| **Cambridgeshire**  Pension Fund | **Northamptonshire**  Pension Fund |
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**Local Government Pension Scheme – retirement benefit notes Retire 3**

Please complete the enclosed forms in conjunction with the notes:

Retire 1 (Application to Receive Retirement Benefits) - compulsory

Retire 2 (Death Grant – Expression of Wish) - not compulsory

Please return the completed form(s) and required documentation either by:

* Securely uploading them to your [online pension account](https://lgssmember.pensiondetails.co.uk/home/login/index2.html) on our website;
* Scanning and emailing them to [pensions@westnorthants.gov.uk](mailto:pensions@westnorthants.gov.uk) , it is recommended that you password protect any documentation containing confidential information if possible; or
* Sending them to the address below:

Pensions Service

West Northamptonshire Council

One Angel Square

Angel Street

Northampton

NN1 1ED

If you don’t fill the forms correctly and return them with self certified copies of the necessary certificate(s), you won’t get your pension on time. Once we have all the information about your retirement from you and your employer, full details of your pension benefits will be sent to your home address.

If you need any help filling in the form(s), please contact us.

Telephone: (01604) 366537

Email: [pensions@westnorthants.gov.uk](mailto:pensions@westnorthants.gov.uk)

Please give your full name, National Insurance number and date of birth in all enquiries.

This information can be made available in other languages and formats upon request such as Braille, large print and audio cassette.

The Cambridgeshire Pension Fund and Northamptonshire Pension Fund are a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to allow us to provide you with pension administration services. To help us to carry out our statutory duty, we need to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit:

[Cambridgeshire Pension Fund](https://pensions.cambridgeshire.gov.uk/governance/key-documents/cambridgeshire/)

[Northamptonshire Pension Fund](https://pensions.westnorthants.gov.uk/governance/key-documents/northamptonshire/)

**These notes give general guidance only and cannot be treated as a statement of law.**

## **Retire 1 (Application to Receive Retirement Benefits) - compulsory**

### **Section 1 - Personal details**

This must be completed in *all* cases.

### **Section 2 - Method of payment for lump Sum and pension**

This must be completed in *all* cases.

Your lump sum retirement grant and monthly pension will, if possible, be paid into your bank or building society. Please speak to your bank or building society if you have any queries. If you’d like your pension to be paid into an overseas bank account, you’ll need to fill in an *overseas bank account form.* Please email us at [pensions@westnorthants.gov.uk](mailto:pensions@westnorthants.gov.uk) if you need this form.

### **Section 3 - Partnership status declaration**

This must be completed be completed in *all* cases

**Please remember to enclose all relevant certificates and in all cases please include a self-certified photocopy of your own birth certificate or passport.**

### **Section 4 - Conversion of pension**

This must be completed in *all* cases.

### **Section 5 - Additional voluntary contribution (AVC) options**

This must be completed in *all* cases.

### **Section 6 - Medical report consent**

This must only be completed if you’re being retired on ill-health grounds.

### **Section 7 - No other pensions in payment at due date**

This only has to be completed if you have no other pensions being paid, at the date you’re allowed your retirement benefits under the Local Government Pension Scheme administered in partnership by West Northamptonshire Council and Cambridgeshire County Council.

### **Section 8 - Recycling of lump sums**

This must be completed in *all* cases.

The Finance Act 2006 introduced rules regarding the recycling of tax-free lump sums into pension scheme contributions. There may be circumstances where an individual gets or is about to get a lump sum from one registered scheme, and then uses that payment to make a large contribution into another registered scheme. This could result in increasing the lump sum from the second registered scheme – referred to as ‘recycling’. HMRC consider this to be unacceptable and have made specific provisions in the Finance Act for such payments to be unauthorised.

The criteria for determining whether there is recycling taking place are quite complicated. Broadly speaking, it will occur if:

* the member gets a lump sum from the pension scheme;
* due to the lump sum, the amount of contributions paid into a registered pension scheme in respect of the individual is significantly greater than it would otherwise have been;
* the additional contributions are made by the member or by someone else, such as an employer;
* the recycling was pre-planned;
* the amount of the lump sum, taken together with any other lump sum taken in the previous 12 month period, exceeds 1% of the standard lifetime allowance; and
* the cumulative amount of the additional contributions exceeds 30% of the lump sum.

Scheme members who breach the recycling rules will be liable to a potential ‘unauthorised payments charge’ of 40% of the lump sum paid and a potential additional unauthorised payment surcharge of 15%.

If you’re thinking about using your lump sum in this way you may want to get independent financial advice before making your decision.

Once you’re clear, you must tick the relevant statement. If you indicate that you’re intending to recycle your lump sum, we’ll tell the tax office that an unauthorised payment has been made, and you should expect a significant tax bill from the tax office.

### **Section 9 - Declaration**

This must be completed if Section 7 was selected.

### **Section 10 - Pensions in payment before 6 April 2006**

To be completed if applicable, please refer to notes 19-23.

### **Section 11 - Pensions in payment on or after 6 April 2006 and before the due date**

To be completed if applicable, please refer to notes 19-23.

### **Section 12 - Pensions from other arrangements coming into payment on the due date**

To be completed if applicable, please refer to notes 19-23.

### **Section 13 - Overseas transfer out on or after 6 April 2006**

To be completed if applicable, please refer to notes 19-23.

### **Section 14 - Protection and Lifetime Allowance Enhancement**

To be completed if applicable, please refer to notes 19-23.

### **Section 15 - declaration**

To be completed if any of the Sections 10-14 are applicable

### **Calculation of benefits:**

From 1 April 2014 the Local Government Pension Scheme is a career average pension scheme. All of the membership you’ve built up in the scheme before 1 April 2014 will be used to work out your benefits in the final salary scheme, based on your final salary on the date you left.

## **How your benefits are worked out when you retire**

For each year you have built up in the scheme to 31 March 2008, you will get a pension of *1/80th* of your final year’s pensionable pay multiplied by your membership *plus*an automatic tax-free lump sum of 3 times your pension.

For each year you build up from 1 April 2008 to 31 March 2014, your pension will be at the increased rate of*1/60th* of your final year’s pensionable pay multiplied by your membership. There’ll be *no* automatic lump sum for membership built up after 31 March 2008 but you do have the choice to take a tax free lump sum in exchange for some of your pension.

From 1 April 2014, your pension will build up at a rate of *1/49th* of your pensionable pay or assumed pensionable pay\* in a pension scheme year (1st April to 31st March), this amount is added to your pension account and adjusted each year in line with inflation. (\*Assumed pensionable pay is the pay you would have had before any reductions due to sickness or relevant child related leave)

Up to 25% of the overall value of the pension benefits can be taken as a lump sum, with £12 lump sum for each £1 of annual pension given up.

### **Protections for a member of the scheme before 1 April 2014, who are close to retirement**

There is protection for members nearing retirement, to make sure that the member will get a pension at least equal to that which they would have had in the scheme had it not changed on 1 April 2014. This protection is known as the ‘underpin’. The underpin applies to a member if they were:

* paying into the Scheme on 31 March 2012; and
* they were within 10 years of their Normal Pension Age (NPA)\* on 1 April 2012’; and
* they haven’t had a disqualifying break in service of more than 5 years; and
* they haven’t drawn any benefits in the LGPS before NPA; and
* they leave with an entitlement to benefits.

\* NPA under the 2008 Scheme is age 65.

If the member is covered by the underpin, a calculation will be made at the date they stop contributing to the scheme, or at their NPA if earlier, to check that the pension they’ve built up (or, if they’ve been in the 50/50 section at any time, the pension they would have built up in the main section of the LGPS), is at least equal to that to which they would have had if the LGPS had not changed on 1 April 2014.

### **Getting independent financial advice:**

Any decisions made about your pension are important financial decisions. We always advise that you get independent financial advice before making important financial decisions. You can use your local phone book or type “independent financial services” into any web browser to source advice.

The Consumer Financial Education Body was established by the Financial Services Authority and their website, www.moneyadviceservice.org.uk, has information on a wide range of topics, including getting financial advice. They can also be contacted by telephone on **0300 500 5000.**

### **Declaration of other benefits**

HM Revenue & Customs (HMRC) make tax rules with which registered pension schemes must comply. The Local Government Pension Scheme (LGPS) is a registered pension scheme. This gives scheme members certain tax concessions. For example, the contributions that you pay into the scheme normally attract tax relief. Also, apart from any Pay as You Earn (PAYE) income tax that you may be need to pay on your monthly pension instalments, the benefits given by the scheme are not normally taxed further if the total benefits you get from any registered pension scheme do not exceed a “Lifetime Allowance” set by HMRC. If the value of total benefits does exceed the Lifetime Allowance, the excess will be subject to tax charges. This principle of testing the value of benefits against a Lifetime Allowance was introduced on 6 April 2006 and the Allowance from the 2021/2022 tax year is £1,073,100.

We’ll be able to value and test the benefits in the LGPS administered in partnership by West Northamptonshire Council and Cambridgeshire County Council, which are now due to come into payment. HMRC rules state that you need to tell us about any other benefits under the LGPS or any other pension schemes which will be paid when you retire. We can then assess whether or not all of your benefits at the due date will exceed the Lifetime Allowance and, if they do, apply tax charges to the pension and/or lump sum to which you are now entitled from the LGPS.

### **How to find out the value of other benefits**

After 5 April 2006, whenever benefits come into payment under a registered pension scheme, you’ll get a statement from that pension scheme’s administrators showing how much of your Lifetime Allowance you have used up. This can be copied to other pension administrators when they ask for the information – as in this form. As the tax rule was not introduced until 6 April 2006 a statement would not have been issued with benefits paid before this date. Account must be taken of earlier benefits, however, and so you may have to contact the pension administrators of those schemes for a statement of the proportion of Lifetime Allowance that the benefits have used up.

When your LGPS pension is paid, we’ll give you a statement which shows the effect on Lifetime Allowance. You’ll be able to share this with other pension scheme administrators if you become entitled to additional benefits after the due date.

If HMRC have issued you with a certificate under ‘transitional protection’ rules, when any payment of pension is due you should give your pension scheme administrators a copy of this certificate. The administrators will then be aware that when they test the value of your benefits against Lifetime Allowance, they must take account of the certificate.

### **What benefits must be declared on the form**

Benefits from any registered pension schemes must be declared. You’ll see that there are separate boxes on the form for:

* pensions in payment before 6 April 2006,
* pensions that will have been put into payment on or after 6 April 2006 and before the due date,
* pensions, other than those in connection with which this form has been sent, which may also be put into payment on the due date,
* a transfer of pension rights to an overseas pension arrangement on or after 6 April 2006.

Details of other pensions must include any other LGPS benefits which will be in payment on or before the due date.

You should not declare:

* benefits payable under the State Pension scheme, including State Pension Credit,
* any benefits to which you are entitled as the widow(er), surviving civil partner or other dependent of the member of any pension scheme,
* benefits that will not be in payment on or before the date on which your LGPS pension from Cambridgeshire Pension Fund or Northamptonshire Pension will be paid.

You will see that in section 11 of the form you are asked to state whether any other benefit which comes into payment on the due date should come into payment before or after your LGPS pension. This is your choice but it’s important to state it because it will dictate which schemes will be responsible for settling any tax liability should you exceed the Lifetime Allowance.

### **Tax charges that are due if the Lifetime Allowance is exceeded**

If the Lifetime Allowance is exceeded, the excess benefits would be subject to a tax charge of 55% on the Lump Sum and 25% on the pension (in addition to any PAYE deductions).

### **What happens if you don’t return the form?**

If you don’t return the form, payment may be delayed. If payment is made it will be assumed that the Lifetime Allowance has been exceeded and that tax charges apply in full.

**Retire 2 - Death grant – expression of wish form - not compulsory**

### **The General Data Protection Regulations.**

The Cambridgeshire Pension Fund and Northamptonshire Pension Fund are a Data Controller under the General Data Protection Regulations.This means we store, hold and manage your personal data in line with statutory requirements to allow us to provide you with pension administration services. To help us to carry out our statutory duty, we need to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit:

[Cambridgeshire Pension Fund](https://pensions.cambridgeshire.gov.uk/governance/key-documents/cambridgeshire/)

[Northamptonshire Pension Fund](https://pensions.westnorthants.gov.uk/governance/key-documents/northamptonshire/)

Where you give us personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please make sure that those individuals are aware of the information in this notice.

### **Potential value of the death grant**

If you die within 10 years of retiring – and you’re under age 75 when you die – your dependants (or whoever you nominated) will get a lump sum known as a death grant. How much they get depends on what options you took at retirement.

* If you chose to take standard benefits, the death grant is 10x your pension minus the amount of pension you already had paid.
* If you chose to take a bigger lump sum, the death grant is 10x your pension (before the lump sum was taken) minus the extra lump sum you had and minus the amount of pension you already had paid.

If you become an active member of the LGPS and die whilst an active member, the lump sum that would be payable from the scheme is the greater of death in service lump sum or the death grant payable from earlier benefits. If the death in service lump sum is the greater, no lump sum death grant will be payable from the scheme for those earlier benefits and if the lump sum from those earlier benefits is greater, no death in service lump sum will be due from the current period of membership.

### **Advantages of making an Expression of Wish**

The advantage of making an expression of wish is that the death grant will be paid quickly without waiting possibly several months for your estate to be settled. A death grant is paid at the discretion of the Fund and does not form part of your estate, and therefore is *not* subject to any court fees or Inheritance tax if applying for a grant of probate or letters of administration.

### **Who can be nominated?**

You can make an expression of wish for whoever you’d like to have the death grant – friends, family, partner, even an organisation such as your favourite charity. All we ask is that if naming more than one beneficiary you show what share each should get (making sure the shares add up to 100%).

If you’re making an expression of wish for more than four persons or organisations, please continue on a separate sheet. If you’d like to make an expression of wish for someone under 18 years old, you should think about setting up a trust fund. This can be done as part of your Will and a solicitor could help you with this.

### **What happens if you and your nominee(s) pass away at the same time?**

If you’ve nominated your spouse, civil partner or cohabiting partner and you both pass away together you can indicate on the expression of wish form how you’d like the death grant to be split (eg equally between children or other family members etc).

### **Do you have to fill in an expression of wish?**

No you don’t, but please think about it seriously, as it’s the best way of letting us know your wishes. It’s also easy to change your mind at any time, by simply filling in a new nomination form. This is something you should think about if your circumstances change, for example if a beneficiary dies.

### **Will the Pension Fund always comply with your wishes?**

The Pension Fund will always try to comply with your wishes although we have absolute discretion as to whom we make payment of the death grant to. This means that, in theory, it does not have to be paid to the named nominee.

This, however, only happens in very unusual circumstances. An example is where someone who is now married with children may have made an expression of wish in favour of their parents many years ago when they were single. In these circumstances we might think it reasonable that the person had forgotten to update their expression of wish and might make payment to the person’s estate to benefit their spouse, civil partner, cohabiting partner or children.

**You’re responsible for keeping this form up to date**

### **Can you change your expression of wish?**

Yes, you can change your expression of wish at any time by:

* completing a new form and sending it to us; or
* updating your death grant nomination details on your [online pension account](https://lgssmember.pensiondetails.co.uk/home/login/index2.html) on our member website.

### **How do I register to access my pension account?**

* Visit our website either pensions.westnorthants.gov.uk or pensions.cambridgeshire.gov.uk or using the link above and read the user guide which can be found by clicking on the ‘Help’ option on the member hub.
* Click on login/register at the top of the page.
* Scroll down to the bottom of the page and click on the ‘Register’ button.
* You’ll need your national insurance number handy to complete your registration.

If you can’t find what you want in our user guide or need an activation key, please send an email to [MyPension@westnorthants.gov.uk](mailto:MyPension@westnorthants.gov.uk)

### **What you should do if your circumstances change**

You should consider completing a new ‘Death Grant – Expression of Wish’ form if:

* Your circumstances change;
* You become divorced or dissolve a civil partnership;
* A person you have chosen dies.

### **What happens to your death grant if you don’t complete a death grant – expression of wish Form?**

As mentioned earlier, the Pension Fund has absolute discretion regarding who to make payment to. If you don’t complete a death grant – expression of wish form, it may be that the death grant will be paid to your estate and will be paid to whoever is legally entitled to receive payment. The probate office decides who that is and will issue a grant of probate or letters of administration, depending on whether you have written a Will or not.

This process can take time and the death grant then forms part of your estate and may be liable for inheritance tax. If you haven’t written a Will, your estate might not be split in the way you’d like.

### **Can an expression of wish form be completed if you have already written a Will?**

You can still complete the death grant – expression of wish form, which will speed up the process and give the advantages listed earlier.