

Active Local Government Pension Scheme (LGPS) statement notes 2023

Your personal and employment information

It's important that you check the information listed in this section. If anything's not right please get in touch at pensionabs@westnorthants.gov.uk

Full name

If you've changed your name, we'll need a copy of your marriage certificate or change of name deed. Then we'll update your pension record.

Partnership status

Your partnership status can either be:

- single;
- married;
- registered civil partnership;
- cohabiting partner (unmarried);
- divorced; or
- widow;

and reflects our latest records. We'll work out your partner's pension based on your partnership status at the date of your death. If it's not correct or showing as 'Not known', please get in touch.

Employer

This is your employer on 31 March 2023. If you were paying into the scheme for more than one job on this date, you'll get a statement for each job. If you left that job after 31 March 2023, you'll get a separate notice of your pension built up to the date you left.

Scheme section

Since 1 April 2014 the LGPS has been a career average revalued earnings (CARE) scheme. There's two sections; the main section and the 50/50 section. This shows which section you were a member of on 31 March 2023.

Summary of benefits built up to 31 March 2023

This section shows the values of your final-salary benefits (if this applies) and your CARE pension. Although the final-salary and CARE pension parts are worked out differently, they form a single benefit. Both parts are linked and paid together.

If you're *divorced* and have a pension sharing order, the value of your pension shown in this statement *doesn't* include the appropriate deduction. Please *don't* use these figures for financial planning. Instead, you should get a pension estimate using your [online pension account](#).

Benefits paid from XXXXXXXX

This is the date on which you are able to get your pension in full, at your normal pension age.

Annual pension

This is the total value of your pension on 31 March 2023 which we would start to pay at your normal pension age. It includes your final-salary pension (for membership up to 31 March 2014) and CARE pension (for membership from 1 April 2014). If your normal pension age is after 65, we'd increase your final salary benefits. This is because you're receiving those benefits later than expected. This calculation doesn't include the value of that increase.



Automatic lump-sum retirement grant

This is the lump sum relating to your membership before 1 April 2008 and we pay it at your normal pension age. You can also give up some of your pension to increase any other LGPS lump sums. HM Revenue & Customs (HMRC) limits will apply. Every £1 of your annual pension you give up gives you a lump sum of £12 and is currently tax-free.

Lifetime allowance (LTA)

The lifetime allowance (LTA) is the total amount you can build up in all your pension savings without paying a tax charge. This year the Government announced that no-one will pay a LTA tax charge from 6 April 2023. If a tax charge arose before this date, it is still payable. The LTA will be abolished completely from 6 April 2024.

Before 6 April 2023:

- if the value of your pension benefits when you took them was more than the LTA; or
- more than any protections you held;

you had to pay tax on the excess benefits. This didn't include any:

- state pension;
- state pension credit; or
- any partner's or dependant's pension you're entitled to.

The LTA covered any pension benefits you had in all tax-registered pension arrangements – not just the LGPS. You can find out more information on the LTA on the [LGPS members website](#).

Annual allowance (AA)

The annual allowance (AA) is set by HMRC. It's the amount your pension savings can increase in any one year without you having to pay a tax charge. You can find out more information on the AA on the [LGPS members website](#).

Benefits after maximum conversion

Reduced annual pension

This is the current value of your reduced pension if you choose to take the maximum lump sum. We'll pay this at your normal pension age.

Increased tax-free lump-sum retirement grant

When you take your pension, you can choose to switch part of it for a lump sum, within limits set by HMRC. Every £1 of pension you give up gives you £12 of tax-free lump sum.

The 'increased lump sum retirement grant' figure is the maximum you can get if you switch part of your pension for a lump sum. The amount shown is what would be paid at your normal pension age. These figures do not include any 'in-house' additional voluntary contribution (AVC) Fund you may have. Prudential, Standard Life, and Utmost Life (previously Equitable Life) will issue a separate statement showing any in-house AVC Fund value.

Your CARE benefits

You must check the figures in the statement. If you think any of the pay figures aren't right, contact your employer not us, as they gave us the figures.

Your CARE pensionable pay – main section

Since 1 April 2014, we work out your CARE pension on the CARE pensionable pay you had during each scheme year.

If you paid into the main section of the scheme during the year to 31 March 2023, the figure is the pensionable pay you had while paying into the main section.

If you work part-time, your pensionable pay represents your actual pay and is not a full-time equivalent figure.

You can find out how any periods of authorised unpaid leave may affect final-salary and CARE pensionable pay on our [website](#).

Your CARE pensionable pay – 50/50 section

If you paid into the 50/50 section of the scheme during the year to 31 March 2023, the figure is the pensionable pay you had while paying into the 50/50 section.

If there's a figure here, it means you've chosen to be in the 50/50 section. If you were a member of both the main section and the 50/50 section of the scheme at different times during the scheme year, you'll have figures shown for both.

In-year build-up (main section and 50/50 section)

For membership from 1 April 2014, you'll have built up CARE pension. Each scheme year you're a member, we divide your CARE pensionable pay by 49 if you're in the main section. If you're in the 50/50 section we divide it by 98. We then add the resulting amount to your pension account for that year. This figure is the 'in-year build-up' for the scheme year to 31 March 2023.

Additional pension bought and transfers in

This section shows any additional pension that you've bought during the scheme year. This could be an:

- additional pension contribution (APC); or
- a shared-cost additional pension contribution (SCAPC) arrangement.

Any CARE 'earned pension' credited because you transferred pension from other schemes will be shown in 'Transfers in'.

If you chose to:

- buy additional service or pension; or
- if you transferred in other benefits before 1 April 2020;

these are not shown in this section. They're included in the calculation of your total pension benefits.

If you've:

- transferred in benefits; or
- bought additional pension since 31 March 2023;

you'll see this on your 2024 statement.

Opening balance

This is your CARE pension balance from the previous year. It includes the adjustment applied on 1 April 2022.

Adjustment for the cost of living

We adjust your total CARE pension on 1 April each year in line with HM Treasury revaluation orders. This adjustment can increase or reduce the value of your CARE pension.

In-year build-up

For membership from 1 April 2014, you'll have built up CARE pension. If you're in the main section, we divide your CARE pensionable pay by 49 for each scheme year you've been a member. If you're in the 50/50 section) we divide it by 98. We then add the resulting amount to your pension account for that year. This figure is the 'in-year build-up' for the year to 31 March 2023.

Total

This is the total amount of pension that's in your 'pension pot'.

If you're *divorced* and have a pension sharing order, the value of your pension shown in this statement *doesn't* include the appropriate deduction. Please *don't* use these figures for financial planning. Instead, You should get a pension estimate using your [online pension account](#).

Your final-salary benefits built up based on your membership up to 2014

This section shows the values of your final-salary benefits separately (if this applies). Although we work out the final-salary and CARE pension parts differently, they form a single benefit. Both parts are linked and paid together.

Your final-salary pension benefits

If you:

- joined the LGPS on or after 1 April 2014; and
- haven't transferred in membership with a final-salary link;

your final-salary pension amount on your statement will be zero.

We work out your final-salary benefits as shown below. If you worked part-time before 31 March 2014, your final salary is converted to its full-time equivalent. Your membership is then adjusted to the contractual hours you worked (including term-time weeks). The membership we use in the final-salary calculation includes any final salary pension you transferred in from previous pension schemes.

Total final-salary annual pension

- **For membership to 31 March 2008:** you get 1/80th of your final-salary pensionable pay for each year you were a member of the scheme. For members working part-time during this time, we'll use the part time equivalent amount.
- **For membership from 1 April 2008 to 31 March 2014:** you get 1/60th of your final-salary pensionable pay for each year you were a member of the scheme. For members working part-time during this time, we'll use the part time equivalent amount.

Non contractable overtime isn't included when working out your final salary pension.

If you're *divorced* and have a pension sharing order, the value of your pension shown in this statement *doesn't* include the appropriate deduction. Please *don't* use these figures for financial planning. Instead, You should get a pension estimate using your [online pension account](#).

Automatic lump-sum retirement grant

This is the lump-sum retirement grant based on membership to 31 March 2008. It's 3/80th of your final-salary pensionable pay for each year you were a member of the scheme. For members working part-time during this time, we'll use the part time equivalent amount.

Including 60ths

This is the amount of pension built up while you were a member of the LGPS between 1 April 2008 and 31 March 2014.

Including 80ths

This is the amount of pension built up while you were a member of the LGPS up until 31 March 2008.

Additional pension

This is any additional pension that you've bought (up to 31 March 2023) under an additional regular contributions arrangement you entered **before** 1 April 2014.

Late retirement increase

The amount of actuarial increase you would get for taking your final salary pension after the age of 65.

Value of death-in-service benefits

Benefits paid if you had died on 31 March 2023

This is the date of death in service we use when working out the estimated benefits in this section.

Lump-sum death grant

If you die while you're an active member of the LGPS, we'll pay a death grant. The amount of the death grant will be three times your [assumed pensionable pay](#) on the date you die. However, if you die while you're an active member and also:

- have deferred benefits in the LGPS;
- are receiving an LGPS member pension (not a survivor's pension); or
- a suspended 'tier 3' ill-health pension, or both;

the amount of the death grant will be the greater of:

- the total of all death-in-service lump sums; or
- the total of all death grants from the deferred pension, pension in payment, or suspended tier 3 ill-health pension records.

Annual survivor's pension

We'll pay a survivor's pension if when you die:

- you're married;
- have a civil partner; or
- eligible 'cohabiting partner' (someone you live with who would be entitled to a survivor's pension because they meet the eligibility conditions).

We've used the partnership status we have on our records to decide the survivor's benefit shown on your statement. If we don't know your partnership status, we've assumed your status is married.

- If our records show you're single, we'll show no benefit here.
- If you've declared an eligible cohabiting partner, we work out the survivor's benefit as follows:
 - **For membership up to 31 March 2014:** 1/160th of your final salary, for each year of your membership up to 31 March 2014. This doesn't include any membership built up before 6 April 1988, unless you chose to pay additional contributions to make it count.
 - **For membership from 1 April 2014:** 1/160th of the pensionable pay or assumed pensionable pay you had in each year. Plus:
 - a proportion of any transfer of pension rights credited to your pension account;
 - an enhancement equal to 1/160th of your assumed pensionable pay. This is for each year of membership you would have built up from the date of your death to your normal pension age (NPA).
- If your status on our records is married or in a civil partnership, we work out the survivor's benefit as follows:
 - **For membership up to 31 March 2014:** 1/160th of your final salary for each year of your membership up to 31 March 2014.
 - **For membership from 1 April 2014:** 1/160th of the pensionable pay or assumed pensionable pay you had in each year. Plus:
 - a proportion of any transfer of pension rights credited to your pension account;
 - an enhancement equal to 1/160th of your assumed pensionable pay. This is for each year of membership you would have built up from your date of death to your NPA.
- We may pay children's pensions to eligible children. However, the rates of these pensions are not shown on your annual benefit statement.

If your partnership status is wrong, please email us at pensionabs@westnorthants.gov.uk

If you've not told us about your partnership status, we'll still pay any eligible survivor's pension if we get the relevant marriage or civil-partnership certificate. For cohabiting partners, we'll need evidence that they meet the requirements for getting a survivor's benefit.

The survivor's pension shown in this section is based on:

- the total of your final-salary survivor's pension built up to 31 March 2014;
- any added years you've bought;
- any additional regular contributions (ARCs) that included a survivor's pension element; and
- the survivor's pension due under the CARE scheme.

It *doesn't* take account of any deductions relating to a *pension-sharing order*.

If you die after leaving the LGPS, we'll still pay a survivor's pension. It could be a lower amount than had you still been in the scheme.

You can find more information about how survivor's pensions are worked out on the [LGPS website](#).

Estimated pension benefits to normal pension age

This section gives you an estimate of what benefits you'd get if you claimed your pension at your normal pension age. It's based on your current earnings and you continuing to work up until your normal pension age.

Your normal pension age is either your [State Pension age](#) or age 65, whichever comes later. Your normal pension age may change if your State Pension age changes before we pay your benefits. The normal retirement date for pension built up in the final-salary scheme is your 65th birthday.

You can choose to take your pension before or after this date. We'll either increase or reduce your pension to allow for the earlier or later payment.

The estimate is based on your CARE pensionable pay up until 31 March 2023. It assumes that your pay will stay the same until your normal pension age. It doesn't assume any inflation for future benefits built up under the final-salary or CARE schemes.

We've included any:

- additional pension contributions; or
- shared-cost additional pension contributions;

you've bought.

If you've previously gone over the annual allowance and chose to have the resulting tax charge taken from your pension benefits by:

- making a Scheme Pays election; or
- have a pension-sharing order in place;

we've not taken account of these adjustments in the figures.

The estimate assumes that you stay in the same section of the scheme that you were in on 31 March 2023.

Projection of benefits to your normal pension date of

This is the date that you meet your normal pension age and can take your pension in full without it being reduced.

Normal pension age

This is your age in years and months when you reach your normal pension age. Your normal pension age is either your [State Pension age](#) or age 65, whichever comes later.

Total annual pension

This is the total amount of annual pension you can expect to get when you retire at your normal pension age.

Including CARE pension (annual pension)

This is the amount of your total annual pension that relates to being a member of the CARE scheme from 1 April 2014.

Including final-salary pension (annual pension)

This is the amount of your total annual pension that relates to final-salary-linked membership up until 31 March 2014.

Including actuarial increase (annual pension)

This is the amount that relates to an actuarial increase (based on current guidance) which we'd add to your pension if you have:

- final salary benefits; and
- a normal retirement age greater than 65.

This is because the normal pension age for your final salary benefits is 65, but you must take them with your CARE pension benefits. You can't take them separately.

If you're *divorced* and have a pension sharing order, the value of your pension shown in this statement *doesn't* include the appropriate deduction. Please *don't* use these figures for financial planning. Instead, you should get a pension estimate using your [online pension account](#).

Automatic lump sum

This is the amount of automatic lump sum you've built up in the LGPS before 1 April 2008. If this figure is zero, this is because you don't have any LGPS membership before 1 April 2008.

Survivor's pension

This is the amount of pension your:

- husband;
- wife; or
- partner;

will get if you die after retiring on your normal pension age. This figure is based on the information we hold on our system. If this figure is zero, it's because we don't hold a relevant partnership status which allows us to work this out.

Including CARE pension (survivor's pension)

This is the amount of your survivor's pension that relates to being a member of the CARE scheme from 1 April 2014.

And final-salary pension (survivor's pension)

This is the amount of your survivor's pension that relates to final-salary-linked membership up until 31 March 2014.