

Deferred Annual Benefit Statement

Frequently Asked Questions



[Why do I have deferred benefits?](#)

[My LGPS benefits are subject to a Pension Sharing Order. How does this affect my deferred benefits?](#)

[Will my deferred benefits increase in value?](#)

[How have my deferred benefits been calculated?](#)

[When will my deferred benefits be paid?](#)

[Can my deferred benefits be paid early if I am ill?](#)

[Can you tell me more about the protections for my family and dependants in the event of my death?](#)

[How do I inform you where I want my lump sum death grant to be paid in the event of my death?](#)

[Why doesn't my statement show all of my nominated beneficiaries?](#)

[Can I transfer my deferred benefits to another scheme?](#)

[Tell Us Once and National Insurance \(NI\) Database Information](#)

[Freedom & Choice Brief Information](#)

[Do not be a victim of a 'pension scam' \(also known as 'pension liberation fraud'\)](#)

[Who can help me if I have a query or complaint?](#)

[What are the ERPF's contact details?](#)

[Back to top](#)

Why do I have deferred benefits?

Deferred benefits are where we work out the value of your benefits when you leave the Local Government Pension Scheme and hold them in the scheme for you until either you decide to transfer them to another pension scheme, or they are due to be paid.

You may also have been awarded deferred benefits, as a way of protecting your benefits if you have taken a drop in pay.

[Back to top](#)

My LGPS benefits are subject to a Pension Sharing Order. How does this affect my deferred benefits?

If your LGPS benefits are subject to a Pension Sharing Order issued by the Court following divorce or dissolution of a civil partnership, or are subject to a qualifying agreement in Scotland, your deferred benefits will be reduced in accordance with the Court Order or agreement.

The amount shown on your Annual Benefit Statement 2016 takes in to consideration the Pension Sharing Order.

[Back to top](#)

Will my deferred benefits increase in value?

Your deferred benefits increase or decrease every year in line with the cost of living and are linked to the Consumer Price Index (CPI). When your benefits are paid to you, your pension will continue to receive cost of living increases every year.

The CARE element of your benefits is increased or decreased using the HM Treasury Order (TRO) and the Final Salary element is increased using Pensions Increase (PI) Review Order.

On 10 April 2017, the TRO and PI was 1%, based on the CPI rate in the year to September 2016.

Any CARE and Final Salary pension you have will have been increased by 1% in 2015/16.

If you left your job part way through the year you will not get the full 1% increase straightaway. The increase is applied to your deferred benefits the day after you left the pension scheme. The table below shows the increase payable this year in relation to any CARE and Final Salary pension you have, dependant on when you left the scheme.

You left from	Increase applied
01 April 2016 to 25 April 2016	1.0%
26 April 2016 to 25 May 2016	0.92%
26 May 2016 to 25 June 2016	0.83%
26 June 2016 to 25 August 2016	0.75%
26 August 2016 to 25 September 2016	0.67%
26 September 2016 to 25 October 2016	0.58%
26 October 2016 to 25 November 2016	0.50%
26 November 2016 to 25 December 2016	0.42%
26 December 2016 to 25 January 2017	0.33%
26 January 2017 to 25 February 2017	0.25%
26 February 2017 to 25 March 2017	0.17%
26 March 2017 to 31 March 2017	0.08%

[Back to top](#)

How have my deferred benefits been calculated?

Pre 1 April 2014 benefits are calculated as follows:

- Service up to and including 31 March 2008: **Final Salary Pay x Service (in years and days) x 1/80**
- Service from 1 April 2008 to 31 March 2014: **Final Salary Pay x Service (in years and days) x 1/60**
- The pre 1 April 2008 automatic lump sum: **Final Salary Pay x Service (in years and days) x 3/80**

If you worked part time your service would have been reduced by the proportion of the full time equivalent hours you worked.

Post 1 April 2014 benefits are calculated as follows:

- Main section membership: **CARE Pensionable Pay x 1/49**
- 50/50 section membership: **CARE Pensionable Pay x 1/98**

Prior to 1 April 2014, full time equivalent pay ignores times when you may have been on reduced contractual pay or no pay due to sickness or injury, on ordinary or paid additional maternity/paternity/adoption leave, paid shared parental leave, or on reserve forces service leave. After 1 April 2014, an Assumed Pensionable Pay (APP) for these periods of leave will be included within the CARE figure.

Assumed Pensionable Pay (APP) provides an estimated pensionable pay figure to ensure your pension is not adversely affected by any reduction in pensionable pay you may have suffered due to:

- *a period of sickness or injury on reduced contractual pay or no pay,*
- *relevant child related leave, or*
- *reserve forces service leave.*

Working out your APP requires a calculation to be carried out by your employer to determine what your pay would have been had you not been on reduced or no pay. The APP is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before your pay was reduced.

In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored; where your employer determines that there is a reasonable expectation that you would have had additional lump sums paid (e.g. regular overtime) these are included.

[Back to top](#)

When will my deferred benefits be paid?

You can claim your deferred pension benefits at any time between age 60 and 75 if you left your job before 1 April 2014. If you left your job after 1 April 2014 you can claim your benefits any time between age 55 and 75. There are a small number of people who have to take their deferred benefits at 60 however we will write to you and inform you if this applies.

We pay your deferred benefits from your normal pension age unless you decide to take them earlier at a reduced rate, or later at an enhanced rate.

We will send you a retirement pack just before your normal pension age. The pack will include a form that you need to fill in and return so we can pay your deferred benefits.

Your normal pension age is the age you can retire and take the pension benefits you have built up in full. For any pension benefits you build up before April 2014 there's a protected normal pension age of 65 (unless you're one of a very small number of members with an earlier protected age of 60). The protection means that if you take your pension benefits at your protected normal pension age, the pension benefits you built up before 1 April 2014 will be paid in full.

For the pension you build up from 1 April 2014, your normal pension age is the same as your state pension age (but with a minimum of age 65).

Any future changes to state pension age will mean that your normal pension age for the part of your deferred benefits you build up from 1 April 2014 will also change.

However, if you were in the scheme before 1 April 2014, the protected normal pension age for the part of the deferred benefits you built up before 1 April 2014 will not change.

Use the government's [state pension age calculator](#) to find out your state pension age. Note that the calculator doesn't include proposed changes to state pension age.

If you think you may want to take your benefits before your normal pension age, you should write to the ERPF with your request.

[Back to top](#)

Can my deferred benefits be paid early if I am ill?

It is possible to draw your deferred benefits at any age on the grounds of ill health but this must be approved by your former employer. You must meet the ill health criteria set out in the regulations at the time you left the scheme and you must be certified as having met those criteria by an Independent Registered Medical Practitioner appointed by your former employer.

If you think you may be eligible and would like to pursue this option, you should write to the ERPF with your request.

[Back to top](#)

Can you tell me more about the protections for my family and dependants in the event of my death?

If you die before your deferred benefits become payable and you only have deferred benefits in the LGPS, there will be a lump sum payable. This is referred to as a death grant and the amount payable is dependent on your date of leaving.

If you left the scheme before 1 April 2008, the value of the death grant payable would be the value of your deferred lump sum (including any relevant pensions increase).

If you left on or after 1 April 2008, the death grant payable would be equal to 5 times the value of your deferred pension (including any relevant pensions increase).

If, in the event of your death, you are also in active employment and a member of the LGPS in England or Wales, the death grant payable would be either 5 times the annual value of your deferred pension with us or 3 times your Assumed Pensionable Pay (APP) in your active employment, whichever is higher.

Assumed Pensionable Pay (APP) provides an estimated pensionable pay figure to ensure your pension is not adversely affected by any reduction in pensionable pay you may have suffered due to:

- *a period of sickness or injury on reduced contractual pay or no pay,*
- *relevant child related leave, or*
- *reserve forces service leave.*

Working out your APP requires a calculation to be carried out by your employer to determine what your pay would have been had you not been on reduced or no pay. The APP is calculated as the average of the pensionable pay you received for the 12 weeks (or 3 months if monthly paid) before your pay was reduced.

In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored; where your employer determines that there is a reasonable expectation that you would have had additional lump sums paid (e.g. regular overtime) these are included.

As well as the death grant, if you leave dependants when you die there may be benefits for them as well. These can be payable to either:

- your husband or wife
- your civil partner or,
- your cohabiting partner (if you were contributing to the scheme after 1 April 2008)

Any eligible dependent children will also receive benefits in the event of your death. Further details are available upon request.

You should complete a death grant 'expression of wish' form which will tell us of your wishes with regards to whom or where you would like your death grant to be paid to. This form is available on our website for you to download and complete. We will endeavour to respect your wishes as far as we can, but the Fund will always have the final decision as to the recipient(s) of any death grant.

[Back to top](#)

How do I inform you where I want my lump sum death grant to be paid in the event of my death?

You should complete a death grant 'expression of wish' form to tell us of your wishes with regards to whom or where you would like your death grant to be paid – these are referred to as your nominated beneficiaries.

The form is available on our website for you to download and complete, or you can contact us and ask us to send you one.

We will always endeavour to respect your wishes but the Fund will always have the final decision as to the recipient(s) of any death grant.

[Back to top](#)

Why doesn't my statement show all of my nominated beneficiaries?

This will only apply if you have more than 8 nominated beneficiaries. If you believe that the full details are not showing on your statement and you would like confirmation of the beneficiaries we hold, we are more than happy to provide this on written request. Please note that if you have made a contingent nomination (i.e. where you would like your death grant to be paid in the event that your current nominated person(s) predecease you), then these are not shown on the statement.

[Back to top](#)

Can I transfer my deferred benefits to another scheme?

A transfer can be paid to either:

- a UK HM Revenue & Customs registered pension scheme, or
- a Recognised Overseas Pension Scheme (ROPS)

You can ask your new pension scheme/provider to request transfer details from us or you can contact us directly.

To be entitled to a transfer you must:

- have at least 3 months membership (unless you left the scheme between 1 April 2008 and 31 March 2014)
- not be retiring from the scheme on grounds of redundancy, business efficiency or ill-health
- not already be in receipt of a LGPS pension (England & Wales only)
- not have rejoined the LGPS (England & Wales only)

Please be aware that if you are nearing your NPA, you may not be able to transfer your benefits out of the scheme under new regulations. You will need to contact the ERPF and your options will have to be investigated on an individual basis.

You should think carefully before deciding to go ahead with a transfer.

Your deferred benefits are valuable benefits that keep increasing with the cost of living both before and after you start drawing your pension. They also include generous death benefits for your dependants.

You should compare these benefits to the benefits a transfer would provide for you before making any decision to transfer.

The Money Advice Service gives clear unbiased advice and information about all sorts of financial matters and you may find some useful information about transferring pension rights at www.moneyadviceservice.org.uk

Before a transfer can be paid, you may be required to take appropriate independent financial advice (at your own cost) from an adviser authorised by the Financial Conduct Authority (FCA). You should consider taking this advice, even if you are not required to do so.

[Back to top](#)

Tell Us Once and National Insurance (NI) Database Information

The Tell Us Once service is provided by the Department for Work and Pensions (DWP) and is a service offered in most parts of the country. When the death of an LGPS member is registered, the DWP systems will ensure that the LGPS pension fund is informed of the death, meaning that the member's records can be processed quicker and simpler than would otherwise be the case.

To enable the LGPS to join this service, an extract of the membership information we hold must be periodically shared with the DWP. This membership information is held on the National Insurance (NI) Database. The NI Database is hosted by South Yorkshire Pensions Authority and the data held is processed in accordance with the Data Protection Act 1998 and other relevant legislation.

This NI Database is undertaken in order to comply with legal requirements contained in the LGPS's governing regulations. Provisions contained in the LGPS Regulations 2013 mean that, if a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership

elsewhere in the country so that the right death benefits can be calculated and paid to the deceased member's dependants.

As the LGPS is locally administered, each pension fund has its own membership records and it can be difficult to tell if an individual has other LGPS records and where these are held.

To comply with the requirements set out above, a national Database was developed that will enable funds to check if their members have LGPS pensions records in other pension funds.

The only information which is shared is:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed, and
- A four digit number confirming the LGPS pension fund where that member's record is held.

An extract of the Database containing the above information will be securely shared with DWP every month so that they may maintain an up-to-date record of the LGPS's membership. The information will be held for as long as

- a) the relevant regulatory requirements remain, and
- b) the LGPS participates in the Tell Us Once service.

As this data sharing is partly being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.

[Back to top](#)

Freedom & Choice Brief Information

In the 2014 budget the Government announced reforms to defined contribution schemes, like personal pensions.

These reforms are effective from 6 April 2015 and give members of such schemes, aged 55 or over, greater flexibility over how they can access their pension savings. However, even under the new flexibilities, HMRC rules require that anything above 25% of pension savings will be taxable as pension income at a member's marginal rate.

To help people understand their retirement choices from schemes offering the new flexibilities, the government has introduced a free and impartial service called [Pension Wise](#)

As the LGPS is not a defined contribution scheme, the new flexibilities do not apply to it. But there are indirect changes for LGPS members considering transferring to such a scheme. For details – refer to [**this Q & A**](#) for LGPS members.

Further to this, the Department for Communities and Local Government (DCLG) are currently considering how the changes will impact on LGPS in-house AVC plans.

[Back to top](#)

Do not be a victim of a 'pension scam' (also known as 'pension liberation fraud')

A joint pensions industry and Government operation is working to stamp out this activity. The campaign is being led by the Department for Work and Pensions, The Pensions Regulator, The Pensions Advisory Service, Money Advice Service, Financial Conduct Authority, Serious Fraud Office, HMRC, Action Fraud, National Crime Agency and City of London Police.

Many scammers are now directing members to transfer into single member occupational schemes in an attempt to escape scrutiny. They may attempt to target members interested in transferring to a scheme which offers the new 'Freedom & Choice' pension flexibilities.

Pension scammers use 'one off pension investments', 'pension loans' or 'upfront cash incentives' to entice members to transfer their pension savings. For most people the offers will be bogus. They claim they can help members access their pension before the legal minimum age of 55. It is normally only in rare circumstances, such as serious ill health, that you are able to take retirement benefits before age 55.

They also claim they can help members take more than 25% of their pension savings as 'tax free' cash. HMRC rules require that all pension savings above 25% are taxable as pension income at a member's marginal rate, even if they are taken as a lump sum.

If you are taken in by a pension scam and agree to transfer, you will probably lose most, if not all, of your pension savings. You could also receive tax charges of over half the value of your pension for taking what is classed as an 'unauthorised payment' for tax purposes.

If you do receive an 'unauthorised payment', you must declare it to HM Revenue & Customs (HMRC). If you fail to declare an unauthorised payment to HMRC, you may be charged penalties in addition to the tax.

The Pensions Regulator has produced two documents about Pension Scams, for members.

The brief leaflet (pdf 705KB) can be viewed here: [pension scam leaflet](#)
The detailed booklet (pdf 1.1MB) can be viewed here: [pension scam booklet](#)

HMRC have also produced a factsheet (pdf 218KB). This can be viewed [here](#).

[Back to top](#)

Who can help me if I have a query or complaint?

If you are in any doubt about your LGPS benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact us by using the information detailed below.

We will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If you are still dissatisfied with any decision made in relation to the scheme, you have the right to have your complaint reviewed under the scheme's Internal Disputes Resolution Procedure. There are also a number of other regulatory bodies that may be able to assist you.

If you require more detailed information about the ERPF's Internal Disputes Resolution Procedure, please contact us by using the information detailed below.

[Back to top](#)

What are the ERPF's contact details?

Our address:

**East Riding Pension Fund
PO BOX 118
Council Offices
Church Street
Goole
East Riding of Yorkshire
DN14 5BG**

Our telephone number:

01482 394104

Our email for Annual Benefit Statement queries:

abs@eastriding.gov.uk

Our email for general enquiries:

erpf@eastriding.gov.uk

[Back to top](#)