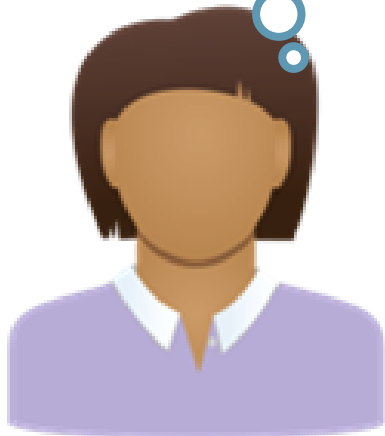


Your Pension Service Scheme Basics

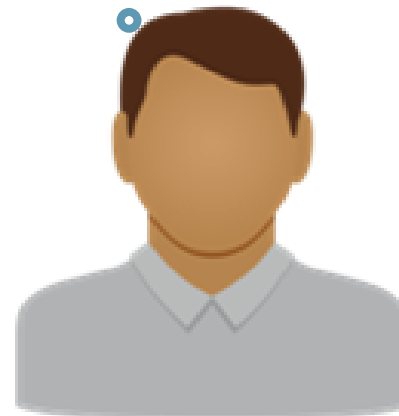
What does my
Annual Benefit
Statement
mean?



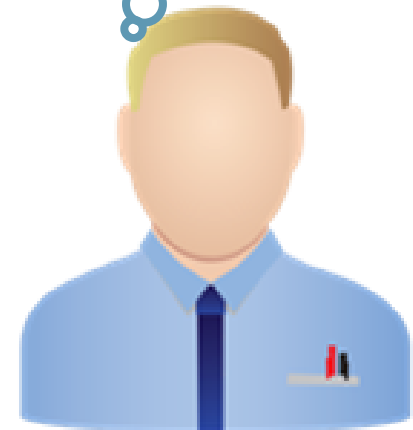
What does an
80th of my
salary mean?



What age
can I retire
at?



How is my
pension
calculated



Aims of the session

- Planning for Retirement
- My Pension Online
- How your pension is calculated
- Conversion Options
- Other benefits of the scheme
- Contribution rates including topping up
- Retirement Ages
- Reductions / Protections
- Types of Retirement
- Leaving before pensionable age
- QUESTIONS

Planning for your Retirement

State Pension paid from age 65-68

Benefits of Membership

- ✓ **Your employer tops up your pension**
- ✓ **You get tax relief on all your contributions**
- ✓ **Guaranteed package of benefits – backed by law**
- ✓ **Protection for your loved ones**
- ✓ **Life cover of three years pay**
- ✓ **Protection - ill health**
- ✓ **Tax free lump sum**
- ✓ **Pension is indexed linked**
- ✓ **Contribution flexibility**
- ✓ **Access to 'My Pension Online'**



My Pension Online

The screenshot shows the 'my pension' logo at the top left, with 'Powered by heywood' underneath. Below the logo is a navigation menu with 'News' and 'Help' links. The main content area is titled 'Login' and contains the following text:

Welcome to the *Altair* Member Self-Service website. To use this website you must be a member of a Lancashire pension scheme administered by Your Pension Service and have a valid username and password.

If you have already registered your account online, input the username and password you created in the login box on the right of this page.

First Time User? Not Registered? or need to re-register?
New users/re-registering users must [sign up](#) to request an activation key.

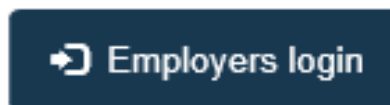
Received your Activation Key?
If you have received your activation key, click to [complete your registration](#).

If you have not received your activation key or you have lost your activation key, please click Sign Up above to request a new one.

To the right of the text is a 'Login' form titled 'Already Registered? Log In'. It contains two input fields for 'Username' and 'Password', a 'Log In' button, and two links: 'Forgotten your password?' and 'Forgotten your username?'.

- ✓ Watch pension grow each month
- ✓ Update contact details (address and email)
- ✓ Produce a variety of pension forecasts
- ✓ View annual benefits statements
- ✓ View nominated beneficiaries
- ✓ Main method of communication between YPS and member

www.yourpensionservice.org.uk



LPP
Local Pensions Partnership

How your benefits are calculated

Final Pay – Pre 2014 Benefits

normally last 365 days

'final pay' includes all contractual pay

excludes casual overtime (and similar)

full time equivalent for part-time members

Pensionable Service – Pre 2014 Benefits

only service during which contributions have been paid

can include previous transferred service

scaled down for part-time member

Accrual Rate – Pre 2014 Benefits

01/04/2008 – 31/03/2014 = 1/60

Start date – 31/03/2008 = 1/80



Final Salary Benefits

If you joined the scheme pre 01/04/2014 will have some final salary pension.

Final Salary

Final 365 days
Full time equivalent

Pensionable Service

Pro rated
Including transferred in service

Accrual Rate

Pre 1 April 2008 1/80
Post 01 April 2008 1/60

Pension

$$5/80 * £20,000 = £1250$$

$$6/60 * 20,000 = £2000$$

Total pension: £3250.00

CARE Pension

(Career average revalued earnings pension)

Members in the scheme post 01/04/2014 have CARE benefits. CARE Pension based on 1/49th of pensionable earnings, plus inflation. (Consumer Price Index)

Gross Pay:
£25000.00

Divided by

Accrual Rate :
25000.00/49

EQUALS

Pension:
£510.20

CARE & Final Salary benefits

Latest Valuation

Current Annual Pension Value	£1,849.33
Lump Sum	£0.00

Your total pension valuation includes both your Final Salary benefits and CARE benefits, please click on the figures below for a detailed breakdown of each benefit.

CARE Benefits	<u>£1,443.70</u>
Final Salary Benefits	£405.63



CARE Pension

CARE Pension Value	£1,443.70
Current Salary	£2,141.19
Date Updated	21/02/2017

Your pension builds up in a new way from April 2014. For each year you get a pension that's equal to a 49th of your pay (or half that rate if you are in the 50/50 section of the scheme) added into your pension account PLUS inflation increases, so your pension keeps up with the cost of living.

Year	Main	50/50	
01/01/2017 -31/01/2017	£43.70		Select
01/12/2016 -31/12/2016	£43.70		Select
01/11/2016 -30/11/2016	£43.70		Select
01/10/2016 -31/10/2016	£43.70		Select
01/09/2016 -30/09/2016	£43.70		Select
01/08/2016 -31/08/2016	£43.70		Select
01/07/2016 -31/07/2016	£43.70		Select
01/06/2016 -30/06/2016	£44.67		Select
01/05/2016 -31/05/2016	£44.48		Select
08/04/2016 -30/04/2016	£31.95		Select
01/04/2016 -07/04/2016	£11.76		Select
01/03/2016 -31/03/2016	£41.62		Select
01/02/2016 -29/02/2016	£45.71		Select

Benefit Projector

my pension
Powered by heywood

Scheme: Local Govt.

Personal Details

Surname
Initials
NI Number
Postcode

Personal Details
Latest Valuation
Financial Details
AVCs / Added Years
Benefit Projector
Death Grant Nomination
Guides & Documents
Member Documents
Change Login Details
Update E-mail Address
Ask a Question
Logout
Help

Deferred Benefits
Death Benefits
Redundancy Retirement
Ill Health Retirement
Retirement

Presto
Lancas

Pension estimates for retirement can be done instantly via My Pension Online...

Step 1: Log in to MPO

Step 2: Select benefit projector

Step 3: Select Retirement

Step 4: Input your possible leaving date, and pay

Step 5: Press calculate

Benefit Projector

Retirement

Total Pension (including any post 2014 CARE pension)	£13,146.49
Lump Sum	£0.00
Spouse's Pension	£6,018.30
Projected Actual Pay at retirement (for post 2014 benefits)	£26,317.05

You have the option of converting some of your annual pension into additional Lump Sum.

[Click here for more details.](#)

Note that as the estimated date of leaving is before your normal pension date your pension has been reduced by £6,409.67 and the lump sum by £0.00.

Leaving Date*	25/12/2049 ×
CARE Pay (Current Actual Pay)*	26317.05
Final Salary Pay (for post 2014 benefits)*	25694.00

CARE PAY: Annual actual pay. Part time amount for part time employees

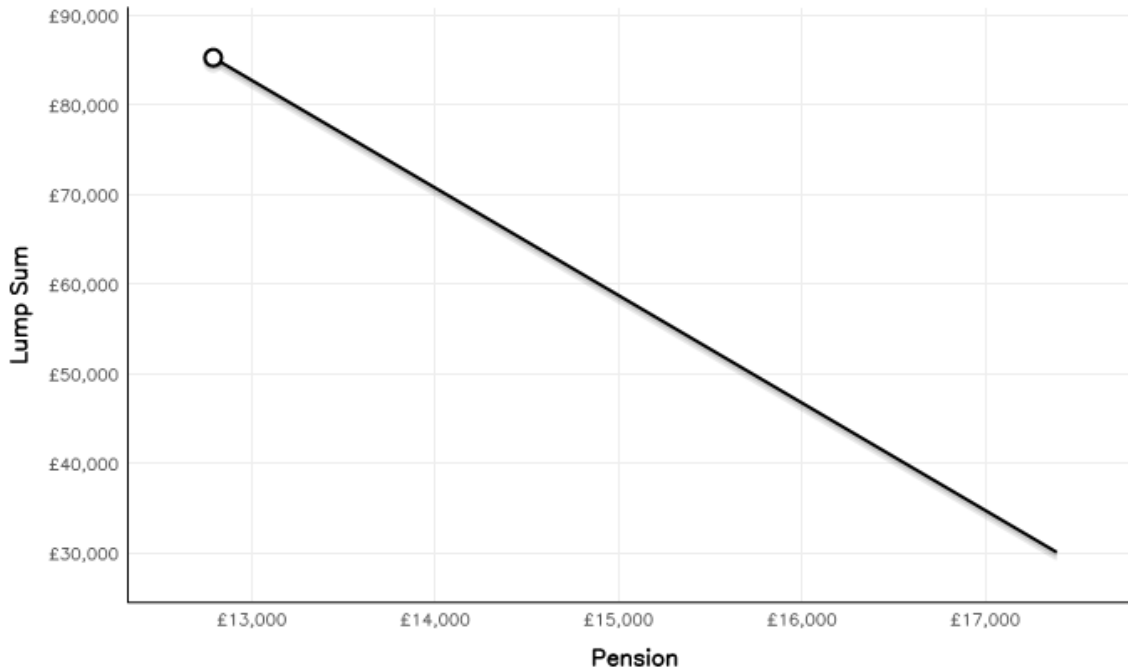
Final Pay: Annual Full time pay, scaled up to full time equivalent for part time employees



Lump Sum Option

Conversion Options

Click or drag within the graph to see the effects of converting your pension to lump sum:



Annual Pension

- £12,789.72 +

Total Lump Sum

£85,264.64

Pension converted to Lump Sum

£4,600.25

Additional Lump Sum

£55,203.00

1/80ths

benefits come with automatic lump sum of 3x pension

Up to 25% of total value of benefits

£1 pension = £12 as a tax free lump sum



LPP

Local Pensions Partnership

Ill Health

If you have to leave work due to illness you may be able to receive immediate payment of your benefits.

Tier 1

Ill health benefits are based on the membership you would have had if you had stayed in the Scheme until your State Pension Age

Tier 2

Ill health benefits are based on your membership built up to leaving plus 25% of your prospective membership from leaving to State Pension Age.

Tier 3

Ill health benefits are based on your membership at leaving. Payment of these benefits will be stopped after 3 years.



Death Benefits

There are two separate elements to your death benefits...

Death grant

- Entitlement to Death Grants start the day you start paying contributions
- Death Grants for active members is 3 * Salary
- Death Grants for pensioners is guaranteed for 10 years from the day the pension was claimed
- Must make an expression of wish

Survivors Benefits

- Widows
- Widowers
- Civil Partners (post 1988 service only)
- Co-habiting Partners
- Children (cease at 23)

Contribution Rates

Re assessed each April or following a material change by employer

Up to £14,100	5.5%
£14,101 to £22,000	5.8%
£22,001 to £35,700	6.5%
£35,701 to £44,200	6.8%
£45,201 to £63,100	8.5%
£63,101 to £89,400	9.9%
£89,401 to £105,200	10.5%
£105,201 to £157,800	11.4%
£157,801 or more	12.5%



It actually costs...

No Pension	£18,000	With Pension
£1,500.00	Salary	£1,500.00
Nil	Pension	£87.00
£102.00	Tax	£85.00
£96.00	NICS	£96.00
£1302.00	Net Pay	£1232.00

Net cost per month £70.00 (4.67%)



Contribution flexibility

Members of the scheme have the option to pay more or less into the scheme throughout their life cycle.



Pay less: 50/50
Section

Pay More:
AVC's
APC

Contribution Flexibility

- Pay 50% of the normal contribution rate (e.g. full rate is 6.5%, they pay 3.25%)
- Pension will build up at a **1/98th** (rather than 1/49th)
- Will not impact on possible ill health enhancements, survivor pensions or death in service lump sums
- Switch between 50/50 option and main scheme at any time
- Member will return to full scheme if on nil pay for sick or at employers auto enrolment date
- Election commences from following pay period

Full Scheme: -
2014/2015
 $£20,000 * 1/49 = \underline{\underline{£408.16}}$

50/50 Scheme: -
2014/2015
 $£20,000 * 1/98 = \underline{\underline{£204.08}}$



Topping up your Pension

APC's

- Can be purchased by regular contributions or a lump sum.
- Can purchase any amount of annual pension you wish.
- Maximum limit of £6,822 (this is index linked by CPI each April).
- APC contract ceases if join 50/50 scheme.



AVC's

- Flexible contributions
- May be taken as a tax free lump sum at retirement
- Can be used to increase income at retirement
- Can contribute up to 100% of gross monthly pay

Cost to You



£100

Your Tax Saving



£25

Your AVC Pot



£125

Retirement Ages

Final salary benefits	➡	65
CARE benefits	➡	SPA (Min 65)

- You can access your benefits from age 55 onwards
- There is normally a reduction for accessing your benefits before your Normal Retirement Age
- As Final Salary benefits are based on a different age to your CARE benefits then different reductions apply to both
- Unless you have protections...

Reductions

Years Early	Males	Females	Retirement grant
0	0%	0%	0%
1	5.6%	5.2%	3%
2	10.8%	10.10%	6%
3	15.5%	14.6%	8%
4	20.0%	18.8%	11%
5	24.0%	22.7%	14%
6	27.8%	26.4%	16%
7	31.4%	29.8%	19%
8	34.7%	33.0%	21%
9	37.7%	36.1%	23%
10	40.6%	38.9%	26%
11	44.2%	42.2%	N/A
12	47.2%	45.5%	N/A
13	50.9%	48.6%	N/A

85 Year Rule

- ✓ Applies to members who joined pre 01 April 2006
- ✓ When the members age plus service = 85
- ✓ Allows members to take their pension early with smaller reductions on their pension
- ✓ 85 year rule protections built into all estimates
- ✓ **85 year rule protection built into YPS and My Pension Online calculations**



Types of Retirement

Early Voluntary Retirement

- Access pension from age 55
- No employer consent required
- Pension payable at normal rate unless pro-rated

Late Retirement

- Pension taken after NPA
- Pension can be taken before age 75
- Normal pension rules apply to

'Normal' Retirement

- State Pension Age
- Post 65, enhancement on Final Salary
- No reductions on CARE

Flexible Retirement

- Access pension from age 55
- Continue working at a lower grade or less hours
- Re-join the scheme
- Employer can waive any reductions that may apply

Business Efficiency

- Pension can be taken if redundant or retired on the grounds of business efficiency
- Unreduced pension payable from 55

Leaving before pensionable age?

- Become a deferred member of the fund
- Access any time from age 55
- Access early on ill health or compassionate grounds
- Defer payment to age 75
- Transfer benefits to a new provider
- Restart contributions if they obtain further LG employment
- Death benefits still payable (amount depends on when left)



Any Questions?

Email:

askpensions@localpensionspartnership.org.uk

Phone: 0300 323 0260

