

Pension Update

Cambridgeshire
Pension Fund



For members of the Local Government Pension Scheme (LGPS) | **Summer 2021**

>Welcome

Welcome to the 2021 newsletter for contributing members of the Local Government Pension Scheme (LGPS).

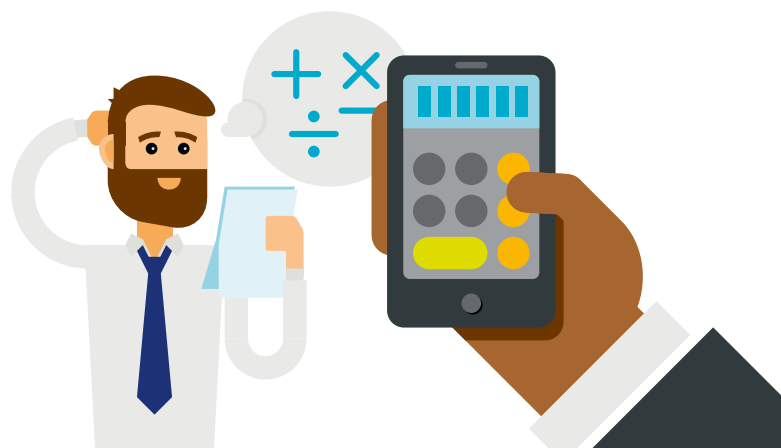
The pension benefits you've built up in the LGPS from 1 April 2014 to 31 March 2020 increased by 1.7% in 2020/2021. This increase is worked out in line with the Consumer Price Index (CPI), and you can see it in the 'Your total CARE account' section on your annual benefit statement.

The LGPS has been a career average revalued earnings (CARE) scheme since 1 April 2014. This means that, each year, a proportion of your pensionable pay is added to your pension account. At the end of the year, this is added to any total pension pot you have built up in previous years and revalued to make sure it keeps up with the cost of living.

It's important to check the 2020/2021 pay shown on your statement, as it affects how your pension builds up. If you have any questions about the pay used to work out your benefits, you must contact your employer.

We have produced this newsletter jointly with other LGPS funds. For more information about your pension benefits, sign in or register for your **online pension account**.

Extra protection if you were in the LGPS on 31 March 2012



Following the McCloud court case about age discrimination in pension schemes, the Government proposed extending the final pay 'underpin' to everyone who was a member of the LGPS on 31 March 2012. The underpin was a protection introduced to protect older members when the scheme changed on 1 April 2014 from a final salary scheme to a CARE scheme.

The underpin is a calculation to check whether your pension benefits would be higher if they were calculated under the old scheme rules or when calculated under the new scheme rules. When you retire, we will do this calculation (you don't need to ask us to do this), but in almost all cases we expect the current CARE scheme to deliver the best benefits.

However, if you weren't paying in to your current LGPS pension account on 31 March 2012 but have another LGPS pension (or pensions), perhaps with a different LGPS fund, that you were paying into on 31 March 2012, you may be able to combine your LGPS pensions so that this period of membership is included. If you do this, it could mean that the benefits from your current membership for the period 1 April 2014 to 31 March 2022 could be the better of either:

- what they would be under the CARE scheme, or
- what they would have been if the CARE scheme had never been introduced.

The changes to the LGPS rules which need to be made because of the McCloud court case aren't expected to be in place before April 2023.

➤ Covid-19 and furlough – how your pension is affected



We want to remind you that LGPS benefits are funded by investing employer and member contributions, but members earn a 'benefits promise' that is set out in law and does not depend on current stock-market levels.

If your job has been affected by Covid-19 and you've been on furlough, it may affect your pension. The rules on what your employer pays you when you're on furlough have changed a few times since the government's job-retention scheme was introduced in March 2020.

If your employer chose to continue paying 100% of your normal pay, your pension won't be affected. If you've been paid less than 100% of your normal pay, the pension benefits you built up during furlough will be reduced. You can find more information at: lgpsmember.org/news/story/covid_19_member_qanda.php

You can make up any pension you lost during furlough by paying additional pension contributions (APCs) to buy extra pension. Your employer doesn't have to pay towards the cost, but they can choose to. You can find details on APCs, including an online calculator and how to apply, at: lgpsmember.org/more/apc/index.php

➤ Tax and your pension

Tax limits apply to pension savings. These limits are called the lifetime allowance and the annual allowance. The standard lifetime allowance was £1,073,100 for the 2020/2021 tax year and it's expected to stay at this level until April 2026.

The standard annual allowance for the 2020/2021 tax year was £40,000 (unless tapering, which is where your income is higher than certain limits, applies) and it will stay at this level for the 2021/2022 tax year.

➤ Rejoining the LGPS

If you rejoin the LGPS with another pension fund, your new pension fund will ask if you have any LGPS pension benefits with other funds.

It's important that you tell your new LGPS fund about any LGPS benefits you have with other funds. You should do this as soon as possible because time limits apply to some of the options you have for transferring your previous LGPS benefits to your new fund.

Let your new fund know about your other LGPS benefits even if you do not want to transfer them to your new fund, because you may need to fill in a form to say that you want to keep your benefits separate.

You should also let your new fund know about any other pension benefits that you have with other pension schemes that you're interested in transferring into the LGPS.

If you rejoin the LGPS with the same fund, you may still have choices to make about your pension accounts, so it's important that you read and fill in any forms that your fund gives to you.



➤ Thinking of opting out? Consider the 50/50 section instead!

Did you know that since 1 April 2014 there have been two sections in the LGPS – the main section and the 50/50 section?

In the main section of the scheme, you pay normal contributions and get your normal pension build-up. In the 50/50 section you pay half your normal contributions, and build up half your normal pension during the period you are in that section, and still enjoy full:

- life cover;
- ill-health cover; and
- survivor benefits if you die.

The 50/50 section is designed to be a short-term option for when times are tough financially. This means that you can save money and still build up valuable pension benefits.

If your current financial situation is causing you to consider opting out of the LGPS, why not take a look at the 50/50 section?

➤ Exit payment cap

In November 2020, the Government introduced a £95,000 cap (limit) on exit pay (the amount of money a public-sector employer can pay when an employee leaves them). In February 2021, the Government reversed this rule and the cap no longer applies. However, the Government has said that it still plans to reform public-sector exit pay and that it will make some new proposals in the near future, so there may be more changes to exit payments.

➤ Watch out for scammers



You may think that it could never happen to you, but pension scammers are experts at getting their hands on your hard-earned retirement savings.

Scams are hard to spot because fraudsters often have credible websites and make false claims, such as being government-approved, to gain your trust. A scam may begin with a phone call out of the blue offering you a free pension review. This is pension 'cold calling'

and it is illegal. Reject all unexpected offers. Research the company you're dealing with and always get impartial advice before making a decision about your pension. To find out more, visit: www.fca.org.uk/scamsmart/how-avoid-pension-scams

➤ Do you have a cohabiting partner (someone you live with as if you were married)?

If you left the LGPS after 31 March 2008 and live with a partner of either the opposite or same sex, your partner may receive a survivor's pension when you die.

If you retired or left the LGPS before 1 April 2008, you can't nominate this person to receive a survivor's pension.

However, before we pay a survivor's pension, we must be satisfied that your relationship meets certain conditions laid down by the LGPS. Please check the fund's website to find out what these conditions are.



➤ 'Pensions made simple' videos

We appreciate that pensions can sometimes be difficult to understand.

That's why we have teamed up with the Local Government Association and some other LGPS pension funds to make eight short and simple videos to help you to understand your pension better. You can watch the videos **on our website**.

If you're hard of hearing, or your workplace disables sound on videos, you can click CC in the bottom right-hand corner of the screen and it will bring up subtitles.

➤ Find out more about your pension by signing up to your online pension account

If you haven't already signed up for your online pension account, you can register here.

By signing up for your online pension account you can:

- update your address;
- update who you want to nominate to receive the lump-sum death grant;
- see how much your benefits might be if you take them at a date other than your normal pension age;
- explore your options for exchanging some of your pension for a larger lump sum; and
- check what benefits may be paid to your dependants if you die while you are paying into the LGPS.

You can also use the site's 'Contact Us' option to send us any questions you have about your pension. If you have already registered for an online account, remember to log on to let us know about any changes to your personal details.

Contacting the Pensions Team

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Cambridgeshire
Pension Fund

For you, for now, for the future.
lgps