

Local Government Pension Scheme (LGPS) Annual Benefit Statement 2013

Dear Member,

We are pleased to enclose your Annual Benefit Statement for 2013 which includes information on the benefits you hold in the Cheshire Pension Fund as well as explanatory notes to help you understand your statement in more detail.

Important – New LGPS from April 2014

You will have read in previous newsletters and by visiting our website that the LGPS is changing from April 2014. One of the main changes taking place from April affects the way in which you build up future pension benefits and they will be calculated in a different way. As a consequence we have only provided you with the pension you have built up to 31st March 2013.

However, to keep you up to date with all the changes and how they affect you, we have also enclosed an explanatory leaflet explaining the changes in more detail. Please take the time to read the leaflet to find out why membership of the LGPS provides much more than just a pension; it also provides additional benefits such as life cover, ill health protection and pension benefits for your dependants.

We hope you find your statement helpful and informative, but if any of the information we hold about you is incorrect or you are unsure about anything or if you need further clarification you should let us know straight away by completing the enclosed reply form or by contacting us using any of the methods in the Contact Details section on page 12.

IMPORTANT: This statement contains personal information. **KEEP IT SAFE.**
You should notify us of any change of address or personal circumstances.

Your Personal Details

Please check your details carefully, if any of the information below is incorrect please complete the enclosed reply form and return it to the **Cheshire Pension Fund**.

Full Name:

Date of Birth:

National Insurance Number:

Personal Status:

Employer at 31 March 2013:

Payroll/Employee Number:

Pensionable Pay:

Hours of Employment at Calculation Date:

Membership to 31 March 2013:

Whilst every effort is made to ensure the accuracy of the information displayed on your statement, it should not be treated as a statement of entitlement in case some of the information we hold is incorrect. In the event of a dispute regarding your pension benefits, the appropriate statutory legislation must be applied.

Explanatory Note

Pensionable Pay

This is your pensionable pay from 1 April 2012 to 31 March 2013. If you worked part-time between these dates the pensionable pay on your statement is your full-time equivalent pay. This pensionable pay figure could be affected if you have been absent, paid reduced contributions or paid arrears during the year.

Hours of Employment at calculation date

The hours shown are those we held for you at 31 March 2013.

Membership to 31 March 2013

This is the membership you have built up in the scheme (including any transferred in membership) up to the calculation date.

If you have ever worked part-time or term-time, the membership shown has been adjusted to take account of this.

For example if you worked for the last ten years at 18.5 hours per week (50% of the full-time hours) your membership will show five years.

Similarly if you work term-time your membership is reduced and there is an example calculation shown later in this statement.

Paying Additional Contributions

If you are buying additional service this is included in your membership figures on page 2.

If you have elected to pay Additional Regular Contributions (ARCs) the additional pension you are buying is included in the total pension figures on page 6 of this statement.

If you pay Additional Voluntary Contributions (AVCs) you should have already received a separate statement from your AVC provider.

Your Membership Details

This section is your scheme membership, which is used in the calculation of your estimated pension benefits. The information relating to your current employment is supplied by your employer. Also included are any transferred in pension rights from previous pension schemes.

If the hours you work in your current job are incorrect on this statement, please contact your employer directly. For queries relating to transferred in membership or additional service please contact the Cheshire Pension Fund.

Employer	Period		Calendar Length Years/Days	Hours or % of Full Time	Period of Membership Years/Days
	From	To			

The information above is limited to the last 16 changes, however your total membership is included in your Personal Details on page 2 and is used in the calculation of your benefits.

Your Membership Details

Explanatory Note

Calendar Length

This figure is the number of years and days between the from and to dates shown.

If you chose not to combine or transfer a previous period of Local Government membership into the Cheshire Pension Fund this will be shown, but will not be used in the calculation of your benefits.

Hours or % of Full-Time

If you work full-time you build up membership on a day for day basis. If you work part-time or term-time the hours you work over

the year are shown and there is an example calculation shown later in this statement.

Hours are shown as either a fraction or a percentage of full-time. For example, if you work 10 hours per week it would be shown as 10.00 / 37.00.

Period of Membership

This is the number of years and days used in calculating your pension benefits. The years and days are proportioned based on the hours that you work. Any breaks in pensionable service are shown below and are excluded from this figure.

Break in Membership Details

Break Start Date	Break End Date	Reason for Break	Period of Break Years/Days

Explanatory Note

Breaks in membership are when you did not pay pension contributions. If you had a break in service and repaid the contributions this is included in your full membership details quoted on page 2. The above information is limited to the last six service breaks, however, all membership breaks have been deducted from your total period of membership.

You cannot repay contributions for any breaks; this must be done within 30 days of returning to work.

Your Benefits at 31 March 2013

Value of your benefits at 31 March 2013

	80ths	+	60ths	=	Total benefits
Membership		+		=	
Pension	<input type="text"/>	+	<input type="text"/>	=	<input type="text"/>
Lump Sum	<input type="text"/>	+ Nil		=	<input type="text"/>

Explanatory Note

80ths membership

Your 80ths benefits are based on your scheme membership before 1 April 2008 and include an automatic lump sum which is 3 times your 80ths pension.

60ths membership

Your 60ths pension is based on your scheme membership from 1 April 2008. There is no automatic lump sum, but you can choose to convert some of your pension into a lump sum at a rate of £1 pension to £12 of lump sum.

Total Benefits

This is the total of your 80ths and 60ths columns. If you are paying Additional Regular Contributions (ARCs) the amount of pension purchased at 31 March 2013 is included in the Total Pension figure.

Note: If you were over age 60 on 31 March 2013 your benefits show any reduction which may be applicable.

If you were over age 65 on 31 March 2013 your benefits include an increase for delaying retirement until after normal retirement age.

Death Benefits

Value of your death in service benefits at 31 March 2013

Death in Service Grant:

**Widow's/Widower's/Civil Partner's/
Nominated Cohabiting Partner's Pension*:**

Explanatory Notes

Death in Service Grant

The value of your death in service grant would be three times your actual pensionable pay. If you are a full-time member this is three times the pensionable pay figure on page 2. For part-time or term-time members it is three times your actual pensionable pay, not your full-time equivalent pensionable pay.

Widow's/Widower's/Civil Partner's/ Nominated Cohabiting Partner's Pension*:

Survivor pensions are paid to a husband, wife, civil partner or nominated cohabiting partner should you die in service. The figure quoted above includes an enhancement based on projected membership to age 65 which only applies if you were to die in service before you retire. Please note the projection to 65 is based on the scheme rules that currently apply.

***Nominated Cohabiting Partners Pension is subject to the qualifying conditions detailed on the nomination form, being met at the date of death. The nomination form for Cohabiting Partners is available on our website www.cheshirepensionfund.org.**

Your Nomination Details

If you have previously completed a **Death Grant - Expression of Wish Form** your beneficiaries are shown below:

- If you have not completed an Expression of Wish Form or want to change the nominations listed above please complete the form enclosed with this Statement
- The advantage of nominating a beneficiary is that payments can usually be made quickly and normally without any liability to Inheritance Tax
- If you have multiple employee assignments, you can now ensure that all nominations are accurate by completing the enclosed Expression of Wish Form.

The Cheshire Pension Fund cannot be legally bound by a nomination and the administering authority retains absolute discretion as to the payments, but we will make every effort to comply with your wishes where lawful to do so.

If you wish to nominate more than one beneficiary please ensure that the overall percentage totals 100%.

HM Revenue and Customs (HMRC) Limits

HMRC simplified the tax rules in 2006 which allow most people greater pension savings than before, although tax charges will apply if you go above certain limits.

Lifetime Allowance

This section shows the current value of your benefits compared to the Lifetime Allowance (LTA). It is a legal requirement to notify you of your LTA.

Lifetime Allowance for 2012/2013 £1,500,000.00

Total Value of LTA used at 31 March 2013

Total Percentage of LTA used at 31 March 2013

Explanatory Note:

The LTA is the limit on the total value of pension benefits an individual can draw at retirement without incurring a tax charge. The LTA for 2012/13 is £1.5m. In the LGPS, exceeding the LTA is only likely to affect very high earners with a significant amount of pension scheme membership.

Annual Allowance

The Annual Allowance is the maximum amount you can build up each year in pension savings that benefit from tax relief. The limit for 2012/13 is £50,000 and savings above this will incur a tax charge. Cheshire Pension Fund will notify you separately if you breach this allowance.

Increasing your Pension Benefits

Did you know there are two ways in the LGPS to increase your benefits? Additional Regular Contributions and Additional Voluntary Contributions.

Additional Regular Contributions (ARCs)

You can “buy” additional pension through the Fund by paying ARCs. The cost is calculated in accordance with guidance issued by the Government Actuary’s Department and you can choose to buy additional pension of between £250 per year and a maximum of £5,000 per year in multiples of £250. You can also choose to pay extra to provide survivors’ benefits as part of your additional pension contract.

To find out more about paying ARCs please contact us using the enclosed Reply Form or request a quote by completing our online request form at **www.cheshirepensionfund.org**.

Additional Voluntary Contributions (AVCs)

You can pay AVCs to Standard Life or Clerical Medical, the Fund’s nominated AVC providers to make extra saving towards your retirement. You can pay up to 50% (maximum per month) of your pensionable pay into an AVC scheme and the contributions attract tax relief. AVCs are invested separately into a “money purchase” arrangement and you can choose to take this pot as a tax free lump sum when you retire as long as the amount doesn’t exceed 25% of your Lifetime Allowance. You could also choose to buy an annuity (pension) from the provider, Cheshire Pension Fund or another insurance company, bank or building society.

To get more information about paying ARCs and AVCs, please ask us by using the Reply Form enclosed, or by visiting our website and completing the online request form at **www.cheshirepensionfund.org**.

Questions and Answers

Can I retire before age 65?

The normal retirement age of the current LGPS is 65 but you can choose to retire and draw your benefits from age 60 onwards without the need to obtain your employer's consent. You can also retire and receive your LGPS benefits from age 55, but only if your employer approves it. If you decide to retire before age 65 your benefits may be reduced to take the early payment into account. If retirement is due to permanent ill health, benefits are payable regardless of age.

I work part time during the school term – how are my benefits calculated?

Members often ask us this when they receive their annual statement, so here is an example of how benefits are calculated if you work part-time, during school term only:

Mary works 10 hours every week during term-time. Her contract is based on 39 working weeks plus 4.4 holiday weeks, a total of 43.4 weeks out of a possible 52.143 weeks in the year (365 days divided by 7 days). Mary's pay is a proportion of the full time equivalent salary of £18,000 per year.

We must work out Mary's membership in two steps:

$$10 \text{ (hours per week)} \times 43.4 \text{ (total weeks)}$$

$$\text{divided by } 52.143 \text{ (weeks in a year)} \\ = 8.32 \text{ hours per week over the whole year}$$

$$8.32 / 37.00 \times 365 \text{ (days in year)} \\ = 82 \text{ days membership}$$

Mary's pension is then worked out using the full-time equivalent salary and her total membership for each year she works:

$$82 / 365 \text{ days} \times \pounds 18,000 / 60 = \pounds 67.40$$

Do I have to retire at age 65?

No, the LGPS regulations allow you to carry on working and stay in the Scheme and your benefits are increased if you retire after age 65. You must retire by age 75 though so as not to breach any HMRC legislation.

Contact Details

The information in this statement can also be provided in large print, audio CD or Braille format. Please contact the Cheshire Pension Fund if you require any assistance.



01244 976000



pensions@cheshirewestandchester.gov.uk



www.cheshirepensionfund.org



**Cheshire Pension Fund,
Cheshire West and Chester Council,
HQ, Nicholas Street, Chester, Cheshire CH1 2NP**