# Welcome to your Dorset County Pension Fund
# **Annual Benefit Illustration 2026**

Dorset County Pension Fund
administered by Dorset Council

lgps | Local Government Pension Scheme

Dear

Welcome to your 2026 Annual Benefit Illustration from the Dorset County Pension Fund (DCPF).

This Illustration includes:

- The value of your pension to 31 March 2026, including cost of living increases.
- An estimate of what your pension may be when you reach your Normal Pension Age.
- Helpful explanations to make the information easier to understand.
- Information on your McCloud Underpin

Please read this booklet carefully and keep it somewhere safe for future reference. Check that your personal and membership details are correct and let us know if anything needs updating.

The pay figures used in this illustration have been provided by your employer. If you believe they are incorrect, please contact your employer directly. They will investigate your query and, if any of the pay figures are found to be incorrect, they will notify us so that the records can be updated.

To help you understand your illustration, we are holding a series of presentations explaining the information provided. Further details can be found in the accompanying newsletter.

If you have any questions or need to update your details, please contact us in writing, by post or by email. Our contact details can be found at the end of this illustration.

Kind regards,

Dorset County Pension Fund

## Personal details

Please check this section carefully and notify us of any incorrect personal information. If we do not hold your partnership details or they are incorrect, please notify us in writing, enclosing photocopies of your:

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

A partner's pension will only be shown on this illustration if we hold your marital status as married, civil partnership or cohabiting partner, as shown below. Regardless of the status currently held on our records, a partner's pension would be paid if applicable.

**Full name:**

**Date of birth:**

**Partnership status:**

**Employer at 31/03/2026:**

**Date joined Scheme:**

**Post ref number:**

**Section of Scheme at 31/03/2026:**

**Actual Pensionable Pay:**

**Full Time Equivalent Pensionable Pay:**

If you have more than one active post each will have a separate pension record and illustration. Statements are only issued for employments that commenced before 1 April 2026.

**You require two years' Scheme membership to qualify for a pension in the Local Government Pension Scheme (LGPS), unless you have transferred in previous pension entitlements. If you leave with less than two years' membership you may not qualify for the benefits in this Illustration.**

## Present value of scheme benefits at 31 March 2026

| | |
|---|---|
| **Total pension at 31 March 2026:** | **(paid each year)** |
| **Partner's pension:** | **(paid each year)** |
| **Automatic lump sum:** | **(for pre 2008 membership only)** |

The above figures show the current value of your LGPS benefits accrued up to 31 March 2026, assuming you retire on or after your State Pension Age, which is the Normal Retirement Date (NRD) for Post 1 April 2014 LGPS scheme benefits. Your provisional McCloud remedy underpin is not included, further details on page 6.

A partner's pension will only show if your held partnership status is married, civil partnership or cohabiting.

## Projection to Normal Retirement Date

| | |
|---|---|
| **Normal Retirement Date (NRD):** | |
| **Projected Total Pension at NRD:** | (paid each year) |
| **Projected Partner's Pension at NRD:** | **(paid each year)** |
| **Automatic lump sum:** | **(for pre 2008 membership only)** |

The above figures have been calculated, based on a projection of your accrued pre April 2014 Final Salary benefits, if applicable, plus your CARE benefits up to your Normal Retirement Date (NRD). If taken earlier than your NRD, reductions will apply for early access. Your provisional McCloud remedy underpin is not included.

## Pension Debit amounts resulting from Pension Sharing Order(s)

| | |
|---|---|
| **Current value of Pension Debit:** | (each year) |
| **Current value of Lump Sum Debit:** | **(for pre 2008 membership only)** |
| **Current value of Spouse's Pension Debit:** | (each year) |

Any debits shown above are deducted from the figures in this statement. However, the actual amount of your deductions will be calculated when your benefits are drawn.

# Information on your pensionable pay

Your pension entitlement is calculated using the pay provided by your employer.

**Actual Pensionable Pay:** **Full Time Equivalent Pensionable Pay:**

Please check the pay figures above carefully as if these figures are incorrect, it will affect your pension when you retire. Any queries regarding these pay figures must be sent to your employer.

**Your Actual Pensionable Pay (CARE Pay) is:**

- ✓ the actual pensionable pay received this financial year,
- ✓ provided by your employer, and
- ✓ includes any additional amounts due to lost pay from sickness or paid maternity, paternity or adoption.

This pay figure is used to calculate the amount of pension earned in a year.

**Your Full Time Equivalent Pensionable Pay (Final Pay) is:**

- ✓ provided by your employer,
- ✓ the amount you earn if you worked full time over the 12 months up to 31 March 2026,
- ✓ if you work part time, this figure is your pensionable pay adjusted to the amount you would receive if you worked full time.

This pay figure is used to calculate the pension you built up before 1 April 2014 and any automatic lump sum relating to membership before 1 April 2008.

If you are eligible for a McCloud underpin, this figure will be used to calculate any additional pension due.

**Reductions to pay**

In cases of sickness, injury or contractual parental leave your Actual Pensionable Pay (CARE pay) includes amounts added by your employer to ensure you don’t lose out on pension for this year. In cases of authorised unpaid leave (including unpaid parental leave) your CARE pay will be lower. Your employer should have informed you how you could make up this shortfall.

## Additions and debits from your pension

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 this illustration, but you should receive an annual illustration directly from your AVC Provider.

Any Pension Sharing Order debits or Scheme Pays Offsets for Annual Allowance tax charges are included in the figures shown throughout this statement. .

## Taking a tax-free lump sum at retirement

When you retire, you can choose to take some of your pension benefits as a tax-free cash lump sum. To do this, you give up part of your annual pension. For every £1 of annual pension you give up, you will receive £12 as a tax-free lump sum.

Current tax rules generally allow you to take a lump sum of up to 25% of the total value of your pension benefits. When you retire full details showing the maximum amount available to you and the different options you can choose from will be sent to you.

If you have pension membership before 1 April 2008, you may also be entitled to an automatic tax-free lump sum. This is calculated using your membership before 1 April 2008 and Full Time Equivalent Pay (Final Pay).

## Online Access to your Pension

My Pension is an online member self serve portal which allows you to view your pension information, estimate how much your pension could be when you retire, check your service history, update your personal circumstances and make or change your death grant nomination status.

Visit mypension.dorsetcouncil.gov.uk to log in or register for My Pension.

# McCloud Underpin information

The McCloud underpin provides protection for eligible members by comparing the pension benefits built up in the remedy period between 1 April 2014 and 31 March 2022 under both the CARE scheme (from 1 April 2024) and the final salary scheme (membership before 1 April 2014). At retirement, you will receive the higher of the two benefits for this period.

As your pension benefits may change before retirement, any underpin currently applicable is only an estimate and may increase, decrease, or change before your final benefits are calculated. Your final entitlement will be confirmed when you retire.

Any McCloud underpin calculation is based on the pension records we hold, including your service history and contractual weekly hours during the remedy period. You can check these details at any time through My Pension (see page 5 for details) and should ensure they are accurate.

If you are entitled to a provisional McCloud underpin, **this has not been included in this illustration** due to delays in the delivery of the required software. We expect to be able to include this in future illustrations.

If your benefits are affected by the McCloud remedy, we will issue you with a revised illustration once the software is available, which we anticipate will be in the autumn. We expect this to affect approximately 5% of the members who are in scope. Therefore, even if you are in scope for the McCloud remedy, it is likely that your benefits will not be affected, and you will not receive a revised illustration.

For most members, the benefits provided by the LGPS CARE scheme introduced in 2014 are more valuable than those that would have been built up under the previous final salary scheme. This is why only a relatively small proportion of members are expected to receive a McCloud underpin at retirement.

## Life cover and family protection

If you die while still working and paying into the LGPS, your family is supported. The LGPS 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 partner or eligible cohabiting partner.
- a pension may be payable for a child, for as long as they remain eligible.

**Lump Sum death grant:** **£**
**Partner's pension:** **£** each year

Deferred and some pensioner members are also entitled to a lump sum death grant. But you may be only entitled to one death grant where multiple, separate entitlements exist.

The current nominee(s) to receive a death grant upon your death is shown in the table.

| Beneficiary | Percentage of benefits payable |
|---|---|
| | |

If you would like to nominate or change your existing nomination details, you can amend your details on My Pension, our member portal, details on page 5.

Alternatively, please complete and return an 'Expression of Wish' form. Details of where to find this form are on the back page.

**The DCPF Administrator has absolute discretion over who receives any lump sum death grant.**

# 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 Full Time Equivalent Pay (Final Pay) at leaving. Membership prior to 1 April 2008 is based on 1/80th of your Final Pay, plus 3/80th as a tax-free lump sum. Between 1 April 2008 and 31 March 2014, for each year of membership or part thereof, you will receive 1/60th of your Final Pay.

**Pensionable Service used in your Pre 1 April 2014 pension calculation**

Pre 1 April 2008 Membership:

Membership from 1 April 2008 to 31 March 2014:

## Membership

For Final Salary pension calculations, your membership is the number of years and days before 1 April 2014 that you were a member of the LGPS. This 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 amount of weeks per year.

## Full Time Equivalent Pensionable Pay (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 2026.

For part-time employees the Final Pay used will be the full time equivalent for your employment.

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 Consumer Prices Index (CPI). Although last year's 1.7 % cost of living adjustment is shown on the illustration, the 3.8% increase due for this year is not shown. This is because the cost of living adjustment is applied each year in April, after the date of this illustration.

In this example a member whose pensionable pay in the year 1 April to 31 March was £22,000 accrued an annual pension of £456.61, this annual income will be paid monthly throughout retirement.

Every subsequent year a further amount of annual pension would then be added to the pension account, this amount would be paid annually in retirement, once you have 2 years or more membership of the LGPS.

**Example:**
**£448.98 added to pension account**
**plus cost of living adjustment**
**£448.98 x 1.7% = £ 456.61**
**(includes £7.63 CPI)**

## 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 accrual during that time. However, you would still have full ill health and death benefits while a member of the 50 / 50 section.

# Pensions Tax

### The Annual Allowance (AA)

Your annual allowance is the amount by which the value of your pension benefits may increase in any one year without having to apply a tax charge. Any pension growth over the 2025/2026 AA of £60,000 may be subject to tax at your highest tax rate.

Promotions and high pay increases may cause a breach of your AA. If you have breached the £60,000 limit or are close to breaching it, we will check your pay figures carefully and write to you individually by October 2026.

Please be aware that you are responsible for your own tax liabilities, DCPF are only able to inform you of the amount of annual allowance you have used within the DCPF fund. If you have contributed to another pension scheme in the year, you will need to assess the combined annual allowance of all pensions.

### Lump Sum Tax restrictions

HM Revenue and Customs limits the amount of tax-free lump sum you can take when your pension is paid to you.

From 6 April 2024, the maximum lump sum is the lowest of:

- 25% of the capital value of your benefits
- £268,275
- £268,275 less the total lump sums you have already taken.

The Lifetime Allowance was removed from 6 April 2024. However, if you hold a valid Lifetime Allowance protection, you may be able to take a lump sum that is larger than £268,275.

### Pensions Tax and Additional Pension Payments

If you are paying additional amounts into your pension account using Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs), you should be aware that this may cause a large increase to your pension input amount in the year. This could cause you to breach the £60,000 Annual Allowance limit.

## Further information and disclaimer

Please do not use this illustration for retirement purposes. If you are thinking of retiring, please obtain an estimate from Dorset County Pension Fund.

In the event of any dispute over your pension benefits the appropriate legislation will prevail. These calculations are based on the information available at the time and every care has been taken to ensure their accuracy. If you have any reason to believe that the calculations made or the information we have used is wrong (either to your benefit or detriment) you must notify us immediately.

The Dorset County Pension Fund reserves the right to adjust the calculations if they are found to be incorrect or if circumstances change, and to change payments accordingly. This notice of your benefits does not confer any legal or contractual obligation on either you or the Dorset County Pension Fund and is provided on that basis.

**The Dorset County Pension Fund will only be liable to pay those benefits to which you are lawfully entitled.**

# Contact us

If you have any queries concerning your annual benefit illustration, which are not pay related, please contact us **in writing**, quoting Annual Benefit Illustration 2026:

**Email:**

**pensionshelpline@dorsetcouncil.gov.uk**

**Post:**

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

**Online:**

**https://mypension.dorsetcouncil.gov.uk/**

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: **www.dorsetpensionfund.org**

More information can be found on the LGPS members website at: **www.lgpsmember.org**