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## Avon Pension Fund

# Notes for New Pensioners of the Avon Pension Fund who were paying into the LGPS before 1 April 2008



# Notes for New Pensioners of the Avon Pension Fund who were paying into the Local Government Pension Scheme (LGPS) before 1 April 2008

These notes are designed to give new pensioners who were paying into the LGPS before 1 April 2008 general information about how we calculate retirement benefits and how they will be paid.

We try to make the information in these guidance notes as accurate as possible, but please be aware that they don't cover every circumstance and cannot override the LGPS Regulations

## 1. How are the Annual Pension and one-off cash Lump Sum Retirement Grant Calculated?

Your LGPS benefits are based on the number of years and days of Total Membership you have in the LGPS and your Final Pay. Each year of Membership gives you an Annual Pension of one 80th of your Final Pay plus an automatic Lump Sum of three times that amount as shown below. Final Pay is normally the pay in your last 12 months of work that you've paid pension contributions on, but we can sometimes use previous years pay where that would be higher. 'Total Membership' used to be known as 'Reckonable Service'.

### ***LGPS Membership up to 31 March 2008 provides:***

- Annual Pension = LGPS Total Membership x Final Pay x 1/80
- Automatic Lump Sum = LGPS Total Membership x Final Pay x 3/80

You may be able to increase your Lump Sum by giving up some of your Annual Pension. Each £1 of Annual Pension you give up will buy you £12 of Lump Sum.

If you have worked part-time the same calculation is used, but the Total Membership is scaled down to the whole-time equivalent length based on the contractual hours worked and the Final Pay is scaled up to the whole-time equivalent rate.

## 2. Payment of Pension

### **How will my pension be paid?**

We will pay your Annual Pension into your chosen Bank or Building Society Account in 12 monthly installments on the 22nd day of each month. However, when the 22nd is a Saturday we will make the payment on the 21st. When the 22nd is a Sunday we will make payment on the 20th.

We will shortly send you your first pension pay advice slip. From then on, details of each payment will only be sent to you if your net monthly pension changes by 50p or more. Changes are likely to occur each April when the annual Pensions Increase is applied to your pension and

again possibly in May or June when any new tax codes are applied.

Call the Pensions Payroll Section free on 0800 0644155 if you want to check the amount of pension we've paid you. You can also view your pension figures online at [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) Click on the link 'Access your Pension Details Online' and follow the instructions which tell you how to register and get a PIN number to view your details through a secure link.

### **Pension Payroll Number**

We allocate all new pensioners their own unique pension payroll number. Your pension payroll number will be printed on your first, and future, pay advice slips. It will help us identify your pension record if you could quote your pension payroll number if you email, telephone or write to the Pensions Payroll Section.

### **Change of Home Address or Bank or Building Society Details**

If you change your Bank or Building Society details you must notify the Pensions Payroll Section in writing.

If you change your permanent address please notify the Pensions Payroll Section in writing, by telephone or email. Please quote your pension payroll number and / or your National Insurance Number.

### **What if I go to live abroad?**

We can pay pensions into overseas bank accounts through CITIBANK TAPS (Transcontinental Automated Payment Service). Call the Pensions Payroll Section free on 0800 0644155 or contact the Avon Pension Fund by email at [avon\\_pension@bathnes.gov.uk](mailto:avon_pension@bathnes.gov.uk) and you will be sent a TAPS Mandate Form for completion. Please be aware that it may take up to 10 working days for your account to be set up through CITIBANK. There is a small transaction fee for using the TAPS service and you will be advised of the current value when you contact the Pension Payroll team for your mandate. You should also be aware that the amount of pension you'll receive each month will depend on the exchange rate at the time.

### **Income Tax**

HM Revenue & Customs treat your pension as 'earned income' and Avon Pension Fund have to deduct Income Tax from any pension payments we make to you, as instructed by the Tax Office which deals with pensioners of Avon Pension Fund.

When you retire straight from work with an LGPS Scheme Employer (unless you're taking Flexible Retirement), your employer must issue a P45 Form for income tax purposes. They should give part 1A to you and send all other parts to the Pensions Section, who will then forward your P45 details to the Tax Office.

The Pensions Payroll Section will deduct Income Tax from your pension using the Tax Code on your P45 until we receive a new Tax Code from the Tax Office.

If you don't retire straight from work with an LGPS Scheme Employer, or we don't receive a P45 for you, then the Pensions Payroll Section must apply an Emergency Tax Code to your pension payments, until the Tax Office tell us the Tax Code to use. When we receive a Tax Code we'll refund any overpayment of tax or collect any arrears of tax due.

We will send you a P60 at the end of each tax year, usually in May. This will show the total pension we have paid you and the amount of tax (if any) we have deducted in that year. You must keep this P60 as it may be required for tax purposes.

### **Tax Code Queries**

It is the HM Revenue & Customs Tax Office which determines your Tax Code, not Avon Pension Fund. If you want to query the Tax Code that has been applied to your pension, please contact:

HM Revenue & Customs  
Devon Area  
Regent House  
Hardaway Head  
Queen Street  
BARNSTAPLE  
EX32 8WD  
Tel: 0845 3000627

HM Revenue & Customs have Local Enquiry Offices which may also be able to help with your Tax Code enquiry. Your local office should be in your telephone directory under HM Revenue & Customs. You'll need to tell them your National Insurance Number, your pension payroll number and quote their reference for Avon Pension Fund which is: **070 EXA 100P**.

## **3. Pensions Increase**

### **What is Pensions Increase?**

Your pension is reviewed each April, and we provide statutory increases in accordance with an index specified by the Government.

### **Do all pensioners qualify for Pensions Increase right away?**

All Annual Pensions receive Pensions Increase, unless you are allowed to retire under age 55 under previous protection. Depending on your circumstances, pensions increase may be payable before age 55 if you retired on ill health grounds.

### **How is my increase calculated?**

If you retire before State Retirement Age and your pension is in payment you will receive the increase in full. However, your first increase will be apportioned according to the number of months your pension has been in payment since the previous increase. When you reach State Pension Age or you are retiring at or after State Pension Age and you have pensionable service before 6 April 1997 your increase may be calculated in two parts and paid from two sources.

The Pensions Service pays an increase related to your Guaranteed Minimum Pension with your state pension. This means that the Local Government Pension Scheme will pay an increase on the balance of your Pension (i.e. your Pension less your Guaranteed Minimum Pension).

The Local Government Pension Scheme is responsible for paying up to 3% of the increase to that part of your Guaranteed Minimum Pension that relates to any of your service after 5 April 1988.

This is rather complicated but it should be noted that the total increase you will get from both sources will be the same as if the Local Government Pension Scheme had paid all of it.

### **What if I receive additional state benefits from the Pensions Service?**

You should notify your local office of the Pensions Service (of the Department for Work and Pensions) immediately of any increase to your Local Government Pension. If you don't do this you may have an overpayment of any state benefits you receive from them.

## **4. Re-employment**

### **Is my pension affected if I take further employment?**

Not unless you have been retired by reason of ill-health, efficiency, redundancy or your employer has agreed to the early release of your pension on leaving. In which case if you take up further employment with an employer which participates in the Local Government Pension Scheme (LGPS), your pension may be reduced or suspended if the combined annual income from your new employment and your pension exceeds your pay immediately before your retirement.

If you do become so employed, you are required by the LGPS Regulations to:

- a. tell your employer that you have a pension from the LGPS, and
- b. write to Avon Pension Fund giving full details of your further employment.

If you fail to carry out these requests your pension may be overpaid and you will have to pay the money back.

If you do take up further employment under which you could join the LGPS again, then any pension you receive which was awarded by the granting of added years if you were retired because of redundancy or efficiency may be adjusted on your eventual retirement, whether or not you rejoin the LGPS.

### **Will my pension be reduced or suspended?**

Avon Pension Fund will need to check to see how much of your Local Government Pension you can keep during your further period of employment. This may be:

- Your full pension: if your 'pay' plus your Local Government Pension is no more than your contractual pay when you retired.
- A reduced pension: if your 'pay' plus your Local Government Pension is more than your contractual pay when you retired.
- No pension: if your 'pay' is the same as or more than your contractual pay when you retired.

#### ***Example:***

Monthly earnings at retirement	£600 (A)
Monthly pay now	£400 (B)
Pension you can keep (A - B)	£200

So, in this example, if your Local Government Pension is £200 a month you can keep it all. If your Local Government Pension is £240 a month, you can only keep £200.

**Notes:**

- 'Pay' means any pay regarded as contractual and pensionable, even if you have not rejoined the LGPS.
- If your Local Government Pension included pension increase, your pay at retirement will be increased by the same percentage before the check on how much Local Government Pension you can keep.
- Pay awards and increments will not affect the amount of Local Government Pension you can keep.
- Any pension increases applicable will be added to the pension you keep.

**Changes that you should tell Avon Pension Fund about**

The amount of your Local Government Pension you can keep while you work may change if you have:

- A pay rise backdated to when you started your post-retirement work.
- A change in the conditions of your post-retirement work e.g. a pay increase due to promotion or a change in the number of contractual hours you work.

**5. Divorce or Annulment of Marriage / Dissolution of a Civil Partnership**

If your pension benefits are subject to a Pension Sharing Order issued by the Court following a divorce or annulment of marriage or the making of an order for the dissolution or nullity of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the Court Order or agreement.

**6. Death****What happens to my pension when I die?**

Your pension ceases on your death and the Pensions Payroll Section must be notified of your death as soon as possible thereafter. This can be done in writing or by telephone followed by written confirmation. The person who notifies the Pensions Payroll Section of your death must quote your pension payroll number or your National Insurance Number. We will need to see a copy of the death certificate when it is available.

**Lump Sum Death Grant**

If you were paying into the LGPS on or after 1 April 1998, a one-off cash Lump Sum Death Grant will be payable if your pension has been in payment for less than five years. This is known as a 'Five Year Guarantee' and will be based on the total of five year's pension less the pension which has been paid.

**The Five Year Guarantee on the Lump Sum Death Grant only applies to people who were paying into the LGPS on or after 1 April 1998.**

If you stopped paying into the LGPS before 1 April 1998 then any Lump Sum Death Grant payable in respect of your retirement benefits would be calculated in a different way, depending on the date you left. The number of different calculations for different leaving dates is outside the scope of these Notes and further information for individual cases is available from Avon Pension Fund.

You can complete an 'Expression of Wish Form' to say who you would like Avon Pension Fund to pay any Death Grant to. The advantage of doing this is so that any payment does not form part of your estate and therefore would not count when calculating Inheritance Tax.

### **Survivor's Pensions**

If a Survivors Pension is payable to your Spouse or Civil Partner, an application form will be sent to them for completion. We will need to see a copy of the marriage or civil partnership certificate.

Children's Pensions are payable to any eligible dependent children you may have. To be eligible, a child must normally be under the age of 17, or 23 if they have continued in education. If your child is dependent on you because of physical or mental impairment they may be eligible at any age.

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### **Disclaimer**

These 'Notes for New Pensioners of the Avon Pension Fund' provide general background information about the Local Government Pension Scheme (LGPS) and they do not cover every individual circumstance. These Notes are not intended to be an authoritative statement of the Law or the LGPS Regulations and do not confer any contractual or statutory rights. Nothing in these Notes can override the provisions of the LGPS Regulations.

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