

**Local Government Pension Scheme (LGPS)
Deferred Benefit Statement 2015**

<TITLE> <INITS> < SURNAME>
<ADD-LINE-1>
<ADD-LINE-2>
<ADD-LINE-3>
<ADD-LINE-4>
<ADD-LINE-5>
<POSTCODE>

Dear <TITLE> <SURNAME>

September 2015

YOUR PERSONAL DETAILS

Date of birth	<DOB >	NI Number	<NI-NUMBER>
Date of leaving	<DateLeft>		

I am writing to advise you that your deferred benefits in the East Sussex Pension Fund increased by **1.2%** from **6 April 2015** as a result of the annual pensions increase award. This annual award is based on increases in the Consumer Prices Index for the twelve months ending in September 2014.

The figures below show the new value of your deferred benefits after the April 2015 increase has been applied. If you disagree with the calculation of your deferred benefits, or if any of your personal details shown above are incorrect, please contact ESCC Pensions as soon as possible. Their contact details are shown on page 4 of the notes which accompany this statement.

If you have received more than one statement because you had more than one job, you can add your benefits together to work out your total benefits.

BENEFIT	VALUE FROM 6 APRIL 2015
Annual pension	£ <Pension2015>
Automatic tax-free lump sum *	£ <LumpSum2015>
Your benefits are due for payment on an unreduced basis from**	<ELIGDATE>

Your statement shows the date that you can receive your deferred benefits without any reductions applied. This is the date you would first have been able to retire with unreduced benefits had you stayed in your former employment.

* If you became a member of the scheme on or after 1 April 2008 a tax-free lump sum will not be shown in the value of your deferred benefits – please refer to the attached notes for further information.

** If this date is after age 60, please see attached notes for further information on taking your benefits from age 60.

DEATH IN DEFERMENT

If you die before your deferred benefits are due to be paid, a lump sum of five times the current value of your annual deferred pension will be paid as a death grant.

A pension will also be paid to your **husband, wife, civil partner** or, provided the relevant conditions have been met, a **cohabiting partner** in the event of your death. If you are not married or in a civil partnership and you would like the person you live with to receive a pension if you die, and you would like more information about the qualifying conditions, you can contact us or visit our website – our contact details are shown on page 4 of the attached notes.

The LGPS also provides for a pension to be paid to **children** up to the age of 18, or up to age 23 if the child is still in full time education or vocational training. If a child of any age is dependent on you because of a permanent disability, they may also be entitled to a child's pension.

LUMP SUM DEATH GRANT AS AT 6 APRIL 2015

Lump sum death grant

£ <DthGr2015>

The East Sussex Pension Fund has complete discretion to decide to whom any death grant will be paid, but will take full account of your wishes. **It is therefore important that you complete an *Expression of Wish form*.** If there are no beneficiaries shown in the box below we have not received a completed form from you.

If you want to name a beneficiary or beneficiaries or change your existing beneficiaries, a copy of the *Expression of Wish form* can either be downloaded from the pension fund website at: www.eastsussexpensionfund.org or you can contact ESCC Pensions – our contact details are shown on page 4 of the notes that accompany this statement.

EXPRESSION OF WISH FOR DEATH GRANT

	%
<SP-NAME>	<SP-GENERAL>
<CH-NAME[1]>	<CH-GENERAL[1]>
<CH-NAME[2]>	<CH-GENERAL[2]>
<CH-NAME[3]>	<CH-GENERAL[3]>
<CH-NAME[4]>	<CH-GENERAL[4]>
<DE-NAME[1]>	<DE-GENERAL[1]>
<DE-NAME[2]>	<DE-GENERAL[2]>
<DE-NAME[3]>	<DE-GENERAL[3]>
<DE-NAME[4]>	<DE-GENERAL[4]>

PENSION REFORM: Freedom and Choice

Over recent months there has been a great deal of information in the media about changes in pension legislation from 6 April 2015. Although these changes do not directly apply to the LGPS, they do have an impact on the options open to you as a deferred scheme member.

More information about Freedom and Choice can be found on pages 3 and 4 of the enclosed notes.

Yours sincerely



Simon Pollock – Acting Head of Business Operations
East Sussex and Surrey County Council working in partnership

Enclosed: Deferred Benefit Notes 2015

IMPORTANT – Please remember that this statement is issued as a guide. While every effort is made to ensure the accuracy of this information, the Pension Fund cannot guarantee the benefits quoted, as these will ultimately be determined at the time of payment.



How public sector pensions increase

Your deferred benefits are increased each year in line with the cost of living as measured by the Consumer Prices Index (CPI). The increase is based on changes in CPI over the previous 12 months ending in September.

This year's increase is 1.2% and took effect from 6 April 2015.

Unreduced payment of your deferred benefits

The accompanying statement shows the date that you could receive your deferred benefits without any early payment reductions applied - your normal retirement age. This is the date you would first have been able to retire with unreduced benefits had you remained in your former employment.

If you became entitled to deferred benefits because you elected to opt out of LGPS membership, your pension can only be paid if you have left the employment you were in at the time you made that election.

Early payment of deferred benefits at age 60 on a reduced basis

If the unreduced payment date of your deferred benefits is later than age 60, you can choose to have your benefits paid at any time from age 60 onwards. This will usually mean there will be an actuarial reduction applied to some or all of your benefits depending on whether any transitional protections apply to you (please see the section on page 2 entitled 'Transitional Protections'). It is important to note the reduction to your benefits would be permanent and would apply for the whole period that your pension is in payment.

As long as we have your current address, we will write to you shortly before your 60th birthday with details of the reduced benefits payable.

If you became entitled to deferred benefits because you elected to opt out of LGPS membership, your pension can only be paid if you have left the employment you were in at the time you made that election.

Early payment of deferred benefits on health grounds

If you have become permanently incapable of carrying out the duties of your former post because of ill-health, you can apply to have your deferred benefits paid early on health grounds, regardless of your age.

An independent registered medical practitioner chosen by your former employer would need to certify that you were permanently incapable of carrying out the duties of your former post to at least the age of 65.

If you want to apply for payment of your deferred benefits on health grounds, you will need to write to your former employer in the first instance.

Early payment of deferred benefits for other reasons

In exceptional circumstances, your former employer may allow you to claim payment of your deferred benefits between the ages of 55 and 60, although your benefits would be actuarially reduced to take into account the fact that they were being paid early. It is important to note that any reduction to your benefits would be permanent and would apply for the entire period your pension is in payment.

Your former employer may agree to the early payment of your benefits before age 60. They also have the option to waive any reductions to your benefits on compassionate grounds if you retire before your normal retirement age.

If you want to apply for the early payment of your deferred benefits before age 60, you should contact your former employer in the first instance. If you want your former employer to consider waiving any reductions on compassionate grounds, you should outline the reasons for your application and provide as much supporting information as you can to enable your case to be considered.

If you became entitled to deferred benefits because you elected to opt out of LGPS membership, your pension can only be paid if you have left the employment you were in at the time you made that election.

Transitional Protections

If you were a member of the LGPS on 30 September 2006, you may be entitled to receive some or all of your benefits before the age of 65 unreduced if you would have met the 85-year rule.

The 85-year rule allowed you to receive unreduced pension benefits if your age and scheme membership were equal to or more than 85. For example, if you were 60 and had been a member of the LGPS for 25 years, you met the 85-year rule because $60 + 25 = 85$.

The 85-year rule has been removed from 1 October 2006 but there are the following levels of protection if you were a member of the LGPS on 30 September 2006.

- The 85-year rule has been removed for membership from 1 April 2008, not 1 October 2006.
- If you will be 60 or over and would have met the 85-year rule by 31 March 2016 if you had continued to be a member of the LGPS, your benefits will be protected.
- If you will be 60 or over and would have met the 85-year rule between 1 April 2016 and 31 March 2020 if you had continued to be a member of the LGPS, the reduction to your benefits that have built up for scheme membership from 1 April 2008 will not be as large as for other members.

Tax-free lump sum

If you joined the pension scheme after 31 March 2008, a tax-free lump sum will not be shown in the value of your deferred benefits. This is because there is no automatic right to a tax-free lump sum for scheme membership built up from 1 April 2008. However, at retirement, all members are given the option to exchange part of their pension for a tax-free lump sum. Please see the next section.

Exchanging part of your pension for a tax-free lump sum at retirement

When you retire you will be given the option to convert up to 25% of the overall value of your total pension scheme benefits to a lump sum. This means that you can choose to receive a larger tax-free lump sum and smaller pension. The conversion rate is currently £12 of lump sum (tax-free) for every £1 of annual pension given up.

What to do if you have re-joined the LGPS or another pension arrangement

If you re-join the LGPS with another employer you must tell your new LGPS pension fund that you have deferred benefits in the scheme. You will normally have 12 months to decide whether or not you want to have your deferred benefits combined with your new pension account.

If you are not a member of the LGPS in your new job, but you pay into an occupational pension scheme or a personal pension, it may be possible to transfer your deferred benefits to that pension scheme. Please note that some schemes also have time limits on accepting transfers in.

Legislative changes that took effect on 6 April 2015 have introduced additional options for members of Defined Contribution (DC) pension schemes. Please see the *Pensions - Freedom and Choice* section below for more information.

Pensions – Freedom and Choice

From 6 April 2015 changes in pensions legislation introduced greater flexibility for members of Defined Contribution (DC) pension schemes to access their pension savings from age 55. Known as flexible benefits, these new options include taking the entire fund as a lump sum, or taking a number of lump sums at different stages. The first 25% of any such payment would be tax free, the remainder would be taxed in the same way that any other income is taxed.

It is important you are aware that the Local Government Pension Scheme (LGPS) is a public sector Defined Benefit (DB) scheme and as such **the flexibilities being introduced under 'Freedom and Choice' do not apply to the LGPS.**

LGPS members more than a year below their normal pension age may elect to transfer their benefits to a Defined Contribution (DC) scheme and take advantage of these new flexibilities. Members who choose to transfer their benefits and claim their pension savings as a lump sum or series of lump sums from age 55 will be giving up access to the secure lifetime income provided by the LGPS, which may not be in their best interest.

New safeguards have been introduced to ensure that members are aware of the implications of giving up the guaranteed benefits offered by the LGPS and to protect pension funds from the adverse effects of large amounts being transferred out of the pension fund in a short period. More information about these safeguards can be found in the next section.

It may not be possible for a pension transfer to be completed if you are receiving a pension from the LGPS, or you are currently paying into the LGPS. Full details will be provided if you request a transfer value quotation.

Freedom and Choice - Safeguards

Safeguards for scheme members:

- Members whose LGPS benefits have a cash equivalent transfer value (CETV) of more than £30,000 will have to take independent financial advice before they will be permitted to transfer to a DC scheme
- There is no requirement for members whose LGPS benefits have a CETV of under £30,000 to obtain advice before a pension transfer can be completed, although it is recommended that they do so
- Pension Services will check and evidence that advice has been received from a suitably qualified independent financial adviser prior to authorising any transfer
- Members will be responsible for bearing the costs of obtaining Independent Financial Advice.

Safeguards for the Pension Fund:

- The Government will have the power to reduce CETV value factors for public sector pension funds if this protects the tax payer.

If you move – please keep in touch

It is important that you notify ESCC Pensions **in writing** each time you change your address so that you continue to receive your annual updates and so that we can contact you when your deferred benefits are due for payment. For your security, we are unable to accept your change of address by phone or email.

If you have any queries about your deferred benefit statement or if you would like further information, please contact ESCC Pensions - our contact details are shown below.

How to contact ESCC Pensions

You can contact ESCC Pensions in any of the following ways:

In writing:	ESCC Pensions Team Tribune House Bell Lane Bellbrook Industrial Estate Uckfield East Sussex TN22 1QL	By phone:	01825 744544
		By email:	ESCC.pensions@sesharedservices.org.uk
		Website:	www.eastsussexpensionfund.org

Useful contacts

National member's website: More information about the LGPS is available from the national website for members of the LGPS at: www.lgps.org.uk

Independent Financial Advice: You can find details of independent financial advisers in your area by visiting the following website: www.unbiased.co.uk

The Department for Work and Pensions (DWP): The DWP provides a wide range of information about the State Pension, Pension Credit and other related benefits. You can contact them on 0800 731 7898 or visit their website at: www.gov.uk