

# Active Newsletter 2023

Welcome to your 2023 Newsletter for current members of the Staffordshire Pension Fund.

The Newsletter is filled with a range of topics which we hope you will find interesting and informative.

## Reassurance about your pension

The rising cost of living has left lots of people with new money worries, but we want to reassure you that your pension with the Staffordshire Pension Fund remains secure and will provide you with an annual increase which is linked to inflation. (Please see article How is my pension increased?).

## My Pension Portal (MPP) – view your Annual Benefit Statement



MPP enables you to go online to view your annual benefit statement, it will tell you how much your benefits are and when they are payable from. You can also run estimates of your pension to see what the reduced value of your benefits would be if you are considering claiming them from age of 55.

By logging on to MPP you can also:

- Keep us up to date by amending your personal information.
- View and print your annual benefit statement.
- Look at options for exchanging some of your pension for a larger lump sum.

If you haven't already signed up to My Pension Portal, [you can do so here](https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx)

<https://www.staffspf.org.uk/Calculator/Self-Service-Calculator.aspx>

## Additional Voluntary Contributions (AVC's)

If you have an AVC Plan with one of the Fund's linked AVC providers:

- Standard Life

- Scottish Widows
- Utmost Life

your annual statement as at 31 March 2023 is also available on MPP.

### **What if I have forgotten my logon or password to MPP?**

If you are unable to remember your username or password, you should access the following weblink for assistance.

**Staffordshire Pension Fund – ([staffspf.org.uk](http://staffspf.org.uk))**

### **How is my pension increased?**

Since 1 April 2014, the Local Government Pension Scheme (LGPS) has been a career average revalued earnings (CARE) scheme. This means that each year, a proportion of your pensionable pay is added to your pension account. At the end of the year, this amount 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 pension benefits you've built up in the LGPS have a cost-of-living adjustment applied each April. For April 2023, this was 10.1%. To see your increase, go to the 'Your total CARE account' section on your 2023 Annual Benefit Statement. The adjustment is worked out in line with the Consumer Price Index (CPI).

The 2022/2023 pay shown on your statement affects how your pension builds up so, it's important that you check this amount. If you think your pay is wrong or, if you have any questions about the pay used to work out your benefits, you should contact your employer.

### **Have you been absent from work due to long-term sickness or during child/maternity related leave and received reduced pay, as a result?**

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 Pensionable Pay i.e., the pay you would have received had, you not been absent from work.

Assumed Pensionable Pay provides 'a notional pensionable pay' to ensure a member's 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 paid child related leave.

Staffordshire Pension Fund has 33,000+ active members, across 500 different Employers so it is impossible for us to check 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.

## **Cost of living crisis**

The rising cost of living and the increase in interest rates have left people with money worries. [MoneyHelper](https://www.moneyhelper.org.uk/en/money-troubles/cost-of-living) provides help and guidance about managing your money in uncertain times. This includes practical advice about living on a squeezed income and help if you're struggling with bills and payments.

[www.moneyhelper.org.uk/en/money-troubles/cost-of-living](https://www.moneyhelper.org.uk/en/money-troubles/cost-of-living)

You can also get help from [Citizen's Advice](https://citizensadvice.org.uk). It provides information about what help is available from your local council, the Government, and other forms of support.

[www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living/](https://www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living/)

[Help with energy bills](https://www.helpforhouseholds.campaign.gov.uk/help-with-your-bills/) the Government has a website with information on improving energy efficiency in your home.

[www.helpforhouseholds.campaign.gov.uk/help-with-your-bills/](https://www.helpforhouseholds.campaign.gov.uk/help-with-your-bills/)

## **If you need to reduce costs – think about the 50/50 pension section.**

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 benefit from 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](#)?

[www.staffspf.org.uk/Members/Active-Members/Changing-Sections-of-the-Scheme.aspx](http://www.staffspf.org.uk/Members/Active-Members/Changing-Sections-of-the-Scheme.aspx)

You can use the [Contributions calculator](#) to see how joining the 50/50 section would affect your take-home pay.

[www.lgpsmember.org/help-and-support/tools-and-calculators/contributions-calculator/](http://www.lgpsmember.org/help-and-support/tools-and-calculators/contributions-calculator/)

Please note, if you elect to join the 50/50 section and your Employer then goes through their 3-yearly automatic enrolment exercise, you will be moved back into the main section. If you still wish to be in the 50/50 section, you will have to make a further election.

### **Are your Nominated Beneficiaries up to date?**

A death grant lump sum of up to three times your pay may be due to your loved ones if you die. As an active contributor to the LGPS, you should regularly review and update your death grant nominations. If your personal circumstances change, or if you would like to tell us about new nominees (the people you want to receive the lump sum), please visit our website and fill in a nomination form.

[www.staffspf.org.uk/Members/New-Members/Joining/Death-nomination/Life-Cover-Death-grants-and-making-a-nomination.aspx](http://www.staffspf.org.uk/Members/New-Members/Joining/Death-nomination/Life-Cover-Death-grants-and-making-a-nomination.aspx)

### **How do I update my personal details?**

You can use the My Pension Portal to update many of your details or alternatively email the Pension Fund. If your marital status has changed, we need to see your marriage certificate, civil partnership certificate or decree absolute, as appropriate, so we can update your record.

## Pension Scams are on the rise.

**Don't let a scammer  
enjoy your retirement**



Pension scams are on the rise in the UK. The people behind the scams are good at tricking people into handing over their money. It's important that you have an idea of how to spot a pension scam, even if you think it could never happen to you.

Some of the warning signs of a pension scam could be:

- you have been offered a free pension review,
- you have been advised to move your pension overseas,
- you have been offered high investment returns,
- you have been asked to transfer your pension quickly,
- you have been promised cash back from a transfer and you are under age 55,
- you have been cold called.

## Staffordshire Pension Fund - pledge to combat Pension Scams



Our pledge to  
combat pension scams

We will **raise awareness**  
**of the risks, educate**  
**ourselves and**  
**protect our members.**



The Pensions Regulator is asking Pension Funds, trustees, providers, and administrators to pledge to do more to protect Members and follow the principles of the Pensions Scams Industry Group (PSIG) Code of Good Practice. However, in accordance with industry best practice we have made the pledge to combat pension scams.

Staffordshire Pension Fund already has well established due diligence processes in place to warn and prevent Members from being victims of pensions scams.

By doing so we commit to:

- regularly warn scheme members about pension scams.
- get to know the warning signs of a scam and best practice for transfers by completing the scams module in the Pensions Regulator's Trustee Toolkit and encourage all relevant staff to do so; and,
- Study and use the resources on the Financial Conduct Authority (FCA) scam smart website.

To further assist you to avoid pension scams please see our [information page](#) on pensions scams on our website.

[www.staffspf.org.uk/Members/Pension-Scams.aspx](http://www.staffspf.org.uk/Members/Pension-Scams.aspx)

## **Changes to the Annual Allowance and the Lifetime Allowance**

Following the Chancellor's Spring Budget on 15 March 2023, the big news in pensions is the proposed changes to tax limits. There are two main allowances for pension savings – a lifetime allowance and an annual allowance. These allowances are the amount of pension savings you can build up without having to pay a tax charge. If you go over these limits, you may have to pay tax.

The annual allowance is set by HMRC. In the LGPS it's the maximum your pensions savings can increase by in a tax year before you receive a tax charge. In 2022/2023 the annual allowance was £40,000. From 6 April 2023, the annual allowance will increase to £60,000.

The money purchase annual allowance will also increase from £4,000 to £10,000 on the same date. Changes will also be made to the tapered annual allowance, with the adjusted income level increasing from £240,000 to £260,000 and the minimum tapered annual allowance increasing from £4,000 to £10,000.

The lifetime allowance (LTA) has historically been the maximum value of retirement benefits an individual can build up over their lifetime (not

including your State Pension, Pension Credit, or any partner's or dependant pension you may be entitled to) without paying a tax charge.

Before the 6 April 2023 members with lifetime pension savings valued at more than the LTA limit of £1,073,100 would be liable for a tax charge. The Government has confirmed that no one will be pay a lifetime allowance tax charge from 6 April 2023 and that the lifetime allowance will be abolished completely from April 2024.

For members who had benefits valued in excess of the old LTA the maximum tax-free lump sum amount was 25% of the LTA. From 6 April 2023 this limit has been retained meaning that for most people with benefits valued at more than £1,073,100, the maximum tax-free lump sum is £268,275.

The maximum tax-free lump sum is cumulative. This means that if you have already taken a tax-free lump sum from a previous pension arrangement and build up more pension benefits, the maximum tax-free lump sum you can take second time round is reduced to take account of the tax-free lump sum you've already taken.

Over the years the LTA has been reduced. Each time it was reduced, protections were put in place for those members who had saved up to the old limit so that they didn't face a retrospective tax charge.

To some extent those protections are no longer necessary since the LTA charge has been removed. However, the protections do also have the effect of allowing members to take a larger tax-free lump sum. If you have LTA protection, we recommend you get financial advice in order to determine how the recent changes may affect you.

### **Do you want to pay more towards your pension?**

If you would like to have that little bit extra during your retirement you might want to think about paying extra contributions to increase your pension benefits.

The LGPS offers the following two tax-efficient ways for you to pay more.

### **Buy extra pension in the LGPS by paying Additional Pension Contributions (APCs)**

If you are in the main section of the LGPS you can pay additional pension contributions to buy up to £7,579 per annum of extra pension. You can pay a one-off lump sum or spread the cost by paying the contributions over a number of years. There is a [calculator for working out the cost of buying extra pension](#) on the LGPS web site.

[www.lgpsmember.org/help-and-support/tools-and-calculators/](http://www.lgpsmember.org/help-and-support/tools-and-calculators/)

## **Build up an extra pot of money by paying Additional Voluntary Contributions (AVCs)**

You can pay additional voluntary contributions to your pension fund's AVC provider, Standard Life to build up a pot of money which you can use to provide extra benefits when you retire. You have your own AVC account and can decide how the money in your pot is invested. When you retire you can choose how to use your AVC pot, for example, you can take it as tax-free cash or can buy an annuity.

When APCs or AVCs are deducted through your pay, they are deducted before your tax is worked out so you receive tax relief automatically through the payroll.

There is [more information and guides](#) to both APCs and AVCs on our website.

[www.staffspf.org.uk/Members/Forms/Improving-your-benefits/Improving-Your-Benefits.aspx](http://www.staffspf.org.uk/Members/Forms/Improving-your-benefits/Improving-Your-Benefits.aspx)

## **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 had been discriminated against because those protections did not apply to them. The Government has now 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 given protection from the changes. The Normal Pension Age in 2012 was generally 65. In simple terms, when a protected Member takes their pension, the benefits payable under the career average and final salary schemes are compared. The higher amount is paid, this protection is called the underpin. 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.

### **Will the changes apply to me?**

We understand that the changes will apply to Members who:

- were in pension service on 31 March 2012; and
- have pension service after 31 March 2014.

If you left the LGPS 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?**

There will be no change to your pension until you take it. This means that any adjustment for early or late payment can be considered when your pension fund compares your career average and final salary benefits.

**Most scheme members are unlikely to see an increase to their pension. Where there is an increase, it is likely to be very small.**

This is because most scheme members will build up a higher pension in the career average scheme than they would have built up in the final salary scheme.

### **When will the changes come into effect?**

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

### **What do I need to do?**

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

### **Pension Dashboards are coming - but not until 31 October 2026**

You may have picked up in the wider press about the introduction of Pensions Dashboards, which will enable you to view information on all your different pension pots in one place: allowing you to better plan for your retirement.

## **Why are dashboards being developed?**

The UK job market has moved on from the “job for life” attitudes of previous generations. Studies have shown that the average UK worker will have six different job roles throughout their working life, and many pension pots.

Currently, you have to look at each of your different pension pots separately, which makes it hard to get a clear picture of what your retirement income will look like. The Pensions Dashboard Programme aims to make keeping track of your pension(s) and planning for retirement much easier by consolidating your pension information from different sources in one place.

## **All the latest information**

The following weblink takes you to the '[currently paying in](#)' home page, where you will find scheme guides, forms, and further information about your LGPS benefits:

[www.staffspf.org.uk/Members/Active-Members/ActiveMembers.aspx](http://www.staffspf.org.uk/Members/Active-Members/ActiveMembers.aspx)