

Cumbria Local Government reorganisation

Pension decisions and choices
booklet

What's inside

Will I get a pension in my new authority?

Options, rights & important decisions

What pay will be used for final salary benefits?

Changes in pay and pension tax implications

What about my additional contributions?

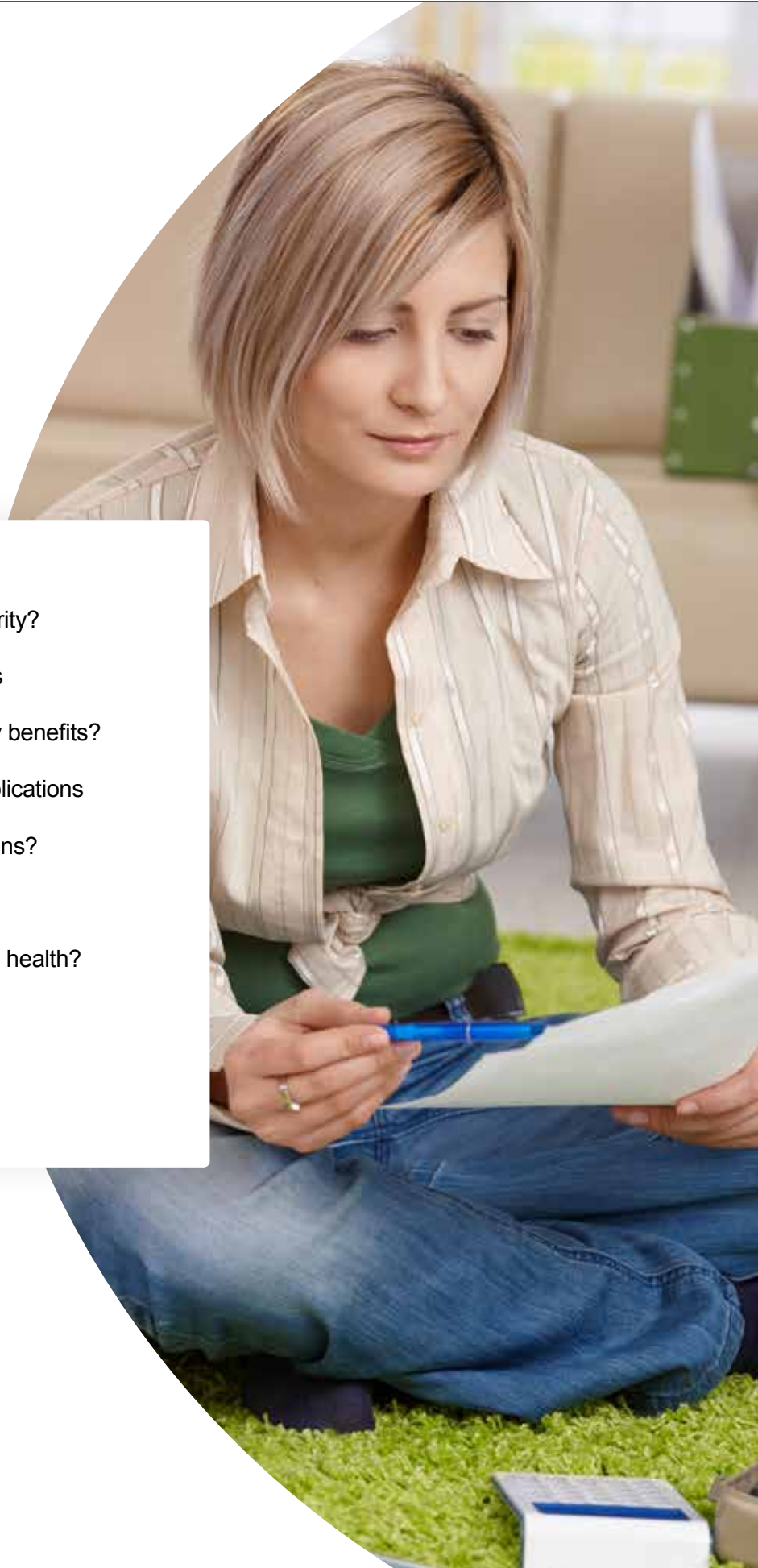
What if I'm made redundant?

What if I have to retire early due to ill health?

What if I take my pension early?

Other areas to think about

Checklist of what you need to do



This document only applies to employees of the six District Councils in Cumbria and Cumbria County Council (including LGPS members of Cumbria Fire and Rescue Service), who are active members of the Local Government Pension Scheme (LGPS) on 31 March 2023 and 1 April 2023.

Employees who are part of other pension schemes such as the Firefighters' Pension Schemes, the Teachers' Pension Scheme and the NHS, for example, should contact that Scheme or their employer for information on how Local Government Reorganisation (LGR) might affect their pension. Deferred members and pensioner members of Cumbria LGPS will be sent a different document which gives information relevant to their circumstances.

Action 1

Check that this document applies to you:

Am I an employee of:

- Allerdale Borough Council
- Barrow Borough Council
- Carlisle City Council
- Copeland Borough Council
- Cumbria County Council (including Cumbria Fire & Rescue Service)
- Eden District Council
- South Lakeland District Council

on 31 March 2023, and am I expecting to TUPE transfer to Cumberland Council, Westmorland & Furness Council or Cumbria Commissioner Fire & Rescue Authority on 1 April 2023?

YES

Was I an active Member of the Cumbria Local Government Pension Scheme on 31 March 2023 and 1 April 2023?

NO

This document doesn't apply to you.

YES

This document applies to you, please read on.

Will I get a pension in my new authority?

From 1 April 2023 you'll work for Cumberland Council (CC), Westmorland and Furness Council (WFC) or Cumbria Commissioner Fire and Rescue Authority (CCFRA). The LGPS Regulations state that as new employers CC, WFC and CCFRA must automatically enrol eligible staff into a workplace pension scheme. Local Pensions Partnership Administration (LPPA) will continue to be the Fund's pension administrator.



If you were in the 50/50 section of the LGPS or have previously opted out:

You'll be brought back into the main section of the LGPS from 1 April 2023. The LGPS provides valuable benefits. Not only do you get a guaranteed pension and ill health protection after 2 years, but also immediate life cover. You can find more information on the 'Joining the Scheme' page of our website:

www.cumbriapensionfund.org/about-the-scheme/joining-the-scheme →

If you'd still like to rejoin the 50/50 section or opt out, please fill in the relevant form on the www.cumbriapensionfund.org/forms-publications → page.

Forms should be returned to your employer's payroll team on or after 1 April 2023.

In the LGPS, each job you have is treated separately, so when you move to CC, WFC or CCFRA on 1 April 2023 this will trigger a number of actions, rights and decisions as if you were a new member:

- You can choose to have separate pension pots for your new and old job (as described on page 4 of this document).
- If you're aged 55 or over and ask us to keep your old and new pensions separate, you can choose to take immediate payment of your old pension (with any relevant reduction) as described on page 11 of this document.
- If you're paying additional contributions, like Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs)¹, you may have decisions that you need to make (as described on page 8 of this document).
- If you've other pension benefits, you may be able to move these into the LGPS (as described on page 14 of this document).

¹ If you want to learn more about AVCs and APCs please see the Cumbria Pension Fund website:

www.cumbriapensionfund.org/your-pension/paying-in/increase-your-pension →

Action 2

Read on to learn more about the decision(s) you need to take.

Options, rights & important decisions

Please read this leaflet carefully and keep it safe as you have up to 12 months to make some decisions and may not be able to make them straight away as the best approach will depend on your circumstances.

A copy of this document will also be available on our website www.cumbriapensionfund.org →

Should I combine my pensions or keep them separate?

When you move across to CC, WFC or CCFRA we'll automatically combine your old pension with your new pension. If you'd rather we kept your pensions separate, you've until 31 March 2024 to choose this option. If you've less than 2 years qualifying service at 1 April 2023 or opt out of the scheme on 1 April 2023, you won't be able to choose to separate your benefits.

Up until 31 March 2024, you may complete and return the "Separating pensions form" on the LPPA website (www.lppapensions.co.uk/cumbria →) if you wish to keep your pensions separate.

Any requests received after 1 April 2024 will be at the discretion of your new employer who would only generally allow this request in exceptional circumstances.

Choosing to separate your benefits would be a final and binding decision; you couldn't change your mind afterwards.

If you choose to keep your pensions separate, you'll have a deferred pension for your membership before you moved to CC, WFC or CCFRA, and a new active pension from 1 April 2023.



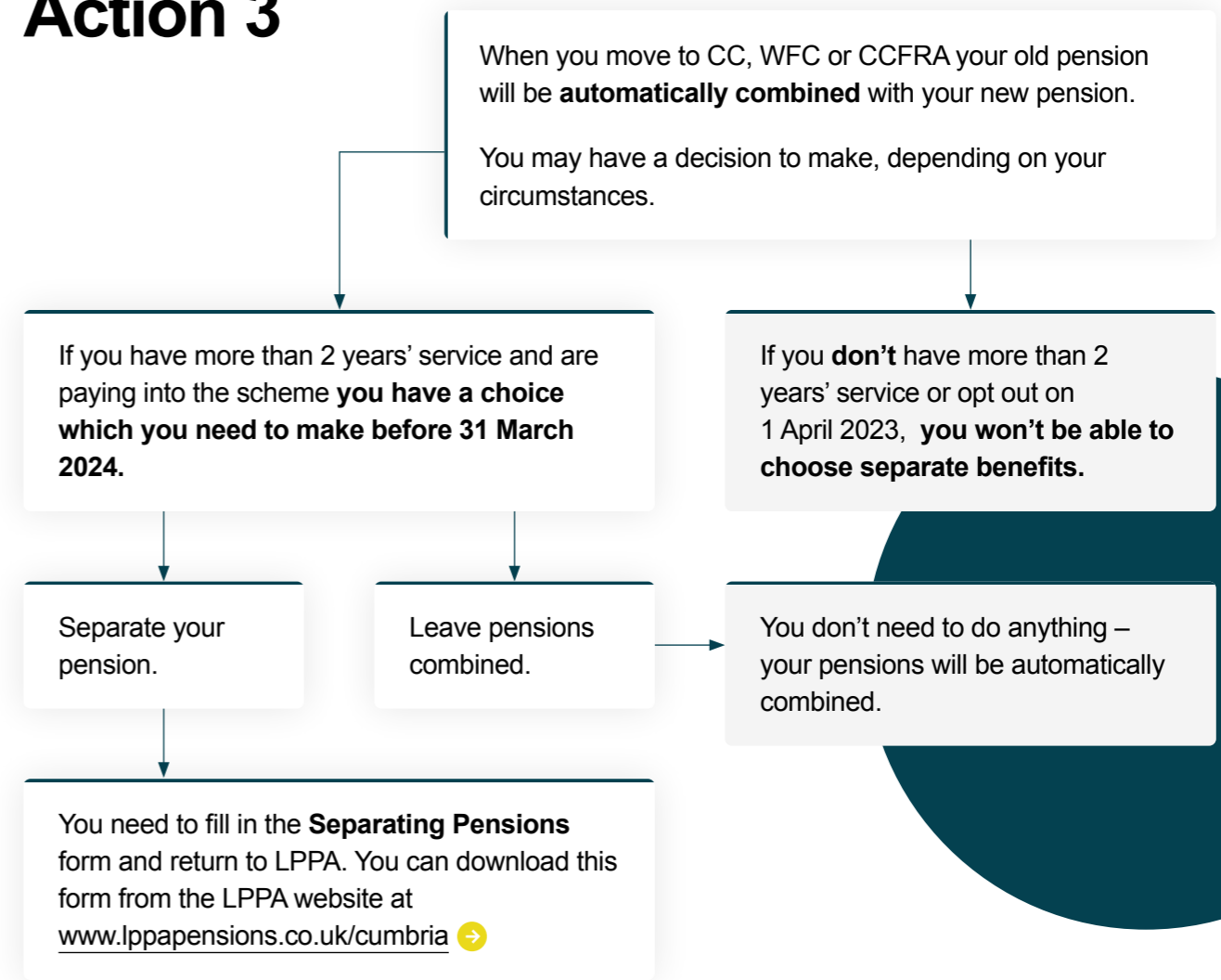
Here's some questions which you must think about very carefully before you make a decision to separate your pensions (and where in this document you can find out more about them):

- What 'final pay' will be used to calculate any pre 1 April 2014 benefits? (page 6)
- What effect will changes in pay have, and what pension tax I might have to pay? (page 7)
- What happens to my APCs or AVCs? (page 8)
- I'm aged 55 or over, what happens if I'm made redundant? (page 9)
- What happens if I have to retire due to ill health? (page 10)
- What if I take my pension early? (page 11)

To help you to decide, see the examples on the following pages. You may wish to seek independent financial advice to consider your particular circumstances.

Action 3

Determine what your next steps are:



This is a final & binding decision – please read the rest of the leaflet and think very carefully about your decision.

It's really important that you consider the decision in light of your personal circumstances. Please read on to see how different circumstances may affect your decision.

What 'final pay' will be used?

Think about...	Combined pensions	Separate pensions
I was a member before 1 April 2014, what 'final pay' will be used to work out my final salary linked pension for any membership before 1 April 2014?	Benefits based on membership before 1 April 2014 with a final salary link will continue to be worked out using your 'final pay' to the date your membership with CC, WFC or CCFRA ends.	Deferred benefits based on membership before 1 April 2014 with a final salary link will be worked out using your 'final pay' to 31 March 2023 with your old employer. Any future changes to your pay with CC, WFC or CCFRA won't be used to work out the value of your deferred benefits.

For example, James...

- Worked for Allerdale Borough Council (ABC).
- Joined the LGPS on 1 August 2001.
- Moved to CC on 1 April 2023 aged 57.
- On 1 October 2023 chose to keep his pensions with ABC and CC separate, which meant his pension benefits are split into two pension records within the Cumbria Pension Fund (CPF).



Pension 1: A deferred LGPS pension from 1 August 2001 to 31 March 2023.

His pension benefits from final salary linked membership are worked out on his final pay to 31 March 2023 of £42,000.

Pension 2:

He has a new active pension with CC starting on 1 April 2023 to his retirement date of 31 March 2029.

Looking ahead...

James has been promoted and his final salary pay is now £53,000. As he chose to separate his pensions, his deferred pension was based on his final pay to 31 March 2023 of £42,000. His deferred benefits are subject to an annual cost of living adjustment.

If he had combined his pensions, his pension would have been based on all of his LGPS membership from 1 August 2001 to 31 March 2029, and his benefits from final salary linked membership would have been based on his 'final pay' of £53,000.

Changes in pay and pensions tax

If your future pay drops

If you're paying into the LGPS and built up pension before 1 April 2014 and have a drop or freeze in your pensionable pay because of a decision made by you or your employer, your final salary pension benefits may lose some value.

However, if you were a member of the LGPS before 1 April 2014, you may have some protections for your pension. This is explained in the 'Protection following a reduction in pay' factsheet. You can find this on the LPPA website (www.lppapensions.co.uk/cumbria →).

If your future pay goes up

If you're paying into the LGPS and you benefit from a significant increase in pay in any year, for example through a pay award or a promotion, you may have to pay an annual allowance tax charge.

This can affect anyone who has a significant pay increase, not just high earners.

Why is April 2014 important?

The LGPS changed from a final salary scheme to a CARE scheme (career average revalued earnings) on 1 April 2014. Any benefits you earned prior to 2014 are linked to your final salary and so a drop in salary or increase in salary would impact on your pension.

Lifetime allowance (LTA) and annual allowance (AA)

The lifetime allowance is a limit on the total value of all pension benefits you can have put into payment without triggering a lifetime allowance tax charge on benefits above that limit. The annual allowance is a limit on the amount your pension savings can increase in any one tax year without you having to pay a tax charge.

You can find out more information about the annual allowance and lifetime allowance on LPPA's website here: www.lppapensions.co.uk/cumbria →

You are recommended to seek your own independent financial advice if you need support in understanding your tax position with regard to your pension.

The LGPS member site has information on finding independent financial advice here: www.lgpsmember.org/help-and-support/financial-advice →

What about my additional contributions?

Think about...	Combined pensions	Separate pensions
What happens to my Additional Pension Contribution (APC) or Additional Regular Contributions (ARC) contract?	Your APC or ARC contract will continue as before.	Your APC or ARC contract will end on 31 March 2023 and any existing extra pension you have already bought will be payable with your deferred benefits. You cannot continue to pay towards your previous APC arrangement. You can elect to take out another APC arrangement in your new employment. Any contributions paid from 1 April 2023 will be refunded to you. ARCs - If you choose not to combine your benefits, any extra pension you have already bought will be included in your deferred benefits. You cannot continue to pay for your ARCs contract if you elect to keep separate deferred benefits.
What happens to my Additional Voluntary Contribution (AVC) contract?	Your contract will continue . If your contract started before 13 November 2001, by combining benefits you would lose the right you may have had in certain circumstances to use your AVC Fund to buy LGPS membership when you retire.	If you were paying AVCs on 31 March 2023, these AVCs will cease to be payable from that date. These AVCs will be attached to your deferred record. If you wish to restart paying AVCs in your new employment, please contact the AVC provider.
What happens to my contract to buy Added Years (taken out before 1 April 2008)?	Your Added Years contract will continue as before.	If you choose not to combine your deferred benefits any existing added years contract cannot continue and any extra membership you have already bought will be included in your deferred benefits. You cannot continue to pay for your added years contract if you elect to keep separate deferred benefits. If you still wish to increase your pension benefits then you can elect to purchase Additional Pension Contributions (APCs).

What if I'm made redundant?

Think about...	Combined pensions	Separate pensions
I'm 55 or over with at least 2 years LGPS membership. What if I'm made redundant after 1 April 2023?	Pensions paid early because of redundancy will include the value of your pension moved from your old employer.	Pensions paid early because of redundancy won't include the value of your pension built with your old employer. Only your pension from CC, WFC or CCFRA and this earlier pension will become a deferred pension.

For example, Jenny...

- Worked for Eden District Council (EDC).
- Joined the LGPS on 1 February 2006.
- Moved across to WFC on 1 April 2023, which was her 56th birthday.
- On 1 August 2023, chose to keep her pensions from EDC and WFC separate, which meant her pension benefits are split into two pension records with the Cumbria Pension Fund (CPF).



Pension 1: A deferred LGPS pension from 1 February 2006 to 31 March 2023.

Her pension benefits from her final salary linked membership are worked out on her final pay to 31 March 2023 of £25,000. The benefits will be paid in full at her State Pension age. She can choose to take this deferred pension as she's over the age of 55, but her pension will be reduced due to early payment.

Pension 2:

She has a new active pension with WFC starting on 1 April 2023.

Looking ahead...

Due to a restructure Jenny's role has been made redundant from 1 April 2025. As Jenny chose to separate her pensions, the value of the pension paid early due to redundancy won't include the value of her deferred **pension 1**; the pension payable will only be based on her membership with WFC from 1 April 2023 to 31 March 2025 i.e. **pension 2**, which will be put into payment without reduction for early payment.

If she had combined her pensions, her pension paid on redundancy would have been based on all her LGPS membership from 1 February 2006 to 31 March 2025, and benefits from final salary linked membership would have been based on her 'final pay' to 31 March 2025, which has increased to £28,500.

What if I retire early due to ill health?

Think about...	Separate pensions
What if I've qualifying service of 2 years or more and have to retire early due to ill health?	Your benefits paid early due to ill health won't include the value of earlier pensions built up from your last employer.
Combined pensions	
Your benefits paid early due to ill health will include the value of earlier pensions moved from your last employer.	To access these deferred benefits as well, you'd have to apply separately to WFC, as administering authority to CPF (even if you're employed by CC or CCFRA), who will decide if you meet the criteria for them to be paid on grounds of permanent ill health.

For example, Max...

- Worked for Carlisle City Council (CaCC).
- Joined the LGPS on 1 February 2006.
- Moved to CC on 1 April 2023, aged 56.
- On 1 August 2023, chose to keep their pensions from CaCC and CC separate, which meant their pension benefits are split into two pension records with the Cumbria Pension Fund (CPF).



Looking ahead...

Max is suffering from ill health. After getting an occupational health opinion from an independent medical practitioner, CC agrees to Max's early retirement on ill health grounds from 1 April 2026, their 59th birthday.

As Max decided to separate their pensions, their ill health retirement benefits will only be worked out on membership with CC from 1 April 2023 to 31 March 2026. Max will need to apply separately to WFC, as administering authority to CPF, for payment of their deferred benefits on grounds of permanent ill health.

If Max had kept their pensions combined, their ill-health retirement benefits, awarded by CC, would have been based on all of Max's LGPS membership from 1 February 2006 to 31 March 2026 and their benefits from final salary linked membership would have been based on their 'final pay' to 31 March 2026, which has increased to £38,500.

Please note that ill health retirement from active status may include an enhancement to service. Ill health retirement from deferred status has no such enhancement. Both types have no reduction for early payment of the ill health pension.

What if I take my pension early?

Think about...	Separate pensions
Taking your pension early (if you've qualifying service of 2 years or more and are aged 55 or over)	You can choose to take your benefits from as early as aged 55 (normally at a reduced rate to account for the early payment).
Combined pensions	
You can choose to take your combined benefits from as early as aged 55 (normally at a reduced rate to account for the early payment).	The pension benefits from your CC, WFC or CCFRA job can't be paid until you've left your job with them, or you've reached the age of 75 if earlier.
However, the combined pensions can't be paid until you've left your job with CC, WFC or CCFRA, or have reached the age of 75 if earlier.	However, the benefits built up with your last employer, don't have to be taken at the same time. They can be taken later (if under the age of 75), at the same time as, or if you're at least aged 55, earlier than the pension from CC, WFC or CCFRA even if you're still working there.

For example, Shona...

- Worked for Cumbria County Council (CCC).
- Joined the LGPS on 1 April 1997.
- Moved to WFC on 1 April 2023, aged 60.
- On 28 February 2024, chose to keep her pensions from CCC and CC separate, which meant her pension benefits are split into two pension records with the Cumbria Pension Fund (CPF).



Looking ahead...

As her pensions have been separated she decides to take her deferred LGPS pension from 1 March 2024 at a reduced rate based on all her LGPS membership up to 31 March 2023.

She's still working for CC and has been building up a further pension with them since 1 April 2023; this can be paid once she leaves (with reductions if this is before her normal retirement age) or at any point prior to age 75.

How do I register for my online pension account?

PensionPoint is our new, free self-service portal allowing you to access your Cumbria Pension Fund pension 24 hours a day, 7 days a week.

To **login/register for PensionPoint** go to: www.lppapensions.co.uk → and click the **Access PensionPoint** tab at the top of the page.

With PensionPoint you can:

- Update your contact details and make sure you never lose track of your pension
- Make or change a nomination for your death grant
- Check the information we hold about you
- Receive your pension benefit statements as soon as they are ready
- Plan for your retirement by running your own pension benefit estimates
- Get an idea of how much your loved ones could receive when you die
- Access your payslips once your pension is in payment
- Check and update your bank details (pensioners only)

Please register with a personal email address, not a work email address

Please note that you will need to register for PensionPoint even if you previously registered for access to My Pension Online as these are different member portals. My Pension Online is no longer available.



Other areas to think about...

Think about...	Combined pensions	Separate pensions
Cost of living increases	<p>The combined pensions built up from 1 April 2014 will be revalued each year while you remain an active member.</p> <p>The revaluation is currently in line with the rise in the Consumer Prices Index (CPI). However, in times of negative inflation, the revaluation could be negative.</p> <p>Once you leave, your pension is subject to an annual cost of living adjustment under Pensions Increase legislation, which is also currently set relative to CPI, but can't be negative.</p>	<p>While you remain an active member your post 31 March 2023 pension will be revalued each year, which is currently in line with the CPI. However, in times of negative inflation, the revaluation could be negative.</p> <p>Your deferred pension will be subject to an annual cost of living adjustment under Pensions Increase legislation, which is also currently set relative to CPI; in times of negative inflation, the pensions increase would be 0% (it can't be negative).</p>

Death in service lump sum

As a member of the LGPS, if you die in service, a lump sum death grant of three times your annual assumed pensionable pay* at date of death would be payable.

If you had a deferred pension, and die before it's paid, a lump sum death grant equal to five times the annual deferred pension would be payable.

However, if you die in service, only one lump sum death grant can be paid (either relating to your active record or your deferred record) so even if you keep your deferred pension separate from your active pension, only the greater of these will be paid.

**Assumed Pensionable Pay is a notional pay figure that means your pension is not affected if your pay is reduced when you are absent, for example through sickness.*

Transfer in a previous pension

As you'll be working for a new employer (CC, WFC or CCFRA), you'll get a new 12 month window from 1 April 2023 to 31 March 2024 to transfer benefits from a previous pension arrangement and join this with your current CPF benefits.

This includes any other deferred pension benefits with CPF that you did not previously choose to combine with your active record. It also includes pension arrangements built up outside of the CPF.

You can only transfer in any other benefits from non-LGPS schemes if the transfer payment is **received** by CPF at least one year before your Normal Pension Age.

If there is a large increase in pay between the previous Scheme (if it's a Public Sector Pension) and your ongoing employment, there may be tax implications in some circumstances. You can find out more information about the annual allowance and lifetime allowance on LPPA's website here: www.lppapensions.co.uk/cumbria →

Please note that if you do not transfer any benefits you may have from a previous pension arrangement within the 12 month period ending 31 March 2024, you will have to apply to your new employer to exercise their discretion and allow you extra time, and this is only usually granted in exceptional circumstances.

A transfer in form can be found on the on the Cumbria Pension Fund website, here www.cumbriapensionfund.org/forms-publications → under Member Forms.

Transferring your LGPS pension to another pension scheme

In the future, if you leave the LGPS and join another pension scheme, you may think about moving your LGPS pension to it.

However, if you have more than one LGPS pension, as you had chosen to keep them separate, you couldn't transfer one LGPS pension whilst keeping the other pension in the LGPS. You would need to transfer all of the LGPS pensions or none.

You can only transfer your pension out if you elect to transfer at least one year before your Normal Pension Age. If you have already taken a pension from the LGPS you are then unable to transfer any other LGPS pensions.

You can find more details on the other restrictions on transferring out on LPPA's website at www.lppapensions.co.uk/cumbria →

Check your pension

PensionPoint is our free self-service portal allowing you to access your Cumbria Pension Fund pension 24 hours a day, 7 days a week.

To login/register for PensionPoint go to: www.lppapensions.co.uk → and click the link at the top of the page, or go to www.cumbriapensionfund.org/member-self-service-portal →

Pension enquiries

For enquiries about how LGR affects your pension benefits, transferring pensions or general pension enquiries please contact our administrators LPPA.

Contact Form

www.lppapensions.co.uk/contact/contact-lppa →

By Telephone

0300 323 0260

Monday – Thursday 9am-5pm • Friday 9am-4pm

By Post

LPPA, PO Box 1383, Preston, PR2 0WR

Cumbria Pension Fund's website is:

www.cumbriapensionfund.org →

If you have any other queries relating to the Pension Fund that this document, LPPA or our website are unable to address, please contact Cumbria Pension Fund at:

LGRenquiriesLGPS@cumbria.gov.uk →



This document is for general use and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This booklet does not confer any contractual or statutory rights and is provided for information purposes only.

Please do not ask Cumbria Pension Fund or LPPA to advise you. They can provide you with information about your pension and your options, but they are not financial advisers. They are not qualified to provide financial advice and they are not authorised by the Financial Conduct Authority (FCA) to give advice.

Checklist

When required	Action required	Done
Immediately	Read the document	
Immediately	Consider your circumstances (you may want to take independent financial advice in taking this decision)	
Immediately (then you can benefit from 24/7 access)	Register for your PensionPoint account (you will need to register even if you previously had a My Pension Online account – please register with a personal email address, not a work email address)	
From 1 April 2023	You will be brought back into the main section of the LGPS from 1 April 2023. If you'd like to rejoin the 50/50 section or opt out, see page 3	
From 1 April 2023 you only have 12 months to contact LPPA if you wish to separate your pensions	Make your decision Fill in the form if separating your pensions and send it in to LPPA before 31 March 2024 Separating and over 55? – consider if you want to take the pension you have deferred with reductions now (<i>you can take your pension at any time from 55 to 75 – but you will need to have separated the pensions before 31 March 2024</i>) No action is needed if you wish to have your pensions combined	
From 1 April 2023	Have you an AVC or APC? Please read page 8 as part of your decision-making process for separating or combining your pension	
From 1 April 2023 you have 12 months to transfer in	Consider other pensions to transfer in Fill in the transfer in form (see page 14) and note the 31 March 2024 deadline as described in that section (form received for LGPS scheme transfers and transfer amount received for non-LGPS scheme transfers)	
Anytime	Contact LPPA - if you have any questions about your pension, noting that they can provide information but not advice	