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Your Annual Benefit Statement 2023

Dear

I am pleased to enclose your 2023 Annual Benefit Statement (ABS) from the Local Government Pension Scheme (LGPS).

The statement is based on the regulations in place on 31 March 2023, and your normal pension age.

Your statement is an estimate of your LGPS benefits, based on pay and employment details held by the Cheshire Pension Fund on 31 March 2023. These details have been provided by your employer. If you have any questions about the pay used to work out your benefits, you must contact your employer.

Please take the time to read your ABS and ensure that details we hold for you are correct. It's important to check the 2022/2023 pay shown on your statement, as it affects how your pension builds up.

If you are interested in more details about your pension, please visit our website, which has a wealth of information including helpful videos, scheme guides, FAQs and our annual Active Member Newsletter.
www.cheshirepensionfund.org

Steve Wilcock

Head of Cheshire Pension Fund

Section 1 | Your personal and employment information at 31 March 2023



Full name 

Partnership status 

Date of birth 

Employer 

Date joined fund 

Person reference 

Section of the LGPS 

The notes for section 1 are available on page 4 of this statement.

Section 2 | Summary of your total benefits at 31 March 2023



Standard benefit option

Annual pension [▶](#)

Tax-free lump sum retirement grant
For membership before 1 April 2008 [▶](#)

or

Maximum lump sum option*

Reduced annual pension [▶](#)

Increased tax-free lump sum retirement grant [▶](#)

*When you take your benefits you may be able to increase your lump sum by giving up some annual pension.

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 if they are wrong. **CARE** stands for Career Average Revalued Earnings. Please read the notes for more information.

Your final salary pensionable pay [▶](#)

Your CARE pensionable pay – main section [▶](#)

Your CARE pensionable pay – 50/50 section [▶](#)

Section 4 | The summary of your standard total benefits on page 1 is made up of:



Your final salary pension scheme

For membership to 31 March 2008 of [▶](#) (years/days)

Pension [▶](#)

For membership from 1 April 2008 to 31 March 2014 of [▶](#) (years/days)

Pension [▶](#)

Total final salary annual pension [▶](#)



Your total CARE account

Please note: This includes your CARE pension build up from 1 April 2014, or the date you joined the LGPS if later.

Previous year's closing balance at 31 March 2022 [▶](#)

Adjustment for cost of living at 1 April 2022 [▶](#)

In-year build-up [▶](#)

Total CARE closing balance at 31 March 2023 [▶](#)

Tax-free lump sum retirement grant based on membership to 31 March 2008 [▶](#)

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

LGPS year April 2022 to March 2023

Your CARE pensionable pay – main section divided by 49 [▶](#)

+ Your CARE pensionable pay – 50/50 section divided by 98 [▶](#)

+ Additional pension bought [▶](#)

+ Transfers in [▶](#)

The notes for sections 2, 3, and 4 can be found on pages 4, 5, and 6 of this statement.



Annual survivor's pension >

Lump sum death grant >

Who you want to receive the lump sum death grant



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



Please note: If you have passed the normal pension age shown below, please refer to section 2 to see the value of your benefits.

Your normal pension age (NPA) >

Estimated final salary pension built up to NPA >

Estimated CARE pension built up to NPA >

Total estimated annual pension at NPA >

Total estimated tax-free lump sum retirement grant >

Estimated final salary survivor's pension at NPA >

Estimated CARE survivor's pension at NPA >

Total estimated survivor's pension at NPA >

Section 7 | Tax and your pension



Tax limits apply to pension savings. These limits are called the lifetime allowance and the annual allowance. The standard lifetime allowance was £1,073,100 for the 2022/2023 tax year but is being removed*.

Lifetime allowance

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

*Please see section 7 for further details.

The notes for sections 5, 6, and 7 can be found on pages 6 and 7 of this statement.



We have provided these notes to explain your Annual Benefit Statement (ABS) 2023. 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 2023

Full name

If you have changed your name, please contact your employer.

Partnership status

Your partnership status shown on your record is shown here. If it is not correct, please contact your employer.

Employer at 31 March 2023

This is your employer at 31 March 2023. If you were paying into the LGPS 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 2023 you will receive a separate notice of your benefits built up to your date of leaving.

Date joined fund

This is the date you joined the fund in this job.

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 2023 is shown here.

Person Reference

This is the reference number for the pension account that this statement relates to. If you have more than one pension account you will receive more than one statement.

Section 2 | Summary of your total benefits at 31 March 2023



This section shows your total benefits built up to 31 March 2023 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 for information about what reductions may apply.

Annual pension

This is the total value of your pension at 31 March 2023, 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 unreduced at your normal pension age (NPA).

Tax-free lump sum retirement grant

This is the lump sum relating to your membership before 1 April 2008 and is paid when you take your pension benefits.

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. Under current HMRC rules, the lump sum retirement grant is tax-free.

Reduced annual pension

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

Increased tax-free lump sum retirement grant

When you draw your pension benefits you will have the option to exchange part of your pension for lump sum, within certain limits set by HMRC. Every £1 of pension you give up provides £12 of tax-free lump sum.

The 'increased lump sum retirement grant' figure is the maximum lump sum retirement grant you can receive if you reduce your annual pension. This is due to be paid unreduced at normal pension age. These figures do not include any 'in-house' additional voluntary contribution (AVC) fund you may have. Your AVC provider will issue a separate statement showing any in-house AVC fund value.

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 for the year to 31 March 2023. 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 pensionable pay 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 LGPS during the year to 31 March 2023, 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, 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 paid 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/members/paying-in/work-events/absences-from-work/

Your CARE pensionable pay – 50/50 section

If you paid into the 50/50 section of the LGPS during the year to 31 March 2023, 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 LGPS at different times during the scheme year, you will have figures shown for both.

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



This section shows separately the values of your final salary pensionable pay benefits (if this applies) and your CARE pension as at 31 March 2023. Although the final salary and CARE pension parts are worked out differently, and are likely to have different NPAs, 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 worked out 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 pension rights transferred-in 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 LGPS
- 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 LGPS

Tax-free 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 LGPS

Your total CARE account

Previous year's closing balance

Your CARE pension balance as at 31 March 2022.

Adjustment for cost of living

This is the amount of the cost of living adjustment added to your pension account on 1 April 2022.

Your total CARE pension is adjusted on 1 April each year in line with HM Treasury Revaluation Orders. The adjustment can increase or reduce the value of your CARE pension.

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) is added to your pension account for that year. This figure is the 'in-year build-up' for the year to 31 March 2023.

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 2022, 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 2023



Annual survivor's pension

A survivor's pension is paid if, when you die, you are married or have a civil partner.

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 single.

1. If our records show you are single, no benefit will be shown.
2. If our records show 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 your employer.

If the fund does not hold your correct 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. Please see the fund's website for more details about the requirements that cohabiting partners need to meet to qualify for 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.

For more information about how survivors' pensions are worked out, please visit the fund's website.

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

whichever is more.

Who you want to receive the 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 online 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 LGPS until your normal pension age



The age shown is your current normal pension age (NPA) for your CARE benefits, which is your State Pension age or age 65, whichever comes later. Your normal pension age is the age at which you can take the pension you have built up in full. 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.

If you have passed the normal pension age shown in this section, please refer to section 2 to see the value of your benefits.

You can take your benefits earlier than your normal pension age, currently 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.

You can take your benefits later than your normal pension age, but the benefits must be paid to you before you reach age 75. If you take your benefits after your normal pension age, they will be increased. The increases are based on the rates in the current guidance issued by the Ministry of Housing, Communities & 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.

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.

When you leave the LGPS, 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 for service after 31 March is based on your CARE pensionable pay for the scheme year that ended on 31 March 2023. It assumes that your pay will stay at the 2022/2023 rate until your normal pension age and does not assume pay inflation or inflation under HM Treasury Revaluation Orders for future benefits 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. The estimate assumes that you stay in the same section of the LGPS that you were in at 31 March 2023.

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.

For more information about how survivors' pensions are worked out, please visit the fund's website.

Section 7 | Tax and your pension



Lifetime allowance (LTA)

The lifetime allowance (LTA) is set by HM Revenue & Customs (HMRC) and is the total value of all pension benefits you can have without having to pay a tax charge. If the value of your pension benefits when you draw them is more than the LTA then you will have to pay tax on the excess benefits. The standard LTA was £1,073,100 for the 2022/2023 tax year.

Your benefit statement shows what percentage of the LTA is taken up by the value of the LGPS benefits shown in this statement.

If the percentage of standard LTA shown on your statement is more than 100%, you may have to pay a 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 your benefits in excess of the LTA are taken as a pension, the charge will be 25% of the excess benefits (as measured by HMRC), and income tax will also be taken from the ongoing payments. If the excess benefits are taken as a lump sum they will be taxed once, at 55%.

If you do have to pay a tax charge then the charge can either be taken from your lump sum or a permanent reduction can be made to your ongoing pension. The permanent reduction to the pension is known as a lifetime allowance debit.

Individual Protection 2016 (IP2016) is available if your pension benefits had a value of more than £1 million 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). Another type of lifetime allowance protection, Fixed Protection 2016, does not apply if you stayed a member of the LGPS after 5 April 2016, 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 2016.

Please note that the Government has announced the removal of lifetime allowance. For further information please see this link www.gov.uk/government/publications/abolishing-the-pensions-lifetime-allowance/abolition-of-the-lifetime-allowance

➤ Get in touch



Contacting the Pensions Team

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The Fund is a Data Controller under the Data Protection Act 2018.

This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit our website.