



## Combining Document E

*This leaflet outlines the considerations you should make before deciding whether or not you would like to combine your deferred benefits with your new active CARE account.*

### *What do I need to consider before making my decision?*

At the moment you have a separate deferred benefit for your previous employment in the LGPS. If you take no action this will be automatically combined with your new active pension account.

You need to think about the following things when considering whether or not you should keep your benefits separate:

- How will the benefits from my previous employment be worked out?
- When will my benefits be payable?
- Are there other key areas to consider?

### *How will the benefits from my employment which has ceased be worked out?*

Your benefits from your employment which has ceased will be worked out in the same way regardless of whether you decide to combine them with your ongoing active pension account or if you keep them separate.

### *When will my benefits be payable?*

The **Normal Pension Age** applicable to your benefits in the scheme is the same regardless of whether or not you combine your benefits or keep them separate. Your **Normal Pension Age** is linked to your State Pension Age (minimum age 65). For more information on **Normal Pension Age** see the glossary.

## What are the key difference if I elected to keep my deferred benefits separate?

|                                       | <b>Combined Benefits</b>  | <b>Separate Benefits</b>   |
|---------------------------------------|---|--|
| Redundancy/<br>Business<br>Efficiency | <p><b>Benefits paid early because of redundancy or efficiency would include the value of earlier deferred benefits that have been transferred.</b></p> <p>If you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately and would include the value of the pension that transferred from your deferred benefit.</p>   | <p><b>Benefits paid early because of redundancy or efficiency in your new employment would <u>not</u> include the value of earlier deferred benefits.</b></p> <p>If, in your ongoing employment, you are made redundant or lose your job for business efficiency reasons when aged 55 or over then your benefits would be payable immediately but would <b>not</b> include the value of your deferred benefit (because you had elected to retain that as a separate deferred benefit).</p> <p>Subject to the information in the boxes below, the separate deferred benefits would be payable at your <b>Normal Pension Age</b>.</p>  |
| Ill- health                           | <p><b>Any benefits paid early because of ill-health would include value of earlier deferred benefits that have transferred.</b></p> <p>Your benefits will become payable immediately if your employer decides, based on the opinion of an independent doctor that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would include the value of your pension that transferred from your deferred benefit.</p> | <p><b>Benefits paid early because of ill-health would <u>not</u> include the value of earlier deferred benefits.</b></p> <p>Your benefits from your new employment will become payable immediately if your employer decides, based on the opinion of an independent doctor, that you are permanently unable to perform the duties of your employment due to ill-health and you are not capable of undertaking other gainful employment. Your pension would be paid at an increased level if you are unlikely to be capable of undertaking other gainful employment within 3 years of leaving. The payment would <b>not</b> include the value of your deferred benefit (because you elected to retain that as a separate deferred benefit).</p> <p>Your separate deferred benefit may become payable but that would only be if your former employer decided in light of the view from an independent doctor</p> |

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|                           |  | that you are permanently incapable of the job you were working in when you left the employment in respect of which the deferred benefits were awarded and that you are not likely to be capable of undertaking other gainful employment before your <b>Normal Pension Age</b> or for at least 3 years, whichever is the sooner.   |
| Early payment of benefits | <p>You can voluntarily choose to draw the combined benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment).</p> <p>However, the combined benefits would be payable at the same time (i.e. cannot be paid at different times) and cannot be paid until you have ceased your new employment.</p>        | <p>You can voluntarily choose to draw benefits from as early as age 55 (at, normally, a reduced rate to account for the early payment).</p> <p>However, the deferred benefits do not have to be drawn at the same time as the benefits from your ongoing employment. The deferred benefits can be drawn later than, at the same time as or, subject to being at least age 55, earlier than the benefits from your ongoing employment (even if you are still in your ongoing employment at the time you wish to draw the deferred benefits).</p>   |
| Cost of living increases  | <p>The combined benefits will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the <b>Consumer Prices Index</b> (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.</p> | <p>The benefits in the active pension account will be subject to revaluation each year in accordance with HM Treasury Orders. The revaluation is currently in line with the rise in the <b>Consumer Prices Index</b> (see glossary for more information). However, in times of negative inflation, the revaluation under a HM Treasury Order could be negative.</p> <p>The benefits in the deferred pension account will be subject to revaluation each year under the Pensions (Increase) Act 1971. Future revaluation is currently in line with the rise in the <b>Consumer Prices Index</b> (see glossary for more information). In times of negative inflation, the revaluation under the Pensions (Increase) Act 1971 would be 0% (i.e. it cannot be a negative amount).</p> |

## ***Death in Service lump sum***

As a member of the LGPS if you die in service a lump sum of three times your annual pensionable pay would normally be payable. If you have a deferred pension, and die before it is paid, a lump sum equal to 5 times the deferred pension is paid. However, only one amount for lump sum life cover is payable from the LGPS so, even if you keep your deferred benefits separate from your active pension account, only the greater of the lump sum life cover for your deferred benefit or for your active pension account would be payable.

## ***Paying extra contributions***

Have you paid extra contributions towards buying additional pension or membership? These would include Additional Voluntary Contributions (AVCs), Added Years, Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs). Please read ***paying extra contributions*** in the glossary to find out what your choices in respect of these are.

## ***Transferring the value of your deferred benefit to another pension scheme***

Please note that even if you choose not to combine your benefits you will not be able to transfer the value of your deferred benefits to another pension scheme whilst you are contributing to the LGPS or if you have less than one year to go before reaching your ***Normal Pension Age***

### **Your Pension Service**

[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

### **Acknowledgement and Disclaimer**

This sheet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this sheet does not confer any contractual or statutory rights and is provided for information purposes only.