

# **Your Active Benefit Statement 2016**



# Welcome to your Pension Statement for 2016

This is your annual update on your LGPS pension, letting you see how much your pension is worth and helping you to prepare for retirement.

## Before reading remember...

- These figures are only an estimate and should not be treated as a guarantee of your entitlement.
- If you have any queries about the pay figures used to calculate your benefits, **please contact your employer directly.**
- If you have more than one job in the LGPS, you'll receive more than one benefit statement.
- Any Additional Voluntary Contributions (AVCs) you pay are not included in the estimations.
- If you have previously paid or are paying Added Years or Additional Regular Contributions these have been included as part of your Final Salary Pension.
- If you have a Pension Sharing Order as the result of a divorce, the figures in this statement have been reduced to take this into account.

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## Your Personal Details

Name:

Date of Birth:

NI Number:

Date Joined Scheme:

Employer at 31 March 2016:

Payroll Number:

Job Title:

## Your Pension Summary

Current Value of your pension as of 31st March 2016

### Total Pension:

One-off pension lump Sum:

Your total pension is made up of Final Salary and CARE pension benefits. To see a breakdown of how these are calculated see **pages 4 & 6**

Estimated Value of Your Pension at Your Normal Pension Age:

Your Normal Pension Age:

### Total Pension:

One-off pension lump Sum:

For more information on retiring and your estimated pension at retirement see **page 8**

## Your Final Salary Pension as at 31 March 2016:

Pension benefits built up before 1 April 2015 are based on your Final Salary.

<b>Total Final Salary Pension:</b>	<input type="text"/>	per year	<b>Lump Sum:</b>	<input type="text"/>
<b>Final Pay:</b>	<input type="text"/>		<b>Membership:</b>	<input type="text"/>

### How is your Final Salary Pension calculated?

It depends on when you were paying into the scheme and for how long:

**Pension** = Length of Membership up to 1 April 2009 x Final Pay x 1/80th  
*plus*  
Length of Membership from 1 April 2009 – 31 March 2015  
x Final Pay x 1/60th

**Lump Sum** = Length of Membership up to 1 April 2009 x Final Pay x 3/80th  
There is no automatic lump sum if you joined after 1 April 2009

### Final Pay

The figure above is an **estimate** based on information provided by your employer. It could be higher or lower than the actual pay you received as absences, reduced/back dated contributions and car leasing salary sacrifice schemes will affect this total. When you retire, we use your final pay at retirement to calculate your pension.

### Membership

This is the period during which you have paid contributions to the Fund and it includes any service transferred in or purchased.

### Lump Sum

If you do not get an automatic lump sum or you want to increase your lump sum you can exchange some pension for a tax free lump sum (within HMRC limits). For every £1 of pension you give up, you get £12 of lump sum.

See the table below for an example:

Annual Pension at retirement	Pension Exchanged for lump sum	Total Lump Sum	New Annual Pension
£10,000 per year	£1,000	£12,000	£9,000 per year



## Your CARE Pension as at 31 March 2016:

Pension built up after 1 April 2015 is based on your **Career Average Revalued Earnings (CARE)**.

Opening Balance at 1/4/2015	+	<input type="text"/>	
Cost of Living Increase	+	<input type="text"/>	
Pension Built Up in 2015/16	+	<input type="text"/>	
Total CARE Pension	=	<input type="text"/>	per year

### Breakdown of Pension Built Up in 2015/16:

Main Section		50/50 Section		Additional Pension Contributions		Transfers
<input type="text"/>	+	<input type="text"/>	+	<input type="text"/>	+	<input type="text"/>

### Pensionable Pay in 2015/16:

Pensionable Pay in Main Section	<input type="text"/>	Pensionable Pay in 50/50	<input type="text"/>
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## Opening Balance

As 2015/16 is the first year of the new CARE scheme, all members start off with an opening CARE balance of £0.

## How does my Pension Build up?

Every year you build up a pension worth 1/49th of your pensionable pay (i.e. pay in the main section ÷ 49). If at any time you were in the 50/50 section you will build up pension worth 1/98th of the pensionable pay you received while in 50/50 (i.e. pay in 50/50 ÷ 98).

## Additional Pension Contributions (APCs)

Any APCs you have purchased in 2015/16 are included in the above calculation. Please note Additional Voluntary Contributions (AVCs) are not included in your pension estimates.

## Transfers In

Any pension you transferred from another pension provider in 2015/16 is included in your total CARE pension. Transfers to the LGPS in a previous year are included as part of your Final Salary benefits.

## Pensionable Pay

This is the actual pay you have received and paid contributions on in 2015/16. It includes your normal salary plus shift allowances, bonuses, contractual overtime, child related leave pay and any other taxable benefits.

If you were a member of 50/50 at any time during the year, you will see a separate figure showing the pay you received while in 50/50.

If you were off work due to sickness or injury, child related leave or reserve forces leave **and** received reduced or nil pay, your pensionable pay figure includes your “assumed pensionable pay.” This is the pay you would have received had you been in work as normal.

### Cost of Living increase 2016

A cost of living increase is applied to your CARE pension on **1st April** every year.

As this statement shows the value of your pension as at **31st March 2016**, this figure is 0%. However inflation for 2015/16 was -0.1%.

Therefore your Total CARE pension will reduce by 0.1%.

For example if your CARE benefits were worth £500 on 31 March they would be reduced by 50p on 1 April. The reduction to your CARE pension will be shown in next year's statement along with the pension you have built up for that year.

Alternatively you can now view the new value of your pension online via **My Pension**.

## Estimated Pension at Your Normal Pension Age

Normal Pension Age (NPA):  Date of NPA:

**Total Annual**

**Pension at NPA:**  **Lump Sum:**

*This is made up of:*

**Final Salary**  
**Pension at NPA:**  + **CARE**  
**Pension at NPA:**

### How is my estimated pension calculated?

To estimate your pension we have:

- Used the same method and pay figure as outlined on page 4 and page 6 to calculate your pension to your Normal Pension Age.
- Assumed that your pay and hours will not change and that there will be no inflation increase or decrease to your pension.
- Assumed you will be in the main section of the scheme until your NPA.

### What is Normal Pension Age (NPA)?

It is simply the age you can retire and access your pension without any reductions for early payment. NPA is the same as your State Pension Age with a minimum age of 65. That means those with a State Pension Age earlier than 65 still have a NPA of 65 in the LGPS. As NPA is linked to your State Pension Age, if your State Pension Age changes, so too will your NPA.

### Can I retire before Normal Pension Age?

You can choose to retire anytime from age 60. You can even retire from age 55 if you have your employers permission. However if you retire before your Normal Pension Age, your pension may be reduced due to early payment. If you retire later than your NPA your pension will increase.

### Lump Sum

When you retire you have the option to exchange some pension for a tax free lump sum, within HMRC limits. For every £1 of pension you give up, you get £12 of lump sum.

Note your Lump sum is part of your final salary pension benefits which have an NPA of 65. If your NPA is older than 65, the lump sum shown includes a late payment increase.

**For more information on retirement visit**

[www.nespf.org.uk/Members/lgp\\_retire.asp](http://www.nespf.org.uk/Members/lgp_retire.asp)



## Is my pension enough?

When thinking about how much pension you need in retirement, you should consider:

- The kind of lifestyle you want in retirement
- Future outgoings and bills such as:
  - Rent or mortgage payments
  - Bills e.g. Council Tax, electricity
  - Living expenses e.g. food, travel
  - Care costs
  - Unexpected bills e.g. car repairs
  - Leisure and holidays

It may help to think about how much your pension could cover your current expenses.

**If you're interested in increasing your pension see [page 14](#) for more details.**

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per year

## Survivor's Pension

If you die in service we will pay a pension to:

- your husband/ wife, or
- your civil partner, or
- your **eligible** \* co-habiting partner, and
- any **eligible** children

The Survivor's pension is only an estimate and has been calculated on the assumption that you are married or in a civil partnership.

For information on Survivor's pension and your personal circumstances please contact the Pension Fund.

## Death Grant

This is a tax free lump sum payable upon your death and is equal to 3 times your annual pay.

## Death Grant Wishes

You may tell us who you would like to receive this grant. Although we do not have to follow your wishes we will do so wherever we can.

To nominate or change your nominations, complete the *"Death Grant – Expression of Wish"* form available in the publications page of our website or login to My Pension to automatically update your nominations.

- \* This will only be paid if your relationship meets certain conditions. For more information and to let the Fund know of a co-habiting partner please see the *"Notification of Co-habiting Partner"* form available from the Fund or on our website.

## Death Grant Wishes

Name	Percentage %
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## Tax and Your Pension

Annual Allowance and Lifetime Allowance are the amount of pension savings you can make within a single year and over your lifetime without incurring a tax charge. If you exceed the Annual or Lifetime Allowance limits you will pay tax on the excess.

### Annual Allowance (AA)

Annual Allowance Limit: £40,000

AA Used in 2015/16:

### Lifetime Allowance (LTA)

Lifetime Allowance Limit: £1.25m

LTA Used:

% of LTA Used:

**Be aware that changes are being made to both Annual and Lifetime Allowance. More information is available on page 16.**

**It is your responsibility to work out if you have a tax charge and to notify HMRC. You will need to consider any other pension savings you have to see if your total pension benefits exceed AA and/or LTA limits.**



## Happy with your Pension Statement?

A customer survey has been included with some of our pension statements but if you haven't received one you can still give us feedback on your pension statements and our service by completing our short online survey at:

[www.surveymonkey.co.uk/r/nesp2016](http://www.surveymonkey.co.uk/r/nesp2016)



## NESPF Goes Digital with My Pension

Take control of your retirement with our new look My Pension website. My Pension is a secure online tool that gives you instant access to the details we hold on your pension, making checking your pension just as easy as online banking.

With My Pension you can:

- View the latest value of your pension
- Update personal details
- Change your death benefit nominations
- Estimate how much your pension could be when you retire and see how retiring at different ages affects your pension.

If you're not yet registered with My Pension, keep a look out for your activation key which will be arriving in the next few days.

This key allows you to skip the 1st step of registration – making signing up easier. If you don't receive an activation key you can still sign up.

Simply visit <https://axis.nespf.org.uk/> and follow the steps to complete your registration.



## Increasing your Pension

People are living longer and today many can expect to spend 20 years in retirement, so your pension income needs to last. To give yourself that little bit more to spend, there are two tax efficient ways to increase your pension:



**Additional Pension Contributions (APCs)** go into your NESPF pension account and increase with the cost of living. When you retire, your APCs will be paid to you each year on top of your normal LGPS benefits.

The cost of APCs depend on how much extra pension you want to buy and can be bought regularly over a period of time or purchased as a one off lump sum.

To see how much an APC could cost visit <http://scotlgps2015.org/apc/>



**Additional Voluntary Contributions (AVCs)** are invested separately in funds managed by our AVC provider - Prudential. AVCs are deducted directly from your pay, just like normal contributions and are transferred into your own personal account with Prudential.

Here the contributions and the returns on your investments will remain. When you retire you can use your AVCs to buy additional pension benefits with the LGPS or with another provider.

You can also take up to 100% of your AVCs as a tax free lump sum, within HMRC limits. To find out more visit <http://www.pru.co.uk/rz/localgov/> or contact Prudential on 0800 012 1378.

## State Pension Statements

Previously a State Pension statement has been included in your benefit statement. However due to the changes to the State Pension we can no longer provide these. If you are interested in how much your State Pension is you can request a State Pension Statement from the Future Pension Centre. You can do this online at <https://www.gov.uk/check-state-pension> or call 0345 3000 168.



## Tax: Lifetime and Annual Allowance

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There are limits on how much pension you can save in any one year and over your lifetime before incurring a tax charge. These are known as the Annual and Lifetime Allowances. From April 2016 both of these are changing:

**Annual Allowance (AA):** The Annual Allowance limit is £40,000. However from April 2016 if your total taxable income plus the value of any pension savings made in a tax year is over £150,000, your AA for that tax year will be reduced by £1 for every £2 of income over £150,000. Most members will not be affected by this however if you are near or exceed this limit in regards to your LGPS pension, we will contact you.

**Lifetime Allowance (LTA):** From 6 April 2016, this will be reduced from £1.25m to £1m. If your pension savings exceed or are near the new £1million limit you are able to apply for protection to reduce or avoid a future tax charge. Those who exceed or could exceed this limit in the future include high/medium earners, those with substantial membership and members who pay additional pension contributions.

Please be aware that Annual and Lifetime Allowances do not only apply to the LGPS, they cover all pension benefits you have, across all schemes you pay or paid into and is not a “per scheme” limit. You should review all benefit statements you receive to check whether you exceed these limits.

For more information on Lifetime and Annual Allowance visit [www.nespf.org.uk/Members/Annual\\_and\\_Lifetime\\_Allowances.asp](http://www.nespf.org.uk/Members/Annual_and_Lifetime_Allowances.asp)

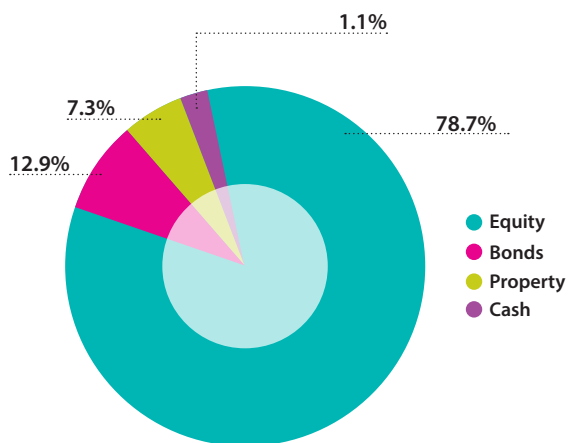


## Fund in Figures 2015/16

Value of Fund assets as at 31 March 2016 - **£3,182 million**

Income to Fund 2015/16	£(m)	Expenditure	£(m)
Employee Contributions	27	Pension Benefits	113
Employer Contributions	93	Leavers and Transfers	5
Transfers received	2	Administration & Investment Costs	20
Investment income	52		

Asset Allocation as at 31 March 2016



Top 6 Directly Held Stock as at 31 March 2016	£ (million)	% of Fund
Amazon	44.2	1.39
Illumina	41.4	1.30
Facebook	40.1	1.26
BAT	37.6	1.18
Tencent	34.7	1.09
Baidu Inc	33.2	1.04

## Number Crunch



**61,953**  
members



**24,546**  
Active Members



The value of the fund  
has increased by  
**£10** million



**4** award nominations including  
**3** Fund of the Year awards



**14,487**  
helpline calls taken in 2015/16

## Managing your data & Data Protection

To comply with regulations the Fund shares some limited information with other public service bodies to prevent and detect fraud.

### LGPS National Insurance Database

This is a data sharing project with all other LGPS Funds in the UK. It allows funds to identify if a member has an LGPS record elsewhere in the country, information which is necessary to calculate a member's death benefits.

### National Fraud Initiative (NFI)

The Fund has a legal obligation to participate in the NFI, a counter-fraud exercise led by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, to identify circumstances that might suggest the existence of fraud or error. We also utilise the Registrar's Tell Us Once system.

The Fund does not share or sell any information to third parties and data collected and shared is done in line with the Data Protection Act.

The Data Controller for the Fund, is the City Solicitor of Aberdeen City Council. If you wish to check your computerised personal record is accurate you can contact us however we may charge a small fee.



## Contact details

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We hope you found this newsletter useful. If you have any questions or would like more information please get in touch.

You can visit us in person, **Monday - Friday** (except public holidays) between **9:00am - 4:30pm** simply visit the Customer Service Centre at the Broad Street entrance and ask for the Pension Fund.

**North East Scotland Pension Fund**

Corporate Governance  
Business Hub 16  
3rd Floor - West  
Marischal College  
Broad Street  
Aberdeen AB10 1AB

**Help Desk: 01224 264 264**

**Email:** [pensions@nespf.org.uk](mailto:pensions@nespf.org.uk)

**Web:** [www.nespf.org.uk](http://www.nespf.org.uk)

**Twitter:** @NESPF

Let us know what you think of our benefit statements and service  
by completing our short online member survey at:

[www.surveymonkey.co.uk/r/nespf2016](http://www.surveymonkey.co.uk/r/nespf2016)