

2017 Annual Benefit Statement Explanatory Notes

We have provided these notes to explain your 2017 Local Government Pension Scheme annual benefit statement. These notes cannot cover every circumstance and if there is a dispute, the appropriate law will apply. These notes do not give you any rights under a contract by law and the Pension Fund is not liable to pay any benefits arising through error or omission.

Section 1 – Your Personal and Employment Information

This section shows the personal and employment information that we currently hold on your record. This information is provided by your employer; should you have queries regarding any of the details shown in this section, please contact your employer in the first instance.

Please note, if you have recently changed employment, this section relates to the employment you held on 31 March 2017.

Partnership status

The current partnership status we hold on your pension record is shown here. If we do not hold a record of your partnership status, this will show as “Not Known” but, for illustrative purposes only, survivor’s pension figures will be shown as if your partnership status is “Married”.

If your partnership status is incorrect, or shown as “Not known”, please contact us to update your record.

Employer

This is your employer at 31 March 2017. If you were paying into the scheme for more than one employment at this date, you will receive a separate annual benefit statement for each. If you left an employment after 31 March 2017 you will not receive a statement for that employment; you will instead receive a separate formal notification of your benefits, calculated at your date of leaving.

Section of Local Government Pension Scheme (LGPS) in on 31/03/2017

The LGPS has two sections available to active members – the main section and the 50/50 section. This shows the section you were a member of on 31 March 2017.

CARE pensionable pay

Since 1 April 2014, your CARE pension built up in each scheme year is calculated using your ‘CARE pensionable pay’ paid during that scheme year.

Your CARE (or Cumulative) Pensionable Pay is normally the actual pay that you have received and paid pension contributions on over the Scheme Year (1 April 2016 – 31 March 2017), however, if you have received reduced or no pay following a period of sickness or injury, relevant child related leave or reserve forces service leave, your CARE pay may be more than you actually received. This is to ensure your pension is not affected by any reduction in pensionable pay.

If you work part-time, your pensionable pay here represents your actual pay and is not a full-time equivalent figure.



Your CARE pay figures are provided by your employer, if you think these are not correct, please contact your employer in the first instance.

CARE pay in main section

A figure will appear here if you paid into the main section of the scheme at any point during the year 1 April 2016 to 31 March 2017. This only shows your pensionable pay while paying into the main section.

CARE pay in 50/50 section

A figure will appear here if you paid into the 50/50 section of the scheme at any point during the year 1 April 2016 to 31 March 2017. This only shows your pensionable pay while paying into the 50/50 section.

If you were a member of 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.

Your total CARE pay for year to 31/03/2017

This is the total of the CARE pay you received in both sections of the scheme.

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 is shown here. It is your full-time equivalent pay for the year to 31 March 2017 as determined under the pre 1 April 2014 scheme provisions and is used to calculate benefits based on membership that has a final salary link.

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.

CARE Pay used in projection and Death in Service Calculation

This figure is CARE Pensionable pay figure which has been used in order to provide you with the relevant projections of benefits.

For a full explanation of final salary and CARE pensionable pay, please visit the **Definitions of Pensionable Pay** page of our website.

Section 2 - Summary of Your Total Benefits as at 31/03/2017

This section shows the total value of your standard benefits that would be payable to you, without reduction, after the date shown (based on your current normal pension age). For the purpose of providing a calculation, these figures are shown as if you had left the LGPS on 31 March 2017. The figures shown include your CARE pension and any final salary benefits you may have (if these apply).

The benefits shown will be reduced if they are paid before your normal pension age.

The benefits set out in this statement take no 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 (scheme pays) or of any pension sharing order that may apply.



Standard annual pension

This is the total value of your standard annual pension as at 31 March 2017, assuming it were paid from your normal pension age. The figure shown includes your CARE pension and any final salary pension you may have (if this applies).

Standard lump sum retirement grant

This is the standard lump sum, as at 31 March 2017, based on any membership you may have had before 1 April 2008, assuming it will be paid at your normal pension age. If you do not have any service before 1 April 2008, this figure will be blank.

You can give up some of your annual pension to provide a lump sum, or increase any standard lump sum you may already have from 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.

Lifetime allowance

The lifetime allowance is the limit on the total value of pension benefits you can receive from all pension arrangements without incurring a lifetime allowance tax charge. The current standard lifetime allowance is £1million and has been since 6 April 2016.

Value of Standard Benefits

This is the value, for lifetime allowance purposes, of your standard benefits as at 31 March 2017. If, when you come to retire, the value of your benefits, taking into account any other pension benefits you may have already had put into payment, is greater than the lifetime allowance, you may have to pay a lifetime allowance tax charge.

Percentage Used

This is the percentage of the current standard lifetime allowance that would be used up by the standard benefits shown in this section of your statement. If the percentage of standard lifetime allowance shown on your statement is more than 100%, you may incur a lifetime allowance tax charge, when your benefits are paid to you.

Please note: If you have other pension benefits (including in-house additional voluntary contributions known as 'AVCs') which are not included in this statement, you will also need to take into account the value of these for lifetime allowance purposes. If, when combined, the total value of ALL your pension benefits is greater than the lifetime allowance that applies to you, you may incur a lifetime allowance tax charge when your benefits are paid to you.

If the value of your benefits does exceed the lifetime allowance, you will have choices over how to take your benefits and this may impact on the tax charges that apply.

You may already have one of the forms of lifetime allowance protections however, even if you have informed us of this, it is regrettably not possible for us to reflect this on this statement.

If the value of your pension rights for lifetime allowance purposes was greater than £1million as at 5 April 2016, it is still possible for you to apply for Individual Protection 2016.

More information regarding pension tax allowances, and any protections that may be available can be found on the Tax Allowance page of our website.



Maximum Lump Sum Retirement Grant Option

This section shows the resulting pension and lump sum that would be paid if you chose to convert some of your pension to take the maximum lump sum allowable under current Scheme and taxation rules.

Reduced Annual Pension

This is the annual pension that would be left after having given up some of your pension to provide the maximum allowable lump sum retirement grant.

Increased lump sum retirement grant

This is the maximum lump sum retirement grant that would be provided from giving up some of your pension.

The reduced annual pension/increased lump sum retirement grant figures shown are for illustrative purposes. The Fund administrators would ensure that any option you made at retirement complied with the scheme and taxation rules in place at that time. The figures shown do not take into account any in-house AVC (additional voluntary contribution) fund you may have. Prudential or Equitable Life will issue a separate statement showing the value of any in-house AVC fund you hold with them.

Section 3 – Your CARE Benefits as at 31/03/2017

This section shows the value of the pension you have built up between 1 April 2014 and 31 March 2017. The build-up of your pension is calculated on an annual basis and added to the total of your CARE account. The closing balance of your account is then adjusted on 1 April each year in line with HM Treasury Revaluation Orders.

For clarity, we have shown the calculation of the 'In-Year Build-Up' and 'Total of Your CARE Account' separately. This allows you to see the growth of your pension over the scheme year, plus the effect of the 'Cost of Living Adjustment' on the pension you had earned in previous years.

You must check the figures quoted in the statement. If you think they are incorrect, contact your employer in the first instance, as your pension benefits are based on the pensionable pay details supplied by them.

Please note: Your statement shows separately the values of your CARE pension and any final salary benefits you may have. Although the CARE pension and final salary parts are calculated differently, they form a single benefit, with both parts being linked and paid together.

Main section Pensionable Pay in Year

The figure quoted here is your pensionable pay during the year ended 31 March 2017 while a member of the main section of the LGPS. This figure was provided by your employer.

50/50 section Pensionable Pay in Year

The figure quoted here is your pensionable pay during the year ended 31 March 2017 while a member of the 50/50 section of the LGPS. This figure was provided by your employer.



In-year build-up

This part shows you the pension that has built up from 1 April 2016 to 31 March 2017. It is split into separate elements which are added together.

Main Section

This is the amount of pension you built up, in the year, under the main section of the scheme. This is calculated by dividing your '**Main Section Pensionable Pay In Year**' by 49.

50/50 Section

This is the amount of pension you built up, in the year, under the 50/50 section of the scheme. This is calculated by dividing your '**50/50 Section Pensionable Pay In Year**' by 98.

Additional Pension Bought

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.

Transfer In

If during the scheme year you transferred any previous pension rights into the Pension Fund, in this employment, which resulted in you being credited with any CARE 'earned pension', the amount credited to your CARE account will be shown here.

Total

The separate elements of your pension built up in the scheme year are added together to give you the total pension built up between 1 April 2016 and 31 March 2017

Total of Your CARE Account

This part shows you the total CARE pension that you have built up since the 1 April 2014 or the date you joined the LGPS, if that was later.

Opening balance

The total of your CARE pension as at 31 March 2016. This should match the '**total**' of this section of your previous statement.

Cost of living Adjustment

The opening value of your CARE pension account is adjusted each 1 April during active membership in line with HM Treasury Revaluation Orders. This adjustment can increase or reduce the value of your CARE pension. The value shown, if any, reflects the reduction of -0.1% applied on 1 April 2016.

In-year build-up

This is the total amount of pension built up from 1 April 2016 to 31 March 2017. The calculation of this is shown in the '**In-Year Build-Up**' part of your statement.

Total

This is the closing balance of your CARE Account. The '**Opening Balance**', '**Cost of Living Adjustment**' and '**In-Year Build-Up**' values are added together to give the total of your CARE account as at 31 March 2017.



Section 4 - Your Final Salary Benefits as at 31/03/2017

This section shows the value of any final salary LGPS benefits you built up, in this employment, up to 31 March 2014. If you transferred in any previous pension benefits which resulted in you being credited with 'Final Salary' benefits, the amount credited will be included in this figure.

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 may have been built up before 1 April 2008 or between that date and 31 March 2014. Benefits built up during these two periods will have been calculated differently. For clarity, we have shown the benefits built up during these periods separately, as well as showing the total of your final salary benefits.

Please note: Your statement shows separately the values of your CARE pension and any final salary benefits you may have. Although the CARE pension and final salary parts are calculated differently, they form a single benefit, with both parts being linked and paid together.

Final Salary Pensionable Pay

The figure shown here is your full time equivalent pensionable pay, for the year ended 31 March 2017, and it is used to calculate your Total Final Salary Annual Pension.

The definition of Final Salary Pensionable Pay is determined by the LGPS regulations. For more information please visit the **Definitions of Pensionable Pay** page of our website.

Total Standard Annual Pension

This is the total of any pension you built up before 1 April 2008 and from that date to 31 March 2014. It also includes any transferred-in pension rights from previous pension schemes with a final salary link.

Standard Lump Sum Retirement Grant

This is the Lump sum retirement grant you will automatically receive based on membership up to 31 March 2008.

This figure should be 3/80th of your '**Final Salary Pensionable Pay**' for each year you were a member of the scheme before 1 April 2008

Standard Pension Built Up Before 1 April 2008 (80ths)

This is the final salary pension you built up before 1 April 2008.

This figure is calculated by dividing your '**Final Salary Pensionable Pay**' by 80 then multiplying that amount by the number of years you were a member of the scheme before 1 April 2008.

Please note, if you worked less than full time, the number of years' service used for the calculation will be reduced to reflect your working arrangements.

If you joined the scheme on or after 1 April 2008, this figure will be zero.



Standard Pension Built Up after 31 March 2008 (60ths)

This is the final salary pension you built up between 1 April 2008 and 31 March 2014.

This figure is calculated by dividing your '**Final Salary Pensionable Pay**' by 60 then multiplying that amount by the number of years you were a member of the scheme between 1 April 2008 and 31 March 2014.

Please note, if you worked less than full time, the number of years' service used for the calculation will be reduced to reflect your working arrangements.

If you joined the scheme on or after 1 April 2014, this figure will be zero.

Additional Pension

Any additional pension that you have bought up to 31 March 2017 under an additional regular contribution (ARC) arrangement taken out before 1 April 2014 will be shown here.

Section 5 – Value of Death in Service Benefits

This sections provides you with information about the benefits that may be paid out to eligible recipients, if you were to die whilst an active member of the scheme. We have used the partnership status we have on our records to decide the survivor's benefit shown on your statement.

Please note: if we do not know your partnership status, for illustrative purposes only, the survivor's pension is shown as if your partnership status is "Married". If the Partnership Status shown in section 1 of your statement is incorrect, or showing as "Not known", the survivor's pension shown here may not be the amount that would be payable in your particular circumstances.

Lump sum Death Grant

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

- the total of all death in service lump sum death grants; and
- The total of all death grants from the deferred pension, pension in payment, or suspended tier 3 ill-health pension records.

Annual survivor's pension

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

Please note:

- If our records show you are single, no survivor's pension will be shown.



- If you have declared a cohabiting partner, the survivor's pension 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).
- If our records show you are married or in a civil partnership, the survivor's pension shown will be based on all your LGPS membership.
- If we do not hold a record of your partnership status, this will show as "Not Known" in the "Your Personal and Employment Information" section but, for illustrative purposes only, survivor's pension figures will be shown as if your partnership status is "Married". It is important to note that such illustrative survivor's pensions may be greater than would be actually payable.

Please note: 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 LGSS Pensions so that we may update your record.

Section 6 – Projected Benefits Assuming Membership to Normal Pension Age

This section shows you what benefits you can expect to receive at your normal pension age, if you remain an active member of the scheme until that time.

This projection is based on your CARE pensionable pay for the scheme year that ended 31 March 2017. It assumes that your pay will stay at this 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.

This projection includes benefits provided by any additional pension contributions (APCs) made. The estimate assumes that you will stay in the same section of the scheme that you were in at 31 March 2017.

The benefits set out in this statement take no 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 (scheme pays) or of any pension sharing order that may apply.

The benefits shown will be reduced if they are paid before your normal pension age. This reduction is not included in the figures shown in this statement.

Estimated Benefits to

The date here is the date to which your benefits have been projected. It reflects your current normal pension age, which is when you would be able to receive your benefits without an early payment reduction being applied.

Normal Pension age

The age shown is the current age at which you can take all of your LGPS benefits, without reduction. Your normal pension age is linked to your State Pension age or age 65, if this is later, but this may change if your state pension age changes before your benefits are paid.



Total Standard Annual Pension

This is a projected estimate of the total amount of the CARE and Final salary pension you would receive at your normal pension age.

CARE Pension

This is a projected estimate of the CARE pension that you would receive at your normal pension age.

Final Salary Pension

This is a projected estimate of the Final Salary pension you would receive at your normal pension age. This is the same as the figure shown under the Final Salary section of this statement. This is because you stopped building up Final Salary benefits on 31 March 2014.

If you were not a member of the LGPS before 1 April 2014, this figure will be zero.

Above pension includes a late retirement increase of

The Final Salary part of your pension benefits have a normal pension age of 65. However, these benefits cannot be taken separately to your CARE Pension which may have a later normal pension age. This estimate assumes that you take your benefits at the later age to avoid a reduction in your CARE benefits. As a result, a late retirement increase is applied to your final salary benefits.

If you are not entitled to final salary benefits, no increase will be applied.

Standard Lump Sum Retirement Grant

This is the standard lump sum retirement grant you will automatically receive based on membership up to 31 March 2008.

This figure should be 3/80th of your '**Final Salary Pensionable Pay**' for each year you were a member of the scheme before 1 April 2008.

If you were not a member of the LGPS before 1 April 2008, no figures will appear here.

Prospective Annual Survivor's Pension

This is the survivor's pension that would be payable, based on the partnership status shown in this statement, if you died after retiring at your normal pension age.

If you get married or enter a civil partnership, before leaving active LGPS membership, the survivor's pension is 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 calculated on the same basis.

For further information about the LGPS and any topics covered by these notes, please visit our website:

Cambridgeshire Pension Fund: <http://pensions.cambridgeshire.gov.uk>

Northamptonshire Pension Fund: <http://pensions.northamptonshire.gov.uk>



