LGPC Bulletin 234A – annual revaluation

This is a special bulletin for Local Government Pension Scheme (LGPS) administering authorities in England, Wales and Scotland. It looks at the impact of the annual revaluation date change.

On 9 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) laid the LGPS (Amendment) Regulations 2023 ('the regulations'). The regulations move the annual revaluation date from 1 April to 6 April. The regulations are effective from 31 March 2023. The consultation, responses and regulations can be found on the Scheme consultations page of www.lgpsregs.org.

On 14 March 2023, the Scottish Public Pensions Agency (SPPA) launched a consultation on making identical changes in Scotland. The consultation closes on 27 March 2023. If SPPA proceed, the regulations will come into force in May 2023, with backdated effect to 31 March 2023. This bulletin assumes SPPA implements the proposals. You can find the consultation documents on the Scheme consultations page of www.scotlgpsregs.org.

Index

Changes in brief

The regulations remove the impact of inflation on the annual allowance calculation. They do so by changing the annual revaluation date from 1 to 6 April 2023, and thereafter on each 6 April, for all members. There is no change in the outcome for:

- all members whose benefits in payment would have increased on 1 April
- death grants of deferred and pensioner members who die in the period 1 to 5 April.

In tax year 2022/23, the annual allowance (AA) calculation does not include any scheme revaluation. This is because the tax year runs from 6 April 2022 to 5 April 2023 and the revaluation date is now 6 April 2023.

From the tax year 2023/24 onwards, the inflationary increase used in the AA calculation and the annual revaluation will both use the same CPI figure. For the tax year 2023/24 this will be 10.1 per cent.

The Scheme year is not changing, it remains 1 April to 31 March. The revaluation that applies on 6 April applies on the CARE balance at 31 March in the previous Scheme year.

Although the change is being introduced to take inflation out of scope of the annual allowance calculation, there are other impacts. These are explained in this bulletin.

Reason for the change

The annual allowance (AA) should reflect the increase in a member's pension benefits above inflation. However, since HM Treasury realigned the period over which pension growth is measured with the tax year in 2015/16, inflationary increases are taken into account.

As things currently stand, the allowance for inflation in the AA calculation does not match the annual revaluation applied to pension accounts. To date the imbalance has been negligible because inflation has been relatively low and consistent.

However, the imbalance for tax year 2022/2023 is 7 per cent. This is the difference between the allowance for inflation in the AA calculation of 3.1 per cent and the annual revaluation of 10.1 per cent. Without changes to scheme regulations, there would be a significant increase in the number of LGPS members breaching the annual allowance and potentially incurring a tax charge.

By moving the annual revaluation to 6 April, the imbalance is removed. Both the AA inflation and the annual revaluation will use the same September CPI, meaning that inflation will be taken out of scope of the annual allowance calculation.

Actions for administering authorities

Pension software changes

Discuss the changes with your pensions administration software provider to understand when they will make changes to calculations.

Consider whether you need to put processes in place to perform some calculations manually in the short term. You will need to consider calculations that should now exclude the revaluation if it would have applied on 1 April. These include:

- AA calculations – you should ensure the 10.1 per cent revaluation is not included in calculations for the 2022/23 tax year. However, the 10.1 per cent revaluation is included for leavers from 6 April 2023 for the 2023/24 tax year.
- non-club transfers out with a guarantee date between 1 and 5 April
- club transfers with a guarantee date between 1 and 5 April – see the inner club transfer section
- cash transfer sums where the member left active membership between 1 and 5 April
- all divorce calculations where the relevant date is between 1 and 5 April
- flexible retirement where the notional last day of active membership falls between 1 and 5 April - see flexible retirement section
- trivial commutations with a calculation date between 1 and 5 April
- interfund adjustments with a relevant date between 1 and 5 April.

Where we refer to 'between 1 and 5 April', this includes all the days in that period.

Governance

It is important you keep your pensions committee and local pensions board up to date. Make sure both parties are aware of the changes and any decisions that need to be made in relation to the policy change.

Communications

In our view the change to the annual revaluation date is not a material change under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure regulations').

The change is about when the revaluation increase is applied. It does not change the method of the calculation; therefore, there is not a material change to the information listed in Part 1 of Schedule 2 of the Disclosure regulations – which is essentially the information included in the brief scheme guide.

We asked Eversheds Sutherland for their view on this point and Gary Delderfield (Partner) agrees that the change is not a material change.

Having said that, it is still good practice to let members and beneficiaries know about the change. We recommend you do this by including information in annual benefit statements, newsletters, on websites and other communications.

Retirements

Where a member is entitled to further revaluation after their pension becomes payable, the further revaluation uses up lifetime allowance. In our view, the member can elect to commute some of the extra pension for tax-free cash (subject to normal limits).

Therefore, where the initial BCE 2 for the pension (and, if applicable, the BCE 6 for the lump sum) occurs before the relevant 6 April, there will be a further BCE 2 (and potentially a further BCE 6) for the revaluation adjustment. Where the initial and further BCEs are close to each other, they can be processed at the same time. You need to make sure:

- your systems correctly record the separate BCEs
- you comply with disclosure requirements for the BCEs, and
- the member is given the opportunity to elect to commute some of the revaluation adjustment for extra tax-free cash.

This is an existing requirement. We have included this information for completeness.

We have previously raised a query with DLUHC about whether the member should be able to commute some of the extra pension for lump sum - see page 29 of the technical query list. We do not believe this change will be made any time soon, so administering authorities should work on the basis set out above.

Where the initial BCE(s) occur on or after the relevant 6 April, there will be no further BCEs for the revaluation adjustment. The revaluation adjustment will be included:

- in the amount that crystallises under the initial BCEs, and

- when considering the tax-free cash limit at the initial BCE.

Last pension input period
When a member is first paid all their benefits under the Scheme, the first pension input period (PIP) during when this occurs is the member's last PIP. Unless the member's benefits were calculated incorrectly or anti-avoidance measures apply, the member does not have any more PIPs, regardless if there are any further BCE 2s or BCE 6s.

Any revaluation to the member's benefits on the following 6 April will not result in further annual allowance tests.

Inner club transfers

Revaluation date
The regulations provide that revaluation is applied to earned pension credited to the LGPS from an inner club transfer on 6 April. This is irrespective of whether the sending scheme applies revaluation on 1 April. You will still use the sending scheme's revaluation rate.

Transfers with a relevant date between 1 and 5 April
Where the relevant date for a transfer value is between 1 April and 5 April, the member could miss out on revaluation for a year if:

- the sending scheme applies revaluation on 6 April and the receiving scheme applies it on 1 April
- both the sending and receiving schemes apply revaluation on 6 April.

This is because when the sending scheme calculates the transfer value it excludes the revaluation due on 6 April. The receiving scheme applies revaluation to the balance in the pension account on 31 March. On 31 March the pension account does not contain the earned pension credited from the transfer value.

DLUHC is aware of this issue and is working with the Cabinet Office to make changes to the club memorandum. Until the club memorandum can be updated, a simple solution for club schemes with a revaluation date of 6 April is to always use a relevant date of between 6 April to 31 March when calculating an inner club transfer value. That way the revaluation due on 6 April will always be included within the transfer value. We recommend administering authorities adopt this approach.

Example 8 shows how revaluation is missed where the relevant date is between 1 and 5 April from a club scheme with a revaluation date of 6 April.

Scotland

Amending regulations in Scotland are likely to come into force in May 2023. When they do, they will have backdated effect to 31 March 2023. Administering authorities will need to take a view on how to proceed in the interim period.

You may wish to take into account that although the existing regulations still require you to apply revaluation on 1 April, the Public Service Pensions Revaluation Order 2023 has effect from 6 April 2023 in respect of the LGPS. This means the increase on the CARE balance at 31 March 2023 can still only be applied on 6 April 2023 (with backdated effect to 1 April in accordance with the existing regulations).

You will also need to consider any guidance that SPPA provides.

Active, deferred and deferred refund members

The revaluation that applies on 6 April 2023, and each 6 April thereafter, continues to apply to CARE accounts built up to the previous 31 March. This means the opening value of members CARE accounts on 1 April does not include that April's revaluation, because this is not effective until 6 April.

In the examples section, we set out how the change impacts active and deferred members' pension accounts. We also show an example of the impact on the annual allowance calculation for active members:

Example 1 shows the impact for an active member.

Example 2 shows the impact on the annual allowance calculation for an active member.

Example 4 shows the impact for a deferred member.

Pensioner members

The regulations protect pensioners whose benefits would have increased on 1 April, by backdating the payment of revaluation applied on 6 April, to the 1 April or date of payment if later.

This protection applies from April 2023 onwards.

Example 5 shows there is no impact to a pensioner member.

Flexible retirement

On flexible retirement, administering authorities open a flexible retirement pension account. Unless the member opts out, their active pension account remains open. The balance in the active pension account is reduced by the amount transferred into the flexible retirement pension account.

If a member opts out, as they will have met the vesting period and will also continue in their relevant employment, the administering authority must close the active pension account and open a deferred member's pension account. The regulations still require this even where the balance in the deferred pension account is £nil (though most authorities choose not to do so).

Where flexible retirement occurs between 1 and 5 April, the balance in the active pension account at the previous 31 March will not have been revalued. On the next revaluation date, the regulations provide that the revaluation on that balance is added to the active pension account (or, as the case may be, the deferred pension account). It is not added to the flexible retirement pension account. This means the active/deferred pension account will receive revaluation in respect of pension that has been transferred to the flexible retirement pension account. DLUHC has confirmed that this is the intention.

Example 3 shows the impact where an active member elects for flexible retirement between 1 and 5 April.

Survivor members

The regulations protect survivor benefits by providing there is no change in the outcome where the member dies:

- before 1 April, by backdating the payment of revaluation effective on 6 April to 1 April
- between 1 and 5 April, by deeming the effective date of revaluation to be the date of death.

Example 7 shows there is no impact to partner's benefits.

Death grants

The regulations protect the payment of death grants paid in respect of deferred and pensioner members who die between 1 and 5 April, having left active membership on or after the previous 1 April. They deem the effective date of revaluation to be the date of death.

Example 6 shows there is no impact on the value of a death grant.

Frequently asked questions (FAQs)

FAQ 1. Are there protections for members / survivors / beneficiaries who might be worse off as a result of the changes?

Yes. Protection is provided for all members and survivors whose benefits in payment would have increased on 1 April and for death grants paid in respect of deferred and pensioner members who die between 1 and 5 April.

FAQ 2. Is assumed pensionable pay (APP) affected?

No, revaluation applied to APP continues to apply on 1 April.

FAQ 3. Are non-club transfers out affected?

Yes, if the guarantee date is between 1 and 5 April and the member left active membership on or after the previous 1 April. The cash equivalent transfer value will not include revaluation that would have applied on 1 April. However, revaluation will apply to the partner's pension included in the transfer value – see FAQ 7.

FAQ 4. Are cash transfer sums affected?

Yes. Cash transfer sums are always calculated on the date the member leaves active membership. Therefore, it will exclude any revaluation due after that date.

Where the member left active membership between 1 and 5 April, the cash transfer sum will not include the revaluation that would have applied on 1 April. However, revaluation will apply to the partner's pension included in the cash transfer sum – see FAQ 7.

FAQ 5. Are club transfers out affected?

Yes, if the relevant date is between 1 and 5 April and the member left active membership on or after the previous 1 April. The cash equivalent transfer value will not include revaluation that would have applied on 1 April.

We recommend you do not use a relevant date of 1 to 5 April for club transfers. See the inner club transfer section for more information. However, revaluation will apply to the partner's pension included in the transfer value – see FAQ 7.

FAQ 6. Are interfund adjustments (IFA) affected?

Yes, if the relevant date of the IFA is between 1 and 5 April and the member left active membership on or after the previous 1 April.

The value of the IFA will not include revaluation that would have applied on 1 April. However, the receiving administering authority will apply the revaluation to the earned pension credited from the IFA, on 6 April. However, revaluation will apply to the partner's pension included in the transfer value – see FAQ 7.

FAQ 7. Does the partner's CARE pension included in transfer calculations include revaluation due on the next 6 April where the calculation date is between 1 and 5 April?

Yes, when calculating the partner's pension, administering authorities will assume the member died on the calculation date.

The regulations provide that where a member dies between 1 and 5 April (inclusive) and revaluation would have been due on the next 6 April, the survivor pension is deemed to include that revaluation.

FAQ 8. Is the change a material change under the Disclosure Regulations?

In our view the change is not a material change under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. See the communications section for more information.

FAQ 9. Are pension credit members affected?

No, because a pension credit only increases by pensions increase.

FAQ 10. Is member trivial commutation affected?

Yes, if the calculation date of the trivial commutation payment is between 1 and 5 April and the member left active membership on or after the previous 1 April.

The payment will not include revaluation that would have applied on 1 April. This applies where the payment is derived from both crystallised and uncrystallised benefits. The protection for pensions in payment mentioned in FAQ 1 does not apply because the trivial commutation is calculated before the revaluation is effective on 6 April. However, revaluation will apply to the partner's pension included in the trivial commutation value.

If the commutation payment is a trivial commutation lump sum and the nominated date is between 1 and 5 April, revaluation will not be included when determining the commutation limit. This replicates the position before the regulations were laid - where the commutation limit is determined before the application of the revaluation on 1 April.

FAQ 11. Is survivor trivial commutation affected?

If the date the trivial commutation payment is calculated is between 1 and 5 April and the deceased member left active membership on or after the previous 1 April and died between the:

- previous 1 April and 31 March. The payment will not include the revaluation that would have applied on the following 1 April. This is a change to the current position.
- 1 and 5 April. The payment will include revaluation. This replicates the current position.

FAQ 12. In what order are annual increases applied?

Revaluation is applied first, followed by increases to the Post 88 GMP (where appropriate) – both increases will apply on 6 April. If the pensions increase date is also 6 April, pensions increase is applied last.

FAQ 13. Is additional pension purchased with AVCs affected?

No, additional pension only increases by pensions increase.

FAQ 14. When are annual allowance offsets applying to post April 14 (15 for Scotland) benefits first revalued?

The relevant date for annual allowance offsets coincides with the end of the relevant pension input period (ie 5 April). Administering authorities should revalue the offset between the relevant date and the member's eventual retirement.

Before the changes, the first revaluation was on the next 1 April. After the changes, the first revaluation is on the second 6 April after the relevant date. It is not on the first 6 April, as this is calculated on the balance before the relevant date.

FAQ 15. If a member leaves between 1 and 5 April is any revaluation due for that period?

There is no revaluation due. The revaluation that applies on the 6 April immediately after the date of leaving only applies to the value of the pension account at 31 March. On the following 6 April, the member will be entitled to the full amount pension increase and no revaluation.

Regulation corrections

In our response to the annual revaluation date change consultation, we raised a number of existing issues with how revaluation is applied by the LGPS Regulations 2013. DLUHC confirmed that, due to time pressures, they were not able to address these issues in the amending regulations.

This bulletin assumes the issues have been corrected and the regulations apply in line with policy intent.

We have updated the technical query list with the errors.

Examples

All calculations have been rounded up or down for simplicity. Again, for simplicity where pay is pro rata, we have applied number of days over 365.

Example 1. Active member simple revaluation

Date joined scheme

- 1 October 2020

Annual revaluation

- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%
- 6 April 2024 – 7.5% estimated from ONS
- 6 April 2025 – 5% estimated
- 6 April 2026 – 3% estimated

Pensionable pay from NJC pay structures using SCP 32:

- 1 October 2020 to 31 March 2021 – £35,745 / 2 = £17,873
- 1 April 2021 to 31 March 2022 – £36,371
- 1 April 2022 to 31 March 2023 – £38,296
- 1 April 2023 to 31 March 2024 - £39,445 (includes estimated 3% rise)
- 1 April 2024 to 31 March 2025 - £40,234 (includes estimated 2% rise)

- 1 April 2025 to 30 September 2025 - £40,838 (includes estimated 1.5% rise) / 2 = £20,419

Earned pension

- 1 September 2020 to 31 March 2021 – £17,873 / 49 = £365
- 1 April 2021 to 31 March 2022 – £36,371 / 49 = £742
- 1 April 2022 to 31 March 2023 – £38,296 / 49 = £782
- 1 April 2023 to 31 March 2024 – £39,445 / 49 = £805
- 1 April 2024 to 31 March 2025 - £40,234 / 49 = £821

Table 1 - Active member simple revaluation

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2020	£365	31 March 2021	£365 x 0.5% = £2	1 April 2021	£365 + £2 = **£367**
1 April 2021	£742	31 March 2022	(£367 + £742 = £1,109) x 3.1% = £34	1 April 2022	£1,109 + £34 = **£1,143**
1 April 2022	£782	31 March 2023	None	None	£1,143 + £782 = **£1,925**
Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	
1 April 2023	£1,925 x 10.1% = £194	6 April 2023	£805	31 March 2024	£1,925 + £194 + £805 = **£2,924**
1 April 2024	£2,924 x 7.5% = £219	6 April 2024	£821	31 March 2025	£2,924 + £219 + £821 = **£3,964**

Example 2. Active member annual allowance calculations from 2021 to 2024

Table 2 - active member annual allowance calculations using the data from example 1

Pension input amount for:	Tax year 2021/2022	Tax year 2022/2023	Tax year 2023/2024
CARE pot on 31 March	£365 (2021)	£1,109 (2022)	£1,925 (2023)
Annual revaluation	£2 (1 April 2021)	£34 (1 April 2022)	-
CARE pension 1 to 5 April	£742 x 5/365 = £10 (2021)	£782 x 5/365 = £11 (2022)	£805 x 5/365 = £11
Total	£377	£1,154	£1,936
Apply AA factor of 16	£6,032	£18,464	£30,976
Increase by AA CPI	0.5% (September 2020)	3.1% (September 2021)	10.1% (September 2022)
Opening balance	£6,062 – 6 April 2021	£19,036 – 6 April 2022	£34,105 – 6 April 2023
CARE pot on 31 March	£1,109 (2022)	£1,925 (2023)	£2,730[1] (2024)
Annual revaluation	£34 (1 April 2022)	-	£194 (6 April 2023)
CARE pension 1 to 5 April	£782 x 5/365 = £11 (2022)	£805 x 5/365 = £11 (2023)	£821 x 5/365 = £11 (2024)
Total	£1,154	£1,936	£2,935
Apply factor of 16	£18,464	£30,976	£46,960
Closing balance	£18,464 – 5 April 2022	£30,976 – 5 April 2023	£46,960 – 5 April 2024
Pension input amount	£12,402	£11,940	£12,855

[1] For example purposes only, the CARE pot on 31 March 2024 excludes the revaluation that would have been applied on 6 April 2023.

Example 3. Flexible retirement member

Scheme membership starts

- 1 October 2020

Flexible

- Following their employer's consent, member elects for immediate payment of all their benefits on 2 April 2024

Opt out

- Member gives their employer notice to opt out of the scheme on 2 April 2024

Annual revaluation

- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%
- 6 April 2024 – 7.5% estimated from ONS
- 6 April 2025 – 5% estimated
- 6 April 2026 – 3% estimated

Pensionable pay

- 1 October 2020 to 31 March 2021 – £35,745 / 2 = £17,873
- 1 April 2021 to 31 March 2022 – £36,371
- 1 April 2022 to 31 March 2023 – £38,296
- 1 April 2023 to 31 March 2024 - £39,445
- 1 April 2024 to 31 March 2025 - £40,234 x (2/365) = £220

Earned pension

- 1 September 2020 to 31 March 2021 – £17,873 / 49 = £365
- 1 April 2021 to 31 March 2022 – £36,371 / 49 = £742
- 1 April 2022 to 31 March 2023 – £38,296 / 49 = £782
- 1 April 2023 to 31 March 2024 – £39,445 / 49 = £805
- 1 April 2024 to 2 April 2024 - £220 / 49 = £4

Table 3 - active member

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Pension account adjustment	Annual revaluation date	Opening balance for next scheme year
1 April 2020	£365	31 March 2021	£365 x 0.5% = £2	£0	1 April 2021	£365 + £2 = **£367**
1 April 2021	£742	31 March 2022	(£367 + £742 = £1,109) x 3.1% = £34	£0	1 April 2022	£1,109 + £34 = **£1,143**
1 April 2022	£782	31 March 2023	None	£0	None	£1,143 + £782 = **£1,925**

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension		Scheme year ends	
1 April 2023	£1,925 x 10.1% = £194	6 April 2023	£805	£0	31 March 2024	£1,925 + £194 + £805 = **£2,924**
1 April 2024	Nil	6 April 2024	£4	- £2,928 (£2,924 + £4)	31 March 2025	£2,924 + £4 - £2,928 = **£0**

Table 4 - flexible member

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 6 April 2024
1 April 2024	£2,928 x Nil = £0	6 April 2024	Nil	31 March 2025	**£2,928**

- no revaluation is added to the flexible retirement account where the member elects for payment between 1 and 5 April in line with DLUHC policy – the revaluation due on 6 April 2024 is added to the active pension account or if this is closed the deferred pension account (even if the deferred balance is Nil)

Table 5 – flexible member application of pensions increases on 7 April 2025

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 7 April 2025
1 April 2025	£2,928 x 5% = £146	7 April 2025	31 March 2026	£2,928 + £146 = **£3,074**

Table 6 – Deferred member application of revaluation on 6 April 2024

Scheme year starts	Annual revaluation	Annual revaluation date	Balance transferred from active account	Scheme year ends	Value of annual deferred benefit on 6 April 2024
1 April 2024	£2,928 x 7.5% = £220	6 April 2024	Nil	31 March 2025	**£220**

- revaluation is added to the deferred pension account where the member elects for payment between 1 and 5 April in line with D LUHC policy
- tweak does not apply on 6 April 2024 because no pensions increase is due on 8 April 2024 due to the date of leaving

Table 7 - deferred member application of pensions increases on 7 April 2025

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 7 April 2025
1 April 2025	£220 x 5% = £11	7 April 2025	31 March 2026	£220 + £11 = **£231**

Example 4. Deferred members

Scheme membership

- 1 October 2018 – 30 September 2022

Annual revaluation

- 1 April 2019 – 2.4%
- 1 April 2020 – 1.7%
- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%

Pensionable pay:

- 1 October 2018 to 31 March 2019 – £75,000 / 2 = £37,500
- 1 April 2019 to 31 March 2020 - £76,500
- 1 April 2020 to 31 March 2021 - £77,265
- 1 April 2021 to 31 March 2022 – £77,265
- 1 April 2022 to 30 September 2022 – £79,583 / 2 = £39,792

Earned pension

- 1 October 2018 to 31 March 2019 – £37,500 / 49 = £765
- 1 April 2019 to 31 March 2020 - £76,500 / 49 = £1,561
- 1 April 2020 to 31 March 2021 - £77,265 / 49 = £1,577
- 1 April 2021 to 31 March 2022 – £77,265 / 49 = £1,577

- 1 April 2022 to 30 September 2022 – £39,792 / 49 = £812

Table 8 - active member to deferred member

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2018	£765	31 March 2019	£765 x 2.4% = £18	1 April 2019	£765 + £18 = **£783**
1 April 2019	£1,561	31 March 2020	(£783 + £1,561 = £2,344) x 1.7% = £40	1 April 2020	£2,344 + £40 = **£2,384**
1 April 2020	£1,577	31 March 2021	(£2,384 + £1,577 = £3,961) x 0.5% = £20	1 April 2021	£3,961 + £20 = **£3,981**
1 April 2021	£1,577	31 March 2022	(£3,981 + £1,577 = £5,558) x 3.1% = £172	1 April 2022	£5,558 + £172 = **£5,730**
1 April 2022	£812	31 March 2023	None	None	£5,730 + £812 = **£6,542**

Value of annual deferred pension upon leaving active membership on 30 September 2022

- £6,542

Table 9 - deferred member application of revaluation after leaving active membership

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 6 April 2023
1 April 2023	£6,542 x tweak = £314.49	6 April 2023	Nil	31 March 2024	£6,542 + £314.49 = **£6,856.49**

Calculation of the tweak

- £6,542 x 110.1% = £7,202.74
- (£7,202.74 / 105.05) x 100 = £6,856.49
- £6,856.49 - £6,542 = £314.49

Table 10 - deferred member application of pensions increases on 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 10 April 2023
1 April 2023	£6,856.49 x 5.05% = £346.25	10 April 2023	31 March 2024	£6,856.49 + £346.25 = **£7,202.74**

Example 5. Pensioner member

Data

- As per example 4

Date benefits brought into payment

- 31 January 2023

Value of annual deferred pension upon leaving active membership on 30 September 2022 and upon payment on 31 January 2023

- £6,542 pa

Table 11 - pensioner member application of revaluation after leaving active membership payable from 1 April 2023

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual pension in payment on 1 April 2023
1 April 2023	£6,542 x tweak = £314.49	6 April 2023 backdated 1 April 2023	Nil	31 March 2024	£6,542 + £314.49 = **£6,856.49**

Table 12 - pensioner member application of pensions increases payable from 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual pension in payment on 10 April 2023
1 April 2023	£6,856.49 x 5.05% = £346.25	10 April 2023	31 March 2024	£6,856.49 + £346.25 = **£7,202.74**

Example 6. Deferred member death grant

Data

- As per example 4

Date of death

- 2 April 2023

Value of annual deferred pension upon leaving active membership on 30 September 2022

- £6,542

Table 13 - deferred member application of revaluation after death

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 2 April 2023
1 April 2023	£6,542 x tweak = £314.49	Deemed to be 2 April 2023	Nil	31 March 2024	£6,542 + £314.49 = **£6,856.49**

Deferred member death grant

- £6,856.49 x 5 = £34,282.45

Example 7. Partner's benefits

Data

- As per example 4

Date of death

- 2 April 2023

Partner earned pension

- 1 October 2018 to 31 March 2019 – £37,500 / 160 = £234
- 1 April 2019 to 31 March 2020 - £76,500 / 160 = £478
- 1 April 2020 to 31 March 2021 - £77,265 / 160 = £483
- 1 April 2021 to 31 March 2022 – £77,265 / 160 = £483
- 1 April 2022 to 30 September 2022 – £39,792 / 160 = £249

Table 14 – partner’s annual pension

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2018	£234	31 March 2019	£234 x 2.4% = £6	1 April 2019	£234 + £6 = **£240**
1 April 2019	£478	31 March 2020	(£240 + £478 = £718) x 1.7% = £12	1 April 2020	£718 + £12 = **£730**
1 April 2020	£483	31 March 2021	(730 + £483 = £1,213) x 0.5% = £6	1 April 2021	£1,213 + £6 = **£1,219**
1 April 2021	£483	31 March 2022	(£1,219 + £483 = £1,702) x 3.1% = £53	1 April 2022	£1,702 + £53 = **£1,755**
1 April 2022	£249	31 March 2023	None	None	£1,755 + £249 = **£2,004**
Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Opening balance for next scheme year
1 April 2023	£2,004 x tweak = £96.33	6 April 2023	Nil	31 March 2024	£2,004 + £96.33 = **£2,100.33**

Calculation of the tweak

- £2,004 x 110.1% = £2,206.40
- (£2,206.40 / 105.05) x 100 = £2,100.33
- £2,100.33 - £2,004 = £96.33

Value of partner's pension after revaluation deemed to apply on 2 April 2023

- £2,100.33 (payable from 3 April 2023)

Table 15 - partner's pension application of pensions increases payable from 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual pension in payment on 10 April 2023
1 April 2023	£2,100.33 x 5.05% = £106.07	10 April 2023	31 March 2026	£2,100.33 + £106.07 = **£2,206.40**

Example 8. Inner club transfer

Data

- relevant date - 1 April 2023
- sending scheme – National Health Service Pension Scheme (NHSPS)
- sending scheme revaluation date – 6 April
- sending scheme annual addition – 1.5 %
- earned pension credited from the transfer value - £1,000, the transfer value excludes the revaluation in April 2023 because the effective date of revaluation in the NHSPS is 6 April 2023 and the relevant date is 1 April

Impact

The example in table 12 shows that on:

- 6 April 2023 the balance in the pension account at the end of the last scheme year (ie 31 March 2023) is revalued - this balance excludes the earned pension credited from the club transfer because the relevant date is 1 April 2023
- 6 April 2024 the balance in the pension account at the end of the last scheme year (ie 31 March 2024) is revalued - this balance includes the earned pension credited from the club transfer with a relevant date of 1 April 2023.
- Result – the earned pension credited from the transfer value misses revaluation of 10.1 percent plus 1.5 per cent, on 6 April 2023

Table 16 - inner club transfer from the NHSPS

Scheme year starts	Earned pension	Scheme year ends		Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2022	£782	31 March 2023		None	None	**£782**
Scheme year starts	Annual revaluation	Annual revaluation date	Inner Club transfer from NHSPS – relevant date 1 April 2023	Earned pension	Scheme year ends	Opening balance for next scheme year
1 April 2023	£782 x 10.1% = £79	6 April 2023	£1,000 (does not include 6 April 2023 revaluation)	£805	31 March 2024	£782 + £79 + £1,000 + £805 = **£2,666**
1 April 2024	£1,666 x 7.5% = £125 £1,000 x (7.5% + 1.5%) = £90	6 April 2024		£821	31 March 2025	£1,666 + £125 + £1,000 + £90 + £821 = **£3,702**

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Further information

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