

Local Government Pension Scheme Newsletter 2017



Included in this newsletter

- ✓ Prudential information changes
- ✓ Topping up Pension leaflet
- ✓ Flexible retirement
- ✓ 50 / 50 section
- ✓ Factsheets

Congratulations to Andy Harris, winner of the DCPF 2016 newsletter competition, for his picture of Wareham River.

This leaflet provides you with important information regarding the Local Government Pension Scheme (LGPS). If you have any queries regarding any of the topics discussed in this leaflet, please do not hesitate to contact a member of the pensions team at: pensionshelpline@dorsetcc.gov.uk

Benefits of the LGPS

The LGPS is an excellent and safe pension scheme, the following are some of the benefits you receive as a member of the scheme:

- ✓ You will receive a pension paid monthly in retirement AND an optional tax free lump sum
- ✓ If you should die, the LGPS provides pensions for husbands, wives, civil partners, cohabiting partners and eligible children
- ✓ There is immediate life cover built into the LGPS; as soon as you join you have death in service cover
- ✓ If you are too ill to continue working there are ill health pension provisions payable from any age (subject to 2 years membership)
- ✓ You are able to take your pension benefits at any time between age 55 and age 75
- ✓ 10 year pension guarantee (up to age 75)
- ✓ Your contribution rate depends on how much you are paid
- ✓ Your employer pays in too
- ✓ You can pay more contributions to increase your pension benefits
- ✓ If you cannot afford your contributions, you can pay 50% of your normal contributions and get 50% pension benefits

Please contact us:

Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ
Email: pensionshelpline@dorsetcc.gov.uk
Websites: www.yourpension.org.uk/dorset or www.lgpsmember.org

Is the LGPS too expensive for you?

The LGPS is an excellent pension scheme, where the benefits you receive are very good value for the contributions you pay. The example below shows how your Career Average Revalued Earnings (CARE) pension is worked out using the current contribution bands. The interest added for the first four years are the actual CPI (Consumer Prices Index) figures added in those years, after that a fictional example figure of 1% has been added.

Year	Salary	Pension Pot at Start	Accrual rate	Pension Earned	Pension Pot at end	"interest" CPI	Total Pension	% Salary
1	£20,000	£0 pa	1 / 49	£408.16	£408.16	£4.08	£412.24	2%
2	£20,250	£412.24	1 / 49	£413.27	£825.51	£9.91	£835.41	4%
3	£20,500	£835.41	1 / 49	£418.37	£1,253.78	-£1.25	£1,252.53	6%
4	£20,750	£1,252.53	1 / 49	£423.47	£1,676.00	£16.76	£1,692.76	8%
5	£21,000	£1,692.76	1 / 49	£428.57	£2,121.33	£21.21	£2,142.54	10%
10	£22,250	£4,039.16	1 / 49	£454.08	£4,493.24	£44.93	£4,538.17	20%
20	£24,750	£9,498.13	1 / 49	£505.10	£10,003.23	£100.03	£10,103.26	41%
30	£27,250	£16,067.36	1 / 49	£556.12	£16,623.48	£166.23	£16,789.71	62%

Is it a good deal?

In the example above the member would have paid the following pension contributions to receive the quoted pension on retirement.

5 years CARE contribution total = **£5,945.00**
Pension built up after 5 years = **£2,142.54 (pa)**

30 years CARE contribution total = **£45,202.50**
Pension built up after 30 years = **£16,789.71 (pa)**

In **less than 3 years** contributions are "paid back" in pension payments (not taking into account taxation).

50 / 50 Section

Do you know about the 50 / 50 section of the LGPS? This enables members to pay 50% of normal pension contributions and will accrue 50% of the normal pension benefit each year. However full death in service and ill health benefits will be received.

For members who otherwise could not afford the full contribution rate, this provides a way of continuing to save for retirement and enjoy the benefits of the scheme, as noted on the front page.

If you would like to join the 50 / 50 section, you will need to complete a form found on our website at:

www.yourpension.org.uk/Dorset/LGPS-2014/What-is-the-50/50-option

50/50

Prudential Additional Voluntary Contributions

New Prudential Additional Voluntary Contributions website for Local Government Pension Scheme members

Prudential have created a new, single site for you at www.pru.co.uk/localgov. This dedicated site was designed based on member feedback and Prudential's research. It aims to educate and inform you with engaging and useful content about how you can improve your pension benefits by making additional voluntary contributions.

So what do you now have?

- Concise, easy to understand content – on one page.
- New, extended range of case studies – for both new members and those wishing to increase contributions.
- Two new calculators – one for new members, one for existing members.
- Guidance and clear signposting throughout the site - helping you find the most relevant information to you quickly.
- Improved online application forms.

Changes to the Prudential Exit Charges

The Prudential currently apply an exit charge to Local Government AVC members who take their benefits, or transfer out, within the first 3 years of making their first contribution to their AVC. From the 19th March 2017 this has changed as follows:-

- Members whose first contribution is received on, or after, the 19th March 2017 will no longer be subject to an exit charge regardless of age.
- Members whose first contribution was received prior to the 19th March 2017 will have their exit charge capped at 1% for the first 3 years and 0% thereafter regardless of age.

State Pension

The amount of State Pension you will get when you retire is based on your record of National Insurance Contributions (NICs):

- If you reached State Pension age before 6 April 2016, you need to have completed at least 30 qualifying years of NICs to receive the basic State Pension of £119.30 per week (2016/17 rate).
- If you reach State Pension age on or after 6 April 2016, your past NICs to that date will be used to calculate a 'Starting Amount' for the new State Pension. From 6 April 2016 you may be able to add 1/35 of the full amount to this each year, until you reach the full amount, or your State Pension age, whichever comes first. The full amount of the new State Pension is £155.65 per week (2016/17 rate). To get your individual forecast go to www.gov.uk/check-state-pension.

Please be aware that this only affects your State Pension and not your LGPS entitlement.

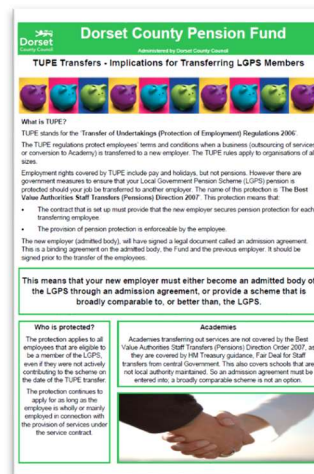
If you are concerned about your pension and would like to consider topping up your LGPS pension, more information can be found on the Topping up Pension Benefits factsheet at www.yourpension.org.uk/Dorset/In-the-Scheme/Publications

Useful information for members for members

TUPE factsheet

TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) regulations may protect you if your employer outsources services to a new employer. Although the TUPE regulations do not protect your pension provision there is an additional protection called The Best Value Authorities Staff Transfers (Pensions) Direction 2007. Under this protection your new employer would have to become an admitted body of the LGPS through an admission agreement, or provide a scheme that is broadly comparable to, or better than, the LGPS. On the DCPF website is a factsheet explaining the implications of TUPE for LGPS members.

www.yourpension.org.uk/Dorset/In-the-Scheme/Publications



Salary Sacrifice

Salary sacrifice is an agreement between you and your employer in which you give up part of your salary in exchange for extra benefits. As you will be earning a lower salary, you may pay less pension. Some salary sacrifice schemes may impact on your LGPS pension.

DCPF have created three factsheets explaining the impact of the different types of salary sacrifice, a general salary sacrifice, a car salary sacrifice and a Shared Cost Additional Voluntary Contributions (SCAVC) salary sacrifice factsheet.

www.yourpension.org.uk/Dorset/In-the-Scheme/Publications

The image shows the cover page of a factsheet titled 'Salary Sacrifice - Affects to Your Local Government Pension' from the Dorset County Pension Fund. It features a table with the following content:

SALARY SACRIFICE - AFFECTS TO YOUR LOCAL GOVERNMENT PENSION	
Child Care - Workplace Nursery Provision	Pension Not Affected
Child Care Vouchers	Pension Not Affected
Green Schemes - Provision of a Cycle or Cyclist's Equipment	Pension Not Affected
Green Schemes - Support for Public Bus Services	Pension Not Affected
Mobile Phones	Pension Not Affected

Flexible Retirement

If you would like to make a gradual move into retirement, you may be able to flexibly retire. Flexible retirement is an option available to members of the LGPS who have more than 2 years service and are aged over 55, subject to their employer's agreement. Every employer who offers the LGPS will have a policy on flexible retirement which should outline the conditions for taking it.

Flexible retirement allows you to reduce your contracted hours or move to a lesser pay grade and draw some or all of the pension benefits already built up. You will continue paying into the LGPS and build up a new pension in your ongoing (reduced) position.

As it is your employer's decision whether you are able to flexibly retire, subject to their policy, please contact them first to see if this is a possibility for you. Further details on flexible retirement can be found at www.lgpsmember.org/tol/thinking-leaving-when.php



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