

Local Government Pension Scheme (Councillor)

Understanding your Deferred Annual Benefit Statement

June 2024

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Why have I received a Deferred Benefit Statement?

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 Councillor) and your pension is not being paid to you yet. 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 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 held in the employment details section of your statement. These details have been given to us by your ex-council and have been used to work out your pension benefits.

Heading on Deferred Benefit Statement	Members who have previously paid LGPS contributions
Ex-council	This shows which council you were a councillor for at the time you were paying pension contributions into LGPS Councillor
Your reference number	Your reference number is usually the payroll number which was given to you by your ex-council for this role
Date joined fund	The date you started paying pension contributions into LGPS Councillor
Date of leaving	The date you stopped paying pension contributions into LGPS Councillor
Career average pay used in calculation	Your pension benefits have been worked out 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 worked out can be found on page 5 of this factsheet

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. LGPS Councillor uses the Consumer Price Index (CPI) to add cost of living increases to your pension.

How your pension scheme works

Your pension benefits are based on:

- A build-up rate of 1/80,
- Your career average pay, and
- Your total membership in LGPS Councillor

Career average pay example

In this example, the councillor was a member of LGPS Councillor for five years. Their career average pay is based on all of the fees or pay they paid pension contributions on, as well as cost of living increases, in line with an inflation measure called the Retail Price Index, or RPI.

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 number of years and days that have passed from your start date to your leave date of paying LGPS Councillor contributions.

How LGPS Councillor pensions are worked out

Career average pension scheme Accrual rate of 80ths (also known as a build-up rate)	Your annual pension is worked out using the following sum: Years and days membership in scheme ÷ 80 x career average pay you have paid contributions on	Your automatic tax-free lump sum is worked out using the following sum: Three x your annual pension value You also have the option to have a bigger lump sum at retirement by turning some of your annual pension into lump sum	Normal retirement age between 60 and 65 (depends on case-by-case basis)
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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.

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, or civil partner.

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. The expression of wish form can be found on our website under the **forms and resources section for LGPS councillor**. If you need a paper copy, please contact us.

If a deferred member dies before becoming a pensioner with us, the value of the death grant would be:

Three times your deferred annual pension value 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 ex-council. Your ex-council 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 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 LGPS Councillor 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-council's consent for it to apply. If your ex-council 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

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 Councillor 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 LGPS Councillor. 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.

How much lump sum can I take when I retire?

Your tax-free lump sum, which is automatically paid on retirement, is three times your annual pension. Like your pension, it is based on your career average pay and your total membership. The calculation for the lump sum is 3/80ths of your career average pay for every year of total membership. When you draw your benefits, you will be able to exchange some of your pension to receive a bigger tax-free lump sum.

You will be able to take up to a maximum of 25% of the capital value of your pension benefits as a tax-free lump sum (so long as the lump sum does not exceed £268,275 less the value of any pensions you already have in payment).

Any amount you take as a lump sum above the automatic lump sum would be achieved by exchanging part of your annual pension for a one-off tax-free cash payment. For every £1 of annual pension given up, you will receive £12 lump sum.

Your choice to take extra lump sum must be made in writing before your pension benefits are paid. When you retire, you will receive a retirement pack from your LGPS fund. This will show you the maximum amount of tax-free lump sum and the minimum amount of annual pension you can have. The pack will also show you what your pension figures will be if you don't want to exchange any annual pension for tax-free cash.

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 ex-council directly.

If you have any general LGPS Councillor queries 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.