

Local Government Pension Scheme (LGPS) notes 2022 deferred benefit statement

News

Age discrimination court case

You can find details of this case on our website at:

<https://www.hants.gov.uk/hampshire-services/pensions/local-government/about-the-scheme/mccloud-sargeant-age-discrimination>

Please be assured that if you are affected by the remedy for this case then Pension Services will contact you.

Pensions Increase

Your deferred pension is reviewed each year. HM Treasury sets the increase in public service pensions, based on the rate of the Consumer Price Index (CPI) in the previous September. It is then approved by parliament. This year, the increase is effective from 11 April 2022 and is included in the figures in your statement. If you left the scheme after 25 April 2021, you may receive only part of the full pension increase this year.

When can you take your benefits?

Your pension is due to be paid in full by your Normal Pension Age (NPA). You can find your NPA in your annual benefit statement labelled “payable from”.

If you take your benefits before your NPA, they may be reduced as they will be in payment for longer. If you take your pension after your NPA, late payment increases will be applied.

Some parts of your benefits may have a different NPA depending on the scheme rules that applied at the time the benefits were built up. However, you must take all of your benefits on the same date. This means that parts of your pension may be:

- increased for late payment or
- decreased for early payment

depending on when you choose to take them.

At any time, the Government may change the factors and methodology used to calculate the reductions and increases. This may result in a corresponding change to the pension you are paid at retirement.

Any benefits built up after 1 April 2014 will be payable in full at your State Pension Age (SPA). Please be aware that the SPA is gradually increasing and will reach 67 by 2028. As it is continually under review it may change again in the future. Any change in the SPA can affect your NPA.

The benefits shown on your statement include any late payment increases which would apply to your benefits if they were paid on the date shown.

Providing that you are no longer in the LGPS employment relating to this pension,

you can claim your benefits before NPA, but this depends on when you stopped paying into the LGPS. If you:

- **Left the LGPS before 1 April 1998:** You can choose to receive your pension from age 55. If you do not take your pension early, then you **must** take it at NPA.
- **Left the LGPS after 31 March 1998:** You can choose to receive your pension from age 55 (or in a few cases from age 50 if your former employer's policy allows).
- **Left the LGPS after 31 March 2014:** You can choose to receive your pension from age 55.

You can now run an online estimate using our Member Portal. This will show you the effect of possible reductions for early payment and/or increases for late payment.

The early payment reductions are shown below. If you claim your benefits between whole years then the reduction will be between the figures shown.

Years early	Reductions		
	Men	Women	Lump sum
1	5.1%	5.1%	2.3%
2	9.9%	9.9%	4.6%
3	14.3%	14.3%	6.9%
4	18.4%	18.4%	9.1%
5	22.2%	22.2%	11.2%
6	25.7%	25.7%	13.3%
7	29.0%	29.0%	15.3%
8	32.1%	32.1%	17.3%
9	35.0%	35.0%	19.2%
10	37.7%	37.7%	21.1%
11	41.6%	41.6%	N/A
12	44.0%	44.0%	N/A
13	46.3%	46.3%	N/A

If you left after 1 April 1998, you can choose to defer your pension past your NPA. However, please note that it will **not** be backdated when it comes into payment.

Ill health: You may apply to receive your pension on the grounds of ill health at any age, please contact your former employer in the first instance who will guide you through their deferred ill health process.

See our website for information about how to claim your pension.

Protect yourself against pension scams

The LGPS is a **defined benefit pension scheme**. The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) have stated that they; “believe that **it will be in most people’s best interests to keep their defined benefit pension**. If you transfer out of a defined benefit pension, you cannot reverse it. Make sure that you understand the risks to help you make an informed decision”.

Pension fraud is a real concern and on the increase. If you are thinking of transferring your deferred pension out of the LGPS you may be at risk from scammers. Scam tactics include:

- contact out of the blue,
- promise of high/guaranteed returns,
- access to your pension before age 55,
- free pension reviews,
- pressure to act quickly.

Please read the guidance document produced by [The Pensions Regulator](#)

To protect yourself from scams the Pensions Regulator suggests the following:

- reject unexpected offers and any contact out of the blue,
- check the [Financial Services Register](#) to confirm if the person offering you advice is authorised - avoid unauthorised advisers,
- do not be rushed or pressured into transferring your pension,
- get impartial financial advice (you **must** do this if you want to transfer more than £30,000 but it is **always** recommended),
- contact [Money Helper](#) for free independent and impartial information and guidance.

Beware:

- Any offer of a free pension review is likely to be a scam.
- Ask to see the HM Revenue and Customs approval of your new pension scheme – if the scheme is recently registered, it may be a scam.

For further detail and information please visit our website

www.hants.gov.uk/pensions

Exchange pension for lump sum

Most members are able to increase their lump sum by giving up some of their annual pension. For each £1 of pension that you give up, you get an extra £12 of lump sum.

Your statement shows:

- your standard pension benefits, with no pension exchanged for lump sum and

- your pension benefits with the maximum amount of pension exchanged for lump sum.

You can also choose a lump sum value **between** the two lump sums shown in your statement.

If you joined the LGPS after 31 March 2008 you will see a £0 lump sum in your standard pension benefits. However, you can still give up pension to provide a lump sum.

HM Revenue and Customs set a maximum limit on the pension that you can exchange for lump sum.

Re-joining the LGPS

If you re-join the LGPS with Hampshire or another fund in England or Wales, please make sure both administering authorities are aware that you have other LGPS pension benefits.

You will normally have a year to make a decision about whether or not to combine your deferred pension with your active one. These options are explained in our Starter Information booklet. To notify us of your decision you will need to complete our Membership Option Form on the Member Portal.

If you opted out of the LGPS on or after 11 April 2015 but did not leave your job, you will not be able to combine your deferred pension with your active one if you later opt back into the LGPS in the same employment.

AVC statements

Please note AVC statements are sent separately – they are not included in your annual benefit statement.

National Insurance modification

If you joined the LGPS before 1 April 1980 and left the scheme before 31 March 1998, your pension will be reduced at state pension age due to National Insurance modification. This amount was shown in your letter when you left the LGPS.