

Linking factsheet - Councillors old scheme to new CARE scheme

Important: These notes are based on current scheme rules and our understanding of these at the present time. Future changes in the rules could affect the information given in these notes.

How LGPS benefits are worked out

Your deferred benefits – benefits built up in the old Councillor career average scheme:

- These are based on membership and career average pay. This is the average pensionable allowances worked out over the whole period that you were a member of the old Councillor scheme.

Benefits built up in the LGPS CARE (Career average revalued earnings) scheme from 2026:

- At the end of March each year a pension equal to 1/49th of your pensionable allowances for that year is added to your pension account (1/98th if you are in the 50/50 section). If you receive reduced pay because of sickness, relevant child related leave or reserve forces leave, a notional figure based on the pay you would have received in the 12 weeks prior to reduction is used to calculate your pension. Your pension account is revalued every year in line with the cost of living.

If you choose to link your benefits – you'll then have only one set of benefits – so you'll have:

A current pension account - made up of:

1. Pension bought in the CARE scheme by a transfer of your membership from your old Councillor career average scheme
- +
2. Pension built up in the CARE scheme in your new office

Pension sharing order – if you have a pension sharing order applied to your benefits and your benefits are linked, this order will be transferred to your current pension account.

If your benefits remain separate – you'll keep your deferred benefits and build up separate benefits in your current office – so you'll have:

Deferred benefits made up of:

Benefits based on membership and career average pay from your old Councillor career average scheme (plus cost of living increases), plus a current pension account made up of pension built up in the CARE scheme in your new office.

Cost of living increases – Deferred benefits are adjusted each April so they maintain their value.

Comparing benefit values

You should compare the current value of your deferred benefits with the pension that linking would buy for you in the CARE scheme

- Current value of Deferred Benefits – these figures were shown in the annual Deferred Benefit statement we produced and is available on the member portal. *(Contact us if you have not yet registered for the member portal so you can access it. If you have opted out of online we will have sent you a copy previously)
- Estimated CARE pension – this figure was shown in the Linking Options Available sheet we sent you

At retirement you will be able to give up part of your pension for a bigger lump sum (this applies whether or not you decide to link your benefits)

Cost of living increases

Deferred benefits are adjusted each April so they maintain their value.

The total pension in your current pension account is also revalued each April.

If we have a year of negative inflation (which is a rare event) – the value of your deferred benefits would remain the same (they can't be reduced), but the total value of your current pension account could go down.

Normal Pension Age (NPA)

This is the earliest age you can retire and claim your benefits without having any reductions applied.

As a different Normal Pension Age could apply to different parts of your benefits – you should read this section as well as comparing benefit values.

Your Deferred Benefits

- All benefits must be paid at the same time; but
- A different NPA could apply to different parts of your benefits, so any early retirement reductions would stop applying to different parts on different dates
- The reductions get smaller the closer you get to NPA
- Your deferred benefit statement shows the earliest date your deferred benefits can be paid unreduced.

Your current pension account

- The NPA for your CARE pension is linked to your state retirement age
- If you link your benefits – this will include the pension that is bought by the transfer
- Your NPA will change if your state retirement age changes

Leaving before retirement

If you opt out of the scheme with less than 3 months membership in your new office:

- Any contributions you have paid will be refunded to you by your council through your pay
- You will no longer have the option to link your deferred benefits - as you will be treated as though you had never been a member of the scheme

If you opt out of the scheme with at least 3 months membership, or leave your new office, before being entitled to payment of pension benefits:

- If you've chosen to keep your benefits separate - you will be awarded deferred benefits (you won't be able to claim a refund of the contributions you have paid as your earlier deferred benefits give you a benefit entitlement in your new membership)
- If you've chosen to link your benefits - your entitlement will depend on the membership you have in the scheme

Transferring pension rights

- Even if you elect not to link your deferred benefits to your current pension account – you won't be able to transfer these deferred benefits to a different scheme until you cease to be a member of the scheme in your current office
- You won't be entitled to a transfer once you are within 1 year of (or past) your NPA

Early retirement

If, after completing 2 years membership, you retire early due to:

- Voluntary retirement over age 55 (early retirement reductions may apply); or
- Ill health at any age (you must satisfy scheme medical criteria)

you will only be paid the benefits from your current membership, if you have kept your deferred benefits separate.

Your separate benefits will be paid later, from your NPA (unless the ill health criteria for these to be paid early is also satisfied, or other early retirement provisions apply).

Please note the Government has announced that the earliest age you can take your pension will increase from age 55 to 57 from 6 April 2028. The Local Government Pension Scheme rules will be changed in response to this announcement. This change will not affect ill health retirements.

Death in service benefits

Lump sum death grant – the amount payable on death in service would be:

- If you link your benefits – three times your assumed pensionable pay at date of death

- If you retain separate benefits – the higher of three times your assumed pensionable allowances at date of death OR the combined lump sum payable in respect of all deferred benefits and any pensions in payment.

Eligible spouse, same sex partner's and where eligible cohabiting partner's and children's pensions – the amount of these would be affected by whether or not you decided to link your benefits.

Tax implications

The **annual allowance** limits the amount of pension savings you can make in a year before paying extra tax.

Linking your previous membership will have a minimal effect on your annual allowance.

Most members won't be affected by the annual allowance. However, some members may still exceed the annual allowance (particularly higher earners and those paying extra pension contributions). More information about the annual allowance [can be found here](#).

Lump Sum Allowance

The total maximum tax free lump sum that can be paid is £268,275 unless you have a protected right to a higher lump sum allowance. In certain circumstances these protection rights can be lost but the rules regarding this are very complex. If you feel you may be affected by this, contact us for further information regarding the circumstances where protection is lost.