

Welcome

This edition of PENPAL brings you all the information you need to know about the pension you are building up with the Clwyd Pension Fund. It includes useful information such as:

- Options to pay extra contributions
- Pensions Dashboard
- Clwyd Pension Fund financial update
- Changes to the Lifetime Allowance

Please get in touch if you have any questions about any information included in this newsletter. Our contact details can be found at the end of this newsletter.

Kind regards,

Karen Williams

Pensions Administration Manager



Regulations: What is an LGPS pension?

In 2014 Local Government Pension Scheme (LGPS) changed from a final salary scheme to a career average revalued earnings (CARE) scheme. This means any of the pension you have built up in the scheme after 1st April 2014 is based on the pay you earn each year, rather than on your final salary when you leave.

- All benefits you earned up to April 2014 remain protected as final salary benefits.
- For each year you are in the CARE scheme, we will add pension equal to 1/49th of your pensionable pay into your pension account, or 1/98th of your pay for any period spent in the 50:50 section. (The 50:50 section allows you to reduce your contributions by half, and in return build up half your normal pension benefits). This is then revalued each year in line with inflation.

If you were contributing to the scheme before 1st April 2014, your final pension benefits will be a combination of final salary and career average benefits.

Communications: Remembering to keep us updated

To make sure you continue to get important updates about your pension from the Clwyd Pension Fund, please remember to keep your personal details up to date if anything about you changes:

- Let us know if you change your name and send us a copy of the relevant certificate as proof. This helps us keep your records accurate.
- If you get married, divorced, or have any other change in your marital status, tell us. This can affect the surviving partner pension benefits.
- If you move, please update your address with us so we can reach you with important information.

You can update some of these details yourself by logging into your **Member Self-Service** account. Alternatively, you can let us know by using the email or postal address at the end of this newsletter.

Communications: Pensions made simple

If you want to find out more about your LGPS pension and your options but you're short on time, take a look at the Pensions Made Simple videos. These eight short videos will give you quick introductions to topics such as 'What is a pension?', 'How your pension works', 'Looking after your pension', and 'Protection for you and your family'. You can watch the videos through this link: www.lgpsmember.org/help-and-support/videos

Communications: Useful calculators

We have added some new links on our website to make it easy for you to find some useful calculators. You can find these calculators in the yellow “Quick Links” section of our website’s homepage. Some of the calculators available to you are:

- a maximum lump sum calculator,
- a maximum AVC lump sum calculator,
- a calculator to check your State Pension age, and
- a calculator to check your State Pension value

These tools are free to use anytime, to help you plan and see what your retirement could look like in the future.



Regulations: Paying extra contributions

If you want to pay extra contributions to boost your pension value at retirement, there are two ways of doing this in the LGPS.

Additional voluntary contributions (AVC)	Additional pension contributions (APC)
AVCs are long term savings that you can only take at retirement. They’re a flexible way to pay extra contributions because you can increase, decrease, stop or restart them at any time. Like your standard contributions, AVCs come out of your wages before tax. So, if you are a 20% taxpayer and want to put £100 into your AVC pot each month, you only need to pay £80, as the remaining £20 will come from your tax relief. You choose how much you want to pay into your AVC pot, and how to invest it with our provider, the Prudential. At retirement you then use it to: • possibly take all of it as a lump sum, or • use it to increase your annual pension, or • take some of it as a lump sum and use the rest to increase your annual pension. If you start taking your pension before normal retirement age, both your main pension and any additional pension you have bought through AVCs will be reduced for early payment. If you are setting up an AVC that is not a shared cost AVC, contact the Prudential: www.pru.co.uk/localgov or 0345 6000 343. Tell them you’re a member of the LGPS through the Clwyd Pension Fund and they will help you set up an AVC account linked to the pension you have with us. Some employers pay into your AVC pot with you if you take part in salary sacrifice; that is, an arrangement where your employer pays contributions on your behalf and you both save on national insurance. This option is called a shared cost AVC. You will need to check with your employer to see if they offer shared cost AVCs, as they are set up differently. Your employer will explain what to do and how you start sacrificing some of your salary to set one up.	APCs allow you to buy an additional amount of annual pension in the LGPS. The most you can increase your pension by at retirement is currently £8,344 a year. You can choose to buy the extra pension by making a one-off lump sum payment or by spreading the cost over a set number of complete years. If you spread the cost, the APCs come out of your wages in the same way as your standard pension contributions, so any tax relief will apply to the APCs as well. If you decide to stop paying APCs before the end of the agreed contract, you will only receive the extra amount of pension you have actually paid for up to that point. If you pay by making a one-off lump sum instead: • You can have the extra contributions taken from your wages; or • Make a payment directly to the Clwyd Pension Fund. If you pay directly to the Fund, you will need to speak to HM Revenue & Customs to arrange for the relevant tax relief to be paid back to you, as the Clwyd Pension Fund cannot do this. Any extra pension that you buy with APCs will be payable when you retire, with your annual pension, for life. If you start taking your pension before normal retirement age, both your main pension and the additional pension you have bought through APCs will be reduced for early payment. APCs only increase your own pension. They do not increase the value of a partner’s pension if you die before them. You can see how much you will need to pay in APCs to increase your pension by the amount you want using our online calculator. Just type in your details to get your quote: www.lgpsmember.org/help-and-support/tools-and-calculators/buy-extra-pension-calculator Before you can start paying APCs, you will need to get a medical certificate signed by your doctor, at your own expense, to confirm you are in reasonably good health.

Finance: 2023/2024 facts and figures at a glance



Our accounts for 2023/2024 will be included in the fund's Annual Report which will be available on our website at the end of 2024. In the meantime, here are our audited figures for 2022/2023.

Contributions are paid into the fund by both employers and their employees. Any money not needed to pay pension benefits in the short term is invested to provide future benefits. Contributions are invested in line with our Investment Strategy and Responsible Investment Policy. You can find our Investment Strategy Statement in the strategies and policies section of our website:

mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies

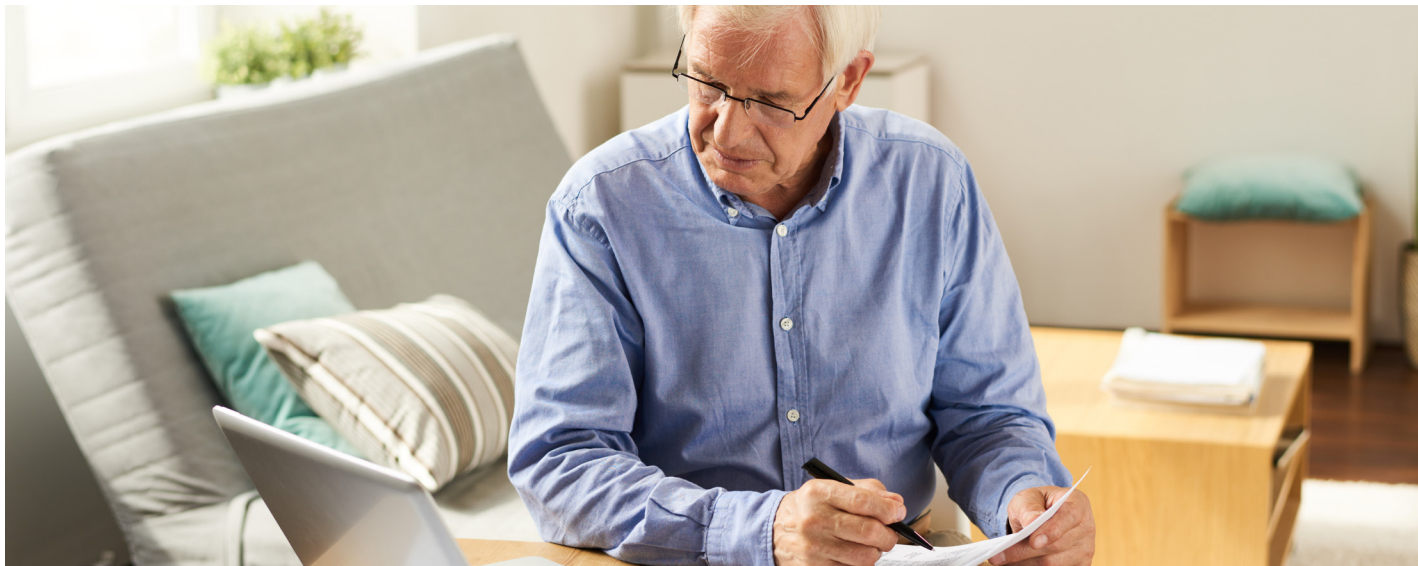
As the LGPS is a defined benefit scheme, the fund's investments have no financial impact on the value of your own pension benefits. Therefore, the figures below are for information purposes only.

If you have any queries about the fund's investments or accounts, please contact

pensionsinvestments@flintshire.gov.uk

2022/2023 Income		2022/2023 Expenditure	
Income	£m	Expenditure	£m
Employees	20,006	Pensions	70,631
Employers	72,117	Lump sums	17,267
Investment income	34,269	Other	34,673
Other	6,244	Net new money	10,065
	<u>132,636</u>		<u>132,636</u>
Contributors 31st March 2023		Pensioners 31st March 2023	
All contributors	<u>17,671</u>	Retired members & dependants	15,151
		Preserved benefits	18,424
			<u>33,575</u>
Market value of fund at 31st March 2023		Change in net assets	
	£m		£m
Fixed interest securities	894,584	Fund at 1st April 2022	2,490,795
UK equities	0	Net new money	10,065
Foreign equities	245,739	Changes in market value during the year	
Alternative investments	1,059,268	Realised and unrealised profit	-198,262
Cash	98,590	Fund at 31st March 2023	<u>2,302,598</u>
Net assets	<u>4,417</u>		
	<u>2,302,598</u>		

Regulations: Death grant nominations



The LGPS provides life cover and protection for your family. Did you know that in the event of your death, in addition to a surviving partner's pension, there may also be a one-off grant payable on your death? You can nominate whoever you would like, for example family, friends, or even charities. You should let us know who you would like any death grant to be paid to. You can do this by completing an expression of wish form or updating your wishes online on your MSS account. The expression of wish form can be found in the **forms and resources** section of our website. If you need a paper copy, please contact us.

If you die in service before age 75, and you are still paying LGPS contributions, an amount of three times your assumed pensionable pay is payable as a death grant. If you paid additional voluntary contributions through the LGPS, the value of your AVC fund is also payable.

Any death grant must take into account if you have any other pensions in other LGPS Funds. We will check with the other LGPS Funds in England and Wales to see if you have:

- Any deferred pension accounts with them: that is, you were no longer paying LGPS contributions but not receiving pension payments yet
- Any pensioner accounts with them: that is, you were receiving pension payments from LGPS

The grant payable will then be the higher of:

- The death in service amount of three times your assumed pensionable salary plus the value of any AVCs; or
- The total death benefits from your deferred or pensioner accounts in other LGPS funds.

Regulations: McCloud Remedy

Earlier this year we asked you to complete a previous LGPS & public sector pensions form to help us work out if you might be affected by the McCloud Remedy. Thank you for sending your completed forms back to us. If you have not yet completed a form, please download one from the **forms and resources** section of our website or get in touch to request a copy. This is needed to make sure we apply the McCloud Remedy to your pension (if applicable) when you leave the pension scheme in the future.

You can read more about the McCloud Remedy and watch a short video on the national LGPS website:

www.lgpsmember.org/mccloud-remedy



Regulations: Changes to the lifetime allowance (LTA)



When you begin to claim your pension, we will work out your standard benefits.

- If you were an LGPS member on or before 31st March 2008, your standard benefits are made up of an annual pension and an automatic lump sum.
- If you became an LGPS member on or after 1st April 2008, your standard benefits are made up of an annual pension only. You won't have an automatic lump sum.

As well as this, most members can take up to 25% of the overall value of their pension as a lump sum. The lump sum will usually be tax-free. HM Revenue & Customs limits the amount of tax-free cash you can take from all UK pension schemes. The limit that has replaced LTA at retirement is known as the lump sum allowance. This is currently £268,275. If the total of all lump sums you take from UK pensions is more than the limit, you will have to pay extra tax. You can find more information about the new lump sum allowances on the national LGPS website:

<https://www.lgpsmember.org/your-pension/the-essentials/tax>

If you wish to take a lump sum when you take your pension, we need to know about any pension benefits you have taken previously to check you don't go over the lump sum limits. Although most members will not be affected, we must carry out the checks for everyone.

Before 6th April 2024, the lifetime allowance limited the total amount of pension benefits a person could have before they paid extra tax. The Government reduced the lifetime allowance three times since it came into force in 2006. Each time it reduced, those people who had already built up large pensions could apply for protections from the reduction.

Even though lifetime allowance no longer exists, if you have a lifetime allowance protection, your lump sum allowance at retirement and your lump sum and death benefit allowance could be higher than the new standard limits. You must let your pension fund know about any lifetime allowance protection you have before you take a lump sum.

What are the protections?

Individual Protection 2016 (IP16)	Fixed Protection 2016 (FP16)
You may have Individual Protection 2016 (IP16) if your pension savings were valued at over £1 million on 5th April 2016. It sets your protected limit to what your savings were worth on 5th April 2016 (up to a maximum of £1.25 million).	Fixed Protection 2016 (FP16) is for members who stopped paying contributions into their pension after 5th April 2016. It sets the protected limit at £1.25 million. As you are still contributing into LGPS, this protection would not be relevant.

You can still apply to HM Revenue & Customs for protection. The deadline for making an application is 5th April 2025. You can use this link to the government website for more detailed information:

www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance

Clwyd Tips

In this section of the newsletter, the fund provides tips and information about issues that are not LGPS related.

Check your State Pension forecast

In April this year, the Government launched a new online service to help people check their State Pension details. The service allows most people under State Pension age to view gaps in their national insurance record and pay voluntary contributions to fill those gaps, if it will benefit them: www.gov.uk/voluntary-national-insurance-contributions

You can also use the following link to check your own State Pension forecast: www.gov.uk/check-state-pension

Pensions Dashboard

The Pensions Dashboard is a new Government initiative that will allow you to see all of your pensions online, securely and all in one place. It will give clear and simple information about your multiple pension savings, including your State Pension. The Clwyd Pension Fund is working hard behind the scenes to make sure we are ready to connect to the Dashboard by the current deadline given to LGPS funds, which is 31st October 2025. All UK pension providers must connect to the new Dashboard by 31st October 2026. We have recently done a data cleanse exercise for LGPS members of our fund to make sure that we have up-to-date information for you, like name and address. This is because we need your most up-to-date information so that you can see your pension information on the Dashboard. If you are included in our data cleanse exercise, you will have received a letter explaining how to update your details with us.

You can read more about the Pensions Dashboard here:

www.pensionsdashboardsprogramme.org.uk



Retirement Living Standards

The Pensions and Lifetime Savings Association (PLSA) have published the latest study on the Retirement Living Standards. Based on independent research by Loughborough University, the standards aim to remove uncertainty around planning for retirement and explain what retirement could be like at three different standards. The figures below are the yearly amounts you would need to achieve a certain lifestyle.

Minimum	Moderate	Comfortable
Single: £14,400	Single: £31,300	Single: £43,100
Couple: £22,400	Couple: £43,100	Couple: £59,000
Covers all your needs, with some left over	More financial security and flexibility	More financial freedom and some luxuries

Now in its fifth year, this research has become a benchmark for the pensions industry and the Government. Focus groups made up of UK residents from different backgrounds took part in the research. They talked about their expectations for retirement, and the opportunities and choices they need to take part in society.

Spending costs were worked out for each of the three standards in line with the Consumer Price Index, in the following categories:

Housing	Food	Transport	Holidays and leisure	Clothing and personal	Helping others

The research suggests that retired people value doing things more than having things. Being able to help others (family or charities, for example) has become more important, not just for the expensive items but for little things such as:

- Helping with everyday costs;
- Treating loved ones to a meal; and
- Helping pay for activities and treats (especially for grandchildren)

For more information, visit www.retirementlivingstandards.org.uk

Your opportunity to get involved



There is an exciting opportunity now available for a pension fund member to be a key player in assisting in the governance of the Clwyd Pension Fund. The term of office for the pension scheme member representative on the Clwyd Pension Board (“the Board”) is coming to an end. Although the person who currently holds this position can be reappointed, other scheme members have the opportunity to apply for the position if they wish.

The position must be filled by a person who is either currently paying pension contributions, a deferred member, or a pensioner member of the Clwyd Pension Fund. No experience is necessary. However, if you are interested you must have around fifteen days available to prepare for and take part in meetings and training.

The role of the Board is to oversee the management of the pension fund, assisting in:

- ensuring compliance with legal and the Pension Regulator’s requirements, and
- the efficient and effective governance and administration of the Fund.

The Board work alongside the decision-making Pension Fund Committee which has overall responsibility for running the Clwyd Pension Fund. The Board is able to make recommendations to the Committee to help improve the governance and administration of the Fund.

The Board is be made up of four members; two pension fund member representatives and two employer representatives. It is chaired by an independent (and non-voting) pensions professional whose role is to assist the appointed representatives with their duties.

The appointed person must be willing to act as a representative for all the members paying pension contributions, deferred members, and pensioner & dependant members in the Clwyd Pension Fund. Full training will be provided by Flintshire County Council as there is a legal requirement for all Board members to obtain and maintain an appropriate level of pensions knowledge. Applicants will need to have the capacity and commitment to attend and prepare for meetings, and to participate in the training. As said above, this could total up to the equivalent of around ten to fifteen days a year, but some will be part-days. Subject to the employment circumstances of the appointed person, they may receive payment of a small allowance for each day of Board business, and travel costs and expenses will be reimbursed in line with the Council’s policies.

More information about this role, including how to apply, can be found on our website at mss.clwydpensionfund.org.uk/home/investments-and-governance/local-pension-board. If you have any further questions once you have read the information on the website, please email them to pensionboard@flintshire.gov.uk. The deadline for receiving applications is 15th January 2025.

Contact details for the Clwyd Pension Fund



Email: pensions@flintshire.gov.uk
Telephone: 01352 702980 / 01352 702981 (Monday to Friday 9am – 5pm)
Website: mss.clwydpensionfund.org.uk
Address: Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA

Other useful contact details

Pension Tracing Service	www.gov.uk/find-pension-contact-details	0800 731 0193
MoneyHelper (financial advice)	www.moneyhelper.org.uk/en	0800 011 3797
Unbiased (financial advice)	www.unbiased.co.uk	0800 023 6868
Citizen’s Advice (financial advice)	www.citizensadvice.org.uk	0800 702 2020 (Wales) 0800 144 8848 (England)
State Pension	www.gov.uk/new-state-pension	0800 731 7898

This information is available in alternative formats for example Braille, large print, BSL Video/DVD, audio tape and other languages on request.

Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.

