

**Pension session no.8:**

# **Annual Benefit Statements**

**Monday 8 July 2024**

Kye Honor & Joanna Ford

# Brief agenda



- What is an ABS
- Spend in retirement
- Key information
- Data and structure
- Summary, service and benefits
- Your actions
- Further information

- Please ask questions via Q&A
- Time for questions at the end as well
- Statement Survey



<https://jsspensions.nerc.ac.uk/>

# What and why

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- Annual Benefit Statement, also called an ABS, or sometimes an Individual Benefit Statement, Annual Statement etc.
- All public service pension schemes have a requirement to issue an “annual statement” by 31 Aug (Public Service Pensions Act 2013)
- Regulations also require schemes to issue them on request where they don’t issue one annually
- Statements usually issued during July and August, showing pension and benefits accrued to 31 March
- Provided to all active scheme members (not pensioner or preserved members)
- May also include a Pension Saving Statement (PSS)
- PSS needs to be issued by 6 October following the end of the scheme year

**You need your ABS for pension and retirement planning**

# We are unable to....



**Before we go on, there are some things we are unable to do, or choose not to:**

1. Provide projections to your normal scheme pension age or a variety of ages, mostly due to upcoming pension reform, but also because we do not have details of future earnings or inflation
2. Include your or your employer's standard contributions. The RCPS is a Defined Benefit (DB) scheme whereby accrual of benefits is based on a particular formula – not on the amount of money paid by the member / employer [DC schemes are based on contributions, hence would show contribution information in their statements]
3. Include State Pension information. DWP stopped providing this to schemes a few years ago when they set up State Pension access online: <https://www.gov.uk/check-state-pension>
4. Provide an online portal to log in to, in part due to upcoming pension reform
5. Forecast your net monthly pension income based on your own tax circumstances

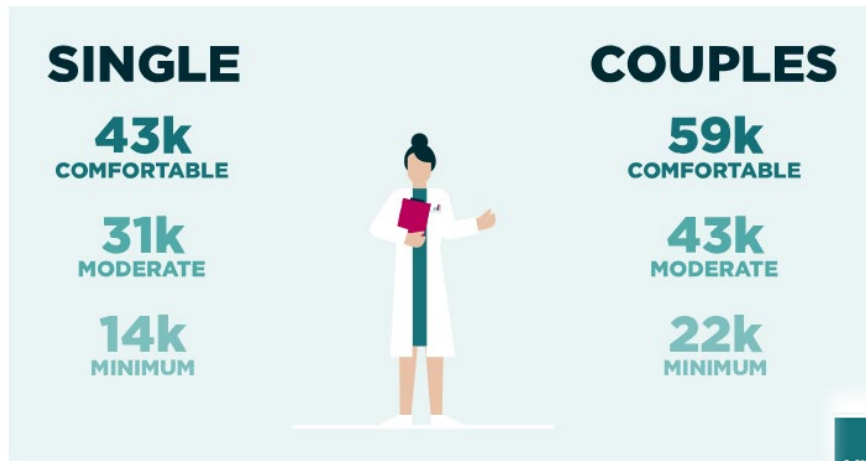
If you would like to know more about how your pension accrues, please look at our previous webinars and/or slides: <https://jsspensions.nerc.ac.uk/engagement.asp> or the scheme guides: <https://jsspensions.nerc.ac.uk/guidesandforms.asp>

# Spend in retirement



77% of us do not know how much we will need in retirement

State Pension £11,500 p.a. (£221.20 per week) from April 2024



Actual spend in retirement on house maintenance, food, transport, holidays/leisure, clothing & personal and helping others.

*New figures for 2024*

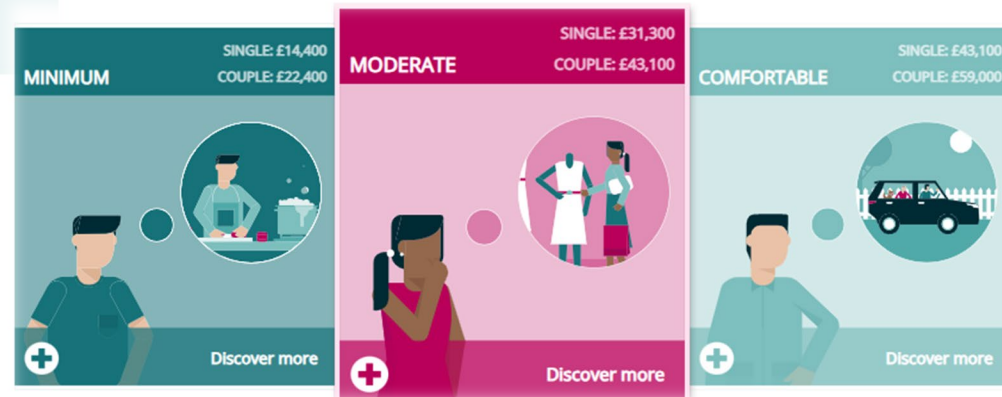
*Cost of a single person's moderate living standard has risen from £23k to £31k*

PASA Retirement Living Standards – the details:

<https://www.retirementlivingstandards.org.uk/>

MoneyHelper retirement tools:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement>



# Key information in the ABS



- Your personal details held by JSS – we do not have a live feed from your HR system
- Latest salary provided to us by your employer (or their payroll provider)
- Estimated pension accrued to 31 March
- Projected pension for those close to retirement age
- A note of your normal scheme pension age (60 or 65) - note – this is not your State Pension Age
- Maximum tax-free lump sum and resulting pension (where applicable)
- Estimated pension for surviving spouse/partner or civil partner (scheme specific)
- Transfers in
- Added Pension or Added Years purchased
- Death benefit nominee(s)
- Estimated death benefit lump sum payable
- Partner nomination (if applicable)

**JSS Pensions Administration**  
Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1UY

**Your Research Council's Pension Scheme (RCPS) 2023 Annual Benefit Statement**

Please check these details and if anything

**Personal Details as at 31 March 2023**

Name  
Date of Birth  
Marital Status  
NI Number  
Scheme Number  
Scheme Type  
Contract Type  
Scheme Start Date  
Statement Date

**Personal Details**

This letter forms part of your Annual Benefit Statement and details your estimated pension benefits to 31 March 2023, payable at your normal scheme retirement age.

The value of your pension is based on your pensionable earnings for each year to 31 March multiplied by the accrual rate of 2.5%.

The value of the pension accrued in previous years has been increased each year for inflation using the annual Consumer Prices Index (CPI) as at the preceding September. For the year ending 31 March 2023 your total accrued pension was increased by 10.1%.

Spouse's, civil partner's or declared partner's pensions are payable for life; they will generally be less than the amount illustrated if your widow, widower, civil partner or declared partner is more than 12 years younger than you.

The statement provides information about your pension benefits within the RCPS, for illustration purposes only. If there is an error in this statement, or with the information used to create this statement, then the Pension Scheme Rules will take precedence in calculating your final award.

**Pension Limits**

You should be aware that, under the Scheme rules, there is a limit to the amount of Nuvo pension that can be accrued. A member's pension (excluding, if applicable, any added pension purchased) cannot be more than 75% of a member's highest scheme earnings. For further details, please refer to the Nuvo Pension Scheme booklet which is available on our website.

A summary of your estimated RCPS benefits for your current service is as follows:

Pension to 31 March 2023	
Your pension	£115,538.22 p.a.

You could access a tax free lump sum on partial or full retirement, up to the maximum shown below, by converting some of your pension to a lump sum with each £1 reduction in pension giving £12 worth of Lump sum.

Benefits to 31 March 2023	
Your pension with max. lump sum	£11,917.43 p.a.
Maximum tax free lump sum	£75,442.51

For more information and options available please visit the Members section of the JSS website (<http://jssmembers.net.au/members/index.asp>)

**Pensionable Earnings (12 months prior to 31 March 2023)**

From	To	Type	Amount	Pension Value as at 31 March 2023
01 April 2022	31 March 2023	Salary	£61,244.98	£1,023.44

**Pension for your spouse if you were to die having left the scheme at the statement date**

From	To	Current
01 January 2016	31 March 2023	£14,984.78

**Pension Benefits to 31 March 2023**

Your pension	
Added pension value up to 31 March 2023	£181
Transferred-in service credit from Club Schemes	N/A
Transferred-in pension amounts from non Club Schemes	N/A
Tax free death in service lump sum	£12
Pension for your spouse following your death in service	£12
Pension for your spouse if you were to die having left the scheme at the statement date	£66,000.00

**Personal Details**

Please check these details and if anything

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# What feeds the ABS

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Your employer provides us with this:

- Salaries
- Pensionable earnings (Nuvos members)
- Absences
- Change of hours
- Added Pension contributions deducted via payroll
- Pay arrears information, e.g. due to a back dated pay award that spans scheme years (scheme year 1 Apr to 31 Mar)



## **We carry out various checks before loading supplied data into our systems**

The ABS is also produced using data we already hold, e.g. service history, pensionable earnings (nuvos), absences, nominees, transfers etc.

Important - for final salary schemes / benefits - the latest salary noted within the statement is used to calculate the estimated values. Eventual pension benefits will be calculated on the 'best' pensionable pay – as per relevant Scheme Rules.

# Structure of the ABS

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## Key components to the ABS

- Cover letter – summarises pension accrued
- Statement of Personal Details
- Death benefit nominee(s), partner nominee (if applicable)
- Pension Accrued to previous 31 March
- Pensionable earnings for last scheme year (Nuvos)
- Total accrued pension and related benefits to 31 March

## Sending the statement

Statements are emailed to the work address provided by your employer

Sent as password encrypted PDF format – password format is the numbers from your NI number, do not include any letters





# Summary of pension



The covering letter summarises the pension accrued to 31 March, in this example to 31 March 2024.

This is the pension payable if the member left the scheme and accessed their pension from 1 April 2024. It is not the pension they will be paid from their scheme pension age.

It also shows the maximum tax-free lump sum and resultant pension. You can use the Lump Sum calculator on our website for other examples: <https://jsspensions.nerc.ac.uk/docs/jss-lump-sum-calculator-2024.xls>

For Classic, the automatic lump sum will be shown. Classic members also have the option for 'inverse commutation'; exchange some of their automatic lump sum for extra pension. See our guide for more information: <https://jsspensions.nerc.ac.uk/docs/inverse-commutation-2023.pdf>

A summary of your estimated RCPS benefits for your current service is as follows:

	Pension to 31 March 2024
<b>Your pension</b>	£13,907.16 p.a.

You could access a tax free lump sum on partial or full retirement, up to the maximum shown below, by converting some of your pension to a lump sum with each £1 reduction in pension giving £12 worth of lump sum.

	Benefits to 31 March 2024
<b>Your pension with max. lump sum</b>	£8,940.32 p.a.
<b>Maximum tax free lump sum</b>	£59,602.11

# Reckonable service



Final salary scheme members – Classic, Classic Plus and Premium – will have an additional table detailing their reckonable service.

Reckonable service is used to calculate the pension, along with final pensionable earnings

We will include any Added Years of service bought, transferred in service, service credits and then show the total reckonable service.

Any non-reckonable service (e.g. unpaid leave, career break) would already have been deducted from the service quoted. In this example the member has not purchased any additional years' service or any Added Pension.

Reckonable Service to 31 March 2024		Guidance Notes
Reckonable service	26 years 100 days	This is calculated from your start date in the scheme and is net of any unpaid absences notified to JSS. For current or previous part timers this reflects the actual number of hours worked, as notified to JSS by your employer.
Added years purchased up to 31 March 2024	N/A	
Transferred-in/Back Service credit	00 years 250 days	This relates to all transferred in service from other pension schemes as at 31 March 2024, as well as service credited as a result of any casual service conversion.
Total reckonable service for personal benefits	<b>27 years 050 days</b>	Total reckonable service is the service used for your pension benefit calculations.
Total reckonable service for family benefits	<b>27 years 050 days</b>	
Added pension value up to 31 March 2024	N/A	

# Benefit section



Figures are examples

Total pension accrued
Pension accrued from Added Pension purchases
Details of any service/pension transferred in, when and where from and how much pension it equates to Transfers are split between Club and Non-Club
Death in service lump sum benefit payable to your nominee(s)
Spouse/partner pension for death in service
Spouse/partner pension payable after leaving the scheme

Pension Benefits to 31 March 2024		Guidance Notes
<b>Your pension</b>	<b>£21,800.16 p.a.</b>	This is the total of pension to date including any added pension, transfers in and aggregated pension.
Added pension value up to 31 March 2024	£2,300.66	Any regular contributions started or any lump sum amounts paid after 31 March 2024 are not included. Where applicable amounts have been increased by the Consumer Prices Index. No predictions have been made for future contributions for added pension.
Transferred-in service credit from Club Schemes	<div>Transfer Date</div> <div>19/10/2018</div> <div>From</div> <div>USS Ltd</div>	This relates to all transferred in service credit from other pension schemes as at 31 March 2024. The amount of transferred pension included in the total above is £6,721.88 p.a. It is calculated as follows: 1/60 x Final Pensionable Earnings* x transferred service credit which is 1/60 x £70,655.00 x 05 years 258 days *for the purpose of this statement, your 'Full Time Equivalent Pay' as stated in the Personal Details has been used.
Transferred-in pension amounts from non Club Schemes	N/A	
Tax free death in service lump sum	£141,300.00	This would be paid to your nominee or, if JSS doesn't hold a valid nomination, to your estate.
Pension for your spouse following your death in service	£13,001.92 p.a.	In the event of death in service your spouse would receive this pension.
Pension for your spouse if you were to die having left the scheme at the statement date	£8,015.19 p.a.	This would be payable to your spouse, subject to the appropriate conditions being fulfilled at the time of death.

Provision for Children's pensions, subject to eligibility, exist across all schemes, but we do not automatically show them in the statement, we can provide details on request.

# Your actions

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1. Check all your personal details – if any are incorrect, let us know, email [memberships@jss.ukri.org](mailto:memberships@jss.ukri.org)
2. Check your nominee(s) – if this needs updating, please complete and send us a new nomination form (available from our website: <https://jsspensions.nerc.ac.uk/docs/death-benefit-nomination-form.pdf> )
3. Check your salary and earning information – Your employer gave us this information, if it is incorrect we will need to liaise with your employer to review and update it
4. Transferred in a pension? Check it shows, if it does not, contact us
5. Buying Added Pension? Check that it shows on your statement
6. If something is not correct or you are not sure, then please contact us
7. Keep it safe – we do not generally issue copies of Statements
8. Read the information on our website: <https://jsspensions.nerc.ac.uk/members/statements.asp>
9. Use the statement for your retirement planning
10. Finally, and again, please contact us!



# To be aware of

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**Projections** - We do not include projections for all members, this is mainly because of future pension reform, expected in the next 2-3 years. If you are at or beyond your scheme pension age now, we will contact you to ask for a projected retirement date and we will estimate your pension accrual to that date. The estimated projection does not consider future pay or inflation changes

**Early retirement** – the statements do not forecast the actuarial reduction applied if taking the pension early, the reduction is very approximately 5% per year taken early. We have an Actuarial Reduction calculator on our website: <https://jsspensions.nerc.ac.uk/docs/rcps-actuarial-reduction-and-buy-out-calculator-24oct2023.xlsx> (note – this does not apply to early retirement prior to the age of 55)

**Pension Saving Statement (PSS)** – These are included for members who are close to or exceed the Annual Allowance (AA). The current AA is £60,000, and in the context of defined benefit arrangements, is the limit on how much pensions can increase from one year to the next before incurring additional tax charges. Most members will not reach the AA. The PSS details the AA – just in the context of RCPS membership, and summarises member actions required, e.g. possible options if AA tax charge due.

**Salary changes after 31 March** - The statement will not show any salary changes after 31 March 2024

# Further information

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- JSS website for scheme guides, calculators, forms, previous webinar recordings and further information: <https://jsspensions.nerc.ac.uk/>
- You can also call, email, zoom or come and see us face to face. We're based in Polaris House in Swindon. Contact details are [here](#).
- **Read your Annual Benefit Statement**



Check your **State Pension** forecast:  
<https://www.gov.uk/check-state-pension>

# Midlife MOT tool



The Government has updated it's Midlife MOT digital tool (signposting tool)

Uses resources from NHS, Money Helper, Mind, Citizens Advice and DWP to help people plan for the future.

The **money** section focuses on debt, budgeting, insurance and pensions, covering pension basics, finding lost pensions, retirement income planning and more

<https://jobhelp.campaign.gov.uk/midlifemot/home-page/>



## Your work

Fine tune your working life. Find out how flexible working options can fit around you and learn new skills to suit your changing needs.



## Your health

Look after your body and mind. Learn about all aspects of your physical and mental fitness to plan for the future.



## Your money

Understand your money, pension and any debt. Prioritise your financial security for later life.

# Thank you and any questions?

- We will upload a recording of this to our website, with these slides
- Email us with any other questions you may have

After reading your statement, please complete our short survey:

<https://engagementhub.ukri.org/ukri-jss/annual-benefit-statements-2024>

## Other webinars:

General pension awareness

Partial retirement

Buying added pension

## Research Councils' Pension Scheme

<https://jsspensions.nerc.ac.uk/>