Cambridgeshire Pension Fund Northamptonshire Pension Fund

Pensions Increases factsheet

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What is an increase?

In order to protect Public Service pensions from the erosion of inflation the annual increase keeps your pension inflation proof. This means it increases in line with inflation or what is known as "the cost of living". The increase is under the provisions of the Pensions Increase Act 1971, the Social Security Act 1975 and previous Pensions Increase (Review) Orders.

Pension Increase is often shorten to 'PI'.

This increase does not refer to any increases on the Guaranteed Minimum Pension (GMP) portion of your pension. The elements of your pension will be split out on your payslip. Please read our factsheet called 'Understanding your payslip' on our Payslips and Pay Dates webpage. For information concerning GMP, please read our factsheet called 'State Pension and GMP' on our State pensions webpage.

Who calculates the increase?

Each year the Government publishes 'The Pensions Increase (Review) Order'. This Statutory Instrument sets out the dates and values to be used. The latest Pensions Increase (Review) Order 2014 can be read on the www.legislation.gov.uk website.

How is the increase calculated?

Section 59 of the Social Security Act 1975 allows Public Service pensions to be up-rated at the same time and by the same percentage as the increase in the additional pension provided under the State Earnings Related Pension Scheme (SERPS), which is based on the September to September increase in the Consumer Prices Index (CPI)*. The increase is from the first Monday after the start of the tax year. This is the same date the State Pension is increased.

* Increases were based on the Retail Prices Index (RPI) prior to April 2011. The first year to be based on the Consumer Prices Index (CPI) was April 2011. There is still some debate which measure of inflation will be used in the future.

As the increase is from the first Monday in that year, after the start of the new tax year, the 6th, increases can start from any day between the 6th and 12th of April. So for the month of April, your pension payment will be based on two annual payments.

For example; 2011/12 – An annual pension of £1,200.00 (equals £100.00pm).
Increase of 5.2% for April 2012
New 2012/13 annual pension £1,262.40 (equals £105.20pm)

April 2012 payslip =	1st to 8th	£100.00 / 30 x 8 =	£26.67
	9th to 30th	£105.20 / 30 x 22 =	£77.15
			£103.82

Latest increase

Pension increase from 11th April 2016 was 0.0%, i.e.) no change.

Technically the rate was a minus 0.1% but as applying this rate would have meant a decrease in pension value it was decided to apply a zero rate.

Increases Prior to your State Pension Age (SPA)

Up to your SPA all of your pension increase will be paid by either the Cambridgeshire or Northamptonshire Pension Fund.

Increases after your State Pension Age (SPA)

This is where it might get complicated! If you have a Guaranteed Minimum Pension (GMP) element then it depends on what GMP element you have; either Pre 1988 GMP or Post 1988 GMP, as to who pays you the increase on that element. Then there is the added complication that on the Post 1988 GMP the pension scheme only pays the first 3%, with the State paying the excess over 3%. Hopefully the table below makes it clearer.

Who pays the increase

Non GMP	Cambridgeshire or Northamptonshire Pension Fund
GMP Pre 1988	State
GMP Post 1988-First 3%	Cambridgeshire or Northamptonshire Pension Fund
- Over 3%	State

For further information on your State Pension Age (SPA) please read our factsheet called ‘State Pension and GMP’ on our State pensions webpage.

Pension Increases over recent years

Date of increase	Increase (%)
11 April 2016	0.0
9 April 2015	5.2
8 April 2014	2.7
8 April 2013	2.2
9 April 2012	5.2
11 April 2011	3.1
6 April 2009	5.0
7 April 2008	3.9
9 April 2007	3.6

10 April 2006	2.7
11 April 2005	3.1
12 April 2004	2.8
7 April 2003	1.7
8 April 2002	1.7
9 April 2001	3.3
10 April 2000	1.1
12 April 1999	3.2

National Fraud Initiative

The Administering Authority (Cambridgeshire Pension Fund and Northamptonshire Pension Fund) are under a duty to protect the public funds it administers. From time to time it may use information provided to it for the prevention and detection of fraud and share it with other bodies administering public funds solely for these purposes. The Administering Authority is required to participate in an anti-fraud initiative operated by the Audit Commission's appointed auditors under section 6 of the Audit Commission Act 1998. For this initiative, we are providing details of pensions in payment to the auditors so that they can compare these with information provided by other public bodies. This comparison helps us to ensure that no pensions are paid to persons who are deceased or to those no longer entitled to them. The information is also used by other public bodies e.g. those administering housing benefit, to ensure that occupational pension income is being declared. While the object of the exercise is the detection of fraud, any underpayments to pensioners are detected and then corrected.

Contact us….

If you would like further information about this topic please do not hesitate to contact us at.

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Disclaimer

This factsheet is an overview of the topic and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This factsheet does not confer any contractual or statutory rights and is provided for information purposes only.