

Your annual pension statement 2017

A note on your lump sum at normal pension age (NPA) - Your NPA for both your final salary pension and lump sum is 65, whereas your NPA for your career average pension is the later of 65 or your state pension age (SPA).

We've estimated your **total** pension and lump sum values to the later of 65 or your SPA. This means that, if your SPA is later than 65, your final salary pension and lump sum will have been increased to take into account that they'll be paid later than 65.

Although your final salary pension and lump sum is linked to your final salary pay, you may notice that, even if your final salary pay figure has increased since last year, your lump sum at NPA is **less** than the amount shown on last year's statement - **this is not an error**.

The reason your lump sum at NPA is less than the amount shown last year is because the **late retirement increases** used this year are **less** than the ones used in last year's statement. These factors are supplied by the Government Actuary's Department (GAD) who introduced new late retirement increase factors on 4 January 2017.

Example:

The example below shows how the lump sum for a member with 26 years final salary service (of which 20 years count towards the lump sum) and a SPA of 67 is affected by the change:

- **Pension statement at 31 March 2016** - lump sum at 67

$$3/80 \times 20 \text{ years} \times \pounds 30,000 = \pounds 22,500$$

$$\pounds 22,500 \times 730 \text{ days} \times 0.007\% \text{ (the 'old' factor)} = \pounds 1,149.75$$

$$\pounds 22,500 + \pounds 1,149.75 = \pounds 23,649.75 \text{ (lump sum at SPA)}$$

- **Pension statement at 31 March 2017** - lump sum at 67 (member's pay has increased by 1%)

$$3/80 \times 20 \text{ years} \times \pounds 30,300 = \pounds 22,725$$

$$\pounds 22,725 \times 730 \text{ days} \times 0.001\% \text{ (the 'new' factor)} = \pounds 165.89$$

$$\pounds 22,725 + \pounds 165.89 = \pounds 22,890.89 \text{ (lump sum at SPA)}$$

As you can see, the lump sum calculated to 67 (2 years, or 730 days, after age 65) and compared to last year's statement, has actually **reduced** by $\pounds 758.86$ (in this case, a reduction of 3.21%).