The background of the slide is a scenic landscape. The top half shows a clear blue sky with a line of wind turbines on a distant horizon. The bottom half shows rolling green hills with a dirt path, some trees, and a pine tree in the foreground on the right.

Local Government Pension Scheme (Councillors)

Understanding your Deferred Annual Benefit Statement

June 2023

Contents

Why have I received a Deferred Benefit Statement?	3
Personal details	3
Employment details	4
Deferred pension details.....	5
How your pension scheme works	5
Career Average Pay Example	5
Total Membership.....	5
How LGPS (Councillor) pensions are calculated	6
Unreduced pension benefits.....	6
Annual survivor’s pension.....	6
Death grant expression of wish details.....	6
Frequently asked questions	7
What is the earliest age I can take my pension benefits?	7
What is the Rule of 85 and when do I meet it?	7
Are my Additional Voluntary Contributions (AVCs) included in the figures on my statement?	7
Can I transfer my LGPS benefits to another pension scheme and is there anything to be aware of?	8
Who do I contact if I have a query on my Deferred Benefit Statement?	8

Why have I received a Deferred Benefit Statement?

You have received a statement because you have a deferred pension in the Clwyd Pension Fund. A deferred pension is awarded to a pension scheme member who has stopped paying pension contributions into the Local Government Pension Scheme (LGPS) but is not yet in receipt of their pension. You may have stopped paying pension contributions because:

- You have left the role you were paying LGPS contributions in, or
- You have opted out of paying pension contributions even though you are still in the role

You may also have a deferred pension with us because you have left your role and are over age 55, but you have decided not to take your pension yet.

Personal details

Please take a moment to carefully review this section of your statement. This section contains your name, date of birth and marital status. It is important that you check all details are correct, as any errors will affect the pension figures shown on the deferred pension details section of your statement. For example, if your date of birth is incorrect, it will affect the date when your unreduced benefits become payable from. If your marital status is wrong, the value of your survivor's pension may be incorrect. It is important that we have accurate information to ensure that you receive the full benefits that are due to you when you retire.

You should check that the following pieces of information that we hold for you are correct:

- Home address
- Current surname
- Date of birth
- Marital status

Employment details

Below is a table which explains the information held in the employment details section of your statement. These details have been given to us by your former Local Authority and have been used to calculate your pension benefits.

Heading on Deferred Benefit Statement	Members who have previously paid LGPS contributions
Former Local Authority	This shows which Local Authority you were a Councillor for at the time you were paying pension contributions into the LGPS
Your reference number	Your reference number is usually the payroll number which was given to you by your Local Authority for this role
Date joined Fund	The date when you started paying pension contributions into the LGPS
Date of leaving	The date when you stopped paying pension contributions into the LGPS
Career Average Pay used in calculation	Your pension benefits have been calculated using a revalued average of the fees or pay you paid pension contributions on during your time as a Councillor. The earnings are revalued to make sure that your career average pay takes cost of living increases into account. An example of how a career average pay is calculated can be found on page 5 of this factsheet

Deferred pension details

For all members receiving a Deferred Benefit Statement, the pension figures on your statement include the cost-of-living increase of 10.10% applicable from 10th April 2023. The value of your pension will change every April. LGPS uses the Consumer Price Index (CPI) to add cost of living increases to your pension.

How your pension scheme works

Your pension benefits have been calculated using:

1. A build-up rate of 80ths,
2. Your career average pay, and
3. Your total membership in the LGPS

Career Average Pay Example

In this example, the Councillor has been a member of the LGPS for 5 years. Their career average pay is calculated based on all of the fees or pay they have paid pension contributions on and also cost of living revaluation factors.

The figures shown below are for illustrative purposes only. Please read your Deferred Benefit Statement for your own career average pay information and pension figures.

Year 1 Earnings £9,400	x Revaluation Factor 1.12	= £10,528
Year 2 Earnings £9,600	x Revaluation Factor 1.08	= £10,368
Year 3 Earnings £9,900	x Revaluation Factor 1.05	= £10,395
Year 4 Earnings £10,400	x Revaluation Factor 1.02	= £10,608
Year 5 Earnings £11,000	x Revaluation Factor 1.00	= £11,000
Accumulative Total		= £52,899
Career Average Pay (£52,899 ÷ 5 Years)		= <u>£10,579.80</u>

Total Membership

Your total membership is based on the amount of years and days that have passed from your start date to your leave date of paying LGPS contributions.

How LGPS (Councillor) pensions are calculated

<p>Career Average Pension Scheme</p> <p>Accrual rate of 80ths (also known as a build-up rate)</p>	<p>Your annual pension is calculated using the following sum:</p> <p>Years and days membership in scheme ÷ 80 x Career Average Pay you have paid contributions on</p>	<p>Your automatic tax-free lump sum is calculated using the following sum:</p> <p>three x your annual pension value</p> <p>You also have the option to have a bigger lump sum at retirement by turning some of your annual pension into lump sum</p>	<p>Normal retirement age between 60 and 65 (depends on case-by-case basis)</p>
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In case you've shared your pension as part of your divorce or dissolution of your civil partnership, your pension value on your statement is what is left after the deduction of pension awarded to your ex-spouse or civil partner.

Unreduced pension benefits

Your unreduced benefits date shows when your pension can be paid to you without any reductions. However, reductions will be applied if you choose to take your benefits before your normal retirement date.

Annual survivor's pension

Your statement also includes the value of any surviving partner's pension that could become payable if you pass away and leave behind a spouse or civil partner.

Death grant expression of wish details

Your death grant beneficiaries can be one or more family members, friends, or charities. Without a valid Expression of Wish Form, the death grant will be paid to your personal representative, for example, your Estate.

This section shows who you have currently nominated to receive any death grant payable and the percentage you have instructed to be paid to each person. If this section of your statement is blank or the names of your beneficiaries are no longer up to date, it is important that you update your expression of wish. You can get a form from us either by calling the phone number on the first page of your statement or by downloading a form from our website:

<https://mss.clwydpensionfund.org.uk/home/councillor-scheme/>

If a deferred member passes away before becoming a pensioner with us, the value of the death grant would be calculated as follows:

3 x your annual pension amount plus cost of living increase

Frequently asked questions

What is the earliest age I can take my pension benefits?

You can receive payment of your pension benefits at any time from age 55 onwards. If you are aged 50 to 55, you may be able to receive payment of your pension benefits but only with consent from your former Local Authority. (Your former Local Authority has discretion as to whether they will allow a pension to be paid before age 55). If they give their consent to pay your benefits before age 55, this may result in a tax charge on your benefits.

Please note that the minimum pension age will increase to 57 from 6 April 2028 across most UK pension schemes. We are waiting for more legal information about whether there will be protected pension ages for some members.

What is the Rule of 85 and when do I meet it?

You are only eligible for the Rule of 85 if you were paying pension contributions into the scheme before 1 October 2006. To find out if you meet the Rule of 85, you need to see if the following, when added together, equals 85 or more:

$$\begin{array}{c} \text{How old you are when you take your LGPS benefits} \\ + \\ \text{The number of years you paid pension contributions into LGPS for} \\ + \\ \text{The number of years that have passed since you stopped paying LGPS contributions} \end{array}$$

If you meet the Rule of 85 and want to take your pension benefits early, the Rule of 85 will only automatically apply from age 60.

If you decide to take your pension before age 60 and meet the Rule of 85, this Rule will not automatically activate. You would need your former Local Authority's consent for it to be switched on. If your former Local Authority does not switch on the Rule of 85, then you can still take your pension but with higher early retirement reductions.

If the Rule of 85 is activated either automatically at age 60 or by your former Local Authority before age 60, you will have lower reductions applied to your pension.

Are my Additional Voluntary Contributions (AVCs) included in the figures on my statement?

No. If you have an AVC with the Clwyd Pension Fund, you will receive a separate statement from the AVC provider. Your AVC will be held with either the Prudential or Utmost Life.

Can I transfer my LGPS benefits to another pension scheme and is there anything to be aware of?

If you are considering transferring your LGPS benefits to another pension provider, this must be completed 12 months before your normal pension age.

If you do decide that transferring to another pension provider is the right option for you, the links below provide guidance from the Financial Conduct Authority (FCA) about how to keep your pension safe when choosing a new pension provider:

<https://www.fca.org.uk/publication/fca/pensions-scams-leaflet-bw-print.pdf>

<https://www.fca.org.uk/scamsmart>

It is important to be aware of scammers when transferring your pension as it can help to avoid life savings being lost and very rarely recovered.

Who do I contact if I have a query on my Deferred Benefit Statement?

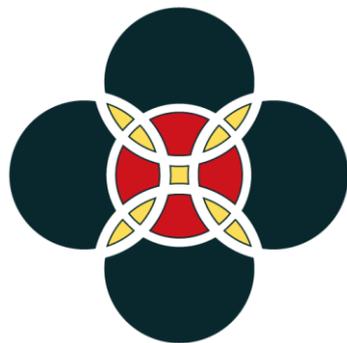
If you have any queries about your pay details or membership on your statement, please contact the Payroll Department of your former Local Authority directly.

If you have any general LGPS queries please feel free to contact the Clwyd Pension Fund, stating your name and National Insurance number. This will help us to locate your pension record and answer your query.

Tel: 01352 702940 / 01352 702980

Email: pensions@flintshire.gov.uk

Address: Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA



Cronfa Bensiynau
CLWYD
Pension Fund

mss.clwydpensionfund.org.uk

Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA

Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.