

Local Government Pension Scheme

Pensions Increase 2017

March 2017

Pensions Increase

Public Service pensions (including the LGPS) which have been in payment for a year or more will be increased by **1%** from **10 April 2017** in line with the September-to-September increase in CPI. Any pension which has been in payment for less than a year will be increased by a proportionate amount depending on the number of months it has been in payment.

If your pension commenced after 26 April 2016 you will receive a proportional Pensions Increase. Please see the table below:

| Pensions Beginning | Pensions Increase |
|-------------------------------------|-------------------|
| Before 26 March 2016 | 1.00% |
| 27 March 2016 – 25 April 2016 | 1.00% |
| 26 April 2016 – 25 May 2016 | 0.92% |
| 26 May 2016 – 25 June 2016 | 0.83% |
| 26 June 2016 – 25 July 2016 | 0.75% |
| 26 July 2016 – 25 August 2016 | 0.67% |
| 26 August 2016 – 25 September 2016 | 0.58% |
| 26 September 2016 – 25 October 2016 | 0.50% |
| 26 October 2016 – 25 November 2016 | 0.42% |
| 26 November 2016 – 25 December 2016 | 0.33% |
| 26 December 2016 – 25 January 2017 | 0.25% |
| 26 January 2017 – 25 February 2017 | 0.17% |
| 26 February 2017 – 25 March 2017 | 0.08% |
| 26 March 2017 onwards | 0.00% |

Part Year Revaluation

If you have built up any CARE Pension (if you were a member of the Pension Scheme after 1 April 2014) and then left between 26 April 2016 and 31 March 2017, the CARE Pension will also be increased by a Part Year Revaluation (PYRV). This amount, when added to the proportional Pensions Increase should equal the full 1%. This is a means of ensuring that your CARE pension is revalued in full.



Example

A member left the scheme on 31 July 2016. They built up a total Pension of £5000 split as follows:

| | |
|-----------------------|--------------|
| Final Salary Pension: | £3000 |
| CARE Pension: | £2000 |
| Total Pension | £5000 |

In April 2017 their pension will increase as follows:

| | | |
|------------------------|--------------------|-----------------|
| Final Salary Increase: | £3000 plus 0.67% = | £3020.10 |
| CARE Increase: | £2000 plus 1% = | £2020.00 |
| Total | | £5040.10 |

Guaranteed Minimum Pension (GMP)

Before 5 April 2016 the Local Government Pension Scheme (LGPS) was a “contracted-out” pension scheme. This means that when you were working, you paid a lower amount of National Insurance contributions than someone doing the same job, who wasn’t paying into the scheme. This is because you were only paying for their Basic State Pension and not the Additional State Pension (between 6 April 1978 and 5 April 1997 this was called the State Earnings Related Pension Scheme (SERPS)). From 6 April 2016 Central Government abolished “contracted-out” schemes and replaced the Basic and Additional State Pension with a single State Pension.

If you were a member of the LGPS between 6 April 1978 and 5 April 1997 **and** you attained State Pension age before 5 April 2016 Staffordshire Pension Fund must guarantee that your LGPS pension is at least equal to the Additional Pension you would have received if you were a member of SERPS. This rate is known as a Guaranteed Minimum Pension (GMP).

A GMP has two parts, one in respect of any scheme membership between 6 April 1978 and 5 April 1988 (Pre 1988), the other in respect of any scheme membership between 6 April 1988 and 5 April 1997 (Post 1988).

The GMP is paid as part of your pension benefits, not as an addition. When a GMP is applied to your pension, Pensions Increase is added to your pension benefits in a slightly different manner:

Staffordshire Pension Fund is responsible for:

- All Pensions Increase on any part of the pension that is not GMP
- Up to 3% of Pensions Increase on any Post 1988 GMP

The State is responsible for:

- Any Pensions Increase above 3% on any Post 1988 GMP
- All Pensions Increase on any Pre 1988 GMP

The Pensions Increase that the State is responsible for will be paid to you as part of your State Pension.

If your State Pension Age is after 6 April 2016, the GMP is not used to calculate any Pensions Increase and Staffordshire Pension Fund is wholly responsible for paying the Pensions Increase on your pension.