

Pension Update


**Staffordshire
Pension Fund**
Local Government Pension Scheme


For you, for now, for the future

For members of the Local Government Pension Scheme (LGPS) | **Summer 2021**

➤ Welcome

Welcome to this newsletter for contributing members of the Local Government Pension Scheme (LGPS). The LGPS is an important part of your employment benefits. It has been a career average revalued earnings (CARE) scheme since 1 April 2014.

Every year, you build up a pension based on a proportion of your pensionable pay and this is added into your pension account. At the end of the year, this is added to any total pension pot you have built up in previous years and revalued to make sure it keeps up with the cost of living.

The 2020/2021 pay shown on your statement affects how your pension builds up. It's important to check the pay shown on your statement. Please contact your employer if you have any questions about the pay used to work out your benefits.

Your CARE pension benefits increased by 1.7% in 2020/21. The increase is worked out in line with the Consumer Price Index (CPI) and is included in the 'your total CARE account' section on your annual benefit statement

➤ Covid-19 and furlough – how your pension is affected

We want to remind you that LGPS benefits are funded by investing employer and member contributions, but members earn a 'benefits promise' that is set out in law and does not depend on current stock-market levels.

If your job has been affected by Covid-19 and you've been on furlough, it may affect your pension. The rules on what your employer

pays you when you're on furlough have changed a few times since the government's job-retention scheme was introduced in March 2020. If your employer chose to continue paying 100% of your normal pay, your pension won't be affected. If you've been paid less than 100% of your normal pay, the pension benefits you built up during furlough will be reduced. You can find more information at: lgpsmember.org/news/story/covid_19_member_qanda.php

➤ Important - don't lose pension benefits

Have you been absent from work due to sickness or during child/maternity related leave and received reduced pay?

If so you should make sure your CARE Pensionable Pay shown on your annual benefit statement has been increased from your actual pay (reduced pay) to an Assumed Actual Pay i.e. the pay you would have received had, you not been absent from work.

Assumed Actual Pay provides 'a notional pensionable pay' to ensure members pension is not affected by any reduction in pensionable pay. This could be due to a period of sickness, injury, reduced pay, no pay or child related leave.

Staffordshire Pension Fund has 33,000+ active members, across over 500 different Employers and it is impossible for us to check to ensure that we have received the correct pay for every contributing member.

It is in your interest to check your pay details recorded on your Annual Benefit Statement, as an incorrect submission may not be picked up and this could affect your future benefit entitlement.

If you believe the actual earnings figure on your Annual Benefit Statement is incorrect you should contact your employer.

➤ McCloud Update



What is the McCloud court case about?

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because those protections did not apply to them.

The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment' after a member of the Judges' Pension Scheme involved in the case.

What does it mean for the LGPS?

When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within 10 years of their Normal Pension Age (usually age 65) on 1 April 2012 were provided with a protection called the 'underpin'. When a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount is paid.

On 13 May 2021, the Government issued a **statement confirming the key changes** they will make to the LGPS to remove the age discrimination. We understand they will provide a full response to the consultation later this year.

What are the key changes?

- The period of protection will apply from 1 April 2014 to 31 March 2022 but will end earlier if a member stops paying pension contributions into the scheme or reaches their final salary scheme normal retirement age (normally 65) before 31 March 2022.
- If a member continues to pay pension contributions into the scheme after 31 March 2022, the comparison of their benefits will be based on the earlier of the following two options:
 - Their final salary when they leave the LGPS, or
 - Their final salary when they reach their final salary scheme normal retirement age
- The underpin protection will apply to qualifying members who stop paying pension contributions into the LGPS, whether their pension is being deferred or paid to them as soon as they leave.
- A 'two stage process' will apply for assessing the underpin so that, where there is a gap between the member's last day of paying pension contributions and the date they take their pension, they can be assured that they are getting the higher benefit. This is because the underpin will be assessed when they leave, and again when the pension is being put into payment
- These changes to the scheme will be back-dated to 1st April 2014

Will the changes apply to me?

The Government intend for the changes to apply to members who were in service on 31 March 2012 and also have service after 31 March 2014 (without a break of more than five years).

If you left the scheme before 1 April 2014 you built up benefits in the final salary scheme only. These changes will not affect your pension.

Will my pension increase?

Most members are unlikely to see an increase to their pension, and where an increase is applied, it is likely to be small. This is because most members will build up a higher pension in the career average pension scheme (1/49 accrual rate) than they would have under the final salary scheme (1/60 accrual rate).

When will the changes come into effect?

We do not expect any changes to be introduced before April 2023.

What do I need to do?

You do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

➤ Thinking of opting out? Consider the 50/50 section instead!

Did you know that since 1 April 2014 there have been two sections in the LGPS – the main section and the 50/50 section?

In the main section of the scheme, you pay normal contributions and get your normal pension build-up. In the 50/50 section you pay half your normal contributions, and build up half your normal pension during the period you are in that section, and still enjoy full:

- life cover;
- Ill-health cover; and
- survivor benefits if you die.

The 50/50 section is designed to be a short-term option for when times are tough financially. This means that you can save money and still build up valuable pension benefits.

If your current financial situation is causing you to consider opting out of the LGPS, why not take a look at the **50/50 section**?



➤ Watch out for scammers



You may think that it could never happen to you, but pension scammers are experts at getting their hands on your hard-earned retirement savings.

Scams are hard to spot because fraudsters often have credible websites and make false claims, such as being government-approved, to gain your trust. A scam may begin with a phone call out of the blue offering you a free pension review. This is pension 'cold calling'

and it is illegal. Reject all unexpected offers. Research the company you're dealing with and always get impartial advice before making a decision about your pension. To find out more, visit: www.fca.org.uk/scamsmart/how-avoid-pension-scams

➤ Do you have a cohabiting partner (someone you live with as if you were married)?

If you left the LGPS after 31 March 2008 and live with a partner of either the opposite or same sex, your partner may receive a survivor's pension when you die.

If you retired or left the LGPS before 1 April 2008, you can't nominate this person to receive a survivor's pension.

However, before we pay a survivor's pension, we must be satisfied that your relationship meets certain conditions laid down by the LGPS. Please check the fund's **website** to find out what these conditions are.

➤ 'Pensions made simple' videos

We appreciate that pensions can sometimes be difficult to understand.

That's why we have teamed up with the Local Government Association and some other LGPS pension funds to make eight short and simple videos to help you to understand your pension better. You can watch the videos online at: www.lgpsmember.org/more/Videos.php

If you're hard of hearing, or your workplace disables sound on videos, you can click CC in the bottom right-hand corner of the screen and it will bring up subtitles.

➤ Have you signed up for 'My Pension Portal'?

Your 2021 annual benefit statement is now available to view on 'My Pension Portal'.

Log in to check your latest pension amount and use our benefit projector tool to see what could be paid at an alternative retirement date. You can also update certain personal information and view your full membership details.

If you're already registered, simply use your existing log-in details or you can use the 'forgotten password' or 'forgotten username' options if you need to reset this information. If you're not registered yet, visit: <https://staffspf.hostingssf.aquilaheywood.com/home/non-member/thinking-of-joining.html>

You'll need your email address and National Insurance number.

We hope you enjoy using 'My Pension Portal', but if you still want paper copies of benefit statements, write to us to let us know. You should include your name and National Insurance number in your letter or email.



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