



Member Update 2023

This booklet is provided to help members of the East Sussex Pension Fund keep up to date with their Local Government Pension Scheme

www.eastsussexpensionfund.org



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123%
Funding level
(31.3.2022)

£4.69 bn
Fund value
(31.3.2022)

138
Employers
(March 2023)



Introduction

A warm welcome to all members of the East Sussex Pension Fund (ESPF).

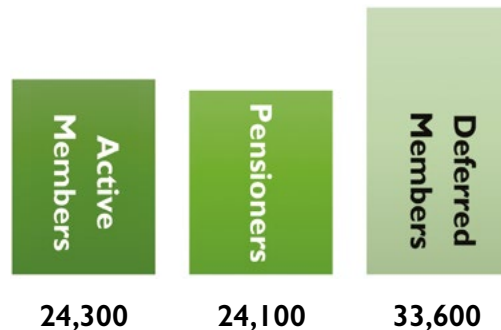
This guide will help you understand more about the Local Government Pension Scheme - whether you are still actively contributing, are in receipt of your pension or have left the scheme (with deferred benefits you haven't yet taken).

The guide is packed with useful content so will be a great way of engaging with your pension. We've included a summary of our latest Report and Accounts in what has been another good year for the Fund.

We hope this guide is helpful but please do not hesitate to contact us (details on the back page) if you need our support.

Fund membership

There are around 82,000 members either paying in, drawing, or waiting to draw their pensions (April 2023).



The Local Government Pension Scheme (LGPS)

The LGPS is a public sector pension scheme. It is one of the best in the country and provides you with:

- A secure, regular income in retirement linked to inflation, based on your membership and pay - not linked to the ups and downs of financial markets.
- The option to convert some of your pension to a tax-free lump sum within prescribed limits (an automatic lump sum is paid for service up to 31 March 2008).
- A pension for your dependants after you die.
- You may be able retire from age 55* onwards
- Life cover at no extra charge - if you die whilst being an active member of the scheme, your nominated beneficiary may receive a lump sum death grant based on 3 x your assumed pensionable pay**.



- You may qualify for an early pension if you must retire through ill health (a qualifying period of at least two years' scheme membership applies).
- If you are over age 55* and made redundant, you will receive benefits without any early payment reductions.
- If you left your job before retirement and were in the Scheme for at least two years, you will have deferred benefits. Your benefits are reviewed each April and kept in line with the cost of living, until they are paid.

* Rising to age 57 from 6 April 2028.

** If you have either a separate deferred benefit or are receiving an LGPS pension when you die, this may impact the amount payable.

CARE and Final Salary

The scheme changed in 2014 from a Final Salary scheme to a Career Average Revalued Earnings (CARE) scheme. This means any pension built up after 1 April 2014 is based on the pay you earn each year, rather than on your Final Salary when you leave.

- All benefits you earned up to April 2014 remain protected as Final Salary.
- For each year you are in the CARE scheme, we will add pension equal to 1/49th of your pensionable pay into your pension account (or 1/98th for any period spent in the 50/50 section). This is then revalued each year in line with inflation.

If you were in the Scheme before 1 April 2014, your pension benefits will be a combination of Final Salary and Career Average

Your Normal Pension Date - when you can retire and take your benefits in full - is linked to your State Pension Age.



You can choose to retire and draw your LGPS pension any time from age 55*. Your benefits will reduce if you choose to retire before your Normal Pension Date or increase if you retire later.

* Flexible retirement is dependent on you meeting the two-year vesting period and requires employer approval.

Responsible investment

Generating sustainable long term investment returns is the Fund's primary investment objective. It invests across a range of assets using both active and passive management styles. The fund strongly believes in responsible investment and effective stewardship of our investments.

We engage with our Fund Managers to ensure they are investing in a way that aligns with our beliefs, in a way that achieves sustainable returns for our members whilst minimising environmental impact. We use industry recognised investment consultants and advisors to help make sure our investments are being appropriately managed and are well placed to make money into the future.

The Fund has 30% of its assets in investments structured to drive and benefit from a sustainable world and are looking to increase this over time.



The Fund is a signatory to a Global Investor Statement which urges global governments to radically step up their ambition on climate policy. This matches the Fund's efforts to manage climate risk and pursue the investment opportunities in the global sustainable energy transition.

The Fund is also part of the UK Stewardship Code 2020. Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

[www.eastsussexpensionfund.org/
about-the-scheme/investment/](http://www.eastsussexpensionfund.org/about-the-scheme/investment/)

Annual Report and Accounts - 2021/22

We have recently published our 2021/22 Annual Report and Accounts. Key highlights...

- Delivering the first full year of the Pensions Administration Team as an in-house service, and continuing to build and develop the overall Pension Team.
- Awarded the Local Government Pension Scheme Fund of the Year (over £2.5bn) at the Local Authority Pension Fund (LAPF) Investment awards 2021.
- The Fund had £4,688m of funds under management at 31 March 2022 to meet the accrued benefits.
- The investment return for the year to 31 March 2022 was 10.6%, which was an out performance of the benchmark by 0.5%, with returns outperforming the benchmark in each of the 1, 3 and 5-year periods.

Pension Fund Account Summary	2020/1 £M	2021/2 £M
Contributions/other income (Payments from employers, employees and transfers from other pension funds)	137.5	142.4
Benefits and other payments (Pension payments, leaver payments and lump sums)	134.3	145.3
Management Expenses	17.3	26.7
Investment Returns (Investments income and change in market value)	779.0	473.2
Net increase during the year	764.9	443.6
Opening Net Assets	3479.0	4244.0
Closing Net Assets	4244.0	4687.7

- The Fund has continued its journey of responsible investment, and more specifically with its focus on climate change risk.

Full reports & accounts:
www.eastsussexpensionfund.org/forms-and-publications/

How much does it cost?

The cost for active members is based on a series of contribution bands. These bands are reviewed each year in line with inflation.

Your contributions are based on your Pensionable Pay.

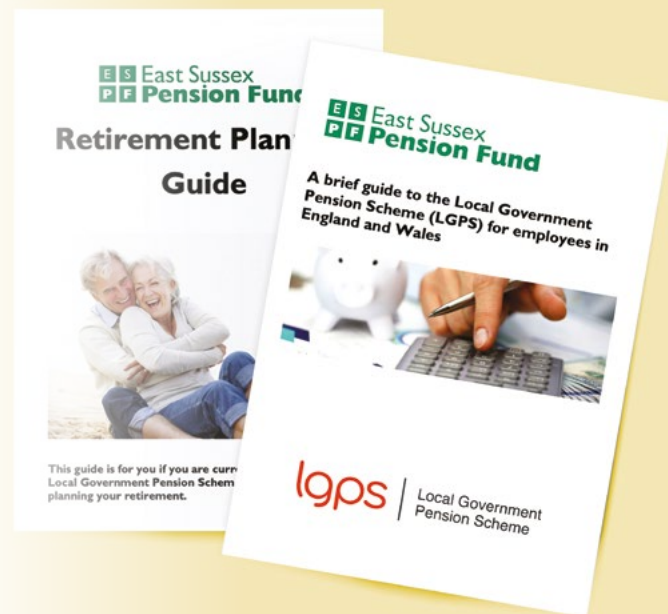
This includes basic pay, plus some other extras such as bonus, shift allowances and voluntary overtime. It does not include things like mileage or expenses.

The employee contribution bands from 1 April 2023 are shown in the table.

Band	Pensionable Pay	Main Scheme Contribution Rate	50/50 Scheme Contribution Rate
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Did you know?

- Your employer pays/paid into your pension too - the Scheme is provided by your employer who meets the balance of the cost of providing your benefits in the LGPS. Their contribution rates are reviewed every three years and are generally significantly higher than member contribution levels.
- You may pay less tax as your pension contributions are taken out of your pay before tax is deducted. For example, if you pay £100 a month into your pension, your tax is reduced by £20 a month (for basic rate tax payers). Or a reduction of £40 a month for a higher-rate tax payer.
- There may be times when you consider adding to your pension, for example, if you joined later in your career or have had a career break. There are a few options we can help you with.
- The LGPS offers you the flexibility to pay half your normal contribution rate and build up half your normal pension. This is called the 50/50 section of the LGPS. You keep full life and ill-health cover.



More details on scheme benefits can be found in 'A Brief Guide to the LGPS', available on our website. There is also a guide available for anyone planning for retirement.

[www.eastsussexpensionfund.org/
your-pension/](http://www.eastsussexpensionfund.org/your-pension/)

Pension scams

Unsure if something may be a scam?

You're not alone. Here are some pension scam warning signs you can be on the look out for...

- Contact out of the blue.
- Promises of high / guaranteed returns.
- Free pension reviews.
- Access to your pension before age 55.
- Pressure to act quickly.

Please contact us if you believe you are being targeted as part of a pensions scam or visit the websites below.

[www.fca.org.uk/consumers/
pension-scams](https://www.fca.org.uk/consumers/pension-scams)

[www.eastsussexpensionfund.org/
help-support/avoiding-pension-scams](https://www.eastsussexpensionfund.org/help-support/avoiding-pension-scams)

Pensioner pay dates

Find out when to expect your pension payments.

May 23	31/05/2023	Nov 23	30/11/2023
June 23	30/06/2023	Dec 23	22/12/2023
July 23	31/07/2023	Jan 24	31/01/2024
Aug 23	31/08/2023	Feb 24	29/02/2024
Sept 23	29/09/2023	Mar 24	28/03/2024
Oct 23	31/10/2023		



Online access to your pension

Did you know our online portal 'My Pension' allows you to:

- Update your address and contact details.
- Nominate or amend beneficiaries who you would like to receive benefits on your death.
- Active and deferred members can view their Annual Benefit Statements and use a range of benefit calculators – keeping you up to date with the pension benefits you have built up and what they may be worth in the future.
- Pensioners can view payslips, P60s and update bank details.

Visit <https://mypension.eastsussex.gov.uk> to register.

Visit www.eastsussexpensionfund.org for further support.



Spring Budget 2023 and changes to pensions taxation

The Spring Budget on the 15th of March 2023 detailed significant changes to pension tax allowances coming into effect on 6 April 2023.

What is changing?

- The Lifetime Allowance will be abolished – removing the limit to how much you can save in your pension(s) over your lifetime.
- The standard Annual Allowance (the maximum amount of tax-relieved pension savings that can be accrued in a year) will increase from £40,000 to £60,000.
- The Money Purchase Annual Allowance (MPAA) will increase from £4,000 to £10,000. The MPAA only applies to contributions to defined contribution pensions and not defined benefit pension schemes such as the Local Government Pension Scheme.



This will only impact people who have flexibly accessed their defined contribution benefits and who subsequently make further contributions to their defined contribution pension arrangement(s).

- Pension commencement lump sum: The maximum pension commencement lump sum for those without protections will be retained at its current level of £268,275 and will be frozen thereafter.
- There were also changes made to the tapered annual allowance and the minimum tapered annual allowance.

How to add or update your personal details

The quickest way to amend your personal detail is via the online Member Self Service Portal 'My Pension'. You can use this to update personal information such as your address, phone number, email address or bank details (for pensioners).

<https://mypension.eastsussex.gov.uk/>

Alternatively you can complete Form LGPS 5C which can be found in the 'Forms and publications' section of our website under member forms.

www.eastsussexpensionfund.org

Handy tip



It is better that the email address we hold for you is a personal one as opposed to a work email. This will ensure we can continue to contact you should you leave your employment or retire.



If you wish to find out how we use your personal data, please visit:

www.eastsussexpensionfund.org/about-the-scheme/gdpr/

What to do if you have a tax query?

If appropriate, income tax is deducted from your pension in accordance with HM Revenue and Customs (HMRC) guidelines. Any tax queries should be directed to HMRC.

Write Pay As You Earn,
H.M. Revenue and Customs
BX9 1AS

Phone 0300 200 3300

You should quote the ESCC Pensions reference of 334/EZ61724, your payroll reference number and National Insurance number (shown at the top of your pay advice slips).



Are you looking after your loved ones?

Nominating a beneficiary

With an LGPS pension there may be benefits (including a lump sum death grant, survivor's pensions, or children's pensions) payable when you die. You can express a wish as to whom you would like to receive any possible death grant payable by nominating a beneficiary. This can save your loved ones a great deal of time and effort later on.

You can nominate your spouse or partner, son or daughter, family member or lifelong friend, a charity that is close to your heart or a combination of beneficiaries.

While your pension scheme has absolute discretion over who your death grant goes to (so it does not form part of your estate for tax purposes), they will take your wishes into account.



Nominate via our member self-service portal 'My Pension'.

<https://mypension.eastsussex.gov.uk>

Alternatively, complete form LGPS DGI available in the 'Forms and Publications' area of our website under member forms.

www.eastsussexpensionfund.org



Contact us

Visit our website for up to date Pension Fund information.

www.eastsussexpensionfund.org

Email pensions@eastsussex.gov.uk

Write Pension Services
East Sussex County Council
County Hall, St Anne's Crescent
Lewes, East Sussex, BN7 1UE

Call General enquiries - 0300 200 1022
Member self-service enquiries - 0300 200 1027

There is also a national Local Government Pension Scheme website for members:

www.lgpsmember.org

Looking for more help with your money

Get free, impartial information on money matters, including pensions.

moneyhelper.org.uk

Disclaimer This guide is for members of the East Sussex Pension Fund and reflects the provisions of the LGPS and overriding legislation in April 2023. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.