

## Local Government Pension Scheme (LGPS) Annual Benefit Statement 2014

### Dear Member

We are pleased to enclose your Annual Benefit Statement for 2014. Your statement provides important information about the benefits you have built up in the Cheshire Pension Fund up to 31st March 2014.

Some members may hold both active and deferred pension benefits; this statement only reflects the details of your active membership. The fund issues separate annual deferred pension statements.

You will hopefully be aware from previous newsletters or from visiting our website [www.cheshirepensionfund.org](http://www.cheshirepensionfund.org) that the Local Government Pension Scheme (LGPS) changed from 1st April 2014. As this statement is a snapshot of your pension up to 31st March 2014, it only reflects your pension built up under the old scheme rules and benefits package.

For further information about the new LGPS 2014 scheme, please take the time to read the enclosed newsletter or visit our website.

### Your Annual Benefit Statement includes:

- An estimate of the benefits you have built up to 31st March 2014
- An estimate of the Death benefits payable to your dependants
- Details of who you have nominated to receive any death benefits
- The current value of your benefits compared to the maximum pension savings allowed before incurring a tax charge
- Information on how to increase your pension benefits.

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

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

We hope you find your statement helpful and informative, but please remember that the Statement is a general guide and you should not make any decisions about retirement based only on the information contained in it. If you are thinking of retiring, please contact the Pensions Section for an individual estimate which will be tailored to your exact retirement date.

If any of the information we hold about you is incorrect 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.

## 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 2014:**

**Payroll/Employee Number:**

**Pensionable Pay:**

**Hours of Employment at Calculation Date:**

**Membership to 31 March 2014:**

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 NOTES

### **Pensionable Pay**

This is your pensionable pay from 1 April 2013 to 31 March 2014. 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 2014.

### **Membership to 31 March 2014**

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

## EXPLANATORY NOTES

### 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 NOTES** 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 2014

## Value of your benefits at 31 March 2014

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

### EXPLANATORY NOTES

#### 80ths membership

Your 80ths benefits are based on your scheme membership before 1 April 2008 and include an automatic lump sum which is three 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 2014 is included in the Total Pension figure.

**Note:** If you were over age 60 on 31 March 2014 your benefits show any reduction that would be applied if you drew your pension as at 31 March 2014. If you were over age 65 on 31 March 2014 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 2014

**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. Please note there have been important changes to the death grant in the LGPS 2014, details of which are held in the newsletter article: *Changes in death grant payments*.

#### 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 applied at 31 March 2014.

**\*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](http://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

### 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.

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 tax year ending 4th April 2014 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.

**Lifetime Allowance for 2013/2014**

£1,500,000.00

**Total Value of LTA used at 31 March 2014**

**Total Percentage of LTA used at 31 March 2014**

### 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 tax year ending 4th April 2014 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 that in the LGPS there are two ways to increase your benefits?

**Additional Voluntary Contributions** and **Additional Pension Contributions**.

### Additional Voluntary Contributions (AVCs)

You can pay AVCs to the Fund's nominated AVC providers to make extra saving towards your retirement.

- Pay up to 100% of your pensionable pay
- Contributions attract tax relief
- AVCs are invested separately
- Choose to take up to 25% of your AVC pot as a tax free lump sum when you retire.
- Choose to buy an annuity (pension) from the provider, Cheshire Pension Fund or another insurance company, bank or building society.

### Additional Pension Contributions (APCs)

APC contracts can be taken out to purchase a set amount of pension, up to a limit of **£6,500**.

**This can be done in three ways:**

- 1 A regular fixed payment through payroll**
- 2 A one off lump sum payment made through payroll**
- 3 A one off lump sum payment made directly to the Pension Fund.**

Contributions made under method **1** or **2** will automatically attract tax relief however you will have to claim tax relief directly from HMRC under method **3**.

The additional pension purchased will be payable with your other benefits and is linked to your Normal Pension Age. If they are paid earlier they will be reduced to take account of early payment. APCs do not increase the benefits that would be paid to your spouse.

To get more information about paying APCs 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](http://www.cheshirepensionfund.org)**.

## Questions and Answers

### When can I retire?

The normal retirement age of the LGPS is your State Pension Age or age 65 if this is later. Since 1 April 2014 the LGPS has become much more flexible.

The result of which means that if you leave your job and you're over 55 years old you'll be able to claim your pension straightaway if you want to.

If you take your pension early it may be adjusted because you're receiving it earlier than normal and potentially enjoying it for longer.

Please read our newsletter for more details about Normal Retirement 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:

$$\begin{aligned} &10 \text{ (hours per week)} \times 43.4 \text{ (total weeks)} \\ &\text{divided by } 52.143 \text{ (weeks in a year)} \\ &= 8.32 \text{ hours per week over the whole year} \end{aligned}$$

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

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 State Pension Age?

No, the LGPS regulations allow you to carry on working and stay in the Scheme. You must start receiving your pension by age 75 so as not to breach any HMRC legislation.

## Questions and Answers continued

### Why is the value on my statement this year less than last year?

There can be several reasons for the value to reduce – including a change to your hours of work, or the rate of your pay has gone down.

If you have passed your 60th birthday in the calendar year ending 31 March 2014 there will be an apparent reduction in the value of your pension benefits. For someone at least 60 years old, who could leave and ask for an immediate payment of pension, the figure we show on the statement will represent the value of pension which we would pay as at 31 March 2014.

This payment may be reduced to take account of any early release of pension.

### My pensionable pay during an earlier period was higher than the pensionable pay used in this statement. Can I use a higher pay when I leave and take my benefit?

The annual statement can only use the pay as at 31 March 2014. However you can choose to base your pension on the highest pensionable pay in any one of the three years leading up to your leaving or retirement date.

## 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.



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