

The background of the slide is a scenic landscape. The top half shows a clear blue sky above a distant horizon with a line of wind turbines. The bottom half shows rolling green hills with a dirt path, some trees, and a few cows in the distance. In the foreground, there are dark, out-of-focus branches of a tree or shrub.

Local Government Pension Scheme

Understanding your Deferred Annual Benefit Statement

June 2024

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Why have I received a Deferred Benefit Statement?

Deferred members

You have received a statement because you have a deferred pension in the Clwyd Pension Fund. Your pension is deferred because you stopped paying pension contributions into the Local Government Pension Scheme (LGPS) and your pension is not being paid to you yet. You may have stopped paying pension contributions because:

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

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

Pension credit members

You might have a deferred pension benefit with us because you have been awarded a share of your ex-husband's, wife's or civil partner's pension as part of your divorce or dissolution of your civil partnership. If you are a pension credit member, you have not actually paid the pension contributions yourself to build up this pension with us.

Personal details

Please take a moment to carefully read 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 benefits can be paid to you unreduced. 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 make sure 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

The table below explains the information in the employment details section of your statement. These details have been given to us by your ex-employer and have been used to work out your pension benefits.

For pension credit members, these details show information such as when the pension credit was awarded to you by the Law Courts.

Please read the column that applies to you.

Heading on Deferred Benefit Statement	Members who have previously paid LGPS contributions	Pension credit members
Ex-employer (if this applies)	This is who your employer was at the time you were paying pension contributions into the LGPS	This will be the name of your ex-husband's, wife's or civil partner's employer
Your reference number	Your reference number is usually the payroll number which was given to you by your ex-employer for this job	Your reference number will show as 'Pen Credit'
Date joined fund / Date pension sharing order applied	The date you started paying pension contributions into the LGPS	The date shown on your pension sharing order document which was given to us by the Law Courts
Date of leaving (if this applies)	The date you stopped paying pension contributions into the LGPS	If you have been awarded a pension credit through a pension sharing order, this will be blank
Pensionable pay used in calculation for pre April 2014 (if this applies)	This is your full-time equivalent pay that has been used to work out any pension you have built up before April 2014. Please note that if you were part-time or term-time, we still use your full-time equivalent pay to work out this part of your benefits	As your pension credit has been worked out based on a pension sharing order, this box is not relevant for you. It will show as £0.01

Deferred pension details

The pension figures on your Deferred Benefit Statement include a cost of living increase of 6.70%. The increase is applied from 8th April 2024. The value of your pension will change every April. The LGPS uses the Consumer Price Index (CPI) to add cost of living increases to your pension.

How your pension has been worked out

The LGPS is a defined benefit pension scheme. This means that the value of your pension is not based on the pension contributions you pay. Instead, we work out your pension based on:

- How long you pay contributions for;
- Your pensionable salary during your employment;
- The hours you've worked, for pension you built up before 1st April 2014 only, and
- Any absences you have

Depending on when you started and stopped paying LGPS contributions, your pension may be made up of one, two or three parts because of changing LGPS rules over time. We have created a chart on the next page to help explain each section to you.

If you have paid extra pension contributions for added years, additional pension contributions (APCs) or additional regular contributions (ARCs), these have been included on your statement.

If your pension has been shared with your ex-husband, wife or civil partner 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 them.

Unreduced pension benefits

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

Paying LGPS contributions up to and including 31st March 2008	Accrual rate of 80ths (also known as a build-up rate)	<p>Your annual pension is worked out using the following sum:</p> <p>Years and days membership in scheme \div 80 x salary you have paid contributions on</p> <p>(Salary pro-rated to full-time if you worked part-time or term-time)</p>	<p>Your automatic tax-free lump sum is worked out using the following sum:</p> <p>Three x your annual pension value in this 80ths scheme</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>	Normal retirement age between 60 and 65 (depends on case-by-case basis)
Paying LGPS contributions between 1st April 2008 and 31st March 2014	Accrual rate of 60ths (also known as a build-up rate)	<p>Your annual pension is worked out using the following sum:</p> <p>Years and days membership in scheme \div 60 x salary you have paid contributions on</p> <p>(Salary pro-rated to full-time if you worked part-time or term-time)</p>	There is no automatic tax-free lump sum, but there is an option to create one at retirement by turning some of your annual pension into lump sum	Normal retirement age of 65
Paying LGPS contributions since 1st April 2014	<p>Accrual rate of 49ths if you pay full contributions (also known as a build-up rate)</p> <p>Accrual rate of 98ths if you pay half contributions (also known as a build-up rate)</p>	<p>Using 1st April to 31st March as a pension scheme year, an example of how your annual pension is worked out is shown below:</p> <p>Scheme year 1: gross actual salary you have paid contributions on \div 49*</p> <p>Scheme year 2: gross actual salary you have paid contributions on \div 49*</p> <p>Scheme Year 3: gross actual salary you have paid contributions on \div 49*</p> <p>When you stop paying pension contributions, all of the scheme years are added together to confirm how much pension you have built up in total</p> <p>*If you pay half contributions, your gross actual salary that you have paid contributions on will be divided by 98 instead</p>	There is no automatic tax-free lump sum, but there is an option to create one at retirement by turning some of your annual pension into lump sum	Normal retirement age is your State Pension age (or age 65), whichever is the later

Annual survivor's pension

Your statement includes the value of any surviving partner's pension that would be paid if you die and leave behind a husband, wife, civil partner or eligible cohabiting partner.

If you have a deferred pension with us because you are a pension credit member, no surviving partner's pension would be payable upon your death.

Death grant expression of wish details

If you die before your pension is paid to you, a one-off death grant lump sum may be paid out instead. 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 said should be paid to each of them. 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 do this by completing an expression of wish form or updating your wishes online on your [Member Self Service \(MSS\)](#) account. The expression of wish form can be found under the **forms and resources section** of our website. If you need a paper copy, please contact us.

If a deferred LGPS member dies before becoming a pensioner with us, the value of the death grant would be worked out as follows:

If you stopped paying pension contributions or were awarded your pension credit before 1st April 2008	A death grant of three times your deferred annual pension value plus cost of living increase
If you stopped paying pension contributions or were awarded your pension credit on or after 1st April 2008	A death grant of five times your deferred annual pension value plus cost of living increase

Any death grant must take into account if you have any other pensions in other LGPS Funds. We will check with the other LGPS Funds in England and Wales to see if you have:

- Any pensioner accounts with them: that is, you were receiving pension payments from LGPS
- Any active accounts with them: that is, where you still pay LGPS contributions

The grant payable will then be the **higher** of:

- The death in service grant
- The total death benefits from your deferred or pensioner accounts in this or other LGPS funds

Frequently asked questions

What is the McCloud Remedy and will it affect me?

When public sector pension schemes changed from final salary schemes to career average schemes in 2014 and 2015, older members were protected from the changes. In 2018, the Courts found that younger members had been discriminated against because the protection did not apply to them. Changes made to the LGPS from 1st October 2023 removes the discrimination found in the court case. These changes are called the McCloud Remedy. Not all LGPS members are affected by the changes.

To help us work out if you might be affected by the McCloud Remedy, it is important that the Clwyd Pension Fund know of any previous LGPS or other Public Sector pensions you have. If you have received a paper version of these guidance notes, a form has been included for you to complete and return in the pre-paid envelope provided. If you have received your guidance notes through MSS, please download the form from the **forms and resources section** of our website or get in touch to request a copy. You can upload the completed form to your MSS account, or you can email it back to us. You do not need to follow up on your completed form. If you are affected, we will contact you. **Please note, if you are a pension credit member, you do not need to complete a form.**

If a third-party organisation tries to contact you to sell you their services to help you claim additional pension, you should not speak with them. If you have any concerns, you can call us directly on the contact details at the end of these guidance notes.

You can read more about the McCloud Remedy and watch a short video on the national LGPS website: www.lgpsmember.org/mccloud-remedy

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

The minimum pension age is currently 55. However, this will increase to 57 from 6th 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?

If you qualify for the Rule of 85 and retire early, some of your pension will not be reduced.

You only qualify for the Rule of 85 if you were paying pension contributions into the LGPS before 1st October 2006. You meet the Rule of 85 if:

$$\begin{array}{c} \text{Your age when you take your LGPS benefits} \\ + \\ \text{The number of years you paid pension contributions into LGPS for} \\ + \\ \text{The number of years since you stopped paying LGPS contributions} \\ = \\ \text{85 or more} \end{array}$$

If you meet the Rule of 85, it will automatically apply if you start your pension from age 60.

If you meet the Rule of 85 and want to take your pension before age 60, you need your ex-employer's consent for it to apply. If your ex-employer does not consent, you can still take your pension but it will be lower than if the Rule of 85 had applied.

The Rule of 85 works in this way:

Birth Date	Pension built up on or before 31st March 2008	Pension built up between 1st April 2008 and 31st March 2016	Pension built up between 1st April 2016 and 31st March 2020	Pension built up on or after 1st April 2020
Between 1st April 1956 and 31st March 1960	Unreduced	Tapered: that is, partially reduced on a sliding scale	Tapered	Fully reduced
On or after 1st April 1960	Unreduced	Fully reduced	Fully reduced	Fully reduced

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

If you want to transfer out, you must do so at least 12 months before your normal retirement age in the LGPS. Your normal retirement age is shown on your Deferred Benefit Statement.

If you are thinking about transferring your pension, it's important to make sure you can spot the warning signs of a pension scam. Some scammers' tactics include:

- Offering free pension reviews or health checks
- Promising better returns on savings
- Suggesting you try to take your pension benefits before age 55
- Promoting tax loopholes, pension loans or upfront cash
- Forcing you to act quickly with tight deadlines or once-only deals
- Contacting you out of the blue

The Financial Conduct Authority (FCA) can give advice on how to keep your pension safe when choosing a new pension provider. You can view their advice and scam information here:

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

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

If you do decide that transferring your pension is the right option for you, you should contact your new pension provider to start the transfer process.

I have a deferred pension with Clwyd Pension Fund and have now rejoined the LGPS. Is there anything that I need to do?

As you have a deferred pension in the LGPS, if you start a new job in England or Wales where LGPS is the work pension and start to pay pension contributions again, you need to:

- Tell the Clwyd Pension Fund which LGPS fund you have now joined
- Tell your new LGPS fund that you have a deferred pension with the Clwyd Pension Fund
- Tell your new LGPS fund if you have belonged to any other public sector pension scheme (even if you received a refund of contributions for that service)

You need to do this so that you receive the correct options about combining your LGPS benefits.

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.

How much lump sum can I take when I retire?

If you were a member of the LGPS on or before 31st March 2008, you will have an automatic tax-free lump sum. You will also have the option to turn part of your annual pension into extra tax-free lump sum. If you became a member on or after 1st April 2008, you won't have an automatic tax-free lump sum, but you will have the option to turn some of your annual pension into a tax-free lump sum.

For every £1 of annual pension you choose to give up, you will increase your tax-free lump sum by £12. HM Revenue & Customs rules mean that most people can take up to 25% of the capital value of their pension benefits as a tax-free lump sum. This is known as your maximum benefits and includes any automatic tax-free lump sum you may have if you were an LGPS member on or before 31st March 2008.

You can either choose to receive:

- your standard benefits (annual pension and any automatic tax-free lump sum); or
- your maximum benefits (lower annual pension and highest amount of tax-free lump sum allowed, including any automatic tax-free lump sum); or
- give up an amount of annual pension, which is in between your standard and maximum benefits

We will give you an estimate when you retire as part of your retirement pack. It will show your standard and maximum options. This will help you choose how much lump sum you would like to take.

How do I contact the Clwyd Pension Fund?

If you have any questions, please get in touch using one of the below options, stating your name and National Insurance number. This will help us find your pension record and answer your query.

Tel: 01352 702940 / 01352 702950

Email: pensions@flintshire.gov.uk

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

Website: <https://mss.clwydpensionfund.org.uk>



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.