

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:

- Types of Retirement
- 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: Types of Retirement

Here are the different retirement types available to LGPS members and how they work.

Normal retirement

Your normal retirement age is either your State Pension age, or 65 if later.

If you start to take your pension at your normal retirement age, you will receive the full amount with no reductions.

Early retirement

If you leave between age 55 and normal retirement age, you can still receive your pension straight away.

The pension will be reduced because you are taking it early. The earlier you go, the lower your pension will be.

You don't have to take the pension if you don't want to.

You can choose to defer the pension for now and receive it in the future. If you were paying LGPS contributions before 1st October 2006, you might meet the Rule of 85. You meet Rule of 85 if the following equals 85 or more when added together:

- Your age when you take your LGPS benefits, plus
- The number of years you have paid LGPS contributions for

If you meet the Rule of 85, this means some of your pension would not be reduced even if you take early retirement. The Rule of 85 will only automatically apply if you start taking your pension from age 60. If you meet the Rule of 85 and want to take your pension before age 60, you need your employer's consent for it to apply. If your employer does not consent, you can still take your pension but it will be lower than if the Rule of 85 had applied.

Late retirement

If you leave between normal retirement age and 75, you can receive your pension straight away. The pension will be slightly higher because you are taking it later than expected. The later you go, the higher the pension will be.

If you continue to work beyond your 75th birthday, you must stop paying LGPS contributions and start receiving your pension.

Redundancy or Efficiency of the Service

If you are over 55, then made redundant or leave due to efficiency of the service, you must receive your pension straight away. Under current rules, the pension will not be reduced for early payment.

Although the pension will not be reduced, it will not be enhanced either to give you the pension you could have built up if you carried on paying contributions until your normal retirement age.

If you have paid extra contributions to improve the value of your pension, this part of your pension will be reduced if you go before normal retirement age.



Flexible retirement

Flexible retirement allows you to start receiving the pension you have already built up and carry on working for the same employer and earn a salary. You would keep paying LGPS contributions and build up a second smaller pension for when you fully retire. You must meet certain conditions before you can do this:

- You must be aged 55 or over;
- You must either reduce your working hours or move to a job with a lower salary, and
- You must get your employer’s consent. (Your employer must have a flexible retirement policy before agreeing.)

The pension will be reduced if you retire flexibly before normal retirement age. The earlier you go, the lower your pension will be.

Ill health retirement

If you need to leave your job due to ill health, you might receive your pension straight away.

Your employer will ask an independent doctor to confirm that:

- You are now permanently incapable of doing your current job
- You are not immediately capable of taking up any gainful employment. This means paid work for 30 hours a week or more, for at least a full year

There are three tiers of ill health retirement, depending on the ill health condition. In all three tiers, your pension would not be reduced for early payment.

Tier 1	Tier 2	Tier 3
<ul style="list-style-type: none"> • You are unlikely to be capable of gainful employment before normal retirement age • Your pension will be enhanced to include the service you could have built up to normal retirement age • The pension is payable for life 	<ul style="list-style-type: none"> • You are unlikely to be capable of gainful employment within 3 years of leaving, but likely to be capable before normal retirement age • Your pension will still be enhanced, but by 25% of the extra amount that Tier 1 would have added • The pension is payable for life 	<ul style="list-style-type: none"> • You are likely to be capable of gainful employment within 3 years of leaving • Your ex-employer would review your pension after 18 months: <ul style="list-style-type: none"> ▪ If you are capable of gainful employment, the pension stops ▪ If you are still not capable of undertaking gainful employment but will be capable in the next 18 months, the Tier 3 pension continues for a further 18 months or until you become capable again ▪ If you are not capable of undertaking gainful employment and your ill health has worsened, your ex-employer may increase the pension to Tier 2 from the date of review <p>If you are receiving a Tier 3 pension and then become capable of gainful employment again, you must let your ex-employer know. Once your Tier 3 pension payments stop, you can start to receive them again at any point from age 55. Your pension will be reduced if you start to receive it again before normal retirement age.</p>

If you are over 55 and opt out of paying contributions, you cannot receive your pension straight away. You have to leave the job you opted out of first, unless you are age 75.

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



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

<p>2022/2023 Income</p> <table> <tr> <td>Income</td> <td>£m</td> </tr> <tr> <td>Employees</td> <td>20,006</td> </tr> <tr> <td>Employers</td> <td>72,117</td> </tr> <tr> <td>Investment income</td> <td>34,269</td> </tr> <tr> <td>Other</td> <td>6,244</td> </tr> <tr> <td></td> <td><u>132,636</u></td> </tr> </table>	Income	£m	Employees	20,006	Employers	72,117	Investment income	34,269	Other	6,244		<u>132,636</u>	<p>2022/2023 Expenditure</p> <table> <tr> <td>Expenditure</td> <td>£m</td> </tr> <tr> <td>Pensions</td> <td>70,631</td> </tr> <tr> <td>Lump sums</td> <td>17,267</td> </tr> <tr> <td>Other</td> <td>34,673</td> </tr> <tr> <td>Net new money</td> <td>10,065</td> </tr> <tr> <td></td> <td><u>132,636</u></td> </tr> </table>	Expenditure	£m	Pensions	70,631	Lump sums	17,267	Other	34,673	Net new money	10,065		<u>132,636</u>				
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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: 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 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.

