North Yorkshire Pension Fund

Local government reorganisation for North Yorkshire

The information provided in this booklet is only for staff who are transferring from the Borough and District councils to North Yorkshire Council on **1 April 2023**.

lgps | Local Government Pension Scheme

Introduction

This booklet **only** applies to employees who work for one of the district and borough councils being transferred on 1 April 2023 to form the new North Yorkshire Council (NYC). These employees will be transferred under the Transfer of Undertakings (Protection of Employment) regulations (TUPE). It does not apply to existing North Yorkshire County Council staff who are not subject to a TUPE transfer on 1 April 2023.

The information provided relates solely to the Local Government Pension Scheme (LGPS) and specifically the North Yorkshire Pension Fund (NYPF) which is the Fund relevant to people working in the North Yorkshire area. The benefits within the LGPS were changed to Career Average (CARE) on 1 April 2014. Prior to this, benefits were earned on a Final Salary basis. See the LGPS website for more information at www.lgpsmember/org

What's going to happen?

What	When
TUPE staff list received from payroll	By 31 March 2023
Pay and contribution data up to 31 March 2023 is received and added to your pension record	By 14 May 2023
Your pension record is updated to show that your employment has transferred to NYC	By 31 May 2023
The NYPF will send you a letter regarding your pension record. The letter will include a form and information about transferring previous pension benefits	By 30 June 2023
The NYPF will process all transfer requests Please be aware this could lead to an increase in demand which will impact our response times.	From 1 July 2023 to 31 March 2024

Pension contributions

Pension contribution rates for members of the LGPS are set each 1 April by the Government. These rates are currently between 5.5% & 12.5%, your employer will decide your contribution rate based on your actual pay. Your current contribution rate is not affected by the creation of the new council on 1 April 2023, but the rates are due to be reviewed on 1 April as part of the normal annual review for all staff in the LGPS.

Employer contribution rates are set by the NYPF Actuary every three years, contributions are currently being assessed and the new rates will be effective from 1 April 2023. The employer contributions are set at a rate to meet the balance of the cost of providing scheme member benefits.

As the LGPS is a 'defined benefit' scheme your pension benefits are calculated using a defined formula and are not based on the contributions that you or your employer pays.

What's covered inside:

- What will happen to my pension membership when I transfer to NYC?
- Options, rights & important decisions
- What pay will be used for final salary benefits?
- Changes in pay and pension tax implications
- What about my additional contributions?
- What if I'm made redundant?
- What if I have to retire early due to ill health?
- What if I take my pension early?
- Other areas to think about

What will happen to my pension membership when I transfer to NYC?

From 1 April 2023 you'll be working for NYC. If you're already a member of the LGPS through the NYPF your membership will continue unchanged. This applies to every membership you have, so if you work for two separate boroughs and have two pension memberships you will still have two memberships from 1 April 2023, they will just both be with NYC from this date.

If you've opted out of the LGPS or joined the 50/50 section

You will be automatically brought back into the main section of the LGPS from 1 April 2023. The LGPS provides valuable benefits such as immediate life cover, a guaranteed pension and ill health protection after 2 years. You can find more information on the 'New Starters' page on the NYPF website, www.nypf.org.uk.

If you would still like to opt out or re-join the 50/50 section, please fill in the relevant form on the 'New Starters' page on the NYPF website. Forms should be returned to the NYC Employment Support Service (ESS) team on or after 1 April 2023. To prevent a contribution being deducted from your April pay, you need to return your opt out form to the ESS team before the April payroll cut-off date. Please contact ESS for more information regarding this.

Email: EmploymentSupportService@northyorks.gov.uk

Post: Employment Support Service, North Yorkshire Council, County Hall, Northallerton, North Yorkshire, DL7 8AD.

When you move to NYC on 1 April 2023 this will trigger several actions, rights and decisions as if you were a new member of the NYPF. These apply to each job that you have, as each job has a separate pension account in the NYPF.

- You can choose to have **separate pension accounts.**
- If you're aged 55 or over and ask us to keep your pension accounts separate, you can choose to **take immediate payment** of the pension that you earned up to 31 March 2023.
- If you're paying additional contributions, like **Additional Voluntary Contributions (AVCs)** or **Additional Pension Contributions (APCs)**, you may have decisions that you need to make.
- If you have pension benefits elsewhere, you may be able to bring these into the NYPF.

Further information to help you with your decisions is included in this booklet.

Options, rights & important decisions

Please read this booklet carefully and keep it safe as you have up to 12 months to make some decisions. You may not be able to make them straight away as the best approach will depend on your circumstances.

Should I combine my pensions or keep them separate?

When you move to NYC your pension accounts will automatically be combined. You will have the option to keep them separate and information regarding this will be issued by the NYPF administration team by 30 June 2023. If you have not met the two years vesting period, your pension accounts must be combined, you do not have the option to keep them separate.

Details of what the two years vesting period is can be found on the LGPS member website at www.lgpsmember.org/help-and-support/glossary/#vesting-period.

If you choose to keep your pension accounts separate

Your decision is final, you can't change your mind afterwards.

You will have a deferred pension account for your membership up to 31 March 2023, and a new active pension account from 1 April 2023.

Here are some things you should think about very carefully before you decide to separate your pension accounts.

- What 'final pay' will be used to calculate any pre 1 April 2014 benefits (known as final salary benefits)?
- What effect will a change in pay have and the pension tax I might have to pay?
- What happens to my APCs or AVCs?
- I'm aged 55 or over, what happens if I'm made redundant?
- What happens if I have to retire due to ill health?
- What if I take my pension early?

To help you with your decision we've included some examples on the following pages, but you may wish to obtain independent financial advice. The pensions team are not authorised to give you any advice.

What 'final pay' will be used?

Think about...	Combined pension accounts	Separate pension accounts
I was a member before 1 April 2014, what 'final pay' will be used to work out my final salary pension for any membership before 1 April 2014?	Benefits based on membership before 1 April 2014 (final salary benefits) will continue to be worked out using your 'final pay' when your employment with NYC ends.	Benefits based on membership before 1 April 2014 (final salary benefits) will be worked out using your 'final pay' up to 31 March 2023. This will become a deferred pension account. Subsequent changes in pay with NYC will have no effect on the value of your deferred benefits.

For example, Mr Cinders:

- worked for Scarborough Borough Council (SBC).
- joined the LGPS on 1 August 2001.
- moved to NYC on 1 April 2023 aged 57.
- decided on 1 October 2023 to keep his pension accounts with SBC and NYC separate. This means he has a deferred pension account **and** an active pension account with the NYPF.

Pension 1:
A deferred LGPS pension from 1 August 2001 to 31 March 2023.

His pension benefits from his final salary membership (membership before 1 April 2014) are worked out on his final pay to 31 March 2023 of £42,000. He can choose to take this deferred pension as he's over the age of 55, but the pension will be reduced for early payment.

Pension 2:

He has a new active pension account with NYC starting on 1 April 2023 to his retirement date of 31 March 2029 (his State Pension age), or earlier leaving date.

Looking ahead...

Mr Cinders has been promoted and his final salary pay is now £53,000.

As he chose to separate his pension accounts, his deferred pension (**Pension 1**) was based on his final pay to 31 March 2023 of £42,000 and increases in line with inflation (Consumer Prices Index (CPI)) each year to retirement.

If he had left his pension accounts combined, all his pension benefits from 1 August 2001 would be worked out on his final salary pay of £53,000.

However, if inflation was greater than all rises in pay, the value of his deferred pension account may have been higher than if it had been calculated using his final salary pay of £53,000.

Changes in pay and pension tax whilst contributing to the LGPS

If your pay drops

If you have membership before 1 April 2014 and your pensionable pay is reduced or frozen because of a decision made by you or your employer, your final salary pension benefits may lose some value. However, you may have some protections for your pension. This is explained in our factsheet on the publications page of the NYPF website at www.nypf.org.uk.

If your pay goes up

If you benefit from a significant pay increase in any year, you may have to pay an annual allowance tax charge. This can affect anyone who has a significant pay increase, not just high earners. The NYPF will write to you if you exceed the annual allowance.

Annual allowance and Lifetime allowance

The annual allowance is a limit on the amount your pension savings can increase in any one tax year without you having to pay a tax charge. The lifetime allowance is a limit on the total value of all pension benefits you can have put into payment without triggering a tax charge.

You can find out more information in the separate factsheets about the annual allowance and lifetime allowance on the Forms / Guides section of our website, on the Publications page.

What about my additional contributions?

Think about…	Combined pension accounts	Separate pension accounts
What happens to my Additional Pension Contributions (APCs) or Additional Regular Contributions (ARCs) contract?	Your ARC contract will end on 31 March 2023. You would need to start an APC contract instead. Your existing APC contract will also end on 31 March 2023. If you wish to continue making APCs you will need to elect to start a new APC contract.	Your APC or ARC contract will end on 31 March 2023 and you'll be given the proportion of contract you've paid for. Any contributions after 1 April 2023 will be refunded to you. You can start another APC contract on your new active account. Please contact the pensions team if you wish to do this. New ARC contracts are no longer available.
What happens to my Additional Voluntary Contributions (AVC) contract?	Your AVC contract will continue as before. If your contract started before 13 November 2001, you would lose any right you may have had, to use your AVC Fund to buy LGPS membership when you retire.	Your AVC contract will end on 31 March 2023. If you wish to continue paying AVCs, you'll need to start a new AVC contract by contacting the Prudential.
What happens to my contract to buy Added Years (taken out before 1 April 2008)?	Your Added Years contract will continue as before.	Your Added Years contract will end on 31 March 2023. Any benefits bought before 1 April 2023 would be based on the final pay in your old job. You cannot start a new Added Years contract in your new job, you would have to start an APC contract.

What if I'm made redundant?

Think about…	Combined pension accounts	Separate pension accounts
I'm 55 or over and have met the two years vesting period. What if I'm made redundant after 31 March 2023?	Pensions paid early because of redundancy will include the value of all your pension benefits from the date you joined the scheme.	Pensions paid early because of redundancy will only include the value of your pension benefits from 1 April 2023. Your pension benefits up to 31 March 2023 will remain deferred unless you claim them as a normal early retirement with reductions for early payment.

For example, Mrs Paris:

- worked for Selby District Council (SDC).
- joined the LGPS on 1 February 2006.
- moved to NYC on 1 April 2023 aged 56.
- decided on 1 August 2023 to keep her pension accounts with SDC and NYC separate. This means she has a deferred pension account and an active pension account with the NYPF.

Pension 1:

A deferred LGPS pension from 1 February 2006 to 31 March 2023.

Her pension benefits from final salary membership (membership before 1 April 2014) are worked out on her final pay to 31 March 2023 of £35,000.

She can choose to take this deferred pension as she's over the age of 55, but the pension will be reduced for early payment.

Pension 2:

She has a new active pension account with NYC starting on 1 April 2023 to her retirement date of 31 March 2034 (her State Pension age), or earlier leaving date.

Looking ahead…

Due to a restructure Mrs Paris' role has been made redundant from 1 April 2024. Her final salary pay is now £38,500.

As she chose to separate her pension accounts, the value of the pension paid early due to redundancy won't include the value of her deferred pension (**Pension 1)**. The pension payable will only be based on her membership with NYC from 1 April 2023 to 31 March 2024 (**Pension 2**).

If she had left her pension accounts combined, her pension paid on redundancy would have been based on membership from 1 February 2006 to 31 March 2024. The benefits from final salary membership (membership before 1 April 2014) would have been based on 'final pay' to 31 March 2024.

What if I retire early due to ill health?

Think about…	Combined pension accounts	Separate pension accounts
What if I have met the two years vesting period and I have to retire early due to ill health?	Your benefits paid early due to ill health will include the value of all your pension benefits from the date you joined the scheme.	Pensions paid early because of ill health will only include the value of your pension benefits from 1 April 2023. You'll have to apply separately to NYC (as your old employer will no longer exist), for your deferred benefits (up to 31 March 2023) to be paid on the grounds of ill health.

For example, Mr Kapur:

- worked for Craven District Council (CDC).
- joined the LGPS on 1 February 2006.
- moved to NYC on 1 April 2023 aged 56.
- decided on 1 July 2023 to keep his pension accounts with CDC and NYC separate. This means he has a deferred pension account and an active pension account with the NYPF.

Pension 1:

A deferred LGPS pension from 1 February 2006 to 31 March 2023.

His pension benefits from final salary membership (membership before 1 April 2014) are worked out on his final pay to 31 March 2023 of £22,000.

He can choose to take this deferred pension as he's over the age of 55, but the pension will be reduced for early payment.

Pension 2:

He has a new active pension account with NYC starting on 1 April 2023 to his retirement date of 31 March 2034 (his State Pension age), or earlier leaving date.

Looking ahead…

Mr Kapur is suffering from ill health. After getting an occupational health opinion from an independent medical practitioner, NYC agrees to his early retirement on ill health grounds from 1 April 2025.

As he chose to separate his pension accounts, the value of the pension paid early due to ill health won't include the value of his deferred pension (**Pension 1**). The pension payable will only be based on his membership with NYC from 1 April 2023 to 31 March 2025 (**Pension 2**).

He will need to apply separately to NYC (as his old employer will no longer exist) for payment of his deferred benefits (**Pension 1**) on the grounds of ill health. The application may not be approved.

If he had left his pension accounts combined, his pension paid on the grounds of ill health would have been based on membership from 1 February 2006 to 31 March 2025. The benefits from final salary membership (membership before 1 April 2014) would have been based on 'final pay' to 31 March 2025.

What if I take my pension early?

Think about…	Combined pension accounts	Separate pension accounts
Taking your pension early (if you have met the two years vesting period and are aged 55 or over) Please note that the minimum age is increasing from age 55 to age 57 in April 2028	You can choose to take your combined benefits from as early as aged 55 (normally at a reduced rate to account for the early payment). However, the combined benefits can't be paid until you've left your job with NYC or have reached the age of 75 if earlier.	You can choose to take your benefits from as early as aged 55 (normally at a reduced rate to account for the early payment). The pension benefits from your NYC job can't be paid until you've left your job with them, or you've reached the age of 75 if earlier. However, your pension benefits up to 31 March 2023 don't have to be taken at the same time. They can be taken later (if under the age of 75), at the same time, or earlier (if you're at least 55) than the pension from NYC even if you're still working there.

For example, Mrs Churchill:

- worked for Ryedale District Council (RDC).
- joined the LGPS on 1 April 1997.
- moved to NYC on 1 April 2023 aged 60.
- decided on 28 February 2024 to keep her pensions with RDC and NYC separate. This means she has a deferred pension account and an active pension account with the NYPF.

Pension 1:

A deferred LGPS pension from 1 April 1997 to 31 March 2023.

Her pension benefits from final salary membership (membership before 1 April 2014) are worked out on her final pay to 31 March 2023 of £18,000.

She can choose to take this deferred pension as she's over the age of 55, but the pension will be reduced for early payment.

Pension 2: She has a new active pension account with NYC starting on 1 April 2023 to her retirement date of 31 July 2030 (her State Pension age), or earlier leaving date.

Looking ahead…

As she chose to separate her pension accounts, she has the option of taking her deferred pension (**Pension 1**) early without having to leave her NYC employment.

She decides to take her deferred pension (**Pension 1**) from 1 March 2024 at a reduced rate based on membership up to 31 March 2023. This would not have been possible if the benefits had been combined.

She's still working for NYC and has been building up pension benefits with them since 1 April 2023; this can be paid once she leaves employment or reaches age 75 if earlier.

How do I register for my online pension account?

'My Pension Online' is the NYPF's member self-service facility which enables you to view and maintain your personal information. It is important to keep your details up to date.

You can amend your personal details such as your address and death grant nominations, so that we always hold the correct information. You can view and print your annual benefit statements and any other communications that we upload to your account. You can also run your own benefit estimates at any time and as often as you like.

You must have an email address to be able to register and use the online functionality. A personal email address is the most secure. Don't worry if your email address isn't already on your pension record, you'll still be able to start the ball rolling with your registration.

Follow our simple two-step registration process to access your NYPF information online.

Step 1

Go to: mypension.northyorks.gov.uk/ and click on the 'create an account' link.

When you create your account for My Pension Online, you'll need to provide your date of birth, National Insurance number, surname and email address.

The first step is to request an activation key, which is valid for 30 days and will be sent to you by email.

Step 2

When you have received your activation key, you can complete your registration.

Click on the link in the activation email. You will be asked to select and answer two security questions and these will be used as additional checks each time you log in.

Remember to create a username and password that are easy for you to remember.

A short video showing you how to complete the registration process is available to watch on the NYPF website at www.nypf.org.uk.

Other things to think about…

Think about…	Combined pension accounts	Separate pension accounts
Cost of living increases	Your pension built up from 1 April 2014 in the CARE scheme, will be adjusted each year in line with the change in the Consumer Prices Index (CPI). However, in times of negative inflation, the adjustment could be negative (only while you are in active membership). Any pension built up before April 2014 will be calculated using your final pay when you leave.	Your pension built up from 1 April 2023 in the CARE scheme, will be adjusted each year in line with the change in the CPI. However, in times of negative inflation, the adjustment could be negative (only while you are in active membership). Your deferred pension (up to 31 March 2023) will be adjusted each year in line with the change in the CPI; in times of negative inflation, the adjustment would be 0% (it can't be negative).

Transfer in a previous pension

This does not apply to staff who are already employed by North Yorkshire County Council on 31 March 2023.

As you'll be working for a new employer, you will get a new opportunity to transfer benefits from a previous pension provider. Any request to transfer previous pension benefits must be received by the NYPF before 1 April 2024. After this time, your employer will have to approve the transfer and your request may be refused.

A transfer form will be sent to you by 30 June 2023.

Transferring your NYPF pension to another pension scheme

In the future, if you leave the NYPF and join another pension scheme, you may think about moving your NYPF pension to it. However, if you have more than one NYPF pension account (because you have chosen to keep them separate), you will need to transfer all of them or none.

The McCloud court case

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older members were introduced, known as the 'underpin'. When a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount is paid.

This has since been ruled as discriminatory against younger members and the Government has agreed to make changes to the LGPS to remove this discrimination, known as the 'remedy'. The regulations to amend the LGPS are expected to be in place from October 2023. The changes will apply to members who were in the scheme on or before 31 March 2012 and who subsequently went on to earn benefits after 1 April 2014 (without a break of more than five years).

The period the remedy applies for is from 1 April 2014 to 31 March 2022.

Most members are unlikely to see an increase to their pension, and where an increase is applied, it is likely to be small. This is because most members will build up a higher pension in the career average pension scheme than they would have under the final salary scheme.

You do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them. The NYPF is still in the process of working through what is needed to meet the requirements of the remedy and will contact every member affected when the outcome is known.

Contact us:

Post: North Yorkshire Pension Fund, County Hall, Northallerton, North Yorkshire, DL7 8AL

Email: pensions@northyorks.gov.uk

Tel: 01609 536335 - phone lines are open Monday to Friday 10am to 4pm except Wednesdays when they are closed all day

Website: www.nypf.org.uk

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