



Annual benefit statement 2025 guidance notes

We have provided these notes to explain your Local Government Pension Scheme (LGPS) annual benefit statement 2025 for your active job. They cannot cover every circumstance, and if there is a dispute, the appropriate law will apply. They do not give you any rights under a contract by law. Your statement does not take account of any deductions that would be due if you take payment before normal pension age, have an annual allowance tax charge or a pension sharing order in place.

Please make sure you read the newsletter issued with your statement for the latest LGPS news.

It is important that you check the information in your statement. If something is not right, contact the Pensions Team. Your employer provides the pay used. If you think it is wrong, please contact them.

Personal details

Your name: If you have changed your name, we will need a copy of your marriage certificate or change of name deed so that we can update your pension record.

Partnership status: Your partnership status shown on your pension record is shown here. If it is not correct, please contact the Pensions Team.

Employer: This is your employer at 31 March 2025. If you were paying into the scheme for more than one job at this date, you will receive an annual benefit statement for each job.

Date joined scheme: This is the date you joined the pension scheme in this job.

Section of LGPS: Since 1 April 2014, the LGPS has two sections to it – the main section and the 50/50 section. The section you were a member of on 31 March 2025 is shown on your statement.





CARE pensionable pay in main section: From 1 April 2014, your pension builds up in the Career Average Revalued Earning (CARE) scheme and your benefits calculated using your CARE pensionable pay during a scheme year (1 April to 31 March), which is provided by your employer.

If you paid into the main section of the scheme during the year to 31 March 2025, the figure given for 'CARE pensionable pay - main section' is the pensionable pay you received while paying into the main section. If you work part-time, your pensionable pay represents your actual pay and is not a full-time equivalent.

The definition of pensionable pay in the CARE scheme includes any pay received for extra hours worked, such as overtime and additional hours. This part of your earnings is not included in the final salary calculation of your pensionable pay (if applicable), unless overtime or additional hours forms part of your contract, so in some instances, your CARE and final salary pay may be different.

If you have been off work due to sickness, injury or during relevant child-related leave and you received reduced or no pay, the pensionable pay figure used to work out your pension for this period is your assumed pensionable pay (APP). APP is worked out as the pay you were receiving before your pay reduced or stopped. This means that you will continue to build up a similar pension to what you would have had if you had been working normally and receiving pay.

If you have any period of relevant child-related leave (for example, ordinary maternity leave, paternity leave, adoption leave, paid shared parental leave or any paid additional maternity or adoption leave), the pensionable pay figure used to work out your pension is also your APP. ('Ordinary' maternity leave is the first 26 weeks of maternity leave and 'additional' maternity leave is the last 26 weeks.)

Any period of unpaid additional maternity or adoption leave will not be included. You can buy pension 'lost' during these periods by choosing to pay additional pension contributions (APCs). An APC calculator is available on the national LGPS website at www.lgpsmember.org.

If you are a member of the 50/50 section who goes onto nil pay while on child-related leave or sick leave, you will be put back in the main section from the beginning of the next pay period.



For a full explanation of final salary and CARE pensionable pay and how any periods of authorised unpaid leave may affect it, please visit the fund's website.

CARE pensionable pay in 50/50 section: If you paid into the 50/50 section of the scheme during the year to 31 March 2025, the figure shown in your statement is the pensionable pay you received while paying into the 50/50 section.

The pay figure is based on the definition of CARE pensionable pay above. If a figure is shown, it means you have chosen to be in the 50/50 section. Your 50/50 section CARE pensionable pay is split from your main section CARE pensionable pay so that you can check the pension you have built up in each section. If you were a member of both the main section and the 50/50 section of the scheme during the scheme year, you will have figures for both.

Final salary pensionable pay: If you became a member of the LGPS before 1 April 2014 or have transferred in membership with a final salary link, your final salary pay shown in your statement is your full-time equivalent pay for the year to 31 March 2025. This information has been provided by your employer. If you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, this will show as zero. The definition of pay in the final salary scheme includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime or additional hours), maternity pay, paternity pay, adoption pay, and any other benefit that is taxed and is shown in your contract as being pensionable.

Summary of your total benefits

This section shows the values of your final salary benefits (if this applies) and your CARE pension at 31 March 2025. Although the final salary and CARE pension parts are worked out differently, they form a single benefit, with both parts added and paid together when you take your benefits. It assumes that you will take your pension benefits at your normal pension age (NPA), which is the date you reach age 65 or your State Pension age (whichever date comes later).

Your NPA is the date at which you can take the benefits you have built up, without any reductions. The benefits shown in this section will be reduced if they are paid before your NPA. This statement does not show that reduction, but you can use the benefit calculator in 'My Pension Online' to see how much it might be. To get LGPS pension benefits, you need to have paid into the scheme for at least two years or transferred pension from another



scheme. If you leave before two years, you might not qualify and can usually get a refund of your contributions.

Annual pension: This is the value of your pension at 31 March 2025, including your final salary pension (membership up to 31 March 2014) and CARE pension (for membership from 1 April 2014), which would be paid unreduced at your NPA and once your employment ends.

Lump sum retirement grant: This is the lump sum relating to your membership before 1 April 2008 and is paid when you take your pension benefits. If you were not a member of the LGPS before 1 April 2008, this section will show as zero.

Tax and pension benefits

End of the lifetime allowance

Until 6 April 2024, there was a limit on how much pension you could build up before paying extra tax—called the lifetime allowance—but this rule has now been removed.

What has replaced the lifetime allowance?

Two lump sum limits were introduced from 6 April 2024. There is no limit on the amount of pension you can receive, but there is a limit on how much cash you can take from UK pensions before you have to pay extra tax.

In the LGPS, you can generally take up to 25% of the value of your benefits as a cash lump sum when your pension is first paid to you. Most members will not be affected because the maximum lump sum they can take is much lower than the new limits. If you have built up a large pension in the LGPS or a different scheme, the new limits may affect you.

If you have already been paid a pension or a lump sum from a UK pension scheme, you have already used up some of your lump sum allowance.

If you do exceed the limit, you will have to pay tax at your marginal rate.

Find out more about the new lump sum limits and transitional protections on the LGPS Tax page or on our website.

Annual allowance: The annual allowance is the limit set by HMRC on how much your pension can grow in a year before you might have to pay extra tax. The increase in the value of your LGPS pension savings is known as the 'pension input' amount. The pension input



amount includes any additional voluntary contributions (AVCs). You will only have a tax charge if the value of your pension savings for a tax year increases by more than the annual allowance and you do not have enough 'carry forward' from previous years.

The period your pension is measured over to assess its growth against the annual allowance is known as the pension input period (PIP). This runs from 6 April to 5 April each year. If you have other pensions, you will need to include those too when working out your pension input amount.

There is a 'carry forward' which allows unused allowance from the three previous pension input periods to be used if you have any excess in the current year.

For most people, the annual allowance for the 2024/25 tax year was **£60,000**, but some may have a lower limit called a **tapered annual allowance**. If your pension input amount is more than the annual allowance, the fund will send you a pension savings statement by 6 October 2025. You can also check your annual allowance on 'My Pension Online'. You can access this by selecting 'update my details', 'employment details' then, 'view my financial details'. This screen takes into consideration your annual allowance used up across your LGPS pensions in the Shropshire County Pension Fund.

Your annual benefit statement does not take account of any deductions that would be due because you have decided to pay an annual allowance tax charge from your pension benefits.

There is more information about tax and your pension on our website.

Maximum lump sum retirement grant option

When you draw your pension benefits you will have the option to exchange part of your pension for a lump sum, to increase any lump sum you may already have relating to your membership before 1 April 2008 or to give you a lump sum if you don't currently have one. HMRC limits will apply and every £1 of your annual pension you give up provides a lump sum of £12. Under current HMRC rules, the lump sum retirement grant is tax-free.

Reduced annual pension: This is the value of your reduced pension if you choose to take the maximum lump sum retirement grant allowed under HMRC rules.



Lump sum retirement grant: This is the value of your increased lump sum you can receive if you reduce your annual pension and paid unreduced at your normal pension age. These figures do not include any 'in-house' additional voluntary contribution (AVC) fund you may have. You will get a separate statement showing your in-house AVC fund value.

Death in service benefits

The benefits shown in this section are worked out based on your pay information up to 31 March 2025.

Death in service lump sum death grant: If you die while you are an active member of the LGPS, a death grant is paid. The amount of the death grant would be three times your assumed pensionable pay. If you die while you are an active member and also have deferred benefits in the LGPS, or are receiving an LGPS member pension (that is, not a survivor's pension) or a suspended 'tier 3' ill-health pension (or both), the amount of the death grant would be the greater of:

- the total of all death-in-service lump sums; or
- the total of all death grants from the deferred pension, pension in payment, or suspended tier-3 ill-health pension records.

Annual survivor's pension: A survivor's pension is paid if you die and you have a husband, wife, civil partner, or a partner you live with who qualifies for it.

We have used the partnership status we have on our records. If our records show you are single, no benefit will be shown. No survivor's pension (other than to an eligible child) will be paid if you are single and are not survived by an eligible cohabiting partner at the date of your death.

If you have declared a cohabiting partner, the survivor's benefit is worked out as follows.

- For membership up to 31 March 2014: 1/160th of your final salary, for each year of your membership up to 31 March 2014, not including any membership built up before 6 April 1988 unless you chose to pay additional contributions to make it count.
- For membership from 1 April 2014: 1/160th of the pensionable pay or assumed pensionable pay you received in each year, plus a proportion of any transfer of pension rights credited to your pension account, plus an enhancement equal to 1/160th of your



assumed pensionable pay for each year of membership you would have built up from the date of your death to your NPA..

If your status on our records is married or in a civil partnership, the survivor's benefit is worked out as follows:

- For membership up to 31 March 2014: 1/160th of your final salary for each year of your membership up to 31 March 2014.
- For membership from 1 April 2014: 1/160th of the pensionable pay or assumed pensionable pay you received in each year, plus a proportion of any transfer of pension rights credited to your pension account, plus an enhancement equal to 1/160th of your assumed pensionable pay for each year of membership you would have built up from your date of death to your NPA.

Survivor's pensions may be paid to eligible children. However, the rates of these pensions are not shown on your annual benefit statement.

If you have not told the fund your partnership status, when you die any eligible survivor's pensions will still be paid if the fund receives the relevant marriage or civil partnership certificate or, in the case of cohabiting partners, evidence that they meet the requirements for receiving a survivor's benefit. Please see our website for more details about the requirements that cohabiting partners need to meet to qualify for a survivor's benefit.

The survivor's pension shown on your statement is based on the total of your final salary survivor's pension built up to 31 March 2014, any added years bought, any additional regular contributions (ARCs) that included a survivor's pension element, and the survivor's pension due under the CARE scheme. If you die after leaving the LGPS, a survivor's pension is still paid but could be a lower amount. For more information about how survivor's pensions are worked out, please visit the fund's website.

Your 'expression of wish' details for any lump sum death grant: Please check who you have nominated to receive any death grant that may be due when you die. If this section is blank, please update your details online through 'My Pension Online'. You can nominate whoever you wish to receive your death grant, but, as an 'expression of wish,' this is not legally binding. The fund decides who to pay the lump sum to. If you do not make a nomination, any death grant payment may not automatically be paid to your next of kin.



Your Career Average Revalued Earnings (CARE) benefits up to 31/03/2025

This section shows your CARE pension as at 31 March **2025** and any in-year build up including:

- Any extra pension you bought during the year through APC or SCAPC.
- Any CARE pension added from transferring in other pensions (shown under 'Transfers in').

If you bought extra pension or transferred benefits before 1 April 2024, they will not appear in this section but are still included in your total pension calculation.

Your total CARE pension account in the year to 31/03/2025

Previous closing balance: Your CARE pension balance from the previous year.

Adjustment for the cost of living: This is the amount of the cost-of-living adjustment added to your pension account on 7 April 2025. Your total CARE pension is adjusted on 1 April each year in line with HM Treasury Revaluation Orders. The adjustment can increase or reduce the value of your CARE pension.

In year build up: For membership from 1 April 2014, you have built up CARE pension. Each scheme year you are a member, your CARE pensionable pay will be divided by either 49 (if you are in the main section) or by 98 (if you are in the 50/50 section). The resulting amount is added to your pension account for that year. This figure is the 'in year build up' for the year to 31 March 2025.

Total: This is the total amount of CARE pension you have built up in your pension account as at 31 March 2025.

Your final salary pension benefits at 31/03/2025

If you joined the LGPS on or after 1 April 2014 and have not transferred in membership with a final salary link, the final salary pension amount on your statement will be shown as zero.

If you have final salary benefits, they are worked out as shown below. If you worked part-time before 31 March 2014, your final salary is converted to its full-time equivalent and your



membership adjusted to the contractual hours you worked (including the weeks worked over school terms). The membership used in the final salary calculation includes any pension rights transferred in from previous pension schemes.

If you have chosen to buy additional benefits through ARCs or added years, these will be listed under 'Additional pension brought.'

Total final salary annual pension:

- For membership from 1 April 2008 to 31 March 2014: 1/60th of your final salary pensionable pay for each year you were a member of the scheme (or the equivalent for members working part-time during this period).
- For membership to 31 March 2008: 1/80th of your final salary pensionable pay for each year you were a member of the scheme (or the equivalent for members working part-time during this period).

Lump sum retirement grant:

- The lump sum retirement grant based on membership to 31 March 2008: 3/80ths of final salary pensionable pay for each year you were a member of the scheme (or the equivalent for members working part-time during this period).

Although the final salary and CARE pension parts are worked out differently and may have different NPAs, they form a single benefit, with both parts being linked and taken together.

Estimated pension benefits if you continue to pay in to the scheme until your normal pension age (NPA):

Normal pension age (NPA): This is your State Pension age or age 65, whichever comes later. Your NPA may change if your State Pension age changes in the future and before your benefits are paid. Your current NPA only applies to benefits built up in the CARE scheme. The NPA for any benefits built up in the final salary scheme is still age 65. However, final salary benefits and CARE benefits must be taken at the same time, and you must have left the job in which you built up the pension benefits. You can take your benefits earlier than your NPA, from age 55 onwards, although the amount may be reduced if you do.* The figures in this statement do not take account of any early retirement reductions that would be applied.



You can use the benefit projector calculator in 'My Pension Online' to work out what reduction will be applied if you take your benefits early.

***Please note, the Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028.**

Total pension at NPA: You can take your benefits later than your NPA, but the benefits must be paid to you before you reach age 75. If you have passed your NPA, your projections will be shown as zero but the 'summary of your total benefits' section will be the current value of your benefits. If you take your benefits after your NPA they will be increased. The increases are based on guidance issued by the Government on the date you retire. Your statement does not show the late retirement increase that would be applied if you choose to take your benefits after your NPA. If applicable, this will be applied automatically upon payment of your benefits.

"Estimated": When you leave the scheme, your final salary pension is usually based on your pay from the last 12 months. If your pay was higher in one of the two years before that, the higher amount will be used instead. **The pay used in this statement might be different from your actual final pay, so your pension could end up being higher or lower than what is shown here.**

The estimate of your pension after 31 March 2014 is based on your pay for the year ending 31 March 2025. It assumes your pay stays the same until your normal pension age and does not include future pay rises or inflation. It includes any extra pension you have bought (APCs or SCAPCs) and assumes you stay in the same part of the scheme as you were on 31 March 2025.

Estimated survivor's annual pension: Survivor's pensions from members who marry or enter civil partnerships while active members of the LGPS are based on all scheme membership. However, survivor's pensions for cohabiting partners and for those who marry or enter a civil partnership after leaving active LGPS membership may not be worked out in the same way. For more information about how survivor's pensions are worked out, please visit the fund's website



Check your pay

- Make sure the pay shown in your statement is correct.
- This pay is provided by your employer and is used to calculate your pension.

McCloud Values:

Note about the McCloud remedy

When public service pension schemes changed from final salary schemes to career average schemes in 2014 (LGPS) and 2015 (other public sector schemes, 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.

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, we will automatically apply the protection when you take your LGPS pension. If you are affected, you do not need to write to us or make any decisions. You can find more information on the national LGPS website, including a short video. Please visit www.lgpsmember.org/mccloud-remedy/.

Estimated Final Underpin Amount: Following the age discrimination case commonly known as 'McCloud', your pension has been tested to see if you are affected by the judgment. If you are entitled to extra pension, this is shown as an 'Estimated Final Underpin Amount' on your statement and is included in the annual pension figure[s] shown. **Please note that very few members are affected.**

Any 'Final Underpin/ Guarantee Amount' shown will be paid if you take your pension straight away. If you take your pension later, the 'Final Underpin/ Guarantee Amount' **may be higher, lower or may not apply**. The final amount depends on a number of factors including your age when you retire.



You can find out more about the judgment by reading the McCloud pages of our website or on the McCloud pages of the national LGPS member website (England and Wales:

www.lgpsmember.org/mccloud-remedy/).

These are provisional underpin figures. We will work out the final figures when you take your pension. You do not need to take any action or contact us

For more information about your LGPS benefits contact the Shropshire County Pension Fund.



Contact details

The Shropshire County Pension Fund is a data controller under data-protection law. This means we store, hold and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have, you can ask for this information from the fund, please visit www.shropshirecountypensionfund.co.uk.

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

Office hours

Monday to Thursday 8.45am to 5.00pm

Friday 8.45am to 4.00pm

Helpdesk phonelines are open Monday to Friday: 10am to 4pm (excluding bank holidays).

Email: pensions@shropshire.gov.uk

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Administered by

