

Annual Benefit Illustration 2016



Dorset County Pension Fund
Administered by Dorset County Council





Dear

I am pleased to send you your latest annual benefit illustration, providing details of the benefits that have accrued from your membership within the Local Government Pension Scheme (LGPS) up to 31 March 2016.

Contained within this illustration are the benefits that you have accrued to date accompanied by information and explanations to help you understand what the benefits mean to you. It is important that you read everything contained within this booklet; if you still have a query after reading the explanations and the 'Frequently Asked Questions', then please do not hesitate to contact us using the form provided within this booklet.

Included in your booklet is a projection of your benefits assuming that you continue contributing to the LGPS until your State Pension Age. An explanation of how your benefits are worked out since 1 April 2014 is also included. It is very important that you check the pay used in your illustration and query any errors with your employer, who provided your pay.

The information in this booklet is for illustration purposes only and should not under any circumstances be used to help you make a decision about retirement. If you are considering retirement, you must contact my team to obtain a formal estimate of your pension benefits.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anne Cheffey', written in a cursive style.

Anne Cheffey
Pensions Benefits Manager

Personal details

Please check this section carefully and notify us of any incorrect personal information. If we do not hold your partnership details on our system, please notify us in writing, enclosing photocopies of your;

- marriage / civil partnership certificate
- spouse / partner's birth certificate

If you have become divorced or your civil partnership has been dissolved, we will require photocopies of the relevant documents to amend our records. If you are in a declared partnership your partnership status will show as "declared".

Full name:

Date of birth:

Partnership status:

NI number:

Post ref number:

Employer:

Section of the scheme at 31/03/2016:

If you hold more than one active post you will have a pension record and illustration for each post unless you started contributing after 31/03/2016.

How benefits accrued **before 1 April 2014** are calculated

Pension benefits accrued before 1 April 2014 are based on the length of time you were a member of the pension scheme (total membership) and your final pay at leaving. Between 1 April 2008 and 31 March 2014, for each year of membership or part thereof, you will receive 1/60th of your final pensionable pay. Membership prior to 1 April 2008 is based on 1/80th of your final pay, plus 3/80th as a tax free lump sum.

Membership

Your membership, for final salary pension calculation, is the number of years and days before 1 April 2014, that you were a member of the LGPS and will include the following:

- Pension rights transferred in from a previous scheme or employer
- Any additional membership purchased
- Any additional membership awarded by your employer

If you have worked part time during any period of your membership prior to 1 April 2014, the part time period has been adjusted to reflect the part time hours that were worked.

If you worked term time, your hours have been adjusted and reduced pro-rata based on the full 52.14 weeks per year.

Final pay

This is usually the pensionable pay earned during your **final** year of scheme membership, or one of the previous 2 years if this is higher. The final pay used in this illustration has been provided by your employer and is based on your pensionable earnings in the year up to 31 March 2016.

For part time employees the final pay used in the calculation of your benefits will be the full time equivalent pay for your job.

Some protection may be available to you at retirement if your pensionable pay has been reduced or restricted. More detailed information on this can be obtained from your employer.

How benefits accrued from 1 April 2014 are calculated

From 1 April 2014 your LGPS pension changed from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme. In a CARE pension scheme your benefits build up each year in your pension account. Each year your pensionable pay is divided by the accrual rate of 1/49 to give the amount of annual pension gained in that year. This amount is added to your pension account.

Example:

CARE pensionable pay of £22,000 X 1/49 = £448.98 added to pension account

Each year the amount in your pension account is revalued in line with the cost of living increases. This year the cost of living increase was the negative figure of 0.1%, further information on how this affects you is contained in your enclosed 2016 newsletter.

Example:

£448.98 added to pension account

MINUS negative cost of living increases $£448.98 \times -0.1\% = £448.53$
(-0.45p CPI)

In this example a member whose pensionable pay in the year 1 April to 31 March was £22,000 accrued an annual pension of £448.53, this annual income will be paid monthly throughout retirement.

Every subsequent year you will earn a further amount of annual pension which will be added to your pension account.

50 / 50 section

The 50 / 50 section of the scheme is designed to help members who are unable to afford the full contribution rate. If you have elected to be a member of the 50 / 50 section of the scheme you pay in half the amount of your normal contributions and receive half the amount of pension benefit during that time. However, you would still have full ill health and death benefits while a member of the 50 / 50 section.

Example:

CARE pensionable pay of £22,000 X 1/98 = £224.49 added to pension account

MINUS negative cost of living increases $£224.49 \times -0.1\% = £224.27$
(-0.22p CPI) in pension account after one year in the 50 / 50 section of the scheme.

Present value of scheme benefits

This section shows the current value of your benefits accrued up to 31 March 2016, assuming a normal retirement date.

If you are currently aged 60 to 64, the pension shown here may include a reduction. This reduction is included as you are eligible to take your pension benefits immediately, but with a reduction. Please note, you cannot draw your pension benefits until you leave your employment, except under flexible retirement.

Final pay for Pre April 2014 pension:

Total membership up to 31 March 2014:

Pre April 2014 pension: (per annum)

CARE Pensionable Pay in year 2015-2016:

Post April 2014 CARE pension in main section: (per annum)

Post April 2014 CARE pension in 50/50 section: (per annum)

Total pension: (per annum)

Automatic lump sum:

from pre 2008 membership

Contingent partner's pension: (per annum)

Please ensure that you check the CARE pensionable pay above, which has been provided by your employer. If this figure is incorrect it may adversely affect your pension when you retire.

If you have purchased Additional Pension Contributions (APCs), Additional Regular Contributions (ARCs) or Added Years, the amount purchased will be included in your 'Total Pension'.

Additional Voluntary Contributions (AVCs) are not included in these benefits, but you should receive an annual illustration directly from your AVC Provider.

Projection to Normal Retirement Date

The following benefits have been calculated, based on a projection of your accrued pre April 2014 Final Salary benefits, if these apply, plus your CARE benefits up to your Normal Retirement Date (NRD). Your Normal Retirement Date is your State Pension Age (SPA) (with a minimum of age 65) and therefore this may change if your SPA changes. **This projection assumes that each year you will have the same amount of pension added to your pension account.** Members can choose to retire voluntarily from age 55, however these benefits would be reduced for early payment if taken before your NRD.

Normal Retirement Date (NRD):

Projected CARE pension at NRD:	(per annum)
Projected Final salary pension at NRD:	(per annum)
Projected Total Pension at NRD	(per annum)

Automatic lump sum:

from pre 2008 membership

Projected Contingent partner's pension at NRD: (per annum)

CARE pay

- ✓ Your CARE pay figure is the actual pensionable pay received this financial year.
- ✓ The CARE pay figure is provided by your employer.
- ✓ Your CARE pay figure is used to calculate the amount of pension earned in a year.

Reductions to pay:

- in cases of sickness, injury or contractual parental leave your CARE pay includes extra added in by your employer to ensure you don't lose out on pension total for this year.
- in cases of authorised unpaid leave (including unpaid parental leave) your CARE pay will be lower. Your employer would have written to you to explain how you can make up this shortfall.

Pension projections using CARE assume that the same amount of CARE pension will be added each year.

Retirement tax free lump sum

On retirement you will have the option to take part of your benefits as a tax-free cash lump sum by giving up part of your pension. You will receive £12 lump sum for every £1 of yearly pension given up. Under current tax legislation, the maximum lump sum that you can take is 25% of the capital value of your pension benefits. Details of this are provided upon retirement.

If you have membership prior to 1 April 2008, this will have an automatic provision for a retirement grant based on your pre 1 April 2008 membership and 3/80th of your final pay. This is quoted overleaf with your annual pension.

Contingent partner's pension

If you predecease your husband, wife, civil partner or cohabiting partner we will also pay them a pension. This is shown on the illustration. If your partnership status is currently single, you will still have an entitlement to a contingent partner's pension in case your partnership status should change.

If you have a cohabiting partner they will be entitled to receive a survivor's pension on your death (based only on post 6 April 1988 membership), but only if they meet the criteria to be considered an eligible cohabiting partner. Further details on eligible cohabiting partners can be found at: www.yourpension.org.uk/Dorset/In-the-Scheme/Benefits-of-LGPS/Protection-for-your-family

Life cover and family protection

If you die whilst in active service, the LGPS would ensure that your family is supported. It provides:

- A lump sum death grant of three times your actual pay, regardless of your length of membership.
- An ongoing pension for your spouse, civil or eligible cohabiting partner.
- A child's pension for any eligible children.

An illustration of the death grant and partner's pension is shown below and is based on your pensionable pay for the year ending 31 March 2016.

Death grant:

Contingent pension:

Nomination details:

This section shows who you have nominated to receive a death grant upon your death. If you would like to nominate or change your existing nomination details, please complete an 'Expression of wish' form. Details of where to find this form are included on the back of this booklet.

In order for payments to be made as efficiently as possible, please ensure your expression of wish is updated if your personal circumstances change.

Beneficiary	Percentage of benefits payable

The Dorset County Pension Fund Administrator has absolute discretion over who receives any lump sum death grant.

Pensions tax relief

The Annual Allowance

Your annual allowance is the amount by which the value of your pension benefits may increase in any one year without having to pay a tax charge. Any pension growth in excess of the 2015/2016 annual allowance of £40,000 is subject to tax at your highest tax rate. We will write to you individually by October of this year if you have breached this limit. If you would like to know how much annual allowance you have used please contact the pension section. Please be aware that you are responsible for your own tax liabilities, DCPF can only inform you of the amount of annual allowance you have used within the fund.

The Lifetime Allowance

From April 2016 the lifetime allowance reduced to £1 million, this is calculated when you take your pension benefits. Individual Protection 2016 or Fixed Protection 2016 may be possible, please see HMRC website.

Frequently asked questions

Why is my service not shown on this illustration?

The amount of years and days in the pension scheme will no longer be shown on your illustration. This amount only affects your service accrued before 1 April 2014. Therefore the service used in this illustration will not have changed since your 2014 booklet. Any changes to your pre 2014 pension will only occur as the result of a Final Pay (full time equivalent pre 2014 definition) change.

Why has my retirement grant not increased significantly since 31 March 2008?

LGPS rules, which came into effect from April 2008 mean that you no longer build up an automatic retirement grant. Your membership to 31 March 2008 gives you a pension based on 1/80th of your final pay and a tax-free retirement grant of three times your pre 2008 pension. Therefore, your retirement grant will only increase in line with your pay and not with your service.

From 1 April 2008 your pension accrues at a higher rate, based on 1/60th of your final pay for each year of membership, however this does not provide for an automatic retirement grant. Upon retirement you will have the option to convert some of your pension into a tax-free retirement grant.

Can I retire earlier than my Normal Retirement Date?

The earliest retirement age in the scheme is 55. Taking your benefits before your normal retirement age may mean that you suffer a reduction to your pension and lump sum retirement grant.

Can I retire later than my Normal Retirement Date?

If you wish to continue working, you can stay in the Scheme as late as 2 days prior to your 75th birthday and your benefits will be actuarially increased for each day past your normal retirement age.

I have more than one employment, can these be combined?

If you have more than one active employment, you will have received an illustration for each separate employment. Unfortunately we cannot combine active employments. Upon the end of the contract we will look at combining the benefits if it is in your best interest. You will be contacted about this when the time comes.

Increasing your benefits

Extra contributions made whilst you are still working will boost your benefits package and increase the amount of money you have for your retirement.

You can pay extra contributions as a tax efficient way of topping up your benefits, although there are limits on the amount you can pay. There are also HM Revenue and Customs rules on the amount of pension savings you can have before the benefits become subject to tax.

You can increase your benefits by paying:

- Additional Pension Contributions (APCs) to buy extra LGPS pension
- Additional Voluntary Contributions arranged through the LGPS (in house AVCs)
- Free standing Additional Voluntary Contributions (FSAVCs) to a provider of your choice
- Contributions into a personal pension plan or stakeholder pension

For further details on the purchase of APCs please contact the Dorset County Pension Fund at: pensionshelpline@dorsetcc.gov.uk

For further information on the in-house AVC facility please contact the Prudential.

Telephone: **0800 012 1378**

Website: **www.pru.co.uk/localgov**

Tear here

To: Dorset County Pension Fund
County Hall
Dorchester
Dorset
DT1 1XJ

Private and confidential

**Annual Benefit Illustration 2016
Personal Details**

Full name: _____

Preferred method of contact,
please tick box

Daytime telephone number: _____

Email address: _____

Postal address:

Signature: _____ Date: _____

Please note that, as illustrations are issued to all active members, it may take some time before you receive a reply.

I have the following query(ies) regarding my illustration:

Tear here

Tear here

Tear here

Tear here



Contact us

If you have any queries concerning your annual benefit illustration, which are not pay related, please contact us using the form provided on page 11 of this booklet. For any pay queries please contact your employer directly, who will be able to check your details and notify us of any amendments that need to be made to your pension record.

Along with some useful information there are a variety of forms available on our website to help reduce time and cost spent in correspondence:

www.yourpension.org.uk/dorset

Some of these forms include:

- Pension membership form
- Expression of wish form
- Leavers election form
- Notification of cohabiting partner form
- Divorce (cash equivalent transfer value) form

Alternatively you can contact the pension section and we will be happy to post you a hard copy. More information can be found on the LGPS members website at: www.lgpsmember.org

Feedback

We would really appreciate your feedback on this annual benefit illustration. Please email us at pensionshelpline@dorsetcc.gov.uk or use the form provided on page 11.

Further information and disclaimer

This illustration cannot cover every personal circumstance and does not cover rights that apply to a limited number of employees e.g. where protected rights apply, or some of those whose rights are subject to a Pension Sharing Order following divorce. Please do not use this illustration for retirement purposes. If you are thinking of retiring, please obtain a pre-retirement estimate from Dorset County Pension Fund. In the event of any dispute over your pension benefits the appropriate legislation will prevail.