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# Your annual benefit statement 2017

I am pleased to enclose your 2017 annual benefit statement from the Local Government Pension Scheme (LGPS).

Your statement is an estimate of your LGPS benefits, based on pay and employment details held by the Cheshire Pension Fund on 31 March 2017. These details have been provided by your employer. The statement is based on the regulations in place on 31 March 2017 and your current normal pension age. Please read the notes carefully.

## Section 1 | Your personal and employment information at 31 March 2017



<b>Full name</b>	▶		
<b>Partnership status</b>	▶		
<b>Employer</b>	▶	<b>Date of birth</b>	▶
<b>Pay reference</b>	▶	<b>Pension start date</b>	▶
<b>Section of LGPS</b>	▶	<b>Person reference</b>	▶

## Section 2 | Your summary of total benefits at 31 March 2017



### Standard benefit option

<b>Annual pension</b>	▶
<b>Lump sum retirement grant</b> For membership before 1 April 2008	▶



### Maximum lump sum option

<b>Reduced annual pension</b>	▶
<b>Increased lump sum retirement grant</b>	▶

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### Section 3 | How your pension is calculated

**Please note:** The benefits shown in this statement are based on the figures below which have been supplied by your employer. It is important that you check these figures and contact your employer quickly if they are wrong.

Your final salary pensionable pay 

Your CARE pensionable pay - main section 

Your CARE pensionable pay - 50/50 section 

\*The Final Salary Pensionable Pay figure used is your Full Time Equivalent Salary as at 31 March 2017 (As supplied by your employer)

### Section 4 | Your summary of standard total benefits on page 1 is made up of:

#### Your final salary pension scheme

For membership to 31 March 2008 of 

For membership from 1 April 2008 to 31 March 2014 of 

**Total final salary annual pension** 

Lump sum retirement grant based on membership to 31 March 2008 

#### Your total CARE account

Opening balance at 1 April 2016 

Adjustment for cost of living at 1 April 2016 

In-year build-up 

**Total CARE closing balance** 



Your total CARE in-year build-up is made up of:

#### Scheme year April 2016 to March 2017

Your CARE pensionable pay - main section divided by 49 

**+** Your CARE pensionable pay - 50/50 section divided by 98 

**+** Additional pension bought 

**+** Transfers in 

**Please note:** Any pension purchased or transfers made into the Fund before this period have been included in your opening balance at 1 April 2016

### Section 5 | Value of death in service benefits at 31 March 2017

Annual survivor's pension 

Lump sum death grant 

#### Nomination details for lump sum death grant



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## Section 6 | Estimated benefits if you stay in the scheme until your normal pension age

<b>Your normal pension age (NPA)</b>	▶
<b>Estimated final salary pension built up to NPA</b>	▶
<b>Estimated CARE pension built up to NPA</b>	▶
<b>Total estimated annual pension at NPA</b>	▶
<b>Total estimated lump sum retirement grant</b>	▶
<b>Estimated final salary survivor's pension at NPA</b>	▶
<b>Estimated CARE survivor's pension at NPA</b>	▶
<b>Total estimated survivor's pension at NPA</b>	▶

## Section 7 | Tax and your pension

Tax limits apply to pension savings. These limits are called lifetime allowance and annual allowance. The lifetime allowance was reduced to £1 million for the tax year 2016/ 2017, going forwards the standard lifetime allowance each year will increase in line with the consumer prices index. Confirmation of your lifetime allowance value at 31 March 2017 is provide below:

### Lifetime allowance

**The percentage of your lifetime allowance used by the current value of your LGPS benefits shown in this statement** ▶

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**Keep it safe:** Remember, this statement contains personal information





**We have provided these notes to explain your annual benefit statement (ABS) 2017. They cannot cover every circumstance and if there is a dispute, the appropriate legislation will apply. They do not give you any rights under a contract or by law.**

### Section 1 | Your personal and employment information at 31 March 2017



#### Full name

If you have changed your name, we will need a copy of your marriage certificate or change of name deed so that we can update your pension record.

#### Partnership status

Your partnership status shown on your pension fund (the fund) records is shown here. If it is not correct, please contact the Pensions Team.

#### Employer at 31 March 2017

This is your employer at 31 March 2017. If you were paying into the scheme for more than one job at this date, you will receive an annual benefit statement for each job. If you left employment after 31 March 2017 you will receive a separate notice of your benefits, built up to your date of leaving.

#### Pension start date

This is the date on which you first entered the Local Government Pension Scheme.

#### Section of LGPS (Local Government Pension Scheme)

Since 1 April 2014 the LGPS has been a Career Average Revalued Earnings (CARE) scheme and there have been two sections to it – the main section and the 50/50 section. The section you were a member of on 31 March 2017 is shown here.

#### Person Ref.

This is the reference number shown on your pension record for this annual benefit statement.

### Section 2 | Your summary of total benefits at 31 March 2017



#### Annual pension

This is the total value of your pension at 31 March 2017, including your final salary pension (membership up to 31 March 2014) and CARE pension (for membership from 1 April 2014), which would start to be paid at your normal pension age (NPA).

#### Lump sum retirement grant

This is the lump sum relating to your membership before 1 April 2008 and is paid at your normal pension age. You can take some of your annual pension as a lump sum, to increase any lump sum you may already have relating to your membership before 1 April 2008. HM Revenue & Customs (HMRC) limits will apply, but every £1 of your annual pension you give up provides

a lump sum of £12.

#### Reduced annual pension

This is the current value of your reduced pension if you choose to take the maximum lump sum retirement grant allowed under HMRC rules. This will be paid at your normal pension age.

#### Increased lump sum retirement grant

This is the current value of the maximum lump sum retirement grant available to you if you reduce your annual pension. This is paid at your normal pension age.

The maximum conversion figures must keep within HMRC limits, and the Fund will work them out when you retire. These figures do not include any in-house additional voluntary contributions (AVC) fund you may have. The AVC provider will issue a separate statement showing any in-house AVC fund value.

This section shows your total benefits built up to 31 March 2017 and assumes that you will take your pension benefits at your normal pension age, which is the date you reach age 65 or your State Pension age (whichever date comes later). Your benefits shown will be reduced if they are paid before your normal pension age. This reduction is not included in this statement. Please visit our website at [www.cheshirepensionfund.org](http://www.cheshirepensionfund.org) for information about what reductions may apply. Reductions relating to any pension sharing order are not included in this statement.

### Section 3 | How your pension is calculated



You **must check** the figures quoted in the statement. If you think they are incorrect, contact your **employer**, not the Fund, as the figures quoted have been supplied by your employer.

#### Your final salary pensionable pay

If you became a member of the LGPS before 1 April 2014, or have transferred in membership with a final salary link, your final salary pensionable pay shown in this section is your full-time equivalent pay as at the 31st March 2017. This information has been provided by your employer. If you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, this section will show zero. (Your 'pensionable pay' is the pay that your pension is based on.)

#### Your CARE pensionable pay – main section

From 1 April 2014, your CARE pension is calculated on your CARE pensionable pay during a scheme year which is provided by your employer.

If you paid into the main section of the scheme during the year to 31 March 2017, the figure given for 'CARE pensionable pay – main section' is the pensionable pay you received 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.

The definition of pensionable pay in the CARE scheme includes any pay received for extra hours worked such as overtime and additional hours. This part of your earnings is not included in the final salary calculation of your pensionable pay unless overtime or additional hours formed part of your contract.

If you are (or have been) off work due to sickness or injury, or during relevant child-related leave, and you received reduced or no pay (nil pay), the pensionable pay figure used to work out your pension for this period is your assumed pensionable pay (APP). APP is worked out as the pay you were receiving before your pay reduced or stopped. This means that you will continue to build up a similar pension to that you would have had if you had been working normally and receiving pay.

If you have any period of relevant child-related leave (for example, ordinary maternity leave, paternity leave or adoption leave, or paid shared parental leave and any paid additional maternity or adoption leave), the pensionable pay figure used to work out your pension is again your APP. ('Ordinary' maternity leave is the first 26 weeks of maternity leave and 'additional' maternity leave is the last 26 weeks.)

Any period of unpaid additional maternity or adoption leave will not count for pensionable pay purposes. You can buy pension 'lost' during these periods by choosing to pay additional pension contributions (APCs).

If you are a member of the 50/50 section who goes onto nil pay while on child-related leave or sick leave, you will be put back in the main section from the beginning of the next pay period (if you are still on nil pay at that time).

For a full explanation of final salary and CARE pensionable pay and how any periods of authorised unpaid leave may affect it, please visit the fund's website at [www.cheshirepensionfund.org](http://www.cheshirepensionfund.org).

### **Your CARE pensionable pay – 50/50 section**

If you paid into the 50/50 section of the scheme during the year to 31 March 2017, the figure shown here is the pensionable pay you received while paying into the 50/50 section.

The pay in this section is based on the definition of CARE pensionable pay above. If a figure is shown here, it means you have chosen to be in the 50/50 section. Your 50/50 section CARE pensionable pay is split from your main section CARE pensionable pay

so that you can check the pension you have built up in each 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 will have figures shown for both.

## **Section 4 | How your summary of standard total benefits on page 1 is made up**

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This section shows separately 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, with both parts being linked and taken together.

### **Your final salary pension scheme**

If you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, the final salary pension amount on your statement will be shown as zero. Final salary benefits are calculated as shown below. If you worked part-time before 31 March 2014, your final salary is converted to its full-time equivalent and your membership is then adjusted to the contractual hours you worked (including term-time weeks). The membership used in the final salary calculation includes any transferred-in pension rights from previous pension schemes.

### **Total final salary annual pension**

- For membership to 31 March 2008: 1/80th of your final salary pensionable pay for each year you were a member of the scheme.
- For membership from 1 April 2008 to 31 March 2014: 1/60th of your final salary pensionable pay for each year you were a member of the scheme.

### **Lump sum retirement grant**

- Lump sum retirement grant based on membership to 31 March 2008: 3/80th of final salary pensionable pay for each year you were a member of the scheme.

### **Your total CARE account**

#### **Opening balance**

Your CARE Pension balance carried forward from the previous year.

#### **Adjustment for the cost of living**

Your total CARE pension is adjusted 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 April 2016, the HM Treasury Revaluation Orders were negative. The value in your pension account was adjusted by -0.1%, at 1 April 2016 which means that the value was reduced. The figure shown for the adjustment for cost of living at 1 April 2016 is the amount of the reduction that was applied to the value

of your pension account at 1 April 2016.

This doesn't affect the benefits that you've built up before 1 April 2014.

### **In-year build-up**

For membership from 1 April 2014, you will have built up CARE pension. Each scheme year you are a member, your CARE pensionable pay will be divided by either 49 (if you are in the main section) or by 98 (if you are in the 50/50 section). The resulting amount (or amounts) added to your pension account for that year. This figure is the 'in-year build-up' for the year to 31 March 2017.

### **Additional pension bought and transfers in**

Any additional pension that you have bought during the scheme year under an additional pension contribution (APC) or shared-cost additional pension contribution (SCAPC) arrangement will be shown here. Any CARE 'earned pension' credited as a result of you transferring in pension rights 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 2016, these are not shown in this section but will be included in the calculation of your total pension benefits.

## **Section 5 | Value of death in service benefits at 31 March 2017**



### **Annual survivor's pension**

A survivor's pension is paid if, when you die, you are married, have a civil partner or eligible 'cohabiting partner' (someone you live with who would be entitled to a survivor's pension).

We have used the partnership status we have on our records to decide the survivor's benefit shown on your statement. If we do not know your partnership status we will assume your status is married.

1. If our records show you are single, no benefit will be shown.
2. If you have declared a cohabiting partner, the survivor's benefit shown will be based on your membership after 5 April 1988 and any membership before 6 April 1988 bought by an additional survivor benefits contribution (ASBC).
3. If your status on our records is married or in a civil partnership, the survivor's benefit shown will be based on all your LGPS membership.
4. Survivor's pensions may be paid to eligible children. However, the rates of these pensions are not shown on your annual benefit statement.

If your partnership status is incorrect, please contact the Fund.

If you have not told the fund about your partnership

status, when you die, any eligible survivor's pensions will still be paid as long as the fund receives the relevant marriage or civil partnership certificate or, in the case of cohabiting partners, evidence that they meet the requirements for receiving 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 bought, any additional regular contributions (ARCs) that included a survivor's pension element, and the survivor's pension due under the CARE scheme. It does not take account of any deductions relating to a pension sharing order.

If you die after leaving the LGPS, a survivor's pension is still paid but could be a lower amount.

### **Lump sum death grant**

If you die while you are an active member of the LGPS, a death grant is paid. The amount of the death grant would be three times your assumed pensionable pay at the date you die. However, if you die while you are an active member and also have deferred benefits in the LGPS, are receiving an LGPS member pension (that is, not a survivor's pension) or a suspended 'tier 3' ill-health pension (or both), the amount of the death grant would be:

- 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.

### **Nomination details for lump sum death grant**

Please check who you have nominated to receive any death grant that may become due if you die. If this section is blank, we have no record of your nomination. If you would like to make a nomination, or change one we have on record for you, please fill in and return the 'Expression of Wish' form on the fund's website. You can nominate whoever you like to receive your lump sum death grant (but, as an 'expression of wish', this is not legally binding). The fund decides who to pay the lump sum to.

## **Section 6 | Estimated pension benefits if you continue to pay into the scheme until your normal pension age**



The age shown is your current normal pension age (NPA), which is linked to your State Pension age or age 65, whichever comes later. Your normal pension age may change if your State Pension age changes in the future, before your benefits are paid. Your normal pension age only applies to benefits built up in the CARE scheme. The normal pension age for benefits built up in the final salary scheme is 65.

You can take your benefits earlier than your normal pension age, from age 55 onwards, although the amount may be reduced if you do. The figures in this

statement do not take account of any reductions that would be applied.

If your normal pension age is after age 65 and you have final salary benefits, an increase will apply to these benefits for the period from age 65 to your normal pension age. Any increases are included in this statement. The rates of increase have been reduced since the 2016 benefit statements were issued. The increases are based on the rates in the current guidance issued by the Department for Communities and Local Government. This guidance is reviewed and the rates may go down or up. The rates in place at the date you retire will apply.

When you leave the scheme, your final salary benefits will be based on your final salary pensionable pay. This is generally the contractual pay you received for the 12 months before leaving, or for one of the two years immediately before then, if that amount is higher.

The estimate of your benefits is based on your CARE pensionable pay for the scheme year that ended 31 March 2017. It assumes that your pay will stay at the 2016/2017 rate until your normal pension age and does not assume pay inflation or inflation under HM Treasury Revaluation Orders for future benefit built up under the final salary or CARE schemes.

The estimated CARE benefits include any additional pension contributions (APCs) or shared cost additional pension contributions (SCAPCs) bought. But they do not take account of any deductions that would be due as a result of your decision to have an annual allowance tax charge recovered from your pension benefits or pension sharing orders. The estimate assumes that you stay in the same section of the scheme that you were in at 31 March 2017.

Survivor's pensions from members who marry or enter civil partnerships while active members of the LGPS are based on all scheme membership. However, survivor's pensions for cohabiting partners and for those who marry or enter a civil partnership after leaving active LGPS membership may not be worked out on the same basis.

## Section 7 | Tax and your pension



### Lifetime allowance (LTA)

The lifetime allowance is the limit on the total value of pension benefits you can draw from all pension arrangements without paying a tax charge. The standard LTA was reduced from £1.25million to £1million from 6 April 2016.

If the percentage of standard LTA shown on your statement is more than 100%, you may have to pay a lifetime allowance tax charge when your benefits are paid to you. This may also be the case if you have other pension benefits (including in-house additional

voluntary contributions (AVCs), which are not included in this statement) that, when combined with your LGPS benefits, have a value of more than the LTA.

If the value of your benefits is higher than the available LTA, you can choose how to take your benefits and the tax charges that apply.

If you take these benefits as annual pension, you have to pay a charge on the value of the excess pension (worked out as 20 x the excess annual pension) at the rate of 25%, and income tax will be taken from your ongoing pension payments. Either the charge can be taken from the lump sum, or a permanent reduction can be made to your ongoing pension. based on guidance issued by the Department for Communities and Local Government. If you take excess benefits as a lump sum, the excess lump sum will be taxed once, at the rate of 55%.

Individual Protection 2016 (IP2016) is available if your pension benefits had a value of more than £1million on 5 April 2016. You can find more information and an online application on the HMRC website. You can't apply for IP2016 if you already have Individual Protection 2014 (IP2014).

You can find more information and application forms for these types of protection on the HMRC website.

Another type of lifetime allowance protection, Fixed Protection 2016, does not apply if you stayed a member of the LGPS after 5 April 2017, as benefits would have built up, causing the protection to be lost. If you applied for this protection, you must tell HMRC that the protection was lost from 6 April 2017.

There is more information about this on the fund's website.

### Annual Allowance (AA)

The annual allowance is set by HM Revenue & Customs (HMRC). It is the amount your pension savings can increase in any one year without you having to pay a tax charge.

You will only have a tax charge if the value of your pension savings for a tax year increases by more than the annual allowance.

The annual allowance for the 2016/17 tax year was £40,000, except for some higher earners who have what is known as a tapered annual allowance. Most people will not be affected by the annual allowance tax charge because the value of their pension savings will not increase by more than £40,000 in a year, or, if it does, they are likely to have carry forward\* from previous years. \* 'Carry forward' allows unused allowance from the three previous pension input periods to be offset against any excess in the current year.

If the increase in the value of your LGPS pension

savings with the Cheshire Pension Fund is higher than the Annual allowance we will write to you in October to advise you of this.

If you have pension benefits elsewhere, you will need to take these into consideration as well when calculating your annual allowance growth and any potential tax charge.

More information about the annual allowance, including the tapered annual allowance for higher earners, can be found on the Fund's website. If you are not sure about anything to do with your annual allowance, please contact the Fund.

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