

prime Newsletter

for all our employees



Pensions and Retirement Income for our Members to Enjoy

Welcome to our 2016 edition of Prime and for the first time in years it is great to report very little change in the scheme regulations.

Last year was the first time we presented the CARE scheme to you and there were quite a few queries. The answers are nearly always found in the annual benefit statement booklet, or on our website www.essexpensionfund.co.uk, so please before contacting us read the notes or visit the website.

There was, however, one common question and that was, "what's happened to my final salary pension?"

Well, nothing is the short answer!

It's fully protected, payable at the same ages as before, so as early as age 55 (possibly with early retirement reductions) but with a normal retirement age of 65. It is, though, still linked to your final salary when you leave or retire, **whenever that may be**. So when your pensionable pay increases the value of your final salary pension will increase too.



And don't worry about going part time or reducing your part time hours, as many members do prior to retirement, as your final salary benefits will not fall in value. If you reduce your hours, and actual pay, we'll still use the **whole time equivalent** of your pensionable pay to calculate the value of your pension. So it can't go down.

Obviously, that applies only to the final salary element of the LGPS, that's your pension benefits built up to 31 March 2014. Anything built up after that date will be calculated based on pensionable pay earned in each year, including overtime, and increased by inflation.

The LGPS uses the Consumer Price Index (CPI) as the mechanism for revaluation and uses the value of CPI in September (half way through the financial year). The CPI growth for September 2014 was 1.2% and was added to the value of your benefits on 1 April 2015. This is the growth that is included in your total pension values in your Annual Benefit Statement this year.



FREEDOMS & FLEXIBILITIES

Just a reminder here, this recent legislation allows members of Defined Contribution (DC) schemes to access their benefits as cash from age 55. The LGPS is a Defined Benefit (DB) scheme and is designed to provide you with an income for the rest of your life upon retirement. This legislation, therefore, does not apply to the LGPS.

Of course, some members transfer their DB pension benefits from the LGPS to these DC type schemes to access their "pension pot". However, if you do this you should remember you will be giving up guaranteed pension benefits for potential pension benefits reliant on stock markets prices and that the eventual new scheme values may be subject to advisor and scheme charges.



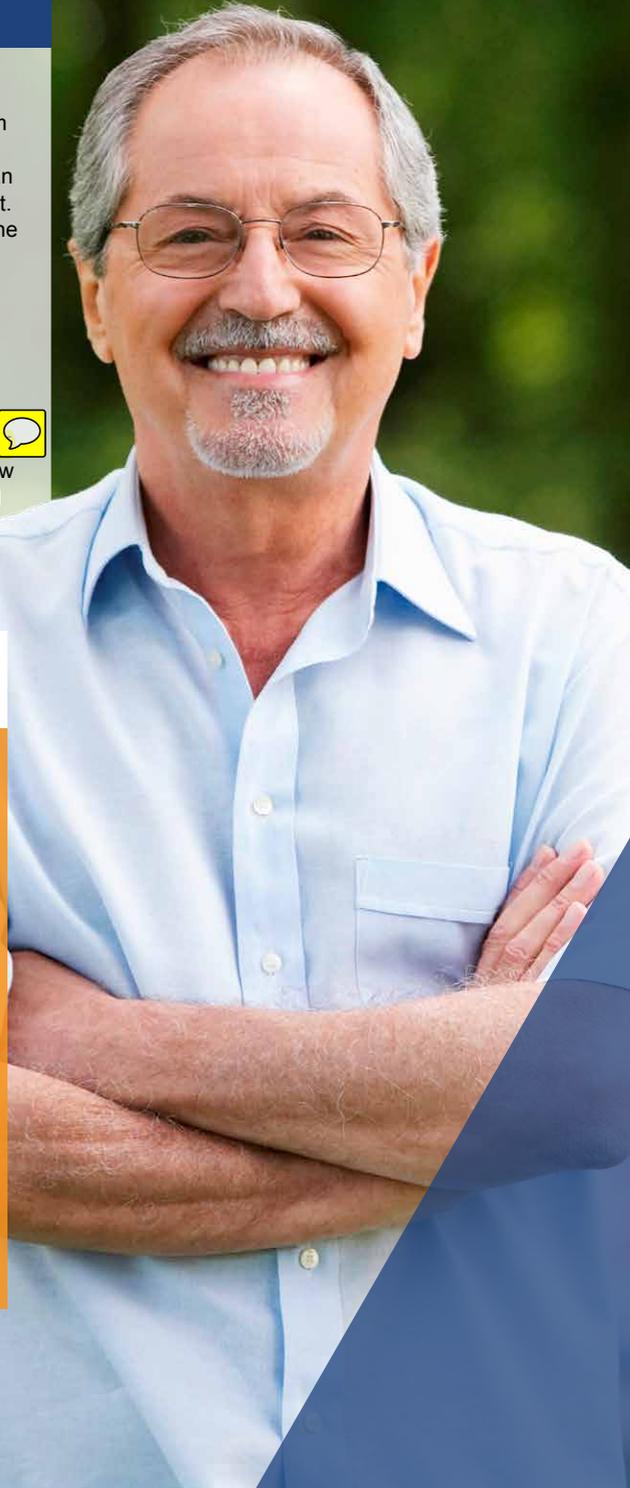
CEASING OF CONTRACTING OUT

(of the State Second Pension, S2P)

There is a lot of confusion about this so I'll try and make some sense of it for you.

Firstly, we all now pay a bit more National Insurance (1.4% more) because up until 1 April 2016 we always had a reduction for being a member of the LGPS. We now pay the same rate as non-scheme members.

Secondly, the LGPS benefits included in your annual benefit statement include any benefits due from Contracting Out. So when the government writes to you before your State Pension Age and tells you there are some pension benefits due to you in respect of S2P, you don't need to worry because you'll know they are already included in your LGPS values.



2016 EMPLOYEE CONTRIBUTION RATES

Your employer should let you know what rate of contribution you pay and if your pay changes you may find your contribution rate changes too. Below are the contributions rates from 1 April 2016.

Contribution Bands from 1 April 2016

Pay band	If your yearly pay is:	You pay a contribution rate of:	
		Main section	50/50 section
1	Up to £13,600	5.5%	2.75%
2	More than £13,601 and up to £21,200	5.8%	2.9%
3	More than £21,201 and up to £34,400	6.5%	3.25%
4	More than £34,401 and up to £43,500	6.8%	3.4%
5	More than £43,501 and up to £60,700	8.5%	4.25%
6	More than £60,701 and up to £86,000	9.9%	4.95%
7	More than £86,001 and up to £101,200	10.5%	5.25%
8	More than £101,201 and up to £151,800	11.4%	5.7%
9	More than £151,800	12.5%	6.25%



► POOLING

You may have heard in the media about Government proposals for LGPS funds to pool their investments. This doesn't mean the 89 funds in England and Wales are merging, however, it does mean they would be putting their fund assets into Collective Investment Vehicles (CIVs). This is a government initiative

and offers a great opportunity for all the LGPS funds to use economies of scale to reduce investment costs, such as fees that are paid to scheme advisers and investment managers. The Government has asked all LGPS funds to put forward proposals to create up to 6 pools of at least £25bn each. Senior Essex Pension

Fund Officers have been integral in proposals to create the "Access" Pool, a collaboration of 11 central, eastern and southern shire counties with a combined fund value in excess of £33bn. If this proposed pool goes ahead, the 11 individual funds will still retain control of their own funding strategy.



Don't forget if you have moved address, changed your marital or partnership status or wish to make or change nominations, to tell us about it!



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