

Dorset County Pension Fund Newsletter 2024



Included in this newsletter

- ✓ Lump Sum Death Grant nominations
- ✓ Cohabiting partner information
- ✓ Information on retiring
- ✓ Unpaid leave
- ✓ Contribution bands from 01/04/2024
- ✓ Lump sum tax restrictions
- ✓ McCloud Remedy

Welcome to your 2024 LGPS newsletter

Welcome to the 2024 newsletter for members who are actively contributing into the Local Government Pension Scheme (LGPS) with the Dorset County Pension Fund (DCPF).

This newsletter provides you with important information about your pension. If you have a query regarding any of the topics in this newsletter, please do not hesitate to contact a member of the DCPF team by email at pensionshelpline@dorsetcouncil.gov.uk

Lump Sum Death Grant nominations

The Local Government Pension Scheme (LGPS) provides a lump sum tax free death grant for members who die while still working and contributing to the LGPS. This death grant is a tax free lump sum payment of three times your pay. If you are already in receipt of another LGPS pension or have a deferred pension benefit in the LGPS, different rules will apply to any potential death grant.

If you have nominated someone to receive this death grant, this is displayed in your Annual Benefit Illustration 2024 on page 6. If this table does not show a name, you have not let the fund know your wishes. It is essential to keep this updated, so please make sure you check this page.

If this page does not show a nomination, or you would like to change your nomination, please do this on My Pension, the member online pension portal (details on page 3 on this newsletter) or by completing a form and returning it to DCPF. The form is available from the fund or online at www.dorsetpensionfund.org/forms-and-publications

This important life cover is included in your pension scheme benefits so please let the pension fund know who you would like to receive this money.

If the DCPF have a recently completed nomination your wishes can be taken into account when deciding who the death grant can be paid to. However the Dorset County Pension Fund maintains absolute discretion over who receives any lump sum death grant.

Please contact us:

Email:

Online Pension Portal

Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ

pensionshelpline@dorsetcouncil.gov.uk

<https://mypension.dorsetcouncil.gov.uk>

Do you live with your partner but are not married / in a civil partnership?

If I die will my partner receive any of my pension benefits?

If you are living with someone but are not married or in a civil partnership with them, they could receive some of your pension benefits. But you may need to take some action.

Will my partner receive a pension?



Are you living with someone you are in a relationship with, for 2 years or more?



Have you been free to be married or in a civil partnership, for 2 years or more?



Do you share your finances or is your partner dependant upon you financially?

If the answer to all of the above questions is yes and you were in the LGPS after 1 April 2008, your partner is an eligible cohabiting partner and should be able to receive a partner's pension if you die.

Entitlement to a partner's pension would be assessed at the date of your death and the pension fund will ask for evidence to decide if your partner is an eligible cohabiting partner.

If you are married or in a civil partnership at the date of your death, your spouse / civil partner will receive a partner's pension.

Will my partner receive my lump sum death grant?

If you are living with your partner but are not married, it is especially important that you complete a lump sum death grant nomination / expression of wish and write a will.

Without a recent nomination and a will, there may be difficulty with deciding who should receive the lump sum death grant. Please complete an updated nomination regularly, even if it is for the same person(s).

The legal status of cohabiting partners is not always clear so it important that you let us know your wishes and put your financial affairs in order.

Details on how you can make or update your death grant nomination are on page 1 of this newsletter.

Are you thinking of retiring this year?

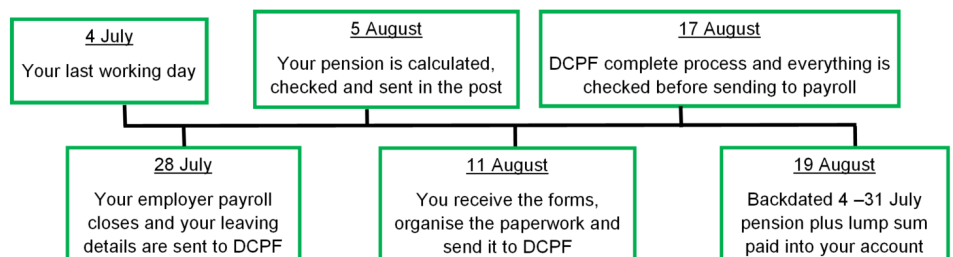
If you are thinking of retiring, it might be helpful to think about your pension benefits. You can visit the My Pension member portal and work out what your pension will be, or if the date is within 6 months you can contact the pension fund and ask for a formal estimate.

When will I get my first pension payment and my tax-free lump sum?

When you retire from your job, your employer will need to send your pay information to the Dorset County Pension Fund (DCPF). They will not be able to do this until after your last payroll has closed. When the fund have all the pay information from your employer they will work out your pension benefits and write to you with your pre-retirement pack. You will need to make your decisions and return the paperwork. Then your pension and any tax-free lump sum can be paid. Do not make any financial commitments until you have received your money.

Example timeline

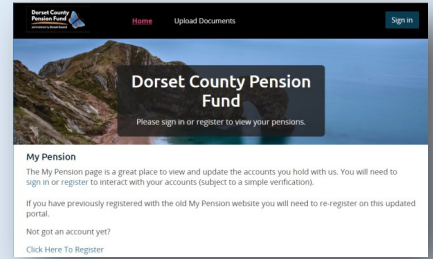
The pension fund can not pay your pension benefits before your retirement date, and it will more likely be up to a month after your date of retirement that you receive your first payment.



Would you like more information about your pension?

The Dorset County Pension Fund (DCPF) have an online member self serve portal where you can access details of your pension benefits.

- ✓ You can see how much your pension is worth when you retire.
- ✓ You can make or change your death grant lump sum nomination.
- ✓ You can change your address and marital status
- ✓ Plus much more...



Please visit <https://mypension.dorsetcouncil.gov.uk/>

Have you taken any unpaid leave?

Your pension benefits are worked out every year by dividing your pensionable pay by 49, this is the LGPS accrual rate. If you take any unpaid leave, your pension will be less because your pensionable pay will be less.

If your unpaid leave is authorised which includes;

- authorised leave
- additional holiday purchase scheme
- jury service
- unpaid additional maternity or adoption leave
- unpaid shared parental leave

you are able to buy back your lost pension.

Your employer must write to you after any authorised unpaid leave and offer you the chance to buy back your pension. This letter should include the process that you need to follow to protect your pension for your future. Further information can be found at

www.lgpsmember.org/your-pension/paying-in/if-you-are-away-from-work

LGPS pension contributions bands from 1 April 2024

The amount of pension contributions a member pays into the LGPS is adjusted each year in line with cost of living.

The amount of contributions you pay is based on the pay band your employer decides is correct for you. If you have more than one job, your employer will set your contribution rate separately for each job.

If your pay changes in the year, your employer may decide to review your contribution rate.

This table shows the pay bands and contributions rates that apply from April 2024.

If you have decided to move into the 50/50 section of the scheme, you will pay 50% of the normal contribution rate.

If your actual pensionable pay is:	You pay a contribution rate of:
Up to £17,600	5.50%
£17,601 to £27,600	5.80%
£27,601 to £44,900	6.50%
£44,901 to £56,800	6.80%
£56,801 to £79,700	8.50%
£79,701 to £112,900	9.90%
£112,901 to £133,100	10.50%
£133,101 to £199,700	11.40%
£199,701 or more	12.50%

Are you struggling paying your pension contributions?

If you are struggling to pay your pension contributions, you could move into the 50/50 section of the LGPS. If you are in the 50/50 section you will pay 50% of your normal pension contributions and receive 50% of the normal pension build up.

50
50

While you are in the 50/50 section you will still have all the valuable life cover, such as death in service lump sum and ill health retirements. A form for moving into the 50/50 section can be found at <https://dorsetpensionfund.org/forms-and-publications> or a copy is available from the DCPF.

Lump sum limits replace the Lifetime Allowance

Two lump sum limits were introduced from 6 April 2024. If the total of all lump sums you take from UK pensions is more than one of these limits, you will have to pay extra tax. Tax on any excess is charged at your marginal rate.

In the LGPS, you can generally take up to 25% of the value of your benefits as a lump sum. Most members will not be affected because the maximum lump sum they can take is much lower than the limits. If you have built up a large pension in the LGPS or a different scheme, the new limits may affect you. The lump sum allowance is currently £268,275, if the lump sums you take from all of your pension savings exceeds this amount, a tax charge may be due.

For most members, this will have no effect on the lump sum you can take from the LGPS. The limits will generally only affect members who have built up very large pensions.

Further information on the lump sum limits can be found at www.lgpsmember.org/your-pension/the-essentials/tax/

The McCloud remedy

When public service pension schemes changed from final salary schemes to career average schemes in 2014 and 2015, older members were protected from the changes.

In 2018, the Courts found that younger members had been discriminated against because the protection did not apply to them. Changes made to the LGPS from 1 October 2023 removes the discrimination found in the court case. These changes are called the McCloud remedy.

Not all LGPS members are affected by the changes. You can find more information on the national LGPS website, including a short video. Please visit www.lgpsmember.org/mccloud-remedy/. If you are affected, you do not need to write into the pension fund or make any decisions. If you are contacted by a third party organisation selling a service to help you claim additional pension, you should not engage with them.

As a member of the LGPS, you do not need to take any action to claim your protection under the McCloud remedy. If you qualify, the DCPF will automatically apply the protection when you take your LGPS pension.

Please remember:



- ! Check the pay used in your Annual Benefit Illustration leaflet.
- ! Let us know about any change of address.
- ! Ensure your death grant nomination (expression of wish) is up to date.

Disclaimer

Information in this leaflet is correct at the time of printing and is provided for information purposes only. We cannot cover personal circumstances and any advice given does not affect your statutory rights or over-ride existing legislation.