

# SUFFOLK PENSION FUND

## LOCAL GOVERNMENT PENSION SCHEME

Active member (still paying into the scheme)

### **Annual Benefit Statement Guide 2020**

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**Member Self-Service website:** <https://pensions.suffolk.gov.uk/>

You can use this website to keep track of your pension benefits online, run your own estimate calculations, change your Death Grant Nomination, and update your personal details, including your address.

Please follow the instructions on the log in page of the Member Self-Service website to provide your email address, and request login details to access the site.

In-depth guidance notes and a copy of your statement can be accessed on the My Documents page of our Member Self-Service website.

The guidance notes are also available from the Guides section of the Forms and Publications page of [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org).

#### **PLEASE NOTE:**

- The statement shows the benefits which may be payable based on service up to 31 March 2020. It should be treated as a guide. Special circumstances, which can affect benefits, may apply to certain individuals. **Do not use the statement to make irreversible decisions about retirement.**
- The Full Report and Accounts for the Suffolk Pension Fund are available online. To access the information for this year and for previous years, please visit <http://www.suffolkpensionfund.org>

#### **Contact Details**

The Suffolk County Council Pensions team contact details are as follows:

**Address:** Pensions, 2<sup>nd</sup> floor, Constantine House, 5 Constantine Road, Ipswich, IP1 2DH

**Telephone:** 03456 053000

**Email:** [pensions@suffolk.gov.uk](mailto:pensions@suffolk.gov.uk)

**Website:** [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)

**Member Self-Service:** <https://pensions.suffolk.gov.uk/>

# What your benefit statement shows

## 1. Personal Details

Please check that we have your correct details.

**Employment number** - If you have more than one contract of employment or more than one pension record, the statement will be numbered accordingly, otherwise it will be blank.

**Section of scheme at 31/03/2020** - This will either show as 'MAIN' or '5050'

Most members are in the MAIN section of the scheme. This means that you are paying normal pension contributions and building up pension at the rate of 1/49<sup>th</sup> of actual pensionable pay each year.

Members in the 50/50 section of the scheme will be paying half the contributions that they would pay under the Main section. Pension is then built up at the rate of 1/98<sup>th</sup> of actual pensionable pay for the period that the member is in the 50/50 section.

**Actual Pensionable Pay in year to 31/03/2020** – This is the pensionable pay you have actually received in the year from 1 April 2019 to 31 March 2020.

This figure is used to calculate the pension you have built up from 1 April 2019 to 31 March 2020.

**Average Full Time Equivalent Pensionable Pay in year to 31/03/2020** – This is the average full time equivalent salary based on your pensionable pay for the year from 1 April 2019 to 31 March 2020. If you work part time this figure is the salary you would receive if you worked full time for 52 weeks a year.

This figure is used to calculate the pension you have built up prior to 1 April 2014.

## 2. Value of Your Benefits up to 31/03/2020

This section shows the value of your benefits based only on the service you have accrued up until 31 March 2020. The figures include any transferred in benefits and any additional pension or service purchased as at 31 March 2020.

### Total annual pension

When you retire you will be entitled to an annual pension (split into twelve monthly payments). This figure shows the value that would be payable at your Normal Pension Age assuming you had left the scheme on 31 March 2020.

### Automatic lump sum

If you joined the pension scheme prior to 1 April 2008 you will have an automatic lump sum amount in addition to an annual pension. This is payable as a one-off tax-free amount when you retire.

### Annual survivor's pension

If you were to die before your pension had become payable\*, the Annual survivor's pension is the estimated pension payable to your spouse, civil partner, or cohabiting partner.

This figure includes an enhancement based on the assumed pensionable pay you would have received if you had continued in the scheme until normal pension age.

Whereas the survivor benefit payable to a surviving spouse or civil partner is based on all the member's period of membership of the scheme, the survivor benefit payable to:

- an eligible cohabiting partner will not include any pre 6 April 1988 membership (unless the member had elected prior to 1 April 2014 to pay for some or all of that membership to count)
- a widow of a post leaving marriage will not include any pre 6 April 1978 membership

### **Death in service lump sum**

This is the estimated amount payable as a one-off lump sum to your nominated representative if you were to die whilst still an active member of the pension scheme\*.

**Please note** that if you have any periods of preserved LGPS membership, or any LGPS pensions in payment, any death grant payable would be the greater of:

- All death grants in respect of active periods of membership (based on 3 times actual pay)
- or,
- All death grants in respect of preserved benefits or pensions in payment

\*Please note that there is still provision for survivor benefits once you have left active membership of the scheme. For further information please refer to the following links:

<http://www.suffolkpensionfund.org/suffolk-pension-fund/no-longer-paying-in/survivor-benefits/>

<http://www.suffolkpensionfund.org/suffolk-pension-fund/pensioners/death-in-retirement/>

### **Commutation**

At retirement you will be given the option to give up some of your pension in exchange for tax free lump sum. For every £1 of pension you give up you will receive £12 of lump sum. There is a limit to the amount of tax free lump sum you can receive.

## **3. Annual Allowance**

The Annual Allowance is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge.

The Annual Allowance for the period 6 April 2019 to 5 April 2020 is £40,000.

If the increase in value of your pension savings in any one year (including pension savings outside of the LGPS) is larger than the Annual Allowance, the excess will be taxed as income.

**Pension Input Amount** – The amount of your annual allowance that has been used up in the current year.

**Unused Allowance** – The amount of your annual allowance you have left in the current year.

You are able to carry forward any unused allowance from the previous three years. If you do not have enough unused allowance, a tax charge will be payable. We will write to you if you are affected.

#### 4. Lifetime Allowance

The Lifetime Allowance (LTA) is Her Majesty's Revenue & Customs (HMRC) limit on total pension benefits. The percentage of LTA used figure shows the proportion of the lifetime allowance that the present value of your pension benefits takes up. The LTA for the tax year 2019/20 is £1,055,000, and has been increased in line with inflation to £1,073,100 from 1 April 2020.

If the total value of your pension benefits exceeds the LTA when you retire, tax charges may apply.

#### 5. Estimated Value of your benefits at Normal Retirement Age

This section shows an estimate of the benefits you will receive at your normal retirement age, assuming that you continue to contribute to the scheme until then.

This estimate projects forward your actual pensionable pay for the 2019/20 year and assumes that you will continue to receive this amount of pensionable pay until your normal retirement age. The figures include the value of your benefits as at 31 March 2020, any transferred in benefits, and any additional pension or service purchased as at 31 March 2020.

Please note that only members with service prior to 1 April 2008 will have an automatic lump sum.

#### Commutation

At retirement you will be given the option to give up some of your pension in exchange for a tax free lump sum. For every £1 of pension you give up you will receive £12 of lump sum. There is a limit to the amount of tax free lump sum you can receive. The statement shows the maximum amount of lump sum you can receive based on the figures stated.

**If you would like an estimate of your benefits for an earlier retirement age (over age 55) you are able to obtain this yourself using the Benefit Projectors on Member Self-Service.**

#### 6. Your Death Grant Nomination Details

These are the people you have nominated to receive your death grant, and the percentage they are nominated to receive.

If you would like to make or change nominations please use the Nominations section on Member Self-Service.

You can also make and change nominations by downloading, completing and signing a form from our website [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org) or by writing to the pensions team.

## 7. Career Average Pension Benefits accrued from 01/04/2014 to 31/03/2020

Your pension accrued after 1 April 2014 is based on your actual pensionable pay received in each year.

Pensionable pay figures are shown for the current financial year, and against the section of the scheme you paid contributions into (either the Main or 50/50 section)

### **Amount of pension built up in the year to 31/03/2020**

This section is made up of the following amounts:

**Main Section Pay / 49** – 1/49<sup>th</sup> of the pensionable pay on which you paid full contributions between 1 April 2019 and 31 March 2020.

**50/50 Section Pay / 98** - 1/98<sup>th</sup> of the pensionable pay on which you paid half rate contributions between 1 April 2019 and 31 March 2020.

**Additional Pension Bought** – The amount of additional pension credited to your pension account in the year to 31 March 2020, and relating to contracts for Additional Pension Contributions (APC). Please note that any APC contract started since 1 April 2020 will not appear on the statement.

**Transfers In** - If you joined the scheme since 1 April 2014 and have transferred in previous pension rights to purchase additional pension during the year to 31/03/2020, this is shown here.

Please note that if we received the transfer payment after 31 March 2020 it will not be shown on your statement until next year.

### **Total CARE Pension as at 31/03/2020**

**Revaluation for the cost of living** – CARE pension benefits are revalued at the beginning of each scheme year in line with inflation (using the Consumer Price Index).

The revaluation after the 2018/19 year was calculated using an increase of 2.4% in line with the CPI index based on the 12 months to September 2018 (in line with government guidance).

**Total CARE Pension at 31/03/2020** – This only includes pension built up after 1 April 2014.

## 8. Final Salary Benefits accrued up to 31/03/2014

If you have membership prior to 1 April 2014, this will usually retain a final salary link for the future calculation of your benefits. This section shows the value of any final salary benefits as at 31 March 2020.

As final salary benefits are based on service up to 31 March 2014, the membership used in the calculation will not change.

The value of these benefits does change with changes to your full time equivalent (FTE) salary.

Your final FTE salary, based on an average over the year prior to your date of leaving the scheme, will be used to calculate your benefits.

**Service up to 31 March 2008** will give you a pension of 1/80<sup>th</sup> of your final FTE salary for every year (and part year) of service up to 31 March 2008.

You will also have a lump sum of 3/80<sup>ths</sup> of your final FTE salary for every year (and part year) of service up to 31 March 2008.

**Service between 1 April 2008 and 31 March 2014** will give you a pension of 1/60<sup>th</sup> of your final FTE salary for every year (and part year) of service between 1 April 2008 and 31 March 2014.

There is no automatic lump sum for this period.

## 9. Your Membership Details for Final Salary Benefits

This is a summary of the membership on which your final salary benefits have been based.

Any service after 1 April 2014 will therefore not be displayed, as your post 1 April 2014 benefits are calculated on your actual pensionable pay received each year.

If you have transferred in previous final salary pension rights, these will be included.

If you are a part time worker, please refer to the [FAQ](#) on page 8 for more information on how your service is calculated.

If you have pension membership for a different period (for example if you have a deferred pension) you will receive a separate statement for that period.

# Frequently Asked Questions

## **Part time workers**

### **1. I work part time, how is the Percentage of full time shown in Section 9 calculated?**

Final Salary benefits (accrued up until 31 March 2014) are based on a full year and so your actual hours are proportioned over a 52 week year. If you worked term time or part time for a period, your service will show as a percentage of the equivalent whole time service, based on the average hours you worked for the period.

For example: The service for a member who worked an average of 18.50 hours per week in a period will show as 50% of whole time service for that period.

## **Payment of benefits**

### **2. At what age can my benefits come into payment?**

You will be able to take your pension at any age on or after your 55th birthday. However, if you retire before your Normal Pension Age (which is the same as your State Pension Age - with a minimum age of 65) there will be a reduction on your pension build up from 1 April 2014. However, providing you are at least age 65 there will not be a reduction to your pension you have built up before 31 March 2014.

You may have some protection against reduction if you retire before your normal retirement age and meet the 85 year rule.

The 85 year rule is satisfied if your age at the date you draw your pension, and your scheme membership (each in whole years) add up to 85 or more.

This rule was withdrawn for all those people who became active members on or after 1 October 2006, although there are transitional arrangements in place for those who were already in the scheme.

For those members who have rule of 85 protection this will continue to apply. It protects some or all of a member's benefits from the normal early payment reduction and will automatically be applied (except where a member voluntarily draws their pension on or after age 55 and before age 60 – as this is a new option in the scheme from 1 April 2014). To have rule of 85 protection you must have been a member of the LGPS on 30 September 2006.

If you would not satisfy the rule of 85 by the time you are 65, then all your benefits are reduced if you choose to retire before age 65.

### **Transitional arrangements for the 85 year rule**

#### **If you were an active member at any time between 1 April 1998 and 30 September 2006, and were born before 1 April 1956**

If you meet the 85 year rule when you retire, there will not be a reduction to your benefits based on service up to 31 March 2014.

There will be a reduction to any benefits based on service from 1 April 2014.

**If you were an active member at any time between 1 April 1998 and 30 September 2006, and were born between 1 April 1956 and 31 March 1960**

If you are at least 60 and meet the 85 year rule when you retire, there will not be a reduction to your benefits based on service up to 31 March 2008.

If you reach age 60 and meet the 85 year rule between 1 April 2016 and 31 March 2020, there will be a partial protection against reduction applied to your benefits based on service from 1 April 2008 to 31 March 2020 (known as a tapered reduction).

**If you were an active member at any time between 1 April 1998 and 30 September 2006, and were born on or after 1 April 1960**

If you are at least 60 and meet the 85 year rule when you retire, there will not be a reduction to your benefits based on service up to 31 March 2008.

There will be a reduction to any benefits based on service from 1 April 2008.

**If you joined the Scheme after 1 October 2006**

No 85 year rule protection.

## **Lump Sum**

### **3. Will I get a lump sum?**

If you were a member of the LGPS before 1 April 2008 you will have built up membership which included an automatic lump sum.

For members who joined the scheme on or after 1 April 2008 you are able to exchange some of your pension in order to receive a tax-free lump sum.

At retirement all members are able to give up some annual pension in exchange for a tax-free lump sum. For every £1 of pension you give up you will get £12 of tax-free lump sum (subject to HM Revenue & Customs limits on the total lump sum you can receive).

## **Ill-health**

### **4. Does the scheme provide ill-health cover?**

If you have to leave work at any age due to illness you may be able to have your pension paid immediately as long as you meet certain conditions.

You may get your pension and any lump sum without any early retirement reductions, based on your current membership plus an enhancement as shown below.

How much enhancement depends on how likely you are to be able to carry out gainful employment in the future.

The different levels of benefit are:

- **Tier 1** - if you are **unlikely to be capable of gainful employment before your Normal Pension Age**: 100% enhancement to Normal Pension Age.

- **Tier 2** - if you are **unlikely to be capable of gainful employment within 3 years of leaving, but are likely to be capable of undertaking such employment before your Normal Pension Age**: 25% enhancement to Normal Pension Age
- **Tier 3** - if you are **likely to be capable of gainful employment within 3 years of leaving**, or before your Normal Pension Age if earlier, ill health benefits are based on the pension you have already built up in your pension account at leaving. Payment of these benefits will be stopped after 3 years, or earlier if you are in gainful employment or become capable of such employment, provided you have not reached your Normal Pension Age by then. If the payment is stopped it will normally become payable again from your Normal Pension Age but there are provisions to allow it to be paid earlier. Details would be provided at the time.

## **Death Benefits**

### **5. Does the LGPS provide benefits in the event of my death?**

If you die before you receive your pension whilst an active member of the Scheme from 1 April 2014 you have death in service cover of three times your annual pensionable pay.

**Please note** that if you have any periods of preserved LGPS membership, or any LGPS pensions in payment, any death grant payable would be the greater of:

- All death grants in respect of active periods of membership (based on 3 times actual pay)
- or,
- All death grants in respect of preserved benefits or pensions in payment

**Survivor pensions** are also possible. For death in service this would include 1/160th of pensionable pay for each year of membership, and an enhancement of notional membership from date of death to your Normal Pension Age.

### **Cohabiting Partner's Pension**

A cohabiting partner's pension was introduced in 2008 for members whose benefits include service after 1 April 2008. A cohabiting partner's pension may be payable provided the following conditions are satisfied for a continuous period of at least 2 years prior to your date of death:

- both you and your cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your cohabiting partner have been living together as if you were married, or civil partners, and
- neither you or your cohabiting partner have been living with someone else as if you/they were married or civil partners, and
- either your cohabiting partner is financially dependent on you, or you are financially interdependent on each other.

All eligible children of LGPS members are entitled to a **child's pension** if you die. This is the case regardless of whether you are married, have registered a civil partnership or have a cohabiting partner. To be eligible your children must, at the date of your death:

- Be wholly or mainly dependent on you, and
- Be under 18, or
- Over 18 but under 23, and in continuous full time education or training, or
- In some cases, a dependent child of any age who is disabled may be classed as an eligible child, or
- Be born within 12 months of the date of your death

## **2014 Scheme**

### **6. Have the benefits I accrued up until 31 March 2014 changed as a result of the scheme changes?**

All pensions built up before 1 April 2014 are protected.

If you were paying into the LGPS as at 31 March 2014 you were automatically entered into the new scheme from 1 April 2014.

All benefits built up before 1 April 2014 will continue to be based on your final year's pay when you leave the scheme, as these benefits were built up in the final salary scheme. This includes a protected Normal Pension Age for payment of those benefits. The protected Normal Pension Age is age 65 (except for a very small number of members with an earlier protected age of 60).

### **7. How are my benefits from 1 April 2014 worked out?**

Pension benefits have been building up in a new way since 1 April 2014.

The LGPS remains a defined benefit scheme, meaning that your pension will continue to be worked out using a set formula. However, from 1 April 2014 that formula is different because the scheme changed from a final salary scheme to a career average scheme:

- For each year in the new scheme, you build up a pension based on your pensionable pay in that year.
- For each scheme year that you are a member, a pension equal to a 49th of your pensionable pay will be added to your pension account (or a 98<sup>th</sup> of your pensionable pay if you are in the 50/50 section of the scheme).
- Your pension account will be revalued in line with the cost of living.

## **Pensionable Pay**

### **8. What is included in pensionable pay for contributions and benefits in the 2014 scheme?**

Both contributions to and benefits from the 2014 scheme will be based on your actual pensionable pay. For part time workers this means that pensionable pay will not be converted into a full time equivalent figure.

A difference to the new definition of pensionable pay is that, from 1 April 2014, non-contractual overtime is pensionable.

When you leave the LGPS, the previous definition of pensionable pay will still be used to calculate the value of your benefits accrued before 1 April 2014.

## **Pension protections**

### **9. The government said there would be 10 years protection for those within 10 years of their retirement date on 1 April 2012 – do I get any protection?**

Protections are in place if you are nearing retirement to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014.

This protection is known as the underpin. It applies to you if you were:

- paying into the scheme on 31 March 2012 and,
- you were within 10 years of your Normal Pension Age on 1 April 2012 (i.e. born before 1 April 1957),
- you have not had a disqualifying break in service of more than 5 years,
- you have not drawn any benefits in the LGPS before Normal Pension Age and
- you leave with an immediate entitlement to benefits.

Alternatively, if you have transferred in benefits from another public service pension, the underpin will apply if:

- the public service pension transfer was received after 1 April 2014,
- all or part of the transfer purchases final salary benefits in the LGPS,
- you have not had a disqualifying break in service of more than 5 years,
- you were paying into your previous public service pension scheme on 31 March 2012,
- you were within 10 years of your Normal Pension Age on 1 April 2012 (i.e. born before 1 April 1957),
- you have not drawn any benefits in the LGPS before Normal Pension Age and
- you leave with an immediate entitlement to benefits.

The references in this underpin section to Normal Pension Age are to your protected Normal Pension Age under the 2008 scheme – normally age 65.

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 have built up (or, if you have been in the 50/50 section 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 that which you would have received had the scheme not changed on 1 April 2014. If it is not, the difference will be added to your pension.

The underpin will not apply to you if you elect to opt out of the scheme before your protected Normal Pension Age, and may not apply if you voluntarily draw benefits at a time when you would have required employer consent to do so under the pre 1 April 2014 scheme (normally pre age 60).

#### **9b. Will the McCloud judgment affect my pension?**

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were provided in other public sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do 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'.

The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS. This means it has not been possible to reflect the impact of the judgment in your annual benefit statement this year. If you qualify for protection it will apply automatically - you do not need to make a claim. For more information, see the frequently asked questions on the national LGPS website:

[https://lqpsmember.org/news/story/mccloud\\_ganda.php](https://lqpsmember.org/news/story/mccloud_ganda.php).

### **Increasing/decreasing contributions**

#### **10. I have heard that there is more contribution flexibility in the 2014 scheme, what does that mean?**

There has been a 50/50 option since 1 April 2014. This means you can pay half your contribution rate and build up half the benefit, whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover.

50/50 allows flexibility in times of financial hardship. It is a short-term measure for when times are tough. Every three years those in the 50/50 section will be re-enrolled into the main section of the Scheme. This is linked to your employer's automatic re-enrolment date.

#### **Can I buy more pension?**

Yes, you are able to pay extra to increase your pension either by paying additional contributions to buy an increased LGPS pension known as Additional Pension Contributions (APCs) or by making payments to an Additional Voluntary Contribution (AVC) arrangement.

For more information on APCs please visit our website:

<http://www.suffolkpensionfund.org/suffolk-pension-fund/paying-in/membership-and-contributions/>

For AVC information, please contact us using the contact details on Page 2 of this guide.

### **Transfers-in/out**

#### **11. I have some pension rights from a previous employment. Can I transfer these into the LGPS?**

Yes. Please remember though, the time limit for requesting a transfer of your pension rights is 12 months from joining the LGPS with the Suffolk Pension Fund. We would then request details of your previous pension benefits from your previous pension provider. No transfer of previous pension benefits into the LGPS will take place without your written agreement.

### **More than one pension record**

#### **12. I also hold a deferred pension. Does this statement cover those?**

No. Any deferred pension benefits are shown on a separate statement

## **Refund**

### **13. Can I have a refund of my pension contributions?**

If you have 2 years membership or more across all periods of LGPS membership you are unable to have a refund of your pension contributions.

Providing you have less than 2 years membership in the LGPS (across all periods of membership) and have no other LGPS membership or transferred in membership\* you can have a refund of your contributions, and we will contact you with your options. Please note that with any refund you will be required to pay a tax contribution and national insurance contributions that would have been due had you not been in the pension scheme.

\*If your previous pension scheme provider did not permit a refund of contributions you would be unable to have a refund of your LGPS contributions or transferred in membership.

## **Amendments**

### **14. I disagree with some of the information on the statement. What should I do?**

Please let us know what it is you disagree with using our contact details on page 2:

### **15. What do I do if I have moved house?**

Please notify us of any change in address as soon as possible.

Our Member Self-Service website can be used to update your address (once you have registered for the service)

## **Just an estimate**

### **16. You have provided me with these figures, yet you say I should not rely on them to make irreversible decisions about retirement. Why do you say this?**

Firstly, in order to provide calculations in bulk for all scheme members we use an estimated FTE pensionable pay for the calculation of final salary benefits. When you retire, the pensionable pay used in the assessment of your benefits will be worked out in careful detail.

Secondly, some members may have special circumstances which cannot be included when producing statements in bulk.

Thirdly, despite our best endeavours we may not have a complete, correct and up to date record of your service and your personal details. If you think they are not correct, please let us know.

For more information on the LGPS, please visit our website at [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)