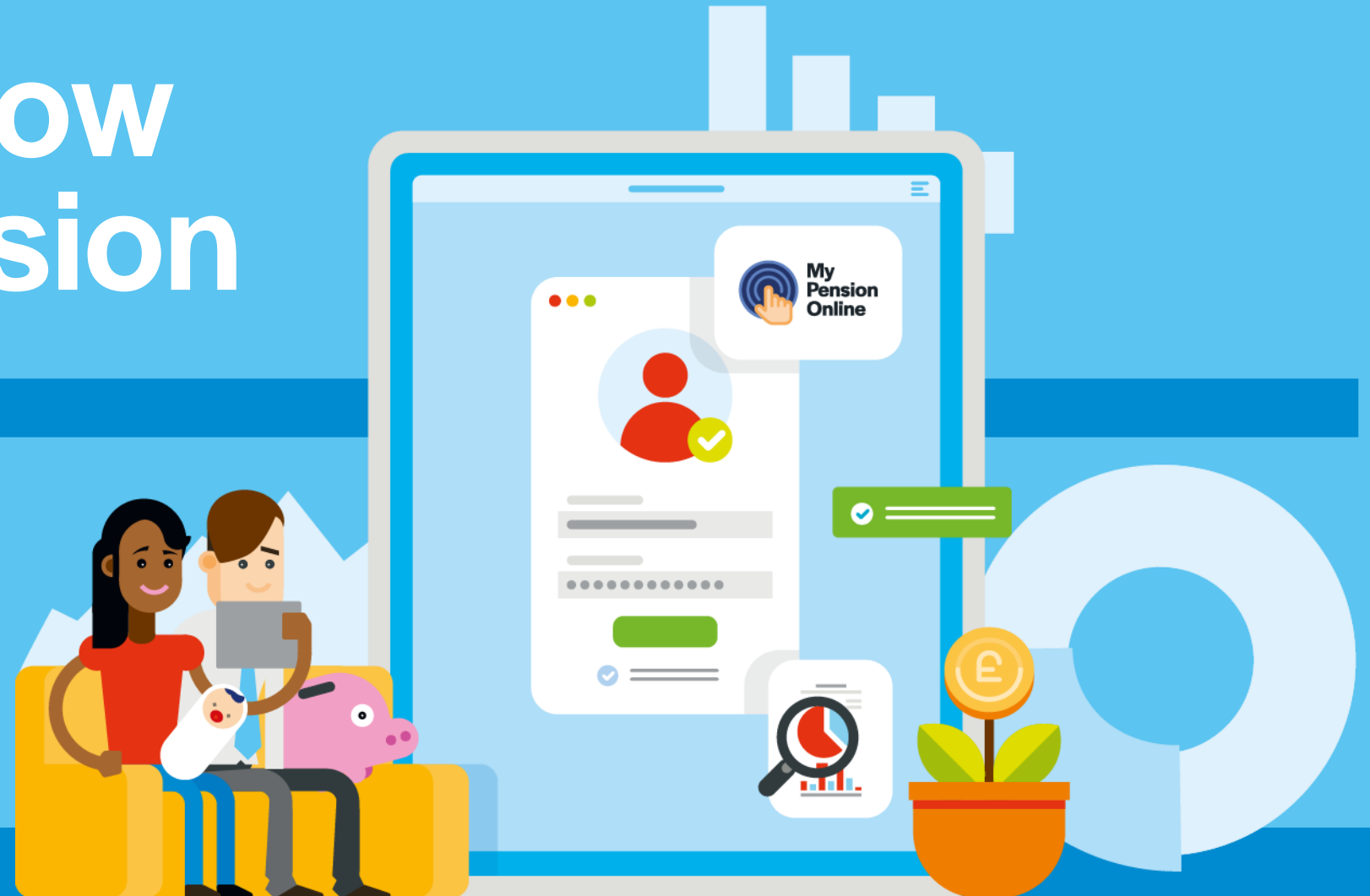


Get to know your pension





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Pension FAQs from active members



What does my employer pay?

Can I get a lump sum?

When can I retire?

Can I get a quote?

How does my pension build up?

What happens to my pension when I die?

What will I get when I retire?

How do I register to view my pension?

About the Local Government Pension Scheme (LGPS)





The LGPS

- Local Government Pension Scheme (LGPS)
- One of the largest defined benefit schemes in
- 86 funds in England and Wales
- Administered locally



Employers	Members
14,448	6.2m

Fund value
£342 billion



**Shropshire
County
Pension Fund**

Employers	Members
221	48,429

Fund value
£2.3 billion



How the LGPS works

- LGPS is a Public Sector Defined Benefit (DB) scheme
- Benefits calculated using a formula set by legislation
- Annual pension payable for life
- Option to convert some pension to a tax-free lump sum
- Your pay and membership are used to calculate pension
- Data provided by your employer monthly
- Not linked to investments
- Let's look how it builds up.....





How does my pension build up in the CARE scheme?

1 April 2014 onwards
1/49th of pay
CARE scheme

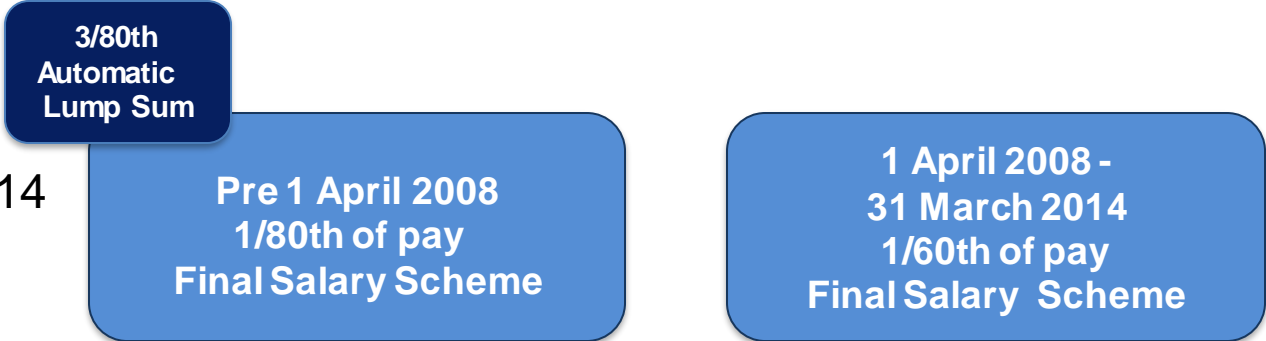
- Career Average Revalued Earnings (CARE) scheme for membership from 1 April 2014
- Your annual pensionable pay divided by 1/49th each year

Scheme year	Opening Balance	Pension built up in year = Annual pay / LGPS accrual rate	Revaluation adjustment (example % only)	Closing balance
1	£0.00	£23,500 / 49 = £479.59	2.50%	£491.58
2	£491.58	£24,000 / 49 = £489.79	2.75%	£1,008.36
3	£1,008.36	£24,500 / 49 = £500	3.50%	£1561.15



Membership before 1 April 2014? Final salary

- Membership before 1 April 2008
- 1/80th of your final pay (plus an automatic lump sum of three times your pension)
- Membership from 1 April 2008 and 31 March 2014
- 1/60th of your final pay
- Your final pay is usually your pensionable pay in the year you leave the scheme. *(Pay from one of the previous two years can be used if higher)*



Example (3 years pre 2008 and 6 years post 2008)

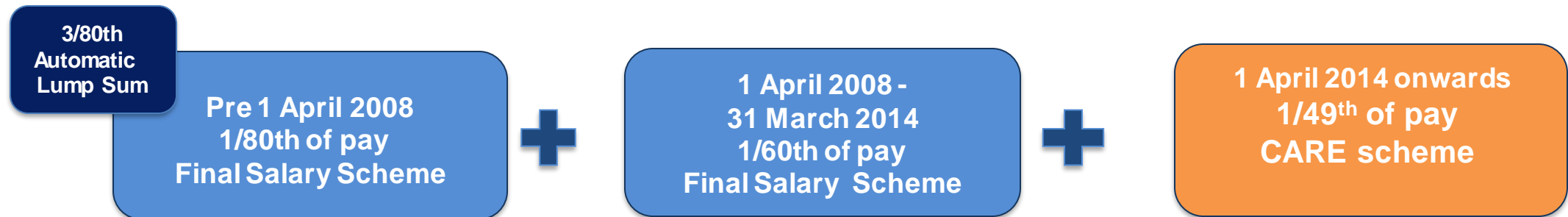
$$£24,500 \times 3/80 = £918.75$$

$$£24,500 \times 6/60 = £2450.00$$



Combination of final salary and CARE?

- Members of both schemes will have 'pots' of final salary and CARE benefits
- One pension paid on retirement
- Option to convert pension into tax-free lump sum (within HMRC limits) - for every £1 of annual pension you give up, you get £12 lump sum





Other key features

1. Tax relief on your contributions (possible tax-free lump sum when you retire)
2. Your employer also pays in (approx 2/3rds of cost)
3. Option to pay half contributions to build up half your benefits.
4. Protection if you have to retire early because of ill health.
5. You can retire at any time from 55-75.
6. After retirement, your pension will go up in line with inflation.
7. You can retire at any time from 55-75.
8. Survivor's pensions for spouse/partner and 'eligible' children.
9. A death grant of 3 times your pay paid to your loved ones.





When can I retire?

- Normal Pension Age (NPA) = when benefits are paid unreduced now linked to State Pension Age (minimum 65) for CARE benefits only
- State Pension Age now - age 66 for women and men. For those born after 5 April 1960, there will be a phased increase in State Pension age to 67, and eventually 68
- Final salary benefits still linked to age 65
- Early retirement in the LGPS from 55+ (without employers permission but with reduction to benefits)
- LGPS benefits must be paid by age 75





Types of retirement

Early retirement (before NPA)

- Payment from age 55 and your pension reduced

Normal retirement

- CARE benefits are paid unreduced at your State Pension Age
- NPA is age 65 for final salary benefits

Late retirement (after NPA)

- Benefits paid without reduction and increased for being paid later (must be paid before age 75)

*Note: except for flexible retirement, retiring and taking your pension means ending your employment

Redundancy or efficiency retirement

- Over age 55 and in the scheme two years or more - benefits paid immediately
- No reductions applied to benefits (however APC's or SCAPC's will be reduced)

Flexible retirement

- Take some or all of pension and continue working either in reduced hours or grade
- Employers discretion and you must be over 55

Ill health retirement

- Your employment is terminated due to ill health
- Your employer awards you an ill health pension (any age) if you meet the regulatory criteria



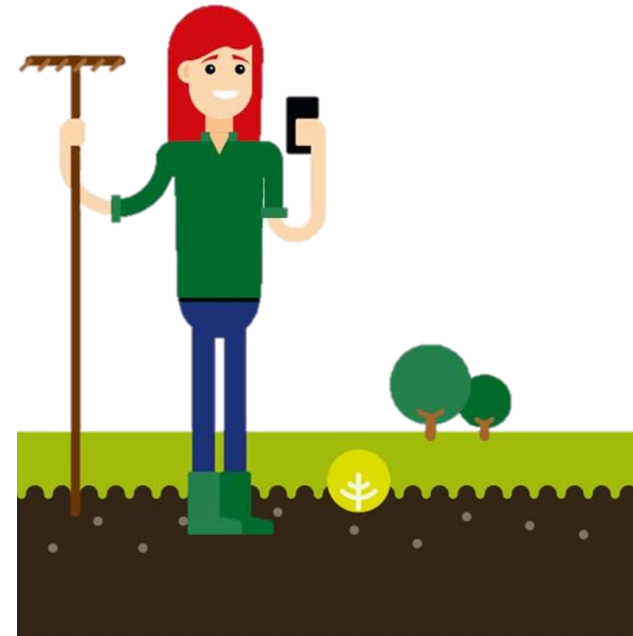
Early retirement reductions

	Pension reduction	Lump sum reduction (for membership to 31 March 2008)
Years early		
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	N/A
12	44.0%	N/A
13	46.3%	N/A

What happens if I leave before Normal Pension Age (NPA)?

Depending on your age when you leave the scheme, there are three options;

1. If under 2 years' service - refund of contributions (providing certain conditions are met)
2. Award of deferred benefits payable at NPA (or from 55 with a reduction)
3. Transfer out to another pension scheme (not within a year of NPA)





What do I pay?

- Contribution rate you pay is based on actual pensionable pay – including overtime and additional hours - between 5.5% and 12.5%
- Pensionable pay does not include:
 - Travelling or subsistence allowances
 - Pay in lieu of notice
 - Pay in lieu of lost holidays
 - any payment as an inducement not to leave
 - any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay
 - pay relating to loss of future pensionable payments or benefits
 - any pay paid by your employer if you go on reserve forces service leave (apart from some historical cases)
 - the monetary value of a car or pay received in lieu of a car.
- Check your payslip



Can I pay more?

Additional Pension Contributions (APC's)/Shared Cost Additional Pension Contributions (SCAPC's)

- Replace pension contributions lost through child-related leave, strike breaks and unpaid leave or
- Make Additional Pension Contributions (APCs) up to £7,352 (April 2022)
- Shared Cost APCs – **must elect within 30 days of return** e.g. Authorised no pay & child-related absences

Additional Voluntary Contributions (AVC's)

- AVC'S allow you to build up extra savings for retirement
- Shropshire County Pension Fund's AVC provider is the Prudential
- Further information contact The Prudential on 0800 032 9550 or

Visit <https://www.lgpsmember.org/help-and-support/tools-and-calculators/buy-extra-pension-calculator/>





Can I pay less?

- The 50/50 section allows you to reduce your contributions by half and build up half your normal pension benefits.
- The 50/50 election form is on our website and must be sent to your employer.
- Alternative to opting out completely



2023/2024		
If your pay is:	Main section contribution rate:	50/50 section contribution rate:
Up to £16,500	5.50%	2.75%
£16,501 to £25,900	5.80%	2.90%
£25,901 to £42,100	6.50%	3.25%
£42,101 to £53,300	6.80%	3.40%
£53,301 to £74,700	8.50%	4.25%
£74,701 to £105,900	9.90%	4.95%
£105,901 to £124,800	10.50%	5.25%
£124,801 to £187,200	11.40%	5.70%
£187,201 or more	12.50%	6.25%



Death benefits

- Death in Service Lump sum of 3x pensionable pay to nominated person(s) - make sure you keep this updated
- Pension paid to survivors for the rest of their life – spouse, civil partner or eligible cohabiting partner
- Pension could be payable to eligible children up until age of 18 or up to aged 23 and in full-time education or vocation training.





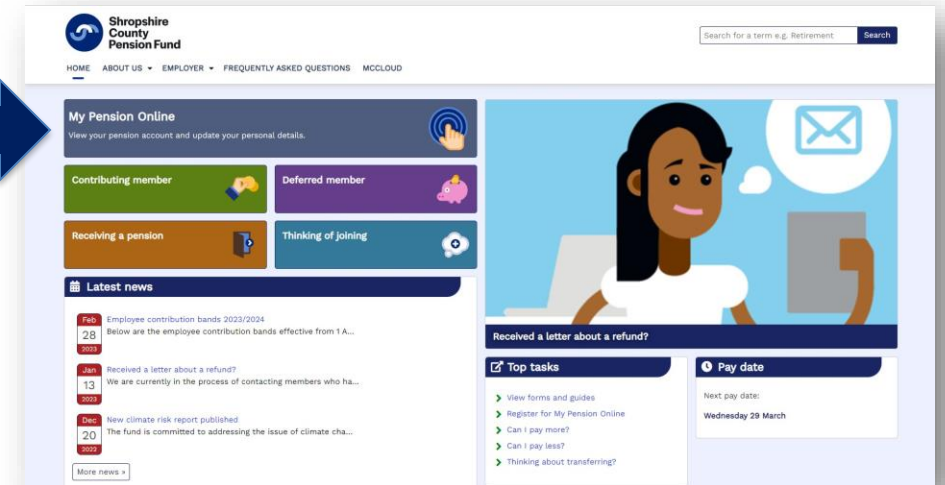
My Pension Online



The secure members' area allows you to:

- ✓ View your latest benefit statement
- ✓ Update personal details
- ✓ Make death grant nominations
- ✓ Check pay details are correct
- ✓ Calculate retirement benefits using benefit projectors
- ✓ Upload documents

Not registered?
Visit our website and click 'My Pension Online'.





Planning your retirement

- Register for 'My Pension Online'
- Understand what type of retirement you're going to take
- Talk to your employer – some retirements require their permission
- Until final pay is known and provided by your employer - only provisional figures available
- Forms to complete with choice of two options; standard benefits (and lump sum if you have pre-08 service), and converted benefits giving you lump sum option
- **CANNOT EXPECT PAYMENT THE DAY AFTER RETIREMENT**



Tax free lump sum paid ASAP

Pensions are paid on the 29th of each month



McCloud remedy – no action required

When the LGPS changed in 2014 to a CARE scheme protections were provided to older members. An employment tribunal decided that the rules were unlawful and unfair to younger members. Revised rules expected later this year, but you don't need to do anything – we will automatically apply the protection if it applies to you

Pensions Dashboard

Government want a national dashboard so individuals can access all pension scheme information. Original deadline was 31 August 2023 for schemes to start connecting but Government recently announced this will be updated due to delays nationally.

Spring Budget 2023

Quite a few changes to pensions taxation. Highlights:

Removal of Lifetime Allowance limit from April 2024
Increase of Annual Allowance limit from £40,000 to £60,000

Thank you for listening. Any questions?



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www.shropshirecountypensionfund.co.uk