



# Fife Pension Fund

## Information for Independent Financial Advisors (IFAs)/Pension Schemes

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### PLEASE NOTE

- FIFE PENSION FUND DOES NOT COMPLETE QUESTIONNAIRES.
- FIFE PENSION FUND ISSUES TRANSFER PACKS DIRECTLY TO MEMBERS.

**Deferred Member** – If your client is a deferred member, we will provide the member with a guaranteed CETV statement of entitlement.

The member will be able to provide you with their latest benefit statement and a newsletter which they can access through our Member Self Service facility at [www.fifepensionfund.org](http://www.fifepensionfund.org). Their benefit statement provides details of the death benefits payable. As we do not know future revaluation and pensions increase rates, we do not provide projections beyond the current year for deferred members.

Fife Pension Fund permits only one request for a guaranteed CETV statement of entitlement within a 12-month period. An election to proceed must be made at least 12 months before their Normal Pension Age (NPA) in the LGPS or, if they are a Pension Credit member, at least 12 months before their Normal Benefit Age (NBA). (NPA is defined by the scheme regulations in force at the time a member leaves the scheme – more information about the scheme can be found below).

If a member is already in receipt of a pension from another period of membership with the LGPS (Scotland) or has re-joined the LGPS (Scotland) in respect of a new employment, section 93 of the Pensions Schemes Act 1993 does not allow a CETV to be paid in respect of another period of membership. Members can only transfer benefits from the LGPS Scotland if they have left the scheme and have not already drawn benefits from LGPS Scotland (either in their current employment or any earlier employment).

**Active Member** – If your client is an active member, we will provide the member with a CETV estimate. The member will be able to provide you with their latest benefit statement and a newsletter which they can access through our Member Self Service facility at [www.fifepensionfund.org](http://www.fifepensionfund.org). Their statement provides details of the death benefits payable and projections at their Normal Pension Age.

Fife Pension Fund permits only one request for a CETV estimate within a 12-month period. A member cannot elect to transfer after receiving an estimate of a CETV, they must be formally issued with a statement of entitlement. Only then can they elect for a CETV to be paid.

### **Charges or Penalties**

There is no charge or penalty for transferring out of the scheme. Where a request is for transfer to a scheme where GMP or protected rights cannot be accepted it is possible to transfer only the non-protected rights. It is also possible to transfer all rights to such a scheme provided the transferring member is aware of the rights being given up.

### **Independent Financial Advice**

Members have the right to transfer their accrued LGPS benefits to another scheme including a scheme that offers flexible benefits. However, if the total value of their LGPS benefits across all LGPS in Scotland is £30,000 or more, they are required to take independent advice, from an authorised independent adviser who is registered with the Financial Conduct Authority (FCA).

If the total value of their LGPS benefits is £30,000 or less, we recommend that members seek independent financial advice before deciding to transfer his/her LGPS pension benefits.

### **ABOUT THE SCHEME**

The LGPS (Scotland) is a statutory scheme; changes to the scheme can only be made through legislation laid down by the Scottish Government. The scheme was contracted out of the earnings-related part of the state scheme until 5 April 2016 and re-values GMP at the full rate. The following shows the scheme basis, accrual rates and NPA for each set of regulations. The regulations which apply are those in force at the time a member leaves the scheme.

Each full set of regulations can be found at [www.scotlgpsregs.org](http://www.scotlgpsregs.org)

<b>Regulation</b>	<b>Basis of scheme</b>	<b>Accrual Rate</b>	<b>Normal Pension Age</b>	<b>Earliest retirement age without a reduction</b>
1987 Regulations: Effective from 21/12/1987	Final salary	Pension = 1/80th Lump sum = 3/80th	Between age 60 and 65 when notional membership amounts to 25 years.	Over age 60 with 25 years membership.
1998 Regulations: Effective from 01/04/1998	Final salary	Pension = 1/80th Lump sum = 3/80th	Age 65*	Over age 60 when age and membership together add up to 85 or more.
2008 Regulations Effective from 01/04/2009	Final salary	Pension 1/60th No automatic lump sum but can give up pension for lump sum at 12:1	Age 65*	Over age 60 when age and membership together add up to 85 or more if in scheme before 1/12/2006, otherwise age 65.
2018 Regulations Effective from 01/04/2015	CARE (But see below)	Pension = 1/49 <sup>th</sup> of actual pensionable pay per year of membership.	Equal to New State Pension Age.	Age 65 unless has transitional protection if a member before 1/4/2015

The Survivor's accrual rate for Final Salary benefits is 1/160th and for CARE benefits 30.625%.

\*Normal pension age as defined by the Pension Schemes Act 1993 for the purpose of transferring, means—

(a) in a case where the scheme provides for the member only a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies; and

(b) in any other case, the earliest age at which the member is entitled to receive benefits (other than a guaranteed minimum pension) on his retirement from such employment.

Anyone who was a member on 31 March 2015 and remained a member on 1 April 2015 will have transferred to the new CARE scheme. These members retain a final salary link for their pre- 1 April 2015 membership. The final salary used is the “final pay” at date of leaving the scheme. Final pay is the average pay based over a year rather than actual rate of pay on leaving and means the best in the last three years of working.

Anyone joining the scheme from 1 April 2015 joins the current scheme.

## Tax-free Lump Sums

Please refer to the Scheme Regulations table on page 3 which shows when there is automatic lump sum accrual. The Scheme Regulations allow the member to give up part of their pension to provide for a lump sum or to increase their tax-free lump sum at retirement. This is known as 'conversion,' the conversion rate currently provides £12 of lump sum for every £1 of pension given up. The scheme allows a member to take up to 25% of the capital value of their accrued rights as tax free cash. Please see Regulation 32 of the LGPS (S) 2018 Regulations.

The method for calculating the maximum lump sum available is:

$$\text{Pension*} \times 120 / 7 = X$$

$$\text{Lump sum**} \times 10 / 7 = Y$$

$$X + Y / 4 = \text{Maximum lump sum}$$

\*after early retirement reductions (or increases) have been applied

\*\*after early retirement reductions (or increases) have been applied and including any AVC

## Early Payment of Benefits

Currently the earliest a member can choose to retire voluntarily is 55. Benefits paid before Normal Pension Age will be reduced for early payment. The Government sets the early retirement reduction factors which are subject to change. The latest factors can be found on the LGPS Regulations and Guidance website: <https://www.scotlgpsregs.org/schemeregs/actguidancecp>

## Equalisation

We are an equalised scheme apart from the GMP. We do not complete individual equalisation certificates.

## Pension Increase and Revaluation

Pensions from the final salary part of the scheme when in payment or in deferment are revalued annually by CPI and cannot fall below zero. The CARE part of the pension is revalued annually by Treasury Orders.

Where the Treasury Order revaluation is below zero a negative revaluation will be applied to current members' pension accounts accrued that year and to those of any members who left within that year. Pensions in payment are not devalued but will have no increase applied.

## Discretionary Increases

No discretionary increases are applied to deferred pensions or pensions in payment.

## Contributions

The amount of contributions payable by a member is determined by the [Regulation 9 of the LGPS\(S\) 2018 Regulations](#).

Members pay a percentage of their pay based on their pensionable earnings.

Employers' contributions are not based on individual member's contributions but are determined by the fund actuary following the triennial scheme valuation. The latest scheme valuation report showing how much each employer pays can be found on the ['forms and publications'](#) page of our website.

## Funding

The scheme is funded by employer and member contributions as well as investments. You can find information about Funding in the latest Fund Actuarial Valuation report on the ['forms and publications'](#) page on our website.

## Death Benefits

- Please refer to the member's annual benefit statement for the current values of benefits payable upon death (See page 1). We will not provide further estimates.
- Information is also available on the ['No longer paying in'](#) section of our website under 'Survivor Benefits.'
- The actual calculation of a survivor's pension depends on multiple factors. In general terms up to 31 March 2008 a spouse's pension would be around half of the members and after that it would be 1/160 of the membership times final pay.

## What is the definition of a spouse?

In the event of a member's death, pensions are payable to eligible partners. Eligibility depends on the regulations in force at the time the member left the scheme.

- If the member left the scheme after 31 March 2009 a partner is a legally married husband or wife (including same sex spouse), a civil partner or cohabiting partner
  - If the member left between 1 April 1998 and 31 March 2009 a partner is a legally married husband, or wife, or a civil partner
  - If the member left before 1 April 1998 a spouse is an opposite sex, legally married husband, or wife
- The table below provides information about death grants and who could receive a survivor's pension. The relevant regulations can be found at [www.scotlgpsregs.org](http://www.scotlgpsregs.org).
  - Relevant additional membership" includes enhancements awarded for ill-health retirement, additional membership awarded by the employer and additional membership purchased by the member which has provision for a survivor's pension.

Regulation	Death Grant payable upon death of a deferred member	Death Grant payable upon death of a pensioner member	Death Grant payable upon death in service	Survivors pension
1987 Regulations: Left scheme before 31/03/1988	E11 of the 1987 Regulations	E11 of the 1987 Regulations	N/A	Widows and children's pensions payable only
1998 Regulations: Left scheme before 31/03/2009	Equivalent to the lump sum that would have been payable if not for death	5 times the annual pension in payment less any pension paid out.	N/A	<p>Widows, widowers, and civil partners</p> <ul style="list-style-type: none"> <li>• Based on total membership if marriage or civil partnership took place prior to leaving active membership or</li> <li>• Based on membership built up after 5/4/1978 if marriage or civil partnership took place after marriage plus, if applicable, relevant additional membership</li> </ul> <p>Children's pensions</p>
2008 Regulations Left scheme before 31/03/2015	5 times the retirement pension that would have been paid if not for death	10 times the annual pension in payment less any pension paid out.	N/A	<p>Eligible co-habiting partners</p> <ul style="list-style-type: none"> <li>• Based on membership built up after 5/4/1988 plus any membership bought by the member by paying additional survivor benefit contributions.</li> </ul> <p>Widows, widowers, and civil partners</p> <ul style="list-style-type: none"> <li>• Based on total membership if marriage or civil partnership took place prior to leaving active membership or</li> </ul>



				<ul style="list-style-type: none"> <li>Based on membership built up after 5/4/1978 if marriage or civil partnership took place after marriage plus, if applicable, relevant additional membership</li> </ul> <p>Children's pensions</p>
2018 Regulations Left scheme after 31/03/2015	5 times the retirement pension that would have been paid if not for death	10 times the pre commutation pension less any commuted lump sum and any pension paid to the member.	3 times actual annual pay based on average of last 3 months' pay uprated to 12 months.	<p>Eligible co-habiting partners</p> <ul style="list-style-type: none"> <li>Based on membership built up after 5/4/1988 plus any membership bought by the member by paying additional survivor benefit contributions.</li> </ul> <p>Widows, widowers, and civil partners</p> <ul style="list-style-type: none"> <li>Based on total membership if marriage or civil partnership took place prior to leaving active membership or</li> <li>Based on membership built up after 5/4/1978 if marriage or civil partnership took place after marriage plus, if applicable, relevant additional membership</li> </ul> <p>Children's pensions</p>

## Transferring AVCs

Fife Pension Fund allows active members to pay AVCs to either Prudential or Standard Life. A scheme member can take a drawdown of their AVCs. AVCs can also be transferred at any time up to age 75. The member does not need to have left the scheme. However, AVC payments must stop before a transfer can take place. A new AVC contract can be taken out once the transfer has been completed. Anyone who is not an active member of the scheme, but still holds an AVC fund, can also transfer up to age 75.

If a member wishes to transfer their AVC fund, they should write to us providing details of the receiving scheme. Members aged 55 or over can take an UFPLS (i.e. taking 25% of the AVC value tax free and the rest taxable). For information about UFPLS please ask the member to contact their relevant AVC provider. You should note that a member has the option to take all their AVC fund value tax free at retirement along with their main scheme benefits.

Members can change their AVC investment choices with their chosen AVC provider at any time. Members have access to their AVC accounts via the provider's websites. It is also possible to transfer funds from one provider to another.

### Useful Websites

Detailed information about the scheme and the Fund can be found on our website [www.fifepensionfund.org](http://www.fifepensionfund.org)

The Local Government Pension Scheme (Scotland) Regulations and actuarial information can be found at [www.scotlgpsregs.org](http://www.scotlgpsregs.org)

Members can also find out about the LGPS at <https://www.scotlgpsmember.org>

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