, causing the protection to be lost. If you applied for this protection, you must tell HMRC that the protection was lost from 6 April 2016.

Nomination details for lump sum death grant

If no date is shown in this section, we have no record of you making a nomination. [If you would like to make a nomination](#), or change one we have on record for you, please fill in and return the 'nomination' form.

You can nominate whoever you like to receive your lump sum death grant (but, as a 'nomination', this is not legally binding). The Fund decides who to pay the lump sum to.

Section 3: how your pension is calculated

You **must** check the pensionable pay figures quoted in the statement. If you think they are incorrect, contact your **employer**, not the Fund, as the figures quoted have been supplied by your employer.

Amount of pension built up in the year to 31 March 2023

The amount show here is the total annual pension you have built in the last year i.e. 1 April 2022 to 31 March 2023.

Total career average (CARE) pension in the year to 31 March 2023

Previous year's closing balance

Your CARE pension balance as at 31 March 2022.

Adjustment or increase for cost of living

Your total CARE pension is adjusted from 6 April 2023 in line with HM Treasury revaluation orders. The adjustment can increase or reduce the value of your CARE pension.

In-year build-up

For membership from 1 April 2014, you will have built up CARE pension. Each scheme year you are a member, your CARE pensionable pay will be divided by either 49 (if you are in the main section) or by 98 (if you are in the 50/50 section). The resulting amount (or amounts) is added to your pension account for that year. This figure is the 'in-year build-up' for the year to 31 March 2023.

Any additional pension that you have bought during the scheme year under an additional pension contribution (APC) or shared-cost additional pension contribution (SCAPC) arrangement will also be shown here as well as any CARE 'earned pension' credited as a result of you transferring in pension rights from other schemes will be shown in 'transfers in'.

If you chose to buy additional service or pension, or if you transferred in other benefits before 1 April 2023, these are not shown in this section but will be included in the calculation of your total pension benefits.

Section 4: Final salary benefits at 31 March 2023 (payable from your normal pension age - NPA)

This section shows separately the values of your final salary benefits (if this applies).

Your final salary pension scheme

If you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, the final salary pension amount on your statement will be shown as zero.

Final salary benefits are worked out as shown below.

If you worked part-time before 31 March 2014, your final salary is converted to its full-time equivalent and your membership is then adjusted to the contractual hours you worked (including term-time weeks). The membership used in the final salary calculation includes any pension rights transferred-in from previous pension schemes.

For membership to 31 March 2008

1/80th of your final salary pensionable pay for each year you were a member of the scheme.

For membership from 1 April 2008 to 31 March 2014

1/60th of your final salary pensionable pay for each year you were a member of the scheme.

Automatic lump sum based on membership to 31 March 2008

3/80th of final salary pensionable pay for each year you were a member of the scheme.

Section 5: projections if you remain contributing to the scheme until your normal pension age

The age shown is your current normal pension age (NPA), which is your state pension age or age 65, whichever comes later. Your normal pension age may change if your state pension age changes in the future, before your benefits are paid. Your normal pension age only applies to benefits built up in the CARE scheme. The normal pension age for benefits built up in the final salary scheme is 65.

You can take your benefits earlier than your normal pension age, from age 55 onwards, although the amount may be reduced if you do. The figures in this statement do not take account of any reductions that would be applied.

If your normal pension age is after age 65 and you have final salary benefits, an increase will apply to these benefits for the period from age 65 to your normal pension age. Any increases are included in this statement. The increases are based on the rates in the current guidance issued by the Ministry of Housing, Communities and Local Government. This guidance is reviewed and the rates may go down or up. The rates in place at the date you retire will apply.

When you leave the scheme, your final salary benefits will be based on your final salary pensionable pay. This is generally the contractual pay you received for the 12 months before leaving, or for one of the two years immediately before then, if that amount is higher.

The estimate of your benefits is based on your CARE pensionable pay for the scheme year that ended on 31 March 2023. It assumes that your pay will stay at the 2022/2023 rate until your normal pension age and does not assume pay inflation or inflation under HM Treasury revaluation orders for future benefit built up under the final salary or CARE schemes.

The estimated CARE benefits include any additional pension contributions (APCs) or shared cost additional pension contributions (SCAPCs) bought. They do not take account of any deductions that would be due as a result of your decision to have an annual allowance tax charge recovered from your pension benefits. The estimate assumes that you stay in the same section of the scheme that you were in at 31 March 2023.

Survivor's pensions from members who marry or enter civil partnerships while active members of the LGPS are based on all scheme membership. However, survivor's pensions for cohabiting partners and for those who marry or enter a civil partnership after leaving active LGPS membership may not be worked out on the same basis.