



Cornwall pension fund

A guide to the local government
pension scheme

www.cornwallpensionfund.org.uk



Cornwall
Pension
Fund



The scheme

The Cornwall pension fund is part of the local government pension scheme (LGPS) in England and Wales.

The scheme has been registered with HM Revenue & Customs (HMRC) and is a defined benefit, occupational pension scheme.

The benefits under the scheme are set out in law and are based on your membership and your average pensionable pay.

Joining the scheme

Entry into the scheme, for most is automatic, but for some will be by election. As this is dependent upon your employer's status, to ensure that you are entered into membership at the first possible opportunity, you will need to complete an election form. This can be found on our website or can be requested from the Cornwall Pension Fund. Our contact details can be found at the back of this guide.

To confirm that you have become a member of the scheme, you should check your payslip to see that pension contributions are being deducted.



What are the main benefits of joining the scheme?

Annual pension payable from normal pension age, which is equal to your state pension age.

Every year you will build up a pension at a rate of 1/49th of your pensionable pay that you received in that year.

Your benefit is calculated like this:

Annual pension = 1/49th x pensionable pay

This amount is added to your pension account and at the end of every scheme year the value of the pension in your account is adjusted to take into account the cost of living.

At retirement you can elect to receive a tax free lump sum by exchanging £1 of your pension for £12 of cash. The maximum lump sum you can receive is 25% of the capital value of your pension benefits. Full details will be provided at the time of retirement.

If you have at least two years membership or have transferred other pension benefits into the LGPS, you can elect to retire and receive a reduced pension from age 55 onwards.

Your employer also pays into your pension fund.

How much does it cost?

As a member of the scheme, you will pay a percentage of your pensionable pay. Pensionable pay usually consists of your basic pay, contractual and non-contractual overtime and regular bonuses. Your employer will advise you which contribution rate will apply to you, based on the following table:

Actual pensionable pay	Employee contribution rate (%)	
	Main section	50/50 section
Up to £14,400	5.5%	2.75%
£14,401 to £22,500	5.8%	2.90%
£22,501 to £36,500	6.5%	3.25%
£36,501 to £46,200	6.8%	3.40%
£46,201 to £64,600	8.5%	4.25%
£64,601 to £91,500	9.9%	4.95%
£91,501 to £107,700	10.5%	5.25%
£107,701 to £161,500	11.4%	5.70%
£161,501 or more	12.5%	6.25%

The above bands are as at April 2019.

If you are a tax payer, you will get tax relief on your contributions.

You can elect to opt out at any time, as membership of the scheme is not compulsory. However, you will normally only receive a refund of your contributions if you opt-out within 2 years of joining. If you wish to opt out of the scheme, please complete the opt-out form, which can be found on our website or can be requested from the Cornwall Pension Fund. Our contact details can be found at the back of this guide.

Please note that if you opt out of membership of the scheme and then subsequently rejoin the LGPS you will not be permitted to join the two periods of membership together and, instead, you will have two separate sets of pension benefits in the scheme.

Contribution flexibility

There is an option in the scheme called the '50/50' section. The '50/50' section allows you to temporarily pay half your normal contributions and build up half of your normal pension. However, you will still benefit from the full life assurance cover, full ill health cover and full survivor benefits in the event of your death.

For example;

A member works part-time and their actual pay is £12,500 a year, their contribution rate in the main section of the scheme is 5.5%.

Main section	50/50 section
Gross Contribution in the main Scheme (for 1 year) 5.5% = £687.50	Gross Contribution in the 50/50 option (for 1 year) 2.75% = £343.75
Pension build up at 1/49th before revaluation in the main Scheme (for 1 year) £255.10 for each year in Retirement	Pension build up at 1/98th before revaluation in the 50/50 option (for 1 year) £127.55 for each year in Retirement
Lump Sum life Assurance Cover £37,500	Lump Sum Life Assurance Cover £37,500

A different member works full-time and their actual pay is £36,000 a year, their contribution rate in the main section of the scheme is 6.8%.

Main section	50/50 section
Gross Contribution in the main Scheme (for 1 year) 6.8% = £2448.00	Gross Contribution in the 50/50 option (for 1 year) 3.4% = £1224.00
Pension build up at 1/49th before revaluation in the main Scheme (for 1 year) £734.69 for each year in Retirement	Pension build up at 1/98th before revaluation in the 50/50 option (for 1 year) £367.35 for each year in Retirement
Lump Sum life Assurance Cover £108,000	Lump Sum Life Assurance Cover £108,000

If you wish to elect to join the '50/50' section then please complete the 50/50 Election Form which can be found on our website or can be requested from the Cornwall Pension Fund.



Can I transfer other pension benefits into the scheme?

Any pension benefits which you have previously built up in another pension arrangement, including the LGPS with another authority, can generally be transferred into the scheme. If you wish to consider transferring your previous pension benefits, **you must make your election within 12 months of joining the scheme.** We will forward you the appropriate form to provide us with all the relevant information once your membership of the scheme has been confirmed.

Can I increase my pension benefits?

You can increase your pension benefits by either purchasing up to a total of £7,026 per annum worth of pension, or by making payments into the scheme's additional voluntary contribution (AVC) arrangement. You also have the option of making payments into an external personal pension, stakeholder pension or a free standing AVC scheme.

For further information on increasing your pension benefits please visit our website www.cornwallpensionfund.org.uk. We also strongly suggest that you obtain independent financial advice before commencing any of these options.

Ill health benefits

If, after 2 years service, you are retired on the grounds of ill health at any age by your employer, following advice from an occupational health physician, the benefits you have earned will become payable immediately. The payment of this benefit may be reviewed after 18 months to determine an ongoing entitlement to payment.

Potentially your benefits could be enhanced depending on the severity of your illness and the likelihood of your ability to return to work, as assessed by the occupational health physician. The maximum possible enhancement to your pension would be all the pension you would have earned up to your normal pension age.

Payment of benefits if you are made redundant or released on the grounds of efficiency of the service

If you are aged 55 or over and have at least 2 years total membership or have transferred other pension benefits into the scheme, you will be entitled to the immediate unreduced payment of your pension and any lump sum that you have earned up to the date of leaving employment.



Death benefits

If you die as a contributing member of the scheme, a lump sum death grant of 3 times your actual pay is payable, no matter how long you have been a member of the scheme. This will however be adjusted if you have benefits held in the LGPS with another local authority in England or Wales.

If you leave a spouse, civil partner or nominated co-habiting partner and any eligible children, the following benefits will normally be payable.

Widows / widowers pension	A pension, of 1/160th of your average pensionable pay for the period of membership that would have been granted had you retired on the grounds of ill health.
Civil partner's pension	A pension, calculated the same way as that of a widow/widowers but based only on membership from 6 April 1988.
Co-habiting partner's pension	A pension, calculated the same way as a civil partner's pension, but is only payable if the specified criteria are met. A 'nomination of co-habiting partner for survivors pension' form confirming the criteria will be issued once your membership of the scheme has started.
Children's pension	Each child will normally receive 1/320th of your pensionable pay for the period of membership that would have been granted had you retired on the grounds of ill health, up to a maximum of 2 children. If you have more than 2 children the pension will be divided equally between them.

If you die after your pension has come into payment, a spouse's, civil partner's or co-habiting partner's pension and any eligible children's pension, will be payable on the same basis as above, but based upon your membership to your date of retirement. If you die before age 75 and have not been in receipt of your pension for more than 10 years, a death grant equal to 10 years pension less any pension and cash commutation you have already received will also be payable.

Increases to your pension

Your pension will be increased every year in line with the cost of living.

Leaving employment without immediate entitlement to benefits

1. Refund of contributions

If you have been in the LGPS for less than 2 years you can claim back any money you have paid into your pension less tax, currently 20%, regardless of the amount of tax you paid whilst you paid into the scheme, if any.

We will not refund your contributions if:

- Your period of membership is 2 years or more
- You transferred benefits into the LGPS
- You re-join the LGPS before your refund is paid
- You have another job in the LGPS, current or previous role for which you have deferred benefits or you are in receipt of a pension

Once you obtain a refund, it is not possible to re-instate this period of membership if you subsequently re-join the LGPS.

2. Preserved benefits

If your period of membership is at least 2 years, or if you have transferred benefits into the LGPS, you can preserve the benefits you have built up until you retire.

The pension you have earned is calculated as described on page 3 and is increased each year in line with the cost of living and is usually payable at your state pension age. You do have the option of drawing this pension from age 55 years but it will be reduced for early payment. It will also be possible to draw the preserved pension early in the event that you qualify for an ill-health pension.

If you die before your preserved pension comes into payment then a death grant is payable equal to 5 times the value of your preserved pension at the date of your death. In addition, there is also a widow's, widower's, civil partner or nominated co-habiting partner's pension payable.

3. If you opt out of the fund

If you opt out of the LGPS, your membership will be cancelled. Your contributions will be returned to you less tax, if you meet the conditions in section 1 on page 9.

If you opt out of the LGPS with 2 years pensionable membership or more, you will be entitled to preserved benefits as per section 2 on page 9 of this guide. We will not take pension contributions from your pay after you opt out and you will not earn any further benefits in the LGPS.

Please note that if you opt out of membership of the scheme and then subsequently rejoin the LGPS you will not be permitted to join the two periods of membership together and, instead, you will have two separate sets of pension benefits in the scheme.

4. Can I transfer my LGPS benefits to another pension arrangement?

You may transfer your preserved pension benefits into another pension scheme if they are prepared to accept it. Alternatively, if you return to employment with an employer participating in the LGPS, then you may request (within 12 months of rejoining the scheme), that your preserved pension be added to your new period of membership.

The aggregation of your previous LGPS benefits will be affected if you have been away from public sector employment for more than 5 years.

You should however take great care when reviewing this option to transfer your preserved benefits out of the LGPS, as there are a number of fraudulent companies trying to persuade individuals to make a transfer with offers of unrealistic investment returns. Quite often these funds are sent to overseas accounts and the individual then loses their entire pension fund. Further information is shown on the next page titled Pension Flexibility - Freedom and Choice.

Pension flexibility - Freedom and choice

The Government has introduced flexible options for people age 55 years and over who decide to draw their pension benefits. These options include the ability to take all of your pension benefits as a cash lump sum but, only 25% of the total sum is tax free. The remaining 75% is subject to your marginal rate of income tax which can be as high as 40% or 45%.

The government has however decided that these flexible options will not apply to the LGPS, primarily because the scheme is classified as a defined benefit pension scheme. If however you wish to take advantage of these options then you have the ability to opt out of the LGPS and transfer your LGPS benefits to another pension arrangement that will allow these options. These types of arrangements are known as defined contribution pension schemes and you should contact an independent financial adviser (IFA) for further information on these types of pension schemes.

If your transfer value is above £30,000 you will have to provide us with written confirmation that you have received independent financial advice before we will be able to release the funds to your new pension provider. You will have to pay the cost of this financial advice.

There is however no requirement for you to obtain financial advice for any transfer value up to £30,000.

Further information on these options can be found on www.pensionwise.gov.uk or at the <http://www.lgpsregs.org/>

With these flexibilities there is a strong possibility that you may be contacted by criminals trying to cheat you out of your pension. This is commonly referred to as “pension scam” and could result in you losing most or all of your pension fund, or you may be subject to excessive tax charges. Further information can be found on the <http://www.thepensionsregulator.gov.uk/>

Privacy notice

As the Administering Authority of the Cornwall Pension Fund, (the Fund), we hold certain information about you (“personal data”) which we need to administer the Fund.

We have summarised some of the key ways in which we deal with this information below. Further information can be found in the Full Privacy Notice on our website: **www.cornwallpensionfund.org.uk**

What personal data do we hold?

The types of data we hold and process will typically include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We also obtain data from your employer (for example, salary information) and from other sources including public databases.

What will we do with your personal data?

We will use this personal data to administer the Fund and to calculate and provide you (and your beneficiaries if you die) with benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to comply with our legal obligations.

From time to time we will share your personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under law, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the full Privacy Notice.

In some cases these recipients may be outside the UK. If this occurs, we will make sure that appropriate safeguards are in place to protect your data in accordance with applicable laws. Please use the contact details below if you want more information in connection with this.

What is the legal basis for our use of your personal data?

The legal basis for our use of your personal data is that we need to process your personal data to carry out a task in the public interest using the powers granted to the administering authority under the Superannuation Act 1972 and Regulations made under this Act.

How long will we hold your data?

We will only keep your personal data for as long as we need it to administer the Fund and to deal with any questions or complaints that we may receive about this, unless the law requires us to keep it for a longer period or the fund actuary requires it for actuarial purposes. In practice, this means that your personal data will be retained for as long as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund. This data will also be retained indefinitely when those benefits stop being paid in order that the Fund can assess the longevity of Fund members and therefore contribute to broader research on LGPS pensioner longevity. For the same reason, your personal data will also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement as proof that you no longer have any further benefit entitlement from the Fund.

Your rights

You have a right to access and obtain a copy of the personal data that we hold about you and to ask us to correct your personal data if there are any errors or it is out of date or incomplete. In certain circumstances you have the right to object to the processing of your personal data; for example you have the right to object to processing of your personal data which is based on public interest or legitimate interests identified in the section headed “What is the legal basis for our use of your personal data?”, or where the processing is for direct marketing purposes. In some cases you may also have a right to ask us to restrict the processing of your personal data until any errors are corrected or to transfer or (in limited circumstances) erase your personal data. You can obtain further information about these rights from the Information Commissioner’s Office at: www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights, please contact the Fund Administrator below. You also have the right to lodge a complaint in relation to this summary notice, the full Privacy Notice or our processing activities with the Information Commissioner’s Office, which you can do through the website above or their telephone helpline.

One of the reasons we collect and hold your personal data is to administer your benefits from the Fund. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this will affect our ability to administer your benefits, including the payments of benefits from the Fund. In some cases it could mean that we are unable to put your pension into payment or have to stop your pension (if already in payment).

Contacting us

Please contact the Cornwall Pension Fund on telephone number **01872 322322** or by emailing **pensions@cornwall.gov.uk** if you require any further information.

Data Protection Officer

If you would like to access any of the information we hold about you or have any concerns regarding the way we have processed your information, then please contact:

Simon Mansell

Data Protection Officer

Cornwall Council

County Hall

Truro

TR1 3AY

Telephone: **01872 326424**

Email: **dpo@cornwall.gov.uk**

For further information visit

www.cornwallpensionfund.org.uk

Disclaimer

This short guide reflects the regulations of the scheme with effect from 1 April 2019, and does not cover membership prior to this time.

The guide cannot cover every personal circumstance and does not cover rights that apply to a limited number of employees (e.g. where protected rights apply for service before April 2014, or those whose rights are subject to a pension sharing order following divorce.)

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.

More detailed information about the scheme is available from:

Cornwall Pension Fund
4th Floor, South Wing
County Hall
Truro
TR1 3AY

Telephone: **01872 322322**

Email: **pensions@cornwall.gov.uk**

Website: **www.cornwallpensionfund.org.uk**

If you would like this information in another format or language please contact:

Cornwall Council
County Hall
Treyew Road
Truro
TR1 3AY

e: **equality@cornwall.gov.uk**

t: **0300 1234 100**

www.cornwall.gov.uk