



Staffordshire Pension Fund

Local Government Pension Scheme

Deferred Benefits



These notes are for guidance only and should not be taken as a complete statement of the law. Pension legislation is continually changing and these notes can offer guidance on the rules only as at the date of issue.

What are deferred benefits?

Deferred benefits (sometimes referred to as "preserved" or "frozen" benefits) are based on your membership of the Local Government Pension Scheme (LGPS) and are calculated as set out on the calculation sheet enclosed. Full details of how the calculations are made are available on the Deferred Members page of our website.

The benefits are held in the Staffordshire Pension Fund until the earliest date at which they can be paid. Although the expression "frozen benefits" is often used, it can be a bit misleading because an LGPS deferred benefit has a cost-of-living increase applied to it every April, in line with the Consumer Price Index (CPI).

Retirement pension and retirement grant

Under the LGPS, when your benefits are paid you have two options:

- You can receive payment of the standard benefits (those shown on your calculation sheet); or
- You can exchange (commute) part of the annual pension to provide a (larger) tax free lump sum.

Details of this option will be shown on the paperwork you will receive at the point these benefits are due to be paid and on the Annual Benefit Statement you receive each year.

Please note: if your deferred benefit was awarded because you chose to opt out of the scheme, it is not possible for you to receive payment of the benefit until you have subsequently left the employment.

Survivors' benefits

If a widow(er)'s or civil partner's pension is shown on your statement of benefits, this is payable only to the person to whom you were legally married or with whom you were in a registered civil partnership on your date of leaving the fund. If you marry or form a civil partnership after your date of leaving, a widow(er)'s or civil partner's pension may be assessed on a different basis. If you have a cohabiting partner, that person may be entitled to a pension subject to the conditions under the regulations being met at the time of your death. It is possible to nominate a cohabiting partner. More information about making, amending or cancelling a nomination is available on the website at www.staffspf.org.uk.

There is also provision for children's pensions but the amount varies according to the number of eligible children and whether or not a pension is payable to a surviving spouse or civil or nominated cohabiting partner.

Death grant

There is also provision for a death grant if you die before your benefits are paid and are below age 75. In this case the Death Grant would be equivalent to five times your deferred pension.

The death grant is normally paid to your legal personal representatives as named in Grant of Probate or Letters of Administration, but you can nominate an alternative recipient. Relevant notes about nomination can be obtained from Staffordshire Pension Fund's website.

When are deferred benefits paid?

Deferred benefits are usually payable from normal retirement age (NPA) which is 65 or State Pension Age, if greater. You could ask for payment to be delayed but the benefits must be put into payment by age 75 at the latest. If they are paid after you have reached normal retirement age they will be increased as advised by the Government Actuary.

Payment would be made before normal retirement age if, because of ill-health or infirmity of mind and body:

- you become permanently¹ incapable of discharging efficiently the duties of the employment you held when you became entitled to the deferred pension, and
- because of this medical condition you have a reduced likelihood of being capable of undertaking any gainful employment² before reaching normal retirement age, or for at least 3 years, whichever is the sooner.

You should contact your former employer if you believe that you would be entitled to early payment of deferred benefits on health grounds. Your former employer will then decide whether payment should be made after obtaining a medical opinion from an approved independent registered medical practitioner qualified in occupational health medicine.

The deferred benefits may also be paid before NPA if you are age 55³ or over and elect to take immediate payment, but your benefits may be reduced to reflect early payment. Pension Services will be able to advise you of whether or not a reduction would apply.

Your former employer has a discretion to waive any reduction. Contact them for information about how they would use this discretion.

Please note if your deferred benefit was awarded because you chose to opt out of the scheme, it is not possible for you to receive payment of the benefit until you have subsequently left the employment.

How do I claim payment?

If you are requesting payment of deferred benefits on health grounds you must send your written application to your former employer. (If your former employing body was Staffordshire County Council, please send your written application to the Pension Services Section.) A form is available on the website: <https://www.staffspf.org.uk/Members/Deferred-Members/III-Health-DB-election-form.doc>

¹ "Permanently" means that the ill-health or infirmity will continue until at least normal retirement age.

² "Gainful employment" means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

³ the Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028.

In other circumstances, you can contact the Pensions Services Section to request payment of your benefits at any time from age 55 to 75. However, the Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028.

The request should be given in writing, quoting your National Insurance number. You are required to give the Pension Fund 3 months' notice. Pensions Services will then forward you a copy of your pension estimate and retirement documents.

Please note if your deferred benefit was awarded because you chose to opt out of the scheme, it is not possible for you to receive payment of the benefit until you have subsequently left the employment.

What if I rejoin the LGPS?

If you rejoin the LGPS, even after a number of years' break, the deferred benefits can be cancelled and:

- if your employment is with an employer participating in the Staffordshire Pension Fund, your current and previous periods of membership can be joined together; or
- if your employment is with a body participating in some other Local Government Pension Fund, a transfer of pension rights can take place.

Alternatively, you could keep your deferred benefits separate from your new period of membership.

You retain the right to combine the periods of membership for 12 months after recommencing membership of the LGPS.

If you opted out of the scheme and later re-join, you will not be able to combine your older membership with your new record.

What if I have more than one job in the LGPS?

If you had more than one job at the same time and were a member of the LGPS in both, it is also possible to combine these concurrent pension benefits to one record, as long as one employment is continuing.

What if I become subject to a pension scheme other than the LGPS?

It may be possible to transfer your pension rights to the new scheme if it satisfies certain requirements. At your request, Pension Services will correspond with the administrator of your new scheme. The capital value of your pension rights – called a "Cash Equivalent Transfer Value" – would be offered to the new scheme. Depending upon the nature of the new scheme, the transfer value would either be converted into a period of membership – but not necessarily of the same length as in the LGPS – or incorporated into a fund for investment. If you are satisfied that the transfer is worthwhile, Staffordshire County Council will pay the transfer value to the new scheme and you will no longer retain any rights in the LGPS.

What if I change my address?

It is essential, in your own best interests, that you keep the Pension Services Section of Staffordshire County Council informed of any change in address or circumstance which might affect payment of your deferred benefits. Staffordshire Pension Fund sends out an Annual Benefit Statement each year to show the current value of your benefits. Your deferred benefits may not be payable for

many years and it is important that Staffordshire County Council should be able to contact you when the time comes. Also, make sure that these papers are kept in a safe place so that, in the event of your death, your spouse, civil partner, nominated cohabiting partner and/or personal representatives will be aware that benefits may be claimed from the Staffordshire Pension Fund.

I have left employment covered by the LGPS but wish to continue paying contributions. Can I?

No. Once employment covered by the LGPS has come to an end, it is no longer possible to remain an active member of the Scheme. This is because your employer also contributes to the pension for you.

Where can I get further information?

If you require further information about deferred benefits, or wish to contact Pension Services about a change of circumstances or personal details, you can get in touch as follows:

 **Pension Services Section, Staffordshire County Council, 2 Staffordshire Place, Tipping Street, Stafford ST16 2DH**

 **www.staffspf.org.uk**

 **pensions.enquiries@staffordshire.gov.uk**

 **01785 278222**

If a copy of this information is needed in large print, Braille, another language or on cassette or disc, please contact Pensions Services.

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