

SAMPLE RETIREMENT LETTER & PACK

Dear

Local Government Pension Scheme (LGPS)

This pack has been designed to help you understand the process of receiving your pension benefits, and what will happen when you are a pensioner of the Cheshire Pension Fund.

Included in the pack are:-

- A Statement of your retirement benefit options - you will need these figures to make some important financial decisions about the payment of your benefits. You may also wish to seek independent financial advice before reaching any decisions about your benefits.
- Information on the Internal Dispute Resolution Procedure in case you have a complaint.
- Information on interest for late payment of Lump Sum, applying your tax code to your pension and Guaranteed Minimum Pension.

The pack also includes the following forms and an explanation of the information that is required from you on each of forms.

- Previous Pension Benefits Declaration Form (Form 1)
- Pension Commencement Lump Sum Form (Form 2b)
- Payment Details Form (Form 3)
- Personal Status Form (Form 4)

Retirement Information Sheet – includes information on:-

- Benefit Calculations, Survivors Pensions and Death Benefits
- Annual Pensions increase
- Guaranteed Minimum Pension

- National Fraud Initiative
- Re-employment
- Tax Allowances
- Useful contact Information

If you require any further information about receiving your pension benefits, please contact [insert employer contact details]. If you require specific information regarding your LGPS pension please contact the Cheshire Pension Fund on (01244) 976000.

Yours sincerely

Interest For Late Payment of Lump Sum

Interest will be paid on your lump sum, if it is paid more than one month after your retirement date. Interest payments may be taxable and you should notify HM Revenue and Customs (HMRC) that you have received it.

Contact Details

Pay as you Earn Self Assessment, HM Revenue & Customs, BX9 1AS

Or telephone on 0300 200 3300

Applying A Tax Code To Your Pension

Transactional Shared Services (TSS) within Cheshire West and Chester Council who administer the pensioner payroll for Cheshire Pension Fund will notify HMRC that you are now receiving a pension. Your first pension payment will be taxed on the basic rate tax code unless your employer has provided your P45. HMRC will notify you and TSS of the correct tax code to use and any adjustments will be made in subsequent pension payments.

The McCloud Remedy

When the Local Government Pension Scheme (LGPS) changed from a final salary scheme to a career average scheme in 2014 (known as CARE), older, and longer serving, members were protected from the changes. These protections are known as 'the underpin', and work by comparing benefits in the old final salary scheme to the benefits in the new career average scheme. The member receives the benefit which is the highest.

In 2018, the Courts found that younger members had been discriminated against because the protections did not apply to them. This ruling is called the McCloud judgment, after a member involved in the case.

Due to this ruling, there will be changes to all public service pension schemes that provided transitional protection, including the LGPS. The changes are called the McCloud Remedy and are intended to remove the age discrimination found in the McCloud court case. The changes apply from 1 October 2023.

The McCloud Remedy essentially extends the underpin to all members who meet the criteria, outlined below, regardless of age.

Underpin protection only applies to pensions built up in the remedy period (1 April 2014 to 31 March 2022). The protection stopped earlier if you left the Scheme or reached your final salary normal retirement age (usually 65) before 31 March 2022.

There's no underpin protection from 1 April 2022 onwards. Pensions built up after this date are based on the career average scheme only.

Your LGPS pension is protected by the McCloud remedy if:

- you were a member of the LGPS or another public service pension scheme before 1 April 2012
- you were a member of the LGPS in the remedy period between 1 April 2014 and 31 March 2022
- you were under age 65 in the remedy period, and you have not had a disqualifying gap.

Due to the time constraints your pension records have not yet been tested to see if you are affected by the judgment. The Cheshire Pension Fund will seek to carry out a test as soon as we can, if the results show that you would be entitled to an increase, we will inform you accordingly.

Please note: Most members will be unaffected by the McCloud remedy and for those that are, any benefit increase is likely to be modest. You do not need to contact us. If you are affected, we will let you know.

Complaints / Internal Dispute Resolution Procedure (IDRP)

If you have any concerns about how your benefits have been calculated or any decisions relating to them, you can contact the Fund in the first instance as we may be able to resolve your complaint informally.

You also have the right of appeal under the IDRP. You must apply in writing to your Employer's "Adjudicator" for determining disputes, within six months of notification of your benefits or of you becoming aware of the issue on which you want to appeal, if that was earlier.

The Adjudicator will consider your complaint and notify you of the outcome within two months of you writing to them. If you are still dissatisfied, you may, within six months of the date you are notified of the Adjudicator's decision, apply to Cheshire West and Chester Council as Adminstrating Authority, to have it reconsidered.

If you do need any further information, or details about the way your benefits have been calculated please contact the Fund. You will find the contact details in the box at the bottom of your letter.

Pension Benefits Declaration Form (Form 1)

Please be aware that all relevant sections must be answered, failure to do so will result in the form being returned to you for completion and may delay payment of your pension benefits.

The Government limits the amount of tax-free cash you can take from a registered pension scheme. If you take a lump sum when you take your pension, we need to know about any pension benefits you have taken previously to check you don't exceed the lump sum limits.

Although most members will not be affected by the limits, we must carry out the checks for everyone.

You do not need to include your state pension or any survivors/dependents pensions you are receiving.

Pension Commencement Lump Sum Form (Form 2b)

Enclosed is a statement giving details of your standard Local Government Pension Scheme benefits, but under the pension scheme regulations you are able to convert part of your standard pension (shown on your Benefit Option Conversion Information sheet) into an additional lump sum. This is not compulsory, but a choice you can make. For every £1 of your standard pension you give up, you will receive an extra £12 of lump sum. The enclosed conversion information sheet provides estimated details of your maximum conversion options to help you decide.

You **must** complete this option form (Form 2b) indicating whether you are converting pension or not.

- If you wish to convert the maximum amount of pension into a larger lump sum, please tick option 1 on the form.
- If you wish to specify the amount of lump sum you wish to receive (this figure must be between the standard lump sum and the maximum lump sum), please write the figure clearly in the space provided at option 2.
- If you do not wish to convert any of your pension into a larger lump sum and wish to receive your standard pension and lump sum, please tick option 3 on the form.

Please note you can only make **one** option to convert your pension into an additional lump sum.

Payment Details Form (Form 3)

Pension and Lump Sum payments are paid into your Bank or Building Society Account via the Bankers Automated Clearing System (BACS). Please complete the Payment Details Option Form (Form 3), to ensure payments are made to the account of your choice. You must be a named signatory on the account(s) you choose to have your pension and lump sum paid into.

Personal Status Form (Form 4)

You also need to complete the Personal Status Form (Form 4). Please don't forget to include clear photocopies of your birth certificate or passport (black & white only) and other relevant certificates. This will enable Cheshire Pension Fund to calculate correct dependents benefits (where applicable) in the event of your death. The photocopied certificates will not be returned to you but retained on your pension record.

Death Grant Nomination Form

There may be a lump sum Death Grant payment payable upon your death. The advantage of nominating a beneficiary is that payments can usually be made quickly at a sensitive time and normally without any liability to Inheritance Tax. If you have not completed an Expression of Wish form or should you want to change the nominations held on your record please complete and return the form enclosed with this Retirement pack.

If any of your contact or personal information changes, please inform the Cheshire Pension Fund to avoid unnecessary suspension of your pension.

Form 1 (1/6) Pension Benefits Declaration Form
Important Please Note:

We are unable to arrange payment of your benefits until you have completed every relevant section of the following forms.

Surname:	<input style="width: 95%;" type="text"/>	Forenames:	<input style="width: 95%;" type="text"/>
Folder Ref:	<input style="width: 95%;" type="text"/>		

Q1. Are you taking a tax-free lump sum as part of this Cheshire Pension Fund retirement?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

If **Yes**, please continue to answer **all** questions (**Q2 to Q10**) and sign at the bottom of **Form 1 (6/6)**.

If **No**, continue to **Form 1 (6/6)** answer **Q10** and complete the table if appropriate, sign at the bottom of **Form 1 (6/6)**.

Q2. Do you intend to re-invest any part of your Tax-Free Lump Sum into other pension savings?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Re-investing a tax-free lump sum on retirement, into the same or another pension arrangement is known as recycling.

HM Revenue & Customs deem recycling of a lump sum to be an unauthorised payment resulting in tax penalties for the member. Therefore, if you answer “yes” to Q2, a member of the Pensions Team will contact you to discuss the implications further.

Q3. Are you taking another tax-free lump sum on the same day as your LGPS tax-free lump sum is payable? <i>(please note if you are retiring on redundancy grounds, this does not include your redundancy payment)</i>			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

If Yes, provide the amount and date paid:

Amount _____ **Date** _____

Q4. Have you taken payment of any pension benefits before?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

If **Yes** to **Q4**, please complete the relevant table(s) on the following page - **Form 1 (2/6)**

If **No** to **Q4**, continue to **Form 1 (3/6)** continue to answer **all** questions (**Q5 to Q10**) and sign at the bottom of **Form 1 (6/6)**.

Surname:	<input type="text"/>	Forenames:	<input type="text"/>
Folder Ref:	<input type="text"/>		

Use this section to tell us about the pension benefits you have taken previously.

The information we need depends on when your pension benefits were first paid to you.

Only complete the sections that are relevant to you.

A. Lump sums paid from 6 April 2024

For pension benefits paid from 6 April 2024, we only need to know about any tax-free lump sums you have been paid. In this section, tell us about:

- pension commencement lump sums (PCLS) - these are tax-free lump sums you take when you start taking a pension.
- uncrystallised funds pension lump sums (UFPLS) - this is a type of lump sum paid from defined contribution scheme. Only tell us about the tax-free part of the lump sum in this section.

Pension provider	Date paid	Amount of tax-free lump sum paid

B. Pensions and lump sums paid between 6 April 2006 and 5 April 2024

For these pension benefits, we need to know the percentage of lifetime allowance (LTA) used. The pension provider that pays the benefits to you will have notified you of this. If you do not have this information, provide the amount of yearly pension at the date it was first paid, and any tax-free lump sum paid. If you took an UFPLS, tell us about this in the last column - include the whole UFPLS amount i.e. the taxable and tax-free amounts.

Pension provider	Date first paid	LTA %	Yearly pension	Tax-free lump sum	Total UFPLS

C. Pensions first paid before 6 April 2006

If you took payment of pension benefits before 6 April 2006, we need to know the amount of yearly pension you are currently being paid.

Pension provider	Date first paid	Current amount of yearly pension

Form 1 (3/6)

Pension Benefits Declaration Form

Surname:	<input type="text"/>	Forenames:	<input type="text"/>
Folder Ref:	<input type="text"/>		

Transitional tax-free amount certificate (TTFAC)

If you took payment of a pension or lump sum before 6 April 2024, these payments will have used up part of your lump sum allowances. Under HMRC rules, we must assume that you took the maximum lump sum allowed.

If you took less than the maximum lump sum allowed, you can get a transitional tax-free amount certificate. The certificate sets out the total lump sums you have received. We will then use these amounts to calculate how much of the lump sum allowances you have used, rather than assuming you have taken the maximum amount.

For most members, a TTFAC will have no effect on the lump sum they can take from the LGPS. The allowances will generally only affect members who have built up very large pensions.

Q5. Do you hold a transitional tax-free amount certificate?

Yes

No

Serious ill health lump sum

A lump sum paid where your life expectancy is expected to be less than one year.

Q6. Have you ever been paid a Serious ill health lump sum?

Yes

No

If yes, provide the amount and date paid:

Amount:

Date:

Form 1 (4/6) Pension Benefits Declaration Form

Surname:	<input type="text"/>	Forenames:	<input type="text"/>
Folder Ref:	<input type="text"/>		

Stand-alone lump sum

A special type of lump sum paid to individuals who, on 5 April 2006, had the right to have all their pension scheme benefits paid as a tax-free lump sum. These are not common and are not payable from the LGPS.

Q7. Have you ever been paid a stand-alone lump sum?

Yes

No

If yes, provide the amount and date paid:

Amount:

Date:

Overseas Transfer

Q8. Did you transfer any UK pension benefits to an overseas pension scheme before 6/4/2024?

Yes

No

If yes, provide the amount and date paid:

Amount:

Date:

Form 1 (5/6) Pension Benefits Declaration Form

Surname:	<input style="width: 95%;" type="text"/>	Forenames:	<input style="width: 95%;" type="text"/>
Folder Ref:	<input style="width: 95%;" type="text"/>		

Lifetime Allowance (LTA) protections

The Government reduced the lifetime allowance three times after it came into force in 2006. Each time it reduced, those people who had already built-up large pensions could apply for protection from the reduction. If you have an LTA protection, your lump sum allowances could be higher than the standard limits.

You can still apply to protect your lifetime allowance by applying to HMRC for Fixed or Individual Protection 2016. The deadline for making an application is 5 April 2025. See <https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance> for more information.

LTA enhancements

You may have applied for these if you transferred a pension to the UK from overseas or you were awarded a pension credit as part of a divorce/dissolution of a civil partnership.

Q9. Do you have any LTA protections or enhancements?			
Yes	<input style="width: 90%;" type="checkbox"/>	No	<input style="width: 90%;" type="checkbox"/>

If yes, tell us about them below:

Type of LTA protection / enhancement	HMRC reference number

Form 1 (6/6) Pension Benefits Declaration Form

Surname:	<input style="width: 95%;" type="text"/>	Forenames:	<input style="width: 95%;" type="text"/>
Folder Ref:	<input style="width: 95%;" type="text"/>		

Taking all of your pension as a one-off lump sum is called ‘trivial commutation’. The government sets strict rules about who can trivially commute their pension, and it is generally only available for small pension pots.

To check whether you meet the criteria for trivially commuting your pension we will need to work out the pension pot value of your LGPS pension and other pensions you may be receiving or due to receive in future.

If you meet the criteria to receive a trivial commutation payment, we will contact you once your pension benefits are in payment.

<p>Q10. Are you in receipt of any pension benefits you have not declared on the previous forms or are you due to receive a pension in the future or on the same day this pension is due to be paid?</p>			
Yes	<input style="width: 95%;" type="checkbox"/>	No	<input style="width: 95%;" type="checkbox"/>

If yes, please complete the table below:-

Pension Provider	Current Gross Annual Pension	Current Lump Sum	Current Fund Value*

*If the pension is due from a personal pension, FSAVC or a money purchase pension scheme you must provide details of the up to date fund value.

I confirm the information I have provided in this form is, to the best of my knowledge, true and complete. I understand I will be wholly and personally liable for any tax charges and penalties imposed by HMRC if the information I have provided is found to be incorrect.

Signed: <input style="width: 95%;" type="text"/>	Date: <input style="width: 95%;" type="text"/>
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Form 2b Pension Commencement Tax Free Lump Sum

Surname:	<input type="text"/>	Forenames:	<input type="text"/>
Folder Ref:	<input type="text"/>	Date of Birth:	<input type="text"/>
Address:	<input style="width: 100%; height: 100%;" type="text"/>		

Please see the pension estimate included in your pack before making a decision on the options below.

- Maximum Lump Sum available to you is stated on your pension estimate.
- For every £1 of pension you convert will increase your Lump Sum by £12.
- Option 2 cannot exceed the maximum Lump Sum value shown on your pension estimate.
- Standard Lump Sum may be nil if you do not have any pre 2008 pensionable service.

Figures shown below are based on the enclosed estimate.

All Lump Sum options are tax free.

<u>OPTIONS</u>	Please tick as appropriate
1 I wish to receive the maximum Lump Sum available to me.	<input type="checkbox"/>
2 I wish to receive a Lump Sum of £ <input style="width: 150px;" type="text"/>	<input type="checkbox"/>
3 I wish to receive the standard Lump Sum	<input type="checkbox"/>
Choose <u>one</u> of the above only.	

Signed: Date:

Form 3 Retirement Benefits Option Form - Payment Details

 Name: Folder Ref:

Pension and Lump Sum payments are paid into your Bank or Building Society Account via the Bankers Automated Clearing System (BACS). You must be a named signatory on the account(s) you choose to have your pension and lump sum paid into. **Please note, if you already receive a pension from the Cheshire Pension Fund, all your monthly pension payments must be paid into the same bank account. In the event the bank details you supply for this retirement differ to the details we already pay a pension into, all future pension payments will be paid into the new bank account supplied.**

Payment of Pension Benefits to a Bank Account

 Name on Account:
 Name and Address of Bank:
 Sort Code: - -
 Account Number
 I wish my Lump Sum to be paid into the above Bank Account
Payment of Pension Benefits to a Building Society Account

 Name on Account:
 Name and Address of Building Society:
 Please complete options A or B depending on the type of account you hold, your Building Society will advise you of the correct one.
A. Building Society Sort Code: - -
 Your Account Number:
B. Building Society Sort Code: - -
 Building Society Bank A/C Number:
 Your Building Society A/C Number:
 I wish my Lump Sum to be paid into the above Building Society Account Please Tick

I have also received in this pack, information on Cheshire Pension Fund's:

- Internal Disputes Resolution Procedure
- Re-employment
- National Fraud Initiative

I am a named signatory on the above account(s)

 Signed: Date:

Form 4
Personal Status Form

 Name:

 Folder Ref:
I declare that on the day of signing this form the following applies to me:-

Please tick the appropriate box and enter the date where required, providing good quality photocopies of certificates in all cases.

Certificate Enclosed

 Date of Birth:

Please provide a photocopy of your Birth Certificate or passport in all cases

Single

Married

Date of marriage:

Spouse's date of birth:

Divorced

Date of decree absolute:

 Civil / Cohabiting
Partnership

Date of registration:

Partner's date of birth:

 Partnership
Revoked

Date Revoked:

Widow/er

Date of spouse's death:

Please complete all of the details below.

House No / Street

Town/City

County

Postcode

Please supply your telephone number and email address. This information will be stored on your pension record and used by the fund to provide you with important information relating to your pension.

Telephone Contact No. :

Email Address:

Signed:

Date:

Contacting you after you retire (Completion is Voluntary)

Each year the post office returns many items of mail to us marked 'Gone Away'. We also receive a number of pension payments returned from banks and building societies because members change or close their accounts. When this happens, we usually stop the pension in payment until we find out why the mail and/or payments have been returned.

The Fund is offering a way to help prevent this happening in the future. You can nominate up to two contacts that the Fund could contact in the event that we were unable to contact you. Nominating contacts is voluntary. If you wish to do this, please remember to keep us fully informed of any changes to the information you have supplied about each contact.

This information will remain confidential and will not be passed to any other organisation. The information we hold about you is protected under the Data Protection Act 1998 and will be used to process your pension benefits. You can ask us for a copy of the information we hold about you at any time.

The individuals that you choose to list below have the right to ask for a copy of the information we hold about them. However, it is up to you to tell them if you want them to know about this right.

Contact 1

Name:

Relationship to you: (if any)

Address:

Telephone Number:

Contact 2

Name:

Relationship to you: (if any)

Address:

Telephone Number:

Your Signature:

Date:

Death Grant – Expression of Wish Form
Your Personal Details – (Please complete in BLOCK CAPITALS)



Full Name:	<input type="text"/>		
NI Number:	<input type="text"/>	Employee Number:	<input type="text"/>

In the event of my death, I request that you exercise the discretion granted by the Local Government Pension Scheme (Administration) Regulations 2008 and pay any Death Grant to the person or persons named below. I understand that this document does not restrict the absolute discretion of the Scheme administrators and also that it may be revised or revoked by me at any time. **Please read the guidance notes overleaf before completing this form.**

1. Name:	<input type="text"/>	Date of Birth:	<input type="text"/>
Address:	<input type="text"/>		
Post Code:	<input type="text"/>		
Relationship:	<input type="text"/>	Proportion of benefit:	<input type="text"/> %

2. Name:	<input type="text"/>	Date of Birth:	<input type="text"/>
Address:	<input type="text"/>		
Post Code:	<input type="text"/>		
Relationship:	<input type="text"/>	Proportion of benefit:	<input type="text"/> %

3. Name:	<input type="text"/>	Date of Birth:	<input type="text"/>
Address:	<input type="text"/>		
Post Code:	<input type="text"/>		
Relationship:	<input type="text"/>	Proportion of benefit:	<input type="text"/> %

4. Name:	<input type="text"/>	Date of Birth:	<input type="text"/>
Address:	<input type="text"/>		
Post Code:	<input type="text"/>		
Relationship:	<input type="text"/>	Proportion of benefit:	<input type="text"/> %

Signed:	<input type="text"/>	Date:	<input type="text"/>
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THE TOTAL PROPORTION OF BENEFIT MUST EQUAL 100%
PLEASE KEEP YOUR NOMINATION DETAILS UP TO DATE.

Death Grant Nomination Form Guidance Notes

The Cheshire Pension Fund cannot be legally bound by a nomination and must retain absolute discretion as to payments but they will make every effort to comply with your wishes where practicable to do so.

The advantage of nominating a beneficiary to receive any death grant is that payments can be made quickly without waiting weeks or months for your estate to be settled and normally without any liability to Inheritance Tax.

Death in Service – Lump Sum Death Grant

This benefit is paid if you die whilst still an active member of the scheme. The benefit is a tax free lump sum equal to three times your actual final pensionable pay (Pro-rate if part time). You can nominate a beneficiary to receive the grant by using this form.

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

Please ensure your nomination has been signed and dated before returning it to us.

Member Enquiry Contact:

Email: pensions@cheshirewestandchester.gov.uk

Please keep your nomination details up to date.