

2023 Annual Benefit Statement Guidance Notes



These guidance notes will help to explain the information in your Annual Benefit Statement. They cannot cover every circumstance and if there is a dispute, the appropriate legislation will apply. They are provided for information purposes only and do NOT give you any contractual or statutory rights. The benefits included are based on regulations currently in force and cannot be guaranteed. If you are a nursery/classroom assistant or councillor member, please see section 3 on page 4.

On 1 April 2015 the Scheme changed from a final salary Scheme to a Career Average Revalued Earnings (CARE) Scheme. This means that:

- For each year in the Scheme, you will build up a pension based on your pensionable pay in that year.
- 1/49th of your pensionable pay will be added to your pension account each year. If you move to the 50/50 section this will reduce to 1/98th of your pensionable pay.
- Your pension is adjusted in line with inflation to ensure that it keeps up with the cost of living.

Your Annual Benefit Statement shows the value of your pension at 31 March 2023. It includes the pension built up since 1 April 2015 under the CARE Scheme and the pension you built up before 1 April 2015 in the final salary Scheme.

The projected pension does not include any future cost of living increases as we cannot predict what these may be. It also does not include any reductions that may apply if you take your pension earlier than your Normal Pension Age (NPA). For more information on reductions to your pension see the 'Other points to note' section on pages 6 and 7. Increases to your final salary benefits are included if you are over age 65 at 31 March 2023. If you are over your NPA then increases will also be applied to your CARE benefits.

Your NPA shown on your statement is linked to your State Pension Age (SPA) but this may change if the Government changes the SPA in the future.

If you are paying or have previously paid Additional Voluntary Contributions (AVCs), these are treated separately and are not included in the pension amounts quoted on your statement. You should receive a statement each year from your AVC provider showing the value of your AVC fund. You can check the value of your Prudential AVC fund online at www.pru.co.uk/localgov.

For further information about the Scheme please see our website www.nilgosc.org.uk.

Please read our 'Understanding your annual benefit statement' page for five points on what to check in your statement. You can find it here:

www.nilgosc.org.uk/members/annual-information/understanding-your-pension-benefit-statement/



Section 1 – About you

This section shows the personal and employer details that we hold on your record. If your contact details have changed, please let us know. You can update your contact number or email address via My NILGOSC Pension Online. For any other updates please visit our website www.nilgosc.org.uk/members/making-changes/ to download an LGS24 – Change in Circumstances form or call on 0345 3197 325.

Partnership status

If your partnership status is wrong, please contact us. It is important to tell us of any changes as it may affect your partner's entitlement (if any) to a survivor's pension if you die.

Employer

This is your employer for the job to which this statement applies. If you are a member of the Scheme in more than one job, you will receive a separate statement for each job.

Section of the Scheme

This will be either "Main" if you were in the main section of the Scheme, or "50/50" if you were in the 50/50 section of the Scheme at 31 March 2023.



CARE Pensionable Pay in year to 31 March 2023

This is the amount of pensionable pay you received between 1 April 2022 and 31 March 2023. It includes non-contractual overtime and additional hours payments and has been provided to us by your employer. Please contact your employer immediately if you think it is incorrect.

If you have had a period of reduced pay or no pay due to sickness, injury, child related leave (i.e. ordinary maternity leave, ordinary adoption leave, paternity leave, paid additional maternity leave, paid additional paternity leave, paid additional adoption leave, paid shared parental leave, or paid parental bereavement leave) or reserve forces service leave, your CARE pensionable pay has not been reduced and your benefits continued to build up as normal during this time. This is because your employer has provided us with a pay figure based on the average pay you received in the last three complete months before your pay was reduced.

Final Salary Pensionable Pay

Any pension built up before 1 April 2015 will be calculated using your final salary at retirement or leaving. If you joined the Scheme on or after 1 April 2015, and did not have a transfer in of service, this field will remain blank as all of your pension will have built up under the CARE Scheme. This pay has been provided to us by your employer. It excludes non-contractual overtime and additional hours payments. Please contact your employer immediately if you think it is incorrect.

Section 2 – Summary of your pension benefits built up to 31 March 2023

Total Current Pension



This is the total value of your annual pension built up to 31 March. It includes your CARE pension (for membership from 1 April 2015) and final salary pension (for membership to 31 March 2015). Your annual pension is the amount you

would receive each year at retirement for the rest of your life.

Tax-free Lump Sum

If you have membership before 1 April 2009 you are entitled to an automatic tax-free lump sum when you claim your pension. If you do not have membership before 1 April 2009 this section will say 'Not Applicable'.

You can convert some of your annual pension into a lump sum. For every £1 of annual pension you give up you will be awarded a lump sum of £12. You can take up to 25% of the overall value of your pension as a lump sum.

Survivor's Pension

The survivor's pension is paid on your death to your spouse, civil partner or eligible cohabiting partner. It does not affect your own benefits, regardless of whether it is paid or not. Please tell us if your partnership status changes so we can ensure that survivor benefits are paid where applicable. If we do not know your partnership status the survivor pension shown assumes you are married. If you are single, divorced or widowed a value of zero is shown.

Section 3 – Breakdown of your benefits at 31 March 2023

Important: The benefits calculated in this section of the statement are based on the pay figures provided by your employer. It is important that you check the pay shown in section 1 and the pension built up within this section and contact your employer immediately if you think they are wrong. The pay figures for CARE benefits include non-contractual overtime and additional hours payments.



Career Average Pension Account

Opening balance

This is last year's closing balance plus an adjustment for the cost of living at 1 April 2022 (3.1%).

Adjustment for cost of living

Your total CARE pension is adjusted on 1 April each year in line with Department of Finance Revaluation Orders. The adjustment for the cost of living at 1 April 2022 was 3.1%. The cost of living adjustment can go down as well as up.

Amount built up during year

This is the total amount of pension built up in the Scheme this year. It includes all the values shown below.

Main and 50/50 section

For each year in the Scheme, you build up a pension based on 1/49th of your pensionable pay in that year. If you opted to join the 50/50 section of the Scheme then you build up a pension based on 1/98th of your pay. If you had a period of membership in the main section and a period in the 50/50 section, the benefits are shown separately.

Additional pension bought and transfers in

Any additional pension that you have bought during the scheme year under an additional pension contribution (APC) or shared-cost additional pension contribution (SCAPC) arrangement will be shown here. Any CARE pension credited as a result of you transferring in pension rights from other schemes will be shown in 'Transfers in'.

Final Salary Benefits

This section will only apply if you have membership in the Scheme before 1 April 2015. Your final salary benefits are calculated as follows:

Annual pension:

1/60th x membership from 1 April 2009 to 31 March 2015 x final salary pay.

plus

1/80th x membership to 31 March 2009 x final salary pay;

Automatic tax-free lump sum:

3/80th x membership to 31 March 2009 x final salary pay.

No automatic tax-free lump sum is payable on membership from 1 April 2009.

If you joined the Scheme on or after 1 April 2015, and did not have a transfer in of service, then final salary benefits do not apply.

The final salary pensionable pay used in your statement is based on pay figures provided by your employer. In most cases this will be your annual full-time equivalent salary at 31 March 2023.

When you retire, your final salary pensionable pay will be based on the 2009 Scheme definition of pensionable pay. It will also include any extra pensionable payments you receive that fall under that definition. Benefits will normally be based on the final salary pensionable pay you earn in your final year of membership. However, final salary pensionable pay earned in either of the two preceding years will be used instead, if higher.

If you worked part-time before 31 March 2015, your final salary is converted to its full-time equivalent and your membership is then adjusted to the contractual hours you worked (including term-time weeks). The membership used in the final salary calculation includes any pension rights transferred-in from previous pension schemes. If you have bought or are buying added years and/or additional pension to increase your final salary benefits, the total pension amount includes the additional amount purchased as at 31 March 2023. These amounts are not shown separately.

Important: The final salary pensionable pay used is for guidance only and could go up or down before you leave the Scheme. These values represent the current value of pension benefits based on membership built up to 31 March 2015 and your current pay. They do not include any reductions that may apply if your benefits are paid earlier than your NPA. Increases to your final salary benefits are included if you are over age 65 at 31 March 2023. If you are over your NPA then increases will also be applied to your CARE benefits.



Section 3 continued – Breakdown of your benefits at 31 March 2023

Classroom assistants

If you are a classroom assistant who signed up to the JNC Collective Agreement, you have protected pension rights from 1 January 1995 to 30 November 2007. If your employer is a Voluntary Grammar or Grant Maintained Integrated school, you have protected pension rights from 1 January 1995 to 6 February 2009. The statement shows the relevant calculations. A 32.5 hour working week will be used to calculate your membership from 1 January 1995 to the date of the relevant Collective Agreement. All other membership will be calculated using the 36 hour working week.

Section 1 (Your Final Salary Pensionable Pay) shows the full-time equivalent pensionable pay based on 36 hours and 32.5 hours. These pay figures have been provided by your employer and reflect your pay at 31 March 2023. As NILGOSC cannot answer queries about your pensionable pay, any such queries should be made to your employer. When you leave the Scheme your final salary benefits are normally calculated using the pensionable pay you actually receive in your final 12 months of employment. If you are part-time, the pay used is the whole-time equivalent pensionable pay for your post.

Nursery assistants

If you are a nursery assistant who signed up to the JNC Collective Agreement, you have protected pension rights from 1 January 1995 to 27 March 2015. The statement shows the relevant calculations. A 32.5 hour working week will be used to calculate your membership from 1 January 1995 to the date of the relevant Collective Agreement. All other membership will be calculated using the 36 hour working week.

Section 1 (Your Final Salary Pensionable Pay) shows the full-time equivalent pensionable pay based on 36 hours and 32.5 hours. These pay figures have been provided by your employer and reflect your pay at 31 March 2023. As NILGOSC cannot answer queries about your pensionable pay, any such queries should be made to your employer. When you leave the Scheme your final salary benefits are normally calculated using the pensionable pay you receive in your final 12 months of employment. If you are part-time, the pay used is the whole-time equivalent pensionable pay for your post.

Councillors

If you are a councillor member, benefits built up before 1 April 2015 were calculated as:

Annual pension =
total membership x career average pay ÷ 60.

On 1 April 2015, any pension built up in that post before that date was transferred and became the opening balance in your new CARE account. This opening balance has been revalued along with the CARE pension that you have built up. The figures shown for your Career Average Pension Account now include this original opening balance.

From 1 April 2015 CARE benefits are built up in the same way as set out on the previous page.

Section 4 – The projected value of your benefits

Your Normal Pension Age (NPA) is linked to your State Pension Age (SPA) and may therefore change in the future.

The total projected pension includes your CARE pension built up to 31 March 2023, the estimated CARE pension to NPA based on earnings from April 2022 to March 2023 and final salary benefits (based on current estimated full-time equivalent final pay). If you have not been a member of the Scheme for a full year since 1 April 2022 then the CARE pay earned has been grossed up to a full year equivalent for the purpose of projecting forward.

The automatic lump sum for pre April 2009 benefits is also shown here and is based on current estimated full-time equivalent final pay.

The projected CARE pension assumes that you remain in the same section of the Scheme (main section or 50/50 section) that you were in on 31 March 2023 until NPA.

If you have already reached your NPA at 31 March 2023, then a projection of your benefits is not applicable and no value is shown.

Your projected CARE pension from 1 April 2023 to your NPA is calculated as follows:

Main Section

$1/49\text{th} \times \text{CARE pay at 31 March 2023}$
 $x \text{ years and days from 1 April 2023 to NPA;}$

plus

pension built up between 1 April 2015 to 31 March 2023.

50/50 Section

$1/98\text{th} \times \text{CARE pay at 31 March 2023}$
 $x \text{ years and days from 1 April 2023 to NPA;}$

plus

pension built up between 1 April 2015 to 31 March 2023.

The projected benefits do not include any future cost of living increases as we cannot predict what these may be.

For some members, the value of your projected benefits is the same as your total current pension. This happens when your employer has not provided NILGOSC with pay information for the 2022/23 year. There may be several reasons for this: you may be a casual worker who has not worked in the 2022/23 year; or you may be on a career break.

If you are paying additional contributions to purchase extra CARE benefits, the projection only includes the benefits purchased up to 31 March 2023.



Section 5 – Your death benefits built up to 31 March 2023

If we do not know your partnership status the figures shown in this section assume that you are married. If you are single, widowed or divorced no survivor pension is shown.

Survivors' pensions (assuming you are married, in a civil partnership or have an eligible cohabiting partner) are generally calculated as follows:

CARE survivor's pension:

$\text{CARE pay} \times \text{years and days from 1 April 2015 to NPA}$
 $\times 1/160$

plus

Final salary survivor's pension (if pre 1 April 2015 membership):

$\text{Final pay} \times \text{pre April 2015 membership} \times 1/160$

On your death, a pension may be payable to your surviving spouse, civil partner or eligible cohabiting partner. We will require evidence from your cohabiting partner that the conditions for a cohabiting partner's pension have been met, so if your circumstances change in the future please remember to update us.

Additionally, a pension may also be payable upon your death to your children provided they meet certain conditions. The calculation will depend on the number of eligible children and whether a pension is also payable to your surviving spouse, civil partner or eligible cohabiting partner.

When you die, a tax-free lump sum death grant of three times your Assumed Pensionable Pay (APP) (an average of the pensionable pay received during the three complete months or 12 week period if weekly paid, before your date of death) may become payable. Although NILGOSC has discretion as to whom the death grant is paid, we will take into account any expression of wish that you have made.

You may note that the value of your death grant has been recorded as zero. This happens when your employer has not provided NILGOSC with pay information for the 2022/23 year. There may be several reasons for this: you may be a casual worker who has not worked in the 2022/23 year; or you may be on a career break.

If you also have an earlier period of Scheme membership, such as a deferred pension or a pension in payment, the lump sum death grant payable is the greater of either:

- The active death grant as shown; or
- The sum of the lump sum death grants from your earlier benefits.

The easiest way to let us know who you would like to receive this lump sum is by logging onto My NILGOSC Pension Online to complete your nomination. The form is also available from our website www.nilgosc.org.uk.



Other points to note



Normal Pension Age (NPA) – reductions and increases

NPA is linked to your SPA for benefits built up from April 2015 (but with a minimum of age 65) and is the age at which you can take the pension you have built up in full. If you choose to take your pension before your NPA it will normally be reduced, as it is being paid earlier. If you take it later than your NPA, it is increased because it is being paid later.

If you were paying into the Scheme before 1 April 2015 your final salary benefits keep their protected NPA – which for most members is age 65.

However, apart from flexible retirement, all pension benefits claimed at normal retirement must be taken at the same date i.e. you cannot draw your final salary benefits (built up before April 2015) at age 65 and your CARE benefits (built up from April 2015) at your NPA.

The NPA shown on your statement relates to benefits built up from April 2015 – i.e. your SPA. If you are over your NPA then a date of 31 March 2023 has been used.

The table below shows the effect your retirement age has on your pension benefits:

Retirement age	Effect on benefits
Before age 65	CARE and final salary benefits reduced.
At age 65	CARE benefits reduced (if your NPA is greater than age 65). No reduction to final salary benefits.
Between age 65 and NPA	CARE benefits reduced (if you retire before your NPA). Final salary benefits increased.
At NPA	No reduction to CARE benefits. Final salary benefits increased.
After your NPA	Both CARE and final salary benefits increased.

If you joined before 1 October 2006, you may have some 85 year rule protection which means that some or all of the reductions would not apply if you retire early.

You can find out your current State Pension Age at www.gov.uk/state-pension-age. Please note that this may change before you retire.

Your benefit statement does not include any potential reductions should you decide to take your benefits earlier than your NPA. For more details on the reductions please see the Early Retirement section of our website.

Lump sum and maximum conversion

If you joined before 1 April 2009, you will be entitled to an automatic lump sum and an annual pension when you retire. If you joined after 31 March 2009, you will only be entitled to an annual pension. Either way, you may want to receive a lump sum by converting part of your annual pension. For every £1 of annual pension you give up you will be awarded a lump sum of £12. This option is subject to certain restrictions which will be provided to you shortly before retirement.

Please note: If you decide to convert part of your pension to receive a lump sum it is not possible to change your decision at a later date.

McCloud Judgement Update

In 2015 the government made changes to public service pension schemes, including the LGPS (NI). It was later found that some of the protections that were put in place were age discriminatory as they gave protections to older members. As a result, steps are being taken to make protections which will be fair to all members who were in the Scheme both before 1 April 2012 and have membership of the 2015 Scheme. This does not affect any members who joined the Scheme after 31 March 2012.

It has not been possible to reflect the impact of the judgment in your Annual Benefit Statement this year. **If you qualify for protection it will apply automatically - you do not need to make a claim.** For more information, see the McCloud frequently asked questions section of NILGOSC's website and the Department of Finance statement on www.finance-ni.gov.uk/publications/statement-mccloud-judgement

Eligible Cohabiting Partner Survivor Benefits

The benefits for an eligible cohabiting partner will not include any membership before 6 April 1988, unless you had elected to pay for some or all of that membership to count before 1 April 2015.

Pension debits

If your benefits have been subject to a Pension Sharing Order (following a divorce or dissolution of a civil partnership), the figures on the statement include the reduction to your benefits.

Annual Allowance

The annual allowance is the maximum amount that your pension can increase between 6 April to the following 5 April each year without you having to pay a tax charge. For the 2022/23 year, the annual allowance was £40,000. There will be a £1 reduction in annual allowance for every £2 of adjusted income (annual income before tax plus your own and any employer pension contributions) earned above £240,000. The annual allowance cannot be reduced below £4,000.

Most people will not be affected by the annual allowance tax charge because the value of their pension savings will not increase in a tax year by more than £40,000. However, if it does, any unused allowance from the previous three years can be used to offset this increase. You should also take into account any other pension benefit that you may have when assessing your Pension Input Amount, including any AVCs.

Please note that any in-house AVC that you have paid during the year will be included when calculating your annual allowance. Benefits arising from added years, transfers received in a previous year and pension debits ordered in a previous year are also included. If you believe that you are going to be affected by the annual allowance limit, please contact NILGOSC.

For more details on how the annual allowance is calculated please see the Tax limits on your pension section of our website.

Lifetime Allowance

The lifetime allowance is the maximum value of ALL pension benefits you can have without having to pay a tax charge (not including any state retirement pension, state pension credit or survivor's pension you may be entitled to). If the value of your pension benefits when you draw them is more than the lifetime allowance, or more than any protections you may have, you will have to pay tax on the excess benefits.

The lifetime allowance covers all pension benefits you may have in all tax-registered pension arrangements – not just the NILGOSC Scheme. The lifetime allowance in 2022/23 was £1,073,100.

As part of the Spring Budget 2023, the Chancellor announced that the lifetime allowance tax charge for 2023/24 will be removed, and the lifetime allowance will be abolished completely from 2024/25.

However, if you leave the Scheme in 2023/24, we will still have to measure your pension savings against the lifetime allowance. The maximum lump sum that

you can take without paying a tax charge has been frozen at £268,275 (25% of the current lifetime allowance). Any lump sum taken above this amount will be taxed at your marginal tax rate.

There are protections called primary lifetime allowance protection, enhanced protection, fixed protection, fixed protection 2014, individual protection 2014, fixed protection 2016 and individual protection 2016 which may apply to some members. If you have applied for any of these protections and have a protection certificate please forward it to NILGOSC.

You can get more information about tax allowances for both the annual and lifetime allowance, and protections that are in place, as well as special provisions for very high earners from the HMRC website www.gov.uk/tax-on-your-private-pension.

Protect your Pension from Scammers

Your LGPS (NI) pension is one of the most valuable assets you own. Pension scammers will do whatever it takes to get their hands on your savings. Sadly, the last decade has seen an increase in pension companies being formed to defraud the public of their pension savings, by encouraging them to transfer their pension savings to unsuitable or fraudulent schemes.

NILGOSC has pledged to do whatever it can to protect scheme members and follow the principals of the Pension Scams Industry Group (PSIG) Code of Good Practice. Pledging to combat pension scams confirms our intent to protect our members and to stop scammers in their tracks.

Further information on protection from pension scams is available here:

www.nilgosc.org.uk/tpr_pensions_consumer_leaflet_screen/
and
www.fca.org.uk/scamsmart/how-avoid-pension-scams



Frequently Asked Questions

I don't want to work until my Normal Pension Age, what happens if I take my benefits early?

If you retire after age 55 (increasing to age 57 from 6 April 2028) but before your NPA your benefits may be reduced as they will be paid for longer. The benefits shown on your statement do not include any early retirement reductions, therefore if you would like to see how your benefits will be affected please log onto My NILGOSC Pension Online and use the benefit projector.

I have reached my Normal Pension Age but I am still working, does my statement include a late retirement increase?

If you were over your NPA on 31 March 2023, the benefits shown on your statement includes any late retirement increase you are entitled to. This increase is based on guidance from the Government Actuary's Department, which may change in the future.

I transferred another pension into the Scheme, why is it not shown on my annual benefit statement?

Your pension transfer may not have been fully completed at the time the statement was produced. It should be included on the statement we provide next year.

Why did I receive more than one benefit statement?

You will receive a separate statement for each membership you have in the Scheme.

What if I also have a deferred benefit in the Scheme?

You will receive a separate statement for any deferred benefit you may have from an earlier period of Scheme membership.

Can I pay more to increase my benefits?

There are two in-house options available to you. You can either make Additional Voluntary Contributions (AVCs) or you can buy additional pension by making Additional Pension Contributions (APCs). For further information, please visit the Boosting your pension section of our website or contact the Pensions Administration team.

I pay AVCs – is this shown on my statement?

No, you will get a separate statement from the AVC provider. You can check the value of your Prudential AVC fund online at www.pru.co.uk/localgov.

What happens if I am unable to work because of an illness?

If you have been absent from work because of an illness and you have received reduced or nil pay as a result, you will continue to build up benefits in the Scheme as if you had been in work. If your employment is then terminated because of permanent ill-health and you meet the Scheme's criteria, your retirement benefits will become payable immediately at an enhanced rate. For further information on the ill-health process, please visit the Ill-health retirement section on our website or contact the Pensions Administration team.

If I combined benefits during the last year how will this be shown on my statement?

If you combined benefits in the last year you may see additional CARE pension and/or final salary service included in your total pension value.

The statement provided is an estimate only and not a guarantee of the actual benefits you could receive. If you have any queries relating to your pay or working hours please contact your employer. For any other questions regarding your Annual Benefit Statement please contact NILGOSC using the details shown on the back of your statement.

