

# INFORMATION FOR PENSIONS SCHEMES AND INDEPENDENT FINANCIAL ADVISORS

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**PLEASE NOTE THAT HIGHLAND PENSION FUND DOES NOT COMPLETE INDIVIDUAL QUESTIONNAIRES UNDER ANY CIRCUMSTANCE.**

We will not provide information to you about a member without written authorisation which we will request directly from the member.

This transfer value has been calculated on a **NON CLUB** basis. The Highland Council Pension fund participates in the Public Sector Transfer Club, also known as the 'Club'. If your scheme, or the scheme the member is looking to transfer to is also a member of the 'Club' and there is not a break of 5 years between leaving the Highland Pension fund and commencing membership with the new scheme, please contact us immediately so that we can recalculate the transfer on a **CLUB** basis.

Members are only entitled to make one free request for a guaranteed transfer quotation from the LGPS administering authority in any 12 month period and, if they wish to proceed with a transfer, the **election to proceed must be made within 3 months of the guarantee date and at least 12 months before their Normal Pension Age in the LGPS** or, if they are a Pension Credit member, at least 12 months before their Normal Pension Age (NPA is defined by the scheme regulations in force at the time a member leaves the scheme – more information about the scheme can be found below).

To enable you to assist the member, we have provided them with our standard CETV calculation. The member will be able to provide you with their latest benefit statement which they can access through our online service **My Pension** by logging in or registering via the following link: [highlandpensionfund.mypensiondetails.co.uk/login](http://highlandpensionfund.mypensiondetails.co.uk/login). This statement will provide you with the death benefits available from the scheme as well as projections if they are current members. As we do not know future revaluation and pensions increase rates we do not provide projections beyond the current year for deferred members. For instructions on how to access the annual benefit statement, please refer to [www.highlandpensionfund.org/resources/member-guide-to-annual-benefit-statements-and-frequently-asked-questions/](http://www.highlandpensionfund.org/resources/member-guide-to-annual-benefit-statements-and-frequently-asked-questions/). This guide should be read alongside the annual benefit statement. The latest annual benefit statement newsletter can be found on the '[Resources](#)' page of our website.

Early payment of Local Government pensions is reduced in line with the Government Actuaries Department (GAD) Early Payment of Pension factors which are subject to change at any time. The latest factors can be found on the LGPS Regulations and Guidance website: [scotlgpsregs.org/schemeregs/actguidance.php](http://scotlgpsregs.org/schemeregs/actguidance.php). We do not provide estimates for reduced benefits.

## Useful Websites

Detailed information about the scheme can be found on our website [www.highlandpensionfund.org](http://www.highlandpensionfund.org)

The Local Government Pension Scheme (Scotland) Regulations can be found at [www.scotlgpsregs.org](http://www.scotlgpsregs.org)

If a member is already in receipt of a pension from another period of membership with the LGPS (Scotland) or have re-joined the LGPS (Scotland) in respect of a new employment, section 93 of the Pensions Schemes Act 1993 does not allow a CETV to be paid in respect of another period of membership. Members can only transfer benefits from the LGPS Scotland if they have left the scheme and have not already drawn benefits from LGPS Scotland (either in their current employment or any earlier employment).

## ABOUT THE SCHEME

- The LGPS (Scotland) is a statutory scheme and is registered in accordance with paragraph 1(1) of Schedule 36 of the Finance Act 2004.
- The Highland Council Pension Funds Pension Scheme Tax Reference number is: PSTR 00822209RB
- The Highland Council Pension Funds Contracted-out reference numbers: ECON E3900002R SCON S2700209L

## SCHEME REGULATIONS

The table below provides a summary of scheme basis, accrual rates and Normal Pension Age for each set of regulations. The Regulations which apply are defined by the regulations in force at the time a member leaves the scheme. Each full set of regulations can be found here <http://www.lgpsregs.org/timelineregs/scot/scotregidx.htm>

Regulation	Basis of scheme	Accrual Rate	Normal Pension Age	Earliest retirement age without a reduction
1987 Regulations: Effective from 01/04/1988	Final salary	Pension = 1/80th Lump sum = 3/80th	Between age 60 and 65 when notional membership amounts to 25 years.	Over age 60 with 25 years membership.
1998 Regulations: Effective from 01/04/1999	Final salary	Pension = 1/80th Lump sum = 3/80th	Age 65*	Over age 60 when age and membership together adds up to 85 or more.
2008 Regulations Effective from 01/04/2009	Final salary	Pension 1/60th No automatic lump sum but can give up pension for lump sum at 12:1	Age 65*	Over age 60 when age and membership together adds up to 85 or more if in scheme before 1/12/2006, otherwise age 65.
2014 Regulations Effective from 01/04/2015	CARE (See note Below**)	Pension = 1/49 <sup>th</sup> of actual pensionable pay per year of membership	Equal to New State Pension Age.	Age 65 unless has transitional protection if a member before 1/4/2015

The Survivor's accrual rate for Final Salary benefits is 1/160th and for CARE benefits 30.625%.

\*Normal pension age as defined by the Pension Schemes Act 1993 for the purpose of transferring, means—

(a) in a case where the scheme provides for the member only a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies; and

(b) in any other case, the earliest age at which the member is entitled to receive benefits (other than a guaranteed minimum pension) on his retirement from such employment.

\*\*Anyone who was a member on 31 March 2015 and remained a member on 1 April 2015 will have transferred to the new scheme. These members retain a final salary link for their pre-1 April 2015 membership. The final salary used is the “final pay” at date of leaving the scheme. Final pay is the average pay based over a year rather than actual rate of pay on leaving, or the best of the last 3 years of working if this is higher. Anyone joining the scheme from 1 April 2015 joins the current CARE (Career Average Related Earnings) scheme. You can find information about the current scheme including a scheme booklet on our website.

## **GUARANTEED MINIMUM PENSIONS (GMP)**

- The scheme was contracted-out of the earnings related part of the state scheme until 05 April 2016 and re-values Guaranteed Minimum Pension (GMP) benefits in full in accordance with Section 148 orders.

## **EQUALISATION**

- We are an equalised scheme apart from the GMP, but we do not complete individual equalisation certificates.
- The GMP element of the pension is payable at State Pension Age. State Pension Age will not be equalised until 2020. Until then, different levels of Pension Increase will be payable in respect of men and women during the period between age 60 years and 65 years.

## **PENSION INCREASE AND REVALUATION**

- Pensions from the final salary part of the scheme whether in payment or deferred are revalued each year in line with the Consumer Prices Index and cannot fall below zero. The CARE (Career Average Related Earnings) part of the pension is revalued each year by Treasury Revaluation Orders.
- Where the Treasury Orders revaluation is below zero, a negative revaluation will be applied to current members' CARE pension accounts accrued in that year and to those of any members who left within the year it applies to. Pensions in payment are not devalued but will have no increase.
- After retirement the scheme pays annual increases on pensions in excess of GMP at CPI and at 3% on post 1988 GMP (or CPI if less), the other increases on GMP are paid by the state.

## **PROTECTED RIGHTS**

- The protected rights element is quoted on the calculation summary. Protected rights are in respect of Pre'97 benefits only.
- The Section 9(2B) element is quoted on the calculation summary. This transfer Value relates to the Post 97 Transfer Value only.
- As a result of legislation introduced on 06/04/12, GMP and/or Section 9(2B) rights can be accepted by non-contracted out schemes.

## **MEMBER CONTRIBUTIONS**

- The amount of contributions payable by a member is determined by the [Regulation 9 of the LGPS\(S\) 2014 Regulations](#).
- Members pay a percentage of their pay based on their pensionable earnings. A table of employee contribution rates can be found on the 'Membership and Contributions' section on our website.

## **EMPLOYER CONTRIBUTIONS**

- Employers' contributions are not based on individual member's contributions but are determined by the scheme actuary following the triennial scheme valuation. The latest scheme valuation report showing how much each employer pays can be found on the '[Resources](#)' page of our website.
- We will not provide a breakdown of the contributions paid by a member or employer as the contributions merely fund the scheme and are not used to calculate any benefits payable.

## TAX FREE LUMP SUMS

- Please refer to the Scheme Regulations table on page 2 which shows when accrual of automatic lump sums applied.
- The Scheme Regulations allow the member to give up part of their pension to provide or increase their tax free lump sum at retirement. This is known as 'conversion', the conversion rate currently provides £12 of lump sum for every £1 of pension given up.
- The scheme allows a member to take up to 25% of the capital value of their accrued rights as tax free cash. Please see [Regulation 32 of the LGPS\(S\) 2014](#).
- The method for calculating the maximum lump sum available is:

$$\text{Pension}^1 \quad \times \quad 120 / 7 = X$$

$$\text{Lump sum}^2 \quad \times \quad 10 / 7 = Y$$

$$X + Y / 4 = \text{Maximum lump sum}$$

<sup>1</sup> after early retirement reductions have been applied

<sup>2</sup> after early retirement reductions have been applied and including any AVC

## DISCRETIONARY INCREASES

- There are no discretionary increases applied to deferred pensions or pensions in payment.

## FUNDING

- The scheme is funded by employer and member contributions as well as investments. You can find information about Funding in the latest Fund Actuarial Valuation report on the '[Resources](#)' page on our website.

## CHARGES OR PENALTIES

- There is no charge or penalty for transferring out of the scheme. Where a request is for transfer to a scheme where GMP or protected rights cannot be accepted it is possible to transfer only the non-protected rights. It is also possible to transfer all rights to such a scheme provided the transferring member is aware of the rights being given up.

## APPROPRIATE INDEPENDENT FINANCIAL ADVICE

- Members have the right to transfer their accrued LGPS benefits to another scheme including a scheme that offers flexible benefits. However, if the total value of their LGPS benefits across all LGPS in Scotland is £30,000 or more, they are required to take appropriate independent advice, from an authorised independent adviser who is registered with the Financial Conduct Authority (FCA).
- If the total value of their LGPS benefits is £30,000 or less, we recommend that members seek appropriate independent financial advice before deciding to transfer his/her LGPS pension benefits.

## DEATH BENEFITS

- Please refer to the members annual benefit statement for the current values of benefits payable upon death (See page 1). We will not provide further estimates.
- Information is also available on the [www.highlandpensionfund.org/your-pension/no-longer-paying-in/](http://www.highlandpensionfund.org/your-pension/no-longer-paying-in/) section of our website under 'Survivor Benefits'.
- The actual calculation of a survivor's pension depends on multiple factors. In general terms up to 31 March 2008 a spouse's pension would be around half of the members and after that it would be 1/160 of the membership times final pay. The table below provides information about death grants and who could receive a survivor's pension. The relevant regulations can be found at [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## DEATH GRANT REGULATIONS

Regulation	Death Grant payable upon death of a deferred member	Death Grant payable upon death of a pensioner member	Death Grant payable upon death in service	Survivors pension
1987 Regulations: Left scheme before 31/03/1988			N/A	Widows and children's pensions payable only
1998 Regulations: Left scheme before 31/03/2009	Equivalent to the lump sum that would have been payable if not for death	5 times the annual pension in payment less any pension paid out.	N/A	Widows, widowers based on post 5/4/88 membership (plus any pre 6/4/88 bought back), children's pensions. From 5/12/2005, civil partners based on post 5/4/88 membership (plus any pre 6/4/88 bought back)
2008 Regulations Left scheme before 31/03/2015	5 times the retirement pension that would have been paid if not for death	10 times the annual pension in payment less any pension paid out.	N/A	Widows, widowers, children's. Civil partners based on post 5/4/88 membership (plus any pre 6/4/88 bought back). Co-habiting partner's pensions based on post 5/4/88 membership (plus any pre 6/4/88 bought back).
2014 Regulations Left scheme after 31/03/2015	5 times the retirement pension that would have been paid if not for death	10 times the pre commutation pension less any commuted lump sum and any pension paid to the member.	3 times actual annual pay based on average of last 3 months pay uprated to 12 months.	Widows, widowers, children's. Civil partners based on post 5/4/88 membership (plus any pre 6/4/88 bought back). Co-habiting partner's pensions based on post 5/4/88 membership (plus any pre 6/4/88 bought back)

## **TRANSFERRING AVC'S**

- In accordance with the LGPS (Scotland) Highland Pension Fund allows current members to make AVC payments via Prudential. At present a scheme member can only take a drawdown of AVC's if they are transferred to another pension scheme which allows such drawn down. AVC's can be transferred at any time before the age of 75. The member does not need to have left the scheme however AVC payments must cease before a transfer can take place. A new AVC contract can be taken out once the transfer has been completed. Anyone who is not a current member of the scheme but still holds an AVC fund can also transfer anytime up to age 75.
- If a member wishes to transfer their AVC fund value, they should make a request to Highland Pension Fund in writing providing details of the receiving scheme.
- Members can change their AVC investment choices with their AVC provider at any time. Members have access to their AVC accounts via Prudential's website. It is also possible to transfer funds from one provider to another. You can find more information on AVC's on the [www.highlandpensionfund.org/your-pension/paying-in/membership-and-contributions/](http://www.highlandpensionfund.org/your-pension/paying-in/membership-and-contributions/) page of our website under 'How can I increase my pension'.