

Using your annual benefit statement to estimate retirement benefits at different dates

SUMMARY: Check your pay is correct and if it is not adjust those parts of your benefits based on your final pay...treat your benefits in line with when they were earned by splitting them into 3 parts and applying the appropriate reductions... add the 3 parts together to identify your standard benefits...use the formula $((120 \div 7 * \text{total pension}) + (10 \div 7 * \text{lump sum})) \div 4$ to calculate your maximum lump sum...reduce your standard pension by one twelfth of the extra lump sum up you wish to take...by following the detailed guidance below

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Check that your pay is correct in section 3 at the top of P2

If it is not correct, use your correct pay to proportionally adjust the (at normal pension age) pension and lump sum figures in the left-hand side (but not the right hand side CARE closing balance) of section 4 of your statement e.g. if your pay is £11,000 and your statement has £10,000 as your pay, multiply the 2 pensions and the lump sum by 1.1 ($11,000 \div 10,000$).

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For your 1/80th / 3/80th membership up to 31 March 2008

Apply the appropriate reduction from the [table of reductions](#) on your (at normal pension age) adjusted pension / lump sum resulting from membership to 31 March 2008 (the second and sixth figures in the left-hand column of Section 4). The appropriate reduction is:

If retiring between 55 and 60:

- with 30 years' service and rule of 85 protection, the reduction for the period remaining to you being 60 OR
- if the date when you will meet the Rule of 85 is after being 60, the reduction for the period remaining to when you will meet the Rule of 85 OR
- the period to you being 65 (if you have no rule of 85 protection before being 65)

If retiring after 60:

- the period remaining to when you will meet the Rule of 85 OR
 - the period to you being 65 (if you have no rule of 85 protection before being 65)
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For your 1/60th membership from 1 April 2008 to 31 March 2014 (6 years if full-time)

Apply the appropriate reduction from the [table of reductions](#) on your pension resulting from membership from 1 April 2008 to 31 March 2014 (the fourth figure in the left-hand column of Section 4). The appropriate reduction is:

If born before 1 April 1956:

- the period remaining to when you will meet the Rule of 85 OR
- the period to you being 65 (if you have no rule of 85 protection before being 65)

If born on or after 1 April 1956:

- the period to you being 65
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For your 1/49th membership from 1 April 2014

Apply the appropriate reductions from the [table of reductions](#) on your pension resulting from membership from 1 April 2014 (splitting the bottom figure in the right-hand column of Section

4 into pre and post 1 April 2016 if and only if you were born before 1 April 1956). The appropriate reduction is:

If born before 1 April 1956:

- on pension earned up to 31 March 2016 the period remaining to when you will meet the Rule of 85 OR the period to you reaching [State Pension age](#) (if you have no rule of 85 protection before reaching SPa)
- on future pension to be earned up to your chosen retirement date at 1/49th of your pay and on pension earned after 31 March 2016, the period remaining to you reaching [State Pension age](#)

If born on or after 1 April 1956:

- on future pension to be earned up to your chosen retirement date at 1/49th of your pay and on pension earned after 31 March 2014 the period remaining to you reaching [State Pension age](#)

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EXAMPLE:

A full-time member who:

- is 55 on 31 March 2020
- wants to retire 4 years later at age 59
- has been in the LGPS for the 30 years up to 31 March 2020
- whose current pay is correct on their annual benefit statement; has been £25,000 for the last 10 years; and is expected to remain £25,000 until retirement

could estimate that their standard pension at 59 would be:

$1/80 * 25,000 * 18 = 5,625$ that after being reduced by 5.1% for the 1 year to 60 = 5,338

PLUS

$1/60 * 25,000 * 6 = 2,500$ that after being reduced by 25.7% for the 6 years to 65 = 1,857

PLUS

$1/49 * 25,000 * (6 + 4) = 5,102$ that after being reduced by 32.1% for the 8 years to SPa of 67 = 3,464

MAKING A TOTAL PENSION AT 59 OF

$5,338 + 1,857 + 3,464 = £10,659$ after 34 years' service.

Note: by going at 59, they miss out on 8 years of pension to SPa = 4,081. When this is combined with the reductions for taking their benefits at 59, they receive **61.6%** of what is shown as their total estimated pension at SPa in section 6 of their annual benefit statement.

Note: the £10,659 that they receive at 59 is **80.6%** of the total of 4 more years of pension for the period between being 55 and 59 PLUS what is shown in section 2 (total benefits at 31 March 2019) as payable at their normal pension age on their 2019 annual benefit statement

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