

Your LGPS personal benefit statement 2021 explained

These notes support this year's Local Government Pension Scheme (LGPS) personal benefit statement. The statement gives you a summary of the estimated value of your pension at 31 March 2021, which is the end of the scheme year.

The LGPS is a statutory, defined benefit scheme. The 2013 regulations describe how your pension should be calculated, how much you and your employer pay to the pension fund and when we can pay you your pension. Neither these notes nor the statement can cover every circumstance and in the event of any dispute, we must refer to the appropriate legislation and regulations. Neither the notes nor the statement give you any contractual or statutory rights, they are for your information.

You should contact your employer with questions about the 'pay' figures shown in the statement.

If you have other questions, we recommend that you check the supporting information on our website page <https://www.oxfordshire.gov.uk/business/oxfordshire-pension-fund/pension-scheme-members/active-members/i-have-just-joined-lgps/your-annual-benefit-statement> before contacting Pension Services.

Section 1 – Personal details

Please check we hold correct information about you and your employment at 31 March 2021

Employer at 31 March 2021

This shows your employer at **31 March 2021**. If you had more than one employment at this date, then you will receive a statement for each job.

Payroll number

This is the reference we hold at the time we prepare these statements. It is possible the reference number has changed since last year's statement, especially if your employer has moved to a different payroll system.

Section of scheme at 31 March 2021

There are two sections to the LGPS: the MAIN Section and the 50/50 Section. The statement records which Section you contributed to at 31 March 2021 even if you have now moved into the other Section. (Please note, later in the statement, where the benefit value is projected to normal pension age, this projection is based on the section recorded here.)

- In the **Main Section** you build full benefits,
- Anyone can elect to join the **50/50 Section** which allows you to halve your contribution rate and build up half pension during the period covered by that election. Whilst contributing to the 50/50 Section ill-health and death in service cover for family benefits is kept at the full level.
- The **50/50 Section** is intended as a temporary election and there are times when your employer must re-enrol you into the Main Section of the Scheme. The principal time for this is their automatic re-enrolment date, however your employer must tell you when those changes happen.

Section 2 – Summary of total benefits at 31 March 2021

This section shows you your benefit **as if** at 31 March 2021 you were entitled to an unreduced pension payment. These figures combine the value at 31 March 2021 of:

- your **benefits** for pension built up to 31 March 2014, if you have any **and**
- your **benefits** for pension built up since 1 April 2014.

You will receive a reduced pension if you leave and choose to take your benefits after age 55 but before your normal pension age. The values in this statement do not show reduced pensions.

Depending on how long you have been in the Scheme you may see several sets of figures in this section:

1. The **Standard benefit option** shows you **the current value of your annual pension** for life as well as any one-off lump sum. The lump sum features automatically if you have membership before 1 April 2008.
2. The **Maximum lump sum option** shows you the option you may have at retirement to convert the 'standard benefit option' into a smaller pension for life but with a larger one-off lump sum.

The Maximum lump sum option, subject to Her Majesty's Revenue and Customs (HMRC) limits, is worked out by increasing your lump sum by £12 for each £1 you give up from your annual pension. The maximum lump sum you receive cannot be more than a quarter of the overall value of all your pension benefits, including any in-house additional voluntary contributions (AVC). A lump sum must not exceed £268,275 (2021/2022 figure) less the value of any other pension rights.

The Maximum lump sum option shown here does NOT include any in-house AVC fund you may have. The Prudential, the AVC provider, issue the statement showing your in-house AVC fund value separately. There may be ways to combine these values and Pension Services will give you more details of your options when you retire. To ensure you make informed decisions about your options, please start your enquiries ahead of your retirement date.

3. **Annual Survivor Pension** - the LGPS may also pay a pension following your death.

The LGPS provides benefits for your eligible partner and children. We do not show figures on the statement as we may not hold the personal details necessary to provide an estimated value. We always check eligibility before making any payment to your spouse, civil partner or eligible cohabiting partner and / or children.

4. **Death in Service lump sum** (also called death grant) is calculated as if you had died on 31 March 2021, before being able to draw your pension.

A death grant is approximately three times your pensionable pay. If we make a payment we use 'assumed pensionable pay', where pay is based on an average of your CARE pensionable pay from the three months before death. Your employer would provide that figure.

If you die whilst an active member **and** also have deferred benefits, a pension in payment and/or a suspended tier 3 ill health pension, the amount of grant we can pay would be the greater of **EITHER** a) the total of all death in service lump sums **OR** b) the aggregate of all death grants from the deferred, pension in payment or suspended tier 3 ill health pension records.

There is more information about protection for your family on

<https://www.oxfordshire.gov.uk/business/oxfordshire-pension-fund/pension-scheme-members/active-members/i-have-just-joined-lgps/what-happens-when-you-join> or you can look at <https://www.lgpsmember.org/arm/already-member-prot.php>

Section 3 – Your nomination details for the death grant

This section shows who you have nominated to receive any death grant that may be payable following your death. If this section is blank, we have no record of your nomination. To make a nomination, or to change those on your record, please log into 'My Oxfordshire Pension', download a form at <https://www.oxfordshire.gov.uk/business/oxfordshire-pension-fund/pension-scheme-members/active-members/i-have-just-joined-lgps/where-find-pension-forms> or get in touch with Pension Services to request a form.

You can nominate whoever you wish to receive your death grant. Please note, your nomination is an expression of your wishes; the Pension Fund will take your wishes into account, but the payment is made at the Fund's discretion.

Section 4 – Career Average Revalued Earnings (CARE) pension benefits as at 31 March 2021 - (payable from your normal pension date)

These are estimated values at the end of the scheme year as if you could leave and take unreduced benefits at that date.

The statement also shows your normal pension date when an unreduced pension would currently be payable.

CARE pensionable pay is the total amount of your actual pay, including payment for overtime and additional hours worked during this scheme year. The same definition for pensionable pay will apply in both the Main and 50/50 Sections of the scheme. It would also include any 'assumed pensionable pay' notified by your employer covering times when your pay was restricted due for example to sickness.

If your pay has been reduced this year because of sickness / injury, child-related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) or reserve forces service leave, pensionable pay during those periods will have been based on a notional value called Assumed Pensionable Pay (APP). Your employer works out APP as an average of your pensionable pay received during the 3 complete months (or 12-week period if weekly paid) before your pay dropped. The APP is to protect the value of your CARE pension during those periods of reduced pay and is included in pensionable pay figures.

CARE pensionable pay for year ending 31 March 2021 in Main Section: This shows your actual pay for the year during which you have been in the Main Section of the scheme.

CARE pensionable pay for year ending 31 March 2021 in 50/50 Section: This is your actual pay for any period during the scheme year when you were in the 50/50 Section.

If you have been in both Sections during the year your pensionable pay is split to reflect the time you have been in each section so you can check the pension values.

Your employer supplies the information about your pensionable pay. Each year your CARE pension is based on your pensionable pay. If you have a question about your CARE pensionable pay or you think it is incorrect, we advise acting soon to resolve the query. Your employer may not have the details of your pay after 6 years.

Amount of pension built up in the scheme year to 31 March 2021: The separate amounts are calculated as follows then combined to give the total this year:

Main section build up: CARE pensionable pay received whilst contributing to the Main Section during this year
 $\div 49 =$ pension value

50/50 section build up: CARE pensionable pay received whilst contributing to the 50/50 Section during this year $\div 98 =$ pension value

Additional Pension bought: Any extra pension purchased this scheme year using either the shared cost arrangement or through your own additional pension contributions.

Transfers in: Additional CARE pension if you have transferred previous pension rights into the scheme

Total this year: The sum of the previous four boxes, which becomes 'In year build up' in the next section.

Total CARE pension to 31 March 2021

Closing balance on 31 March 2020: This brings forward the account value from the previous years

Revaluation adjustment on 1 April 2020: The total CARE Pension was revalued or adjusted on 1 April 2020 and will be reviewed every April afterwards, in line with HM Treasury Revaluation Orders, linking your pension's value to the Consumer Price Index. This statement reflects the 2020 orders for the addition of 1.7 percent. (The revaluation on 1 April 2021 determined by HM Treasury increases benefits by 0.5 percent. The 2021 adjustment to your benefits is **not shown** on this statement - it will appear on your 2022 statement.)

In Year build up: see section above to see how this figure is calculated

Total CARE Pension at 31 March 2021: The total of Closing Balance at 31 March 2021 PLUS Revaluation Adjustment PLUS In Year build up.

Section 5 – Final salary benefits at 31 March 2021 based on membership and final salary pay

These estimated values are at the end of the scheme year as if you could leave and take unreduced benefits at that date.

Final Salary Pay: For a member of the LGPS in the scheme before 1 April 2014, the Final Salary Pay is your 'whole time equivalent pay' for the year to 31 March 2021 based on the definitions of pensionable pay under the 2008 Scheme (i.e. all payments in respect of your job as if you worked full time, excluding non-contractual overtime, travel, payments for loss of holidays and ignoring any reduction in pay due to sickness / injury, child-related leave or reserve forces service leave) and any other exclusions listed in those regulations.

If you work part time, term time or on a casual basis your Final Salary Pay should be as if you worked the full time equivalent for your post for this year. It will be different to the pensionable pay used in the CARE benefit section. Your employer provides the figures we use in this statement.

Although your membership after 31 March 2014 is not increasing - (unless you have a continuing contract to buy additional membership) the link it has to your Final Salary Pay continues, even while you pay contributions and build up a CARE pension under the new scheme.

If you joined the LGPS on or after 1 April 2014, Section 5 on your statement has been intentionally left blank.

Standard final salary benefits

We calculate the final salary element of your pension benefit as follows:

- In the scheme until 31 March 2008 = 1/80 of Final Salary Pay for each year of membership in this period for pension, and 3/80th of Final Salary Pay for each year of membership for the automatic lump sum
- In the scheme between 1 April 2008 to 31 March 2014 = 1/60th of Final Salary Pay for each year of membership in this period.

Any break in your membership to 31 March 2014 will **NOT** count towards the calculation of your Final Salary benefits. If contributing to an Additional Regular Contribution (ARC) or Added Years contract, the proportionate amount of additional pension purchased by 31 March 2021 is included in the Final Salary benefits.

Section 5 is also the basis for the projected pension values we show you in Section 6, increased where appropriate for the later normal pension age.

Section 6 – Projections to your normal pension age (NPA)

Section 6 gives you an estimated projection as a standard benefit at normal pension age, and a version with the maximum lump sum option.

Your normal pension age shown in this section is linked to your State Pension Age which may change in the future. To provide figures in this section we assume that you will continue in your current job and Section of the scheme until your NPA.

Projected Career Average Pension is based on the section of the scheme you were contributing to on 31 March 2021, using the CARE Pensionable Pay for this scheme year. The projected CARE benefits include any contracts for buying additional pension but exclude any deductions due to 'Scheme Pays' or a 'Pension Sharing Order'.

Projected Final Salary Pension final salary benefits keep their link to age 65 as retirement age, so increases for a late payment will be included if your NPA is after age 65.

The projected figures do not build in any future assumptions such as: salary increases or reductions, HM Treasury Revaluation Orders for future benefit accrual under the CARE or changes to your whole time equivalent rates of pay or pension increase reviews for the pre-2014 Final Salary scheme.

You can leave your job and take a reduced pension from age 55. This statement does not reflect any early payment reductions. **Remember if you leave and request an early voluntary, reduced payment Pension Services must receive your request at least three months in advance of your retirement.**

What the statement does not show

Early voluntary retirement

When you leave and ask for payment of your pension before your normal pension age the pension will be reduced. This statement cannot show the reductions but there are more details on this page <https://www.lgpsmember.org/more/reductions.php>. Log on to our secure site My Oxfordshire Pension to run personalised pension estimates.

Pension Sharing order

This statement does not make any pension adjustment as part of your divorce settlement.

Scheme pays arrangements

This statement does not make any pension adjustment as part of your scheme pays arrangements

Certificates of protected pay

This statement can only pick up pay from this scheme year and cannot use any earlier periods relevant for the pre 2014 final salary benefits.

Membership breakdown

If the value given in section 5 varies from the statement last year or later transfer documentation, please contact Pension Services.

Build-up in your Pension Account

This statement does not show earlier, separate years building up in your pension account. Their accumulated value is given as the closing balance at 31 March 2020. Contact Pension Services if there are differences between the values shown on these statements.

'Underpin' and 'McCloud' Discrimination Case

We apply this additional check to all members who fall within this protected pension group after the move to the new 2014 scheme, when they retire. It has not been a relevant check before drawing your pension .

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were provided in other public sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. This ruling is often called the 'McCloud judgement'. The Government has confirmed that there will be changes to all main public sector schemes including the LGPS to remove this age discrimination.

We are awaiting the regulations to do this for members of the LGPS so it has not been possible to reflect the impact of the judgement in your annual benefit statement this year. If you qualify for protection it will apply automatically – you do not need to make a claim. For more information see https://lgpsmember.org/news/story/mccloud_qanda.php

Tax and your pension

Pension savings statement

Oxfordshire Pension Fund must send you a statement before 6 October if your pension savings in this fund, during the period 1 April to 31 March are greater than the annual allowance set by HMRC. It is your responsibility to declare pension savings which breach or exceed the HMRC limits.

If you need a statement to show your LGPS savings in this year, because combined with other pension arrangements, you may be approaching or exceeding the allowance, please get in touch with Pension Services.

If you want to make a Scheme Pays election for Annual Allowance charges for 2020/2021 declared in your tax return, we need to receive this election by 31 July 2022.

If you want to make a Voluntary Scheme Pays election, the deadline is different. Please refer to your pension saving statement.

There is a short video and more information about Annual Allowance on the members' national website www.lgpsmember.org/more/aa-quick-check-tool.php

Lifetime Allowance

The Lifetime Allowance (LTA) is the limit on the total value of pension benefits you can draw from all pension arrangements without incurring a Lifetime Allowance Tax Charge. The LTA is currently £1,073,100. You will find more information about taxation, pensions and applying for protection on the website www.gov.uk/tax-on-your-private-pension

For information and a quick check tool try this page <https://www.lgpsmember.org/more/LTA-quick-check-tool.php>

What if I have had a reduction in pay due to long term illness?

Your pension should not be significantly reduced because you have had time off from work because of certified sickness. Your employer should advise us of your 'assumed pensionable pay' for the period when your CARE pay was reduced or stopped. We use that figure to keep up the value of your pension, even if the amount of contributions you are paying has reduced. Your employer pays all their contributions on this 'assumed' value even if you have no pay.

Your final salary pay must not be reduced during time away due to certified sickness.

You must address your questions about your pay to your employer.

If your pay was reduced as a result of the government's Job Retention Scheme please refer to the FAQs for further information https://www.lgpsmember.org/news/story/covid_19_member_ganda.php

More information about survivor pensions

We check eligibility before setting up a pension payment after your death. There is more detail about pensions for families and partners on the national member's website <https://www.lgpsmember.org/arm/already-member-prot.php> or you can run your own calculations by logging on to <https://oxfordshire.pensiondetails.co.uk/>

General pensions information

Member self service

My Oxfordshire Pension is the secure site holding your pension record, available at <https://oxfordshire.pensiondetails.co.uk/>. This will be the primary location to receive news and information about the LGPS, **unless** you register to maintain communications by post. We will only send you information by post if you have registered this decision with us, otherwise we will assume you will access your on-line record.

Newsletters

We issue newsletters for scheme members – available on My Oxfordshire Pension and the fund website and posted to those who have elected to receive postal notices only and we regularly review the website pages. Keep up to date with pension news by visiting <https://www.oxfordshire.gov.uk/business/oxfordshire-pension-fund/pension-scheme-members/pensions-news>

Disputes and right of appeal

Initially, for your questions about the pay used in this statement please contact your employer, and for concerns about the calculations contact Pension Services.

The regulations provide you the opportunity to appeal decisions. There is more information about adjudication of disputes and how to complain on the website at <https://www.oxfordshire.gov.uk/business/oxfordshire-pension-fund/pension-scheme-members/pension-fund-policies-and-statements/admin-and-performance>

Your personal information

As the Administering Authority of the Fund we hold securely, certain information about you ('personal data'), which we need to administer the Fund. The information is provided by yourself and your employer. If you believe the information that we hold is incorrect contact Pension Services. You will find the privacy notice on <http://www.oxfordshire.gov.uk/business/pensions/pension-fund/admin-and-performance>

You are welcome to contact Pension Services with any questions about how we use and/or share your information, find out more about your rights or to see what information we hold.

Contact

Email is becoming the preferred way for many members to contact our team. Please note that when we reply and include any personal information we will always use a secure system. Currently we use 'Egress Switch'. Please contact Pension Services if you have difficulty logging into this system.

Please let us know if you need this information in a different format.

Issued by

Oxfordshire Pension Fund, Pension Services, 4640 Kingsgate, Oxford Business Park South, Oxford OX4 2SU.

General enquiries:

by phone: 03300 241 359 by email: pension.services@oxfordshire.gov.uk

Please note, there is more information on our website www.oxfordshire.gov.uk/pensions

If you still have questions about your statement and contact Pension Services, we will log your enquiry and respond in our usual work turnaround time.