

Active Annual Benefit Statement

Frequently Asked Questions



[I have pre-2014 benefits, what protections do I have?](#)

[The CARE pay which has been used to calculate my benefits is incorrect. What should I do?](#)

[The Final Salary pay which has been used to calculate my pre-2014 benefits is incorrect. What should I do?](#)

[When will my benefits be paid?](#)

[Can my benefits be paid early if I am ill?](#)

[How have my benefits been calculated?](#)

[Are there ways of increasing my benefits?](#)

[What happens if I want to retire early/late?](#)

[Why doesn't my statement show my service history?](#)

[I currently have an Added Years contract, why isn't this showing?](#)

[I transferred a pension from another scheme, why isn't this showing?](#)

[Am I able to link my active membership to other LGPS membership?](#)

[Can you tell me more about the protections for my family and dependants in the event of my death?](#)

[How do I inform you where I want my lump sum death grant to be paid in the event of my death?](#)

[Why doesn't my statement show all of my nominated beneficiaries?](#)

[Who can help me if I have a query or complaint?](#)

[How is my CARE pension calculated? - an example](#)

[I have both Final Salary and CARE membership – how are my benefits calculated? - an example](#)

[How have my projected benefits been calculated? - an example](#)

[What are the ERPF's contact details?](#)

[Additional Information](#)

[General Data Protection Regulation \(GDPR\) and Data Protection Act 2018](#)

[Tell Us Once and National Insurance \(NI\) Database Information](#)

[Freedom & Choice Brief Information](#)

[Do not be a victim of a 'pension scam' \(also known as 'pension liberation fraud'\)](#)

[Glossary of Terms](#)

[Back to top](#)

I have pre-2014 benefits, what protections do I have?

On 1 April 2014, if you were paying into the Local Government Pension Scheme (LGPS), you were automatically enrolled in the new career average pension scheme. The entire pension you built up prior to this date is fully protected.

This means that your pension will continue to be based on your final full time equivalent pay when you leave. Your Normal Pension Age for your final salary benefits is also protected, which for most members is age 65.

Further protections are in place if you are nearing retirement. This is referred to as the “underpin” and ensures that you will get a pension at least equal to that which you would have received had the scheme not changed on 1 April 2014.

The underpin currently applies if:

- you were paying in to the scheme on 31 March 2012 and,
- you were within 10 years of your Normal Pension Age on 1 April 2012 and,
- you have not had a break in service of more than 5 years from a public service pension scheme
- you have not drawn any benefits in the LGPS before Normal Pension Age and,
- you are leaving with an immediate entitlement to benefits.

The Normal Pension Age referred to in the underpin is the protected Normal Pension Age under the 2008 scheme.

If you are covered by the underpin a calculation will be performed at the date you cease to contribute to the scheme, or at your Normal Pension Age if earlier, to check that the pension you built up (or if you have been in the 50/50 scheme at any time, the pension you would have built up had you always been in the main section of the scheme) is at least equal to the amount you would have received had the scheme not changed from Final Salary to CARE on 1 April 2014. If it is not, the difference will be added to your pension.

The Fund will carry out the underpin checks for all applicable members when they leave the scheme.

The ruling from a court case known as the “McCloud Judgement” means that changes will be made to the regulations so that more members will benefit from this underpin calculation; this would apply to members who were active in the scheme on 31st March 2012 and subsequently had membership in the CARE scheme without a continuous break in service of more than five years. You will hear more in due course about when these changes will be introduced.

[Back to top](#)

The CARE pay which has been used to calculate my benefits is incorrect. What should I do?

If, for any reason, you do not agree with the pay which has been used to calculate your CARE benefits, you should first of all contact your employer who will try to resolve the situation as quickly as possible. Please note that you should contact your employer before 31 March 2022 to report any suspected inaccuracies.

If you are unhappy with your employer’s decision, you have the right to have your complaint independently reviewed under your employer’s Internal Dispute Resolution Procedure (IDRP) and details would be sent to you.

Unfortunately we cannot accept changes to your pay directly from you and therefore it is your employer’s responsibility to contact us to report any inaccurate pay information.

[Back to top](#)

The Final Salary pay which has been used to calculate my pre-2014 benefits is incorrect. What should I do?

If, for any reason, you do not agree with the pay which has been used to calculate your pre-2014 benefits, you should first of all contact your employer who will try to resolve the situation as quickly as possible. Unfortunately we cannot accept changes to your pay directly from you and therefore it is your employer's responsibility to contact us to report any inaccurate salary information.

Please be reassured that when you leave East Riding Pension Fund (ERPF), your final pension benefits will be assessed on an individual basis and your accurate final year's pay will be supplied to the Pensions section by your employer's payroll department.

Your statement is for illustration only and you should not make any financial decisions based on the details shown without first contacting the Pensions section.

[Back to top](#)

When will my benefits be paid?

The Normal Pension Age (NPA) in the LGPS is linked to your State Pension Age (but with a minimum of age 65). You can choose to retire and draw your pension from the LGPS at any time from age 55 to 75, provided you have met the 2 years vesting period in the scheme. If you choose to take your pension before your NPA it will normally be reduced because it's being paid earlier. If you take it later than your NPA it's increased because it's being paid later. Please see the section [What happens if I want to retire early/late?](#) for further information.

You may have to retire at your employer's instigation perhaps because of redundancy, business efficiency or permanent ill health. Your LGPS benefits even in these circumstances can, provided you have met the 2 years vesting period in the scheme, provide you with an immediate retirement pension which may even be enhanced.

[Back to top](#)

Can my benefits be paid early if I am ill?

If you have to leave work due to illness you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits you will need to have met the 2 years vesting period in the scheme. Your employer must be satisfied that you will be permanently unable to do your own job until your Normal Pension Age and that you are not immediately capable of undertaking gainful employment. This decision would be based on an opinion from an independent occupational health physician appointed by them.

Ill health benefits can be paid at any age and are not reduced on account of early payment – in fact, your benefits could be increased to make up for your early retirement. There are graded levels of benefit based on how likely you are to be capable of gainful employment after you leave.

[Back to top](#)

How have my benefits been calculated?

Pre 1 April 2014 benefits are calculated as follows:

- service up to and including 31 March 2008: **Final Salary Pay x Service (in years and days) x 1/80**

- service from 1 April 2008 to 31 March 2014: **Final Salary Pay x Service (in years and days) x 1/60**
- automatic lump sum: **Final Salary Pay x Service up to 31 March 2008 (in years and days) x 3/80**

If you worked part time your service would have been reduced by the proportion of the full time hours you worked.

Post 1 April 2014 benefits are calculated as follows:

- main section membership: **CARE Pensionable Pay x 1/49**
- 50/50 section membership: **CARE Pensionable Pay x 1/98**

After 1 April 2014, the calculations no longer take into account your service.

Prior to 1 April 2014, your final pay figure ignores times when you may have been on reduced contractual pay or no pay due to sickness or injury, on ordinary or paid additional maternity/paternity/adoption leave, paid shared parental leave, or on reserve forces service leave. After 1 April 2014, an Assumed Pensionable Pay for these periods of leave will be included within the CARE figure.

Please note that there are examples at the end of this document to provide further clarification on the different accrual rates and calculations.

[Back to top](#)

Are there ways of increasing my benefits?

As a member of the LGPS you can pay extra contributions in order to top up your benefits by the purchase of Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs). Whichever method you choose, the extra contributions will come straight out of your pay. As they all count as pension contributions, you get tax relief (normally at your highest rate) if you are a tax payer. Further information is available on the following web pages:

<https://www.pru.co.uk/rz/localgov/> - to see how much you might need to save to get the taxable pension income and/or tax free cash you would like from your AVCs.

<https://www.lgpsmember.org/arm/already-member-extra.php> how much it would cost to buy extra or lost pension through APCs.

[Back to top](#)

What happens if I want to retire early/late?

If you choose to voluntarily retire before your Normal Pension Age (NPA) your benefits will normally be reduced to take account of being paid for longer. Your benefits are initially calculated as detailed in the section [how have my benefits been calculated?](#) and are then reduced. How much your benefits are reduced by depends on how early you draw them.

The reduction is based on the length of time (in years and days) that you retire early. The earlier you retire, the greater the reduction. As a guide, the current percentage reductions for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

You can reduce or avoid any reductions by delaying payment until a later date. Your benefits will normally become payable at your NPA but you can defer payment beyond that age (unless you left the scheme before 1 April 1998), although benefits must be paid by age 75.

Number of Years Paid Early	Pension reduction Men	Lump Sum (for membership to 31 March 2008)
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	N/A
12	44.0%	N/A
13	46.3%	N/A

If you choose to defer payment of your benefits beyond your NPA, your annual pension will be increased for each day on and after the date you reached NPA. For the first two years after your NPA (and all years up to 31 August 2019) your pension will increase by 0.01% each day. The rate of increase will rise slightly for each following year. If you are entitled to an automatic lump sum, this will be increased by 0.001% each day on and after the date you reached NPA.

[Back to top](#)

Why doesn't my statement show my service history?

We no longer include service information as it is not relevant within the LGPS 2014 scheme.

[Back to top](#)

I currently have an Added Years contract, why isn't this showing?

If you have an Added Years contract, the full amount of this will not show on your statement unless your contract has ended. If your contract is still active, the statement will only include the proportioned amount of service relevant to the scheme year – this will be included in Section 3 of the statement. If you require any further information, please do not hesitate to contact us using the information below.

[Back to top](#)

I transferred a pension from another scheme, why isn't this showing?

If you have transferred in a pension from another scheme that was bought in a year prior to 2020/21, this will not show on your Annual Benefit Statement. If you bought service with your transfer, this will be included in the estimate of your final salary pension benefits. If you bought CARE pension, this will be included in your total CARE account at 31 March 2021.

Am I able to link my active membership to other LGPS membership?

You should have received options to link any previous LGPS pension membership to your active membership. There is a deadline of one year from commencing your active employment to make an election regarding combining previous membership that ended before your active membership started (or you may have been given an extended deadline due to delays within the pension section).

For any membership that left before 1 April 2014, you will have had to make a positive election to combine this with your current membership. For any membership that left after 31 March 2014, you will have had to make a positive election to keep this separate. If you believe you were not provided with these options and have been in the scheme for over a year, please contact the pension section to query this.

If you had a separate post in the scheme that ran concurrently with your active membership but has since ended, you have the option to link this as long as your current membership remains active. You should receive the options after the first post ended, but you can also write in to the pension section requesting this.

[Back to top](#)

Can you tell me more about the protections for my family and dependants in the event of my death?

If you die before your benefits become payable, there will be a lump sum payable. This is referred to as a death grant. The value of your death grant is shown in your Annual Benefit Statement and is calculated as three times your annual Assumed Pensionable Pay.

You should complete a death grant 'expression of wish' form which will tell us your wishes with regards to whom or where you would like your death grant to be paid to. This form is available on our website for you to download and complete. We will endeavour to respect your wishes as far as we can, but the Fund will always have the final decision as to the recipient(s) of any death grant.

However, if you also have earlier membership in the LGPS in England or Wales, e.g. a deferred pension, a suspended tier 3 ill health pension or a pension in payment, the death grant payable would be the greater of the lump-sum detailed in the annual benefit statement(s) for your active membership of the scheme or the death grant due from your earlier benefits.

As well as the death grant, if you leave dependants when you die there may be benefits for them as well. These can be payable to either:

- your husband or wife
- your registered civil partner or,
- your eligible cohabiting partner

Any eligible dependent children will also receive benefits in the event of your death. Further details are available upon request.

[Back to top](#)

How do I inform you where I want my lump sum death grant to be paid in the event of my death?

You should complete a "Death Grant Expression of Wish" form to tell us of your wishes with regards to whom or where you would like your death grant to be paid – these are referred to as your nominated beneficiaries. The form is available on our website for you to download and complete at the following link: <https://erpf.org.uk/active-members/benefits-for-your-family/>. Alternatively, you can contact us and ask us to send you one.

[Back to top](#)

Why doesn't my statement show all of my nominated beneficiaries?

This will only apply if you have more than 8 nominated beneficiaries. If you believe that the full details are not showing on your statement and you would like a copy to check, we are more than happy to provide this on request. Please note that if you have made a contingent nomination (i.e. where you would like your death grant to be paid in the event that your current nominated person(s) predecease you), then these are not shown on the statement.

If you have made a nomination during a previous employment, this may not have been transferred to your current pension record to show on this statement. We will still take this nomination into account for each of your periods of membership, but if you wish for this to show on your statement, please complete and send a new death grant expression of wish form.

[Back to top](#)

Who can help me if I have a query or complaint?

If you are in any doubt about your LGPS benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact us by using the information detailed below. We will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If your query is about your contribution rate or the pay used on your statement, please contact your employer.

[Back to top](#)

What are ERPF's contact details?

Our email for Annual Benefit Statement queries:	abs@eastriding.gov.uk
Our email for general enquiries:	erpf@eastriding.gov.uk
Our telephone number:	01482 394103
Our address:	East Riding Pension Fund PO BOX 118 Council Offices Church Street Goole East Riding of Yorkshire DN14 5BG

[Back to top](#)

How is my CARE pension calculated? - an example

Let us assume the following:

- the member joined on 1 April 2014
- the member left on 31 March 2021
- their pensionable pay was £24,500 in year 1 and increased by 1% each year

Scheme Year	Opening Balance	Pension Build up in Scheme Year	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500 / 49 = £500	£500	1.2% = £6	£500 + £6 = £506
2 2015/16	£506	£24,745 / 49 = £505	£1,011.00	-0.1% = -£1.01	£1,011.00 - £1.01 = £1,009.99
3 2016/17	£1,009.99	£24,992.45 / 49 = £510.05	£1,520.04	1% = £15.20	£1,520.04 + £15.20 = £1,535.24
4 2017/18	£1,535.24	£25,242.37 / 49 = £515.15	£2,050.39	3% = £61.51	£2,050.39 + £61.51 = £2,111.90
5 2018/19	£2,111.90	£25,494.79 / 49 = £520.30	£2,632.20	2.4% = £63.17	£2,632.20 + £63.17 = £2,695.37
6 2019/20	£2,695.37	£25,749.74 / 49 = £525.50	£3,220.87	1.7% = £54.75	£3,220.87 + £54.75 = £3,275.62
7 2020/21	£3,275.62	£26,007.24 / 49 = £530.76	£3,806.38	0.5% = £19.03	£3,806.38 + £19.03 = £3,825.41

Now let us assume that the member had a period of time in the 50/50 section of the scheme from 1 April 2015 to 30 September 2015 (the 50/50 scheme is where the member pays half of their normal pension contributions in return for half their normal pension build up). Their pension account would now be as follows:

Scheme Year	Opening Balance	Pension Build up in Scheme Year	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500 / 49 = £500	£500	1.2% = £6	£500 + £6 = £506
2 2015/16	£506	£12,372.50 / 49 = £252.50 £12,372.50 / 98 = £126.25	£884.75	-0.1% = -£0.88	£884.75 - £0.88 = £883.87
3 2016/17	£883.87	£24,992.45 / 49 = £510.05	£1,393.92	1% = £13.94	£1,393.92 + £13.94 = £1,407.86
4 2017/18	£1,407.86	£25,242.37 / 49 = £515.15	£1,923.01	3% = £57.69	£1,923.01 + £57.69 = £1,980.70
5 2018/19	£1,980.70	£25,494.79 / 49 = £520.30	£2,501.00	2.4% = £60.02	£2,501.00 + £60.02 = £2,561.02
6 2019/20	£2,561.02	£25,749.74 / 49 = £525.50	£3,086.52	1.7% = £52.47	£3,086.52 + £52.47 = £3,138.99
7 2020/21	£3,138.99	£26,007.24 / 49 = £530.76	£3,669.75	0.5% = £18.35	£3,669.75 + £18.35 = £3,688.10

The CARE scheme uses the actual pay earned each year.

[Back to top](#)

I have both Final Salary and CARE membership – how are my benefits calculated? - an example

Where you have both Final Salary and CARE membership, a calculation would be processed for each different scheme type and these would then be added together.

Let us assume the following:

- the member joined on 1 April 2001
- the member left on 31 March 2021
- the member worked full time throughout
- the member paid in to the main scheme throughout
- their pensionable pay was £24,500 in year 1 of the CARE scheme and increased by 1% each year
- their final salary pay was £25,900.00

Pre 2008	Post 2008/Pre 2014
$7 \times £25,900.00 \times 1/80 = \mathbf{£2,266.25}$	$6 \times £25,900.00 \times 1/60 = \mathbf{£2,590.00}$
<i>plus an automatic tax free lump sum</i>	
$7 \times £25,900.00 \times 3/80 = \mathbf{£6,798.75}$	

Scheme Year	Opening Balance	Pension Build up in Scheme Year	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	$£24,500 / 49 = \mathbf{£500}$	£500	1.2% = £6	$£500 + £6 = \mathbf{£506}$
2 2015/16	£506	$£24,745 / 49 = \mathbf{£505}$	£1,011.00	-0.1% = -£1.01	$£1,011.00 - £1.01 = \mathbf{£1,009.99}$
3 2016/17	£1,009.99	$£24,992.45 / 49 = \mathbf{£510.05}$	£1,520.04	1% = £15.20	$£1,520.04 + £15.20 = \mathbf{£1,535.24}$
4 2017/18	£1,535.24	$£25,242.37 / 49 = \mathbf{£515.15}$	£2,050.39	3% = £61.51	$£2,050.39 + £61.51 = \mathbf{£2,111.90}$
5 2018/19	£2,111.90	$£25,494.79 / 49 = \mathbf{£520.30}$	£2,632.20	2.4% = £63.17	$£2,632.20 + £63.17 = \mathbf{£2,695.37}$
6 2019/20	£2,695.37	$£25,749.74 / 49 = \mathbf{£525.50}$	£3,220.87	1.7% = £54.75	$£3,220.87 + £54.75 = \mathbf{£3,275.62}$
7 2020/21	£3,275.62	$£26,007.24 / 49 = \mathbf{£530.76}$	£3,806.38	0.5% = £19.03	$£3,806.38 + £19.03 = \mathbf{£3,825.41}$

Total annual pension of	Tax free lump sum of
$£2,266.25 + £2,590.00 + £3,825.41 = \mathbf{£8,681.66}$	$\mathbf{£6,798.75}$

The Final Salary scheme reduces the service accrued for any periods of part time service as opposed to the salary.

The CARE scheme uses the actual pay earned each year.

[Back to top](#)

How have my projected benefits been calculated? - an example

Let us assume the following:

- the member joined on 1 April 2001
- the member has been full time throughout their employment
- the member has paid in to the main scheme since 1 April 2014
- their pensionable pay was £26,007.24 in 2020/21
- their final salary pay was £25,900.00
- their date of birth is 31/03/1963
- their current Normal Pension Age date is 31/03/2030 – their 67th birthday
- it is 9 years before the member reaches Normal Pension Age

Pre 2008	Post 2008/Pre 2014
$7 \times £25,900.00 \times 1/80 = \mathbf{£2,266.25}$	$6 \times £25,900.00 \times 1/60 = \mathbf{£2,590.00}$
<i>plus an automatic tax free lump sum</i>	
$7 \times £25,900.00 \times 3/80 = \mathbf{£6,798.75}$	

Scheme Year	Opening Balance	Pension Build up in Scheme Year	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500 / 49 = £500	£500	1.2% = £6	£500 + £6 = £506
2 2015/16	£506	£24,745 / 49 = £505	£1,011.00	-0.1% = -£1.01	£1,011.00 - £1.01 = £1,009.99
3 2016/17	£1,009.99	£24,992.45 / 49 = £510.05	£1,520.04	1% = £15.20	£1,520.04 + £15.20 = £1,535.24
4 2017/18	£1,535.24	£25,242.37 / 49 = £515.15	£2,050.39	3% = £61.51	£2,050.39 + £61.51 = £2,111.90
5 2018/19	£2,111.90	£25,494.79 / 49 = £520.30	£2,632.20	2.4% = £63.17	£2,632.20 + £63.17 = £2,695.37
6 2019/20	£2,695.37	£25,749.74 / 49 = £525.50	£3,220.87	1.7% = £54.75	£3,220.87 + £54.75 = £3,275.62
7 2020/21	£3,275.62	£26,007.24 / 49 = £530.76	£3,806.38	0.5% = £19.03	£3,806.38 + £19.03 = £3,825.41

Total annual pension of	Tax free lump sum of
$£2,266.25 + £2,590.00 + £3,825.41 = \mathbf{£8,681.66}$	£6,798.75

Projections of Final Salary benefits	Projections of CARE benefits
As the service cannot increase for the Final Salary aspect of the member's benefits, these remain the same as above. However, there is a protected Normal Pension Age of 65 for these benefits and therefore a late payment increase of 2 years (730 days) will be applied to these benefits in the projection.	We assume that the member remains full time and in the main scheme for the next 9 years and the member retires when they reach their current Normal Pension Age. We use the same pensionable pay and include no Cost of Living Revaluation Adjustments.

$£4,856.25 + (£4,856.25 \times 730 \times 0.01\%) = \mathbf{£5,210.76}$ $9 \text{ years} \times £26,007.24 / 49 = £4,776.84$

$£6,798.75 + (£6,798.75 \times 730 \times 0.001\%) = \mathbf{£6,848.38}$ $£3,825.41 + £4,776.84 = \mathbf{£8,602.25}$

Total projected annual pension of

$£5,210.76 + £8,602.25 = \mathbf{£13,813.01}$

Total projected tax free lump sum of

$\mathbf{£6,848.38}$

[Back to top](#)

Additional Information

General Data Protection Regulation (GDPR) and Data Protection Act 2018

East Riding Pension Fund (ERPF) is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit <https://erpf.eastriding.gov.uk/key-policies-and-documents/privacy-notice/>

[Back to top](#)

Tell Us Once and National Insurance (NI) Database Information

The Tell Us Once service is provided by the Department for Work and Pensions (DWP) and is a service offered in most parts of the country. When the death of an LGPS member is registered, the DWP systems will ensure that the LGPS pension fund is informed of the death, meaning that the member's records can be processed quicker and simpler than would otherwise be the case.

To enable the LGPS to join this service, an extract of the membership information we hold must be periodically shared with the DWP. This membership information is held on the National Insurance (NI) Database. The NI Database is hosted by South Yorkshire Pensions Authority and the data held is processed in accordance with the Data Protection Act 2018 and other relevant legislation.

This NI Database is undertaken in order to comply with legal requirements contained in the LGPS's governing regulations. Provisions contained in the LGPS Regulations 2013 mean that, if a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership elsewhere in the country so that the right death benefits can be calculated and paid to the deceased member's dependants.

As the LGPS is locally administered, each pension fund has its own membership records and it can be difficult to tell if an individual has other LGPS records and where these are held. To comply with the requirements set out above, a national Database was developed that will enable funds to check if their members have LGPS pensions records in other pension funds. The only information which is shared is:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed, and
- A four digit number confirming the LGPS pension fund where that member's record is held.

An extract of the Database containing the above information will be securely shared with DWP every month so that they may maintain an up-to-date record of the LGPS's membership. The information will be held for as long as

- a) the relevant regulatory requirements remain, and
- b) the LGPS participates in the Tell Us Once service.

As this data sharing is partly being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.

[Back to top](#)

Freedom & Choice Brief Information

In the 2014 budget the Government announced reforms to defined contribution schemes, like personal pensions.

These reforms are effective from 6 April 2015 and give members of such schemes, aged 55 or over, greater flexibility over how they can access their pension savings. However, even under the new flexibilities, HMRC rules require that anything above 25% of pension savings will be taxable as pension income at a member's marginal rate.

To help people understand their retirement choices from schemes offering the new flexibilities, the government has introduced a free and impartial service called [Money Helper](#)

As the LGPS is not a defined contribution scheme, the new flexibilities do not apply to it. But there are indirect changes for LGPS members considering transferring to such a scheme. For details – refer to [this Q & A](#) for LGPS members.

Further to this, the Department for Communities and Local Government (DCLG) are currently considering how the changes will impact on LGPS in-house AVC plans.

[Back to top](#)

Do not be a victim of a 'pension scam' (also known as 'pension liberation fraud')

Many scammers are now directing members to transfer into single member occupational schemes in an attempt to escape scrutiny. They may attempt to target members interested in transferring to a scheme which offers the new 'Freedom & Choice' pension flexibilities.

Pension scammers use 'one off pension investments', 'pension loans' or 'upfront cash incentives' to entice members to transfer their pension savings. For most people the offers will be bogus. They claim they can help members access their pension before the legal minimum age of 55. It is normally only in rare circumstances, such as serious ill health, that you are able to take retirement benefits before age 55.

They also claim they can help members take more than 25% of their pension savings as 'tax free' cash. HMRC rules require that all pension savings above 25% are taxable as pension income at a member's marginal rate, even if they are taken as a lump sum.

If you are taken in by a pension scam and agree to transfer, you will probably lose most, if not all, of your pension savings. You could also receive tax charges of over half the value of your pension for taking what is classed as an 'unauthorised payment' for tax purposes.

If you do receive an 'unauthorised payment', you must declare it to HM Revenue & Customs (HMRC). If you fail to declare an unauthorised payment to HMRC, you may be charged penalties in addition to the tax.

The Pensions Regulator has produced information regarding pension scams which can be found at <https://www.thepensionsregulator.gov.uk/en/pension-scams>

HMRC have also produced a factsheet (pdf 218KB). This can be viewed [here](#).

[Back to top](#)

1. [Assumed Pensionable Pay](#)
2. [Final Salary Pay](#)
3. [Normal Pension Age](#)
4. [Pensionable Pay \(or CARE pay\)](#)
5. [State Pension Age](#)
 - i. [State Pension Age equalisation timetable for women](#)
 - ii. [Increase in State Pension Age from 65 to 66 for men and women](#)
6. [Vesting Period](#)

1. Assumed Pensionable Pay

This provides a notional pensionable pay figure to ensure your pension is not affected by any reduction in pensionable pay due to a period of sickness or injury on reduced contractual pay or no pay, or relevant child related leave or reserve forces service leave.

If you have a period of reduced contractual or no pay due to sickness or injury or you have a period of relevant child related leave or reserve forces service leave then your employer needs to provide the pension fund with the assumed pensionable pay you would have received during that time unless during the period of relevant child related leave the pensionable pay received was higher than the value of the assumed pensionable pay. This requires a calculation to be carried out by your employer to determine what your pay would have been for the period when you were on reduced contractual pay or no pay due to sickness or the period of relevant child related leave or reserve forces service leave.

The assumed pensionable pay is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before the pay period in which you went on to reduced pay or no pay because of sickness or injury or before you started a period of relevant child related leave or reserve forces service leave. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. The resulting figure is then grossed up to an annual figure and then divided by the period of time you were on reduced pay or no pay for sickness or injury or on relevant child related leave or reserve forces service leave.

Assumed pensionable pay is also used to work out any enhancement to your pension awarded as a result of ill health retirement, any lump sum death grant following death in service, and any enhancement which is included in survivor benefits following death in service. The assumed pensionable pay for these purposes is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before you died in service or before you left employment due to ill-health retirement. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. Also, where an independent registered medical practitioner certifies that, during the period used to determine assumed pensionable pay, you were working reduced contractual hours because of the ill-health which led to your retirement or death in service, the assumed pensionable pay is to be calculated on the pay you would have received during that period had you not been working reduced contractual hours. The resulting figure is then grossed up to an annual figure.

[Back to top](#)

2. Final Salary Pay

This figure is used to calculate the final salary benefits accrued to 31 March 2014 (if you have any). It is usually the pay in respect of (i.e. due for) your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), maternity pay, paternity pay, adoption pay, shared parental pay and any other taxable benefit specified in your contract as being pensionable.

If you were part-time for all or part of the final year the whole-time pay that you would have received if you had worked whole-time is used and if your pay in your final year was reduced because of sickness or relevant child related leave, final pay is the pay you would have received had you not been on sick leave or relevant child related leave.

[Back to top](#)

3. Normal Pension Age

Normal Pension Age is linked to your State Pension Age for benefits built up from April 2014 (but with a minimum of age 65) and is the age at which you can take the pension you have built up in full. If you choose to take your pension before your Normal Pension Age it will normally be reduced, as it's being paid earlier. If you take it later than your Normal Pension Age it's increased because it's being paid later.

You can use the Government's State Pension Age calculator (www.gov.uk/calculate-state-pension) to find out your State Pension Age. Please note that this calculator does not include proposed changes to State Pension Age.

Remember that your State Pension Age may change in the future and this would also change your Normal Pension Age in the LGPS for benefits built up from April 2014. Once you start drawing your pension any subsequent change to your State Pension Age will not affect your Normal Pension Age in the LGPS.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected Normal Pension Age - which for most is age 65. However all pension benefits drawn on normal retirement must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits in your pension account (built up from April 2014) at your Normal Pension Age (which for your benefits built up from April 2014 is linked to your State Pension Age but with a minimum of age 65).

[Back to top](#)

4. Pensionable Pay (or CARE pay)

This figure is used to calculate career average pension from 1 April 2014. It is the pay on which you normally pay contributions on your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), maternity pay, paternity pay, adoption pay, shared parental pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, any pay paid by your employer if you go on reserve forces service leave nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.

[Back to top](#)

5. State Pension Age

This is the earliest age you can receive the state basic pension, and is the Normal Pension Age for your post 2014 CARE pension benefits.

To find out your State Pension Age please visit <https://www.gov.uk/calculate-state-pension>.

[Back to top](#)

6. Vesting Period

The vesting period in the LGPS is 2 years. You will meet the 2 years vesting period if:

- you have been a member of the LGPS in England and Wales for 2 years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme or institution was 2 or more years or, when added to the period of time you have been a member of the LGPS is, in aggregate, 2 or more years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS in England or Wales (other than a survivor's pension or pension credit member's pension), or
- you have paid National Insurance contributions whilst a member of the LGPS and cease to contribute to the LGPS in the tax year of attaining pension age,
- you cease to contribute to the LGPS at age 75, or
- you die in service.