

Members of the Senedd Career Average Pension Scheme

A Guide for Members who joined the
Scheme after 6 May 2016



Contents

| | |
|--|----|
| Introduction..... | 2 |
| Membership of the Scheme - Joining the Scheme..... | 4 |
| How your pension is calculated | 5 |
| Contributions..... | 7 |
| Leaving the Scheme | 8 |
| Retirement Benefits | 10 |
| Death in Service | 16 |
| Opting out..... | 21 |
| Additional information..... | 22 |

Introduction

This guide is intended for Members who joined the Senedd on or after 6 May 2016. Members who joined the Senedd before this date have different pension arrangements and this guide is not intended for them.

Members of the Senedd Pension Scheme (“the Scheme”) is a type of defined benefit pension scheme called a Career Average Revalued Earnings (CARE) Scheme.

The Scheme is managed by a Pensions Board known as the Trustees. The Board comprises two representatives nominated by current and previous Members of the Senedd, two representatives appointed by the Senedd Commission and a professional Independent Trustee to act as Chair. The Pensions Board meet at least three times a year and members will be sent a newsletter periodically, updating them on the work of the Board.

Benefits payable to members under the rules of the Scheme are paid from the Pension Fund. The Pension Fund is made up of member and Senedd

Commission contributions and the returns received on the Fund's investments. The Pension Fund, as is required by law, is held entirely separately from the assets of the Senedd and is looked after by the Trustees on behalf of the beneficiaries.

Every three years the Scheme Actuary will make an assessment of the Fund's financial position. This enables the Trustees to assess the financial health of the Scheme.

The Small Print

This is your guide to the valuable range of benefits to which you are entitled as a member of the Scheme, it does not cover every aspect of the Scheme.

Full details of the Scheme are set out in the Members of the Senedd Pension Scheme Arrangement of Rules.

If there are any inconsistencies between this handbook and the Rules, it is the Rules that will prevail.

Membership of the Scheme - Joining the Scheme

You don't need to do anything to join the Scheme. Provided you have not reached age 75, you will join the Scheme from the date you become a Member of the Senedd.

Membership of the Scheme is not compulsory and you are able to opt out if you wish to do so. You will need to inform the Trustees in writing if you wish to exercise this option. More details about opting out are provided on page 21.

If you decide to opt out of the Scheme, you should think carefully about making alternative pension provision and where appropriate take financial advice on your individual circumstances.

Transfers in from other pension schemes are not accepted and there is no facility to buy added pension or added years.

How your pension is calculated

Each year you will build up a pension of 1/50th of your salary for that year. This means that your pension is based on your salary throughout your membership.

For example, if you earn £79,817 a year then the pension you build up each year would be £1,596 per year.

If you are an Office Holder you will earn an additional Office Holder CARE pension of 1/50th of the Office Holder salary you earn each year.

The CARE pension you build up each year will be increased each year at a rate determined by Treasury order. This is currently in line with the change in the Consumer Price Index (CPI).

How your pension is calculated

The table below shows how the pension builds up each year and how the annual increase is applied. The total amount of pension that will have built up by the end of four years including the annual increases, is shown at the end of the table.

| Year | Member salary | Pension at start of year | Pension built up in year | Increase applied to Pension | Revalued Pension at end of year |
|--|---------------|--------------------------|--------------------------|-----------------------------|---------------------------------|
| 2026-27 | £79,817 | £0 | £1,596 | £32 | £1,628 |
| 2027-28 | £81,413 | £1,628 | £1,628 | £65 | £3,321 |
| 2028-29 | £83,042 | £3,321 | £1,661 | £100 | £5,082 |
| 2029-30 | £84,702 | £5,082 | £1,694 | £136 | £6,912 |
| Total CARE pension at the end of five years = £6,912 per year | | | | | |

The example above assumes an annual salary increase of 2% and that CPI inflation will increase by 2% each year. The actual amount of pension built up at the end of the period would reflect the actual salary received each year (including any Office Holder salary that may be payable) and the actual rate of the annual increase that is applied each year.

Contributions

The cost of providing the benefits from the Scheme is shared between the Senedd Commission and the Scheme members.

As a member of the Scheme you are required to pay a contribution from your salary; the Senedd makes an 'Employer' contribution. Contribution rates are reviewed from time to time, normally following the triennial review of the Scheme by the Scheme Actuary.

The member contribution rate for the Scheme is currently 10.5% of salary.

Contributions to the Scheme are currently subject to full tax relief at your highest rate of income tax up to age 75. You will receive this tax relief automatically in your pay.

If you are an Officer Holder you will pay member contributions on both your Member of the Senedd's salary and your Office Holder's salary.

Leaving the Scheme

If you leave the Scheme before 'Minimum Retirement Age' you have two options to choose from:

Option 1:

You can leave the pension you have built up in the Scheme. This is known as a deferred pension. It will be increased each year in line with inflation (currently the Consumer Price Index) until you decide to start receiving it.

A deferred pension is payable unreduced from the Scheme's 'Normal Retirement Age'. However, it can be paid early, currently from age 55 and would then be subject to a reduction for early payment. The minimum pension age will increase to age 57 with effect from 6 April 2028.

It may be possible for your pension to be paid earlier if you are suffering from ill health. If you were to die before taking the pension, the benefits described on page 17 will be payable.

Option 2:

You could transfer the value of your pension to another approved pension scheme. The 'cash equivalent transfer value' of your pension is calculated using factors provided by the Scheme actuary.

You may be required to provide evidence of having taken independent financial advice before taking this option.

Retirement Benefits

When you retire, you will receive an annual pension. The maximum pension available at Normal Retirement Age is two thirds of Final Salary.

Retirement lump sum

You can currently choose to exchange part of your pension for a retirement lump sum which, subject to certain limits, is currently paid tax free and you would then receive a reduced pension. You must exercise this option by giving written notice to the Trustees before the first instalment of your pension is paid.

The amount of the maximum tax free lump sum permitted is broadly 25% of the value of your annual pension entitlement. HMRC limits the amount of tax free cash that can be taken. This is known as the Lump Sum Allowance

More information about the Lump sum Allowance is on pages 13-14.

Normal Retirement Age

Normal Retirement Age is the age at which you can take all your pension without reduction for early payment and is linked to your State pension Age (or 65, whichever is higher) and will rise if your State Pension Age rises.

Early Retirement

You can apply to the Trustees to have your pension paid early provided you have:

- reached Normal Minimum Pension Age, currently age 55 and;
- ceased serving as a Member of the Senedd.

If you take your pension early, it will be reduced for early payment because it will be in payment for longer. The amount of the reduction will depend on the age at which you take your pension and your Normal Retirement Age. The earlier you take your pension the larger the reduction for early payment.

Lump Sum Allowance

The Lump Sum allowance (“LSA”) is the maximum total amount that you can receive as a lump sum from all your pension arrangements (workplace or personal) in your lifetime without paying extra tax.

For most members, the LSA is £268,275. If you have previously received benefits from a pension arrangement, it is likely that you will have already used some of this allowance. The amount that you have used (and hence the amount that you have remaining) is therefore determined as follows:

a) Pension benefits taken after 5 April 2024 – each tax-free cash lump sum taken from this date will count directly towards the amount of LSA that you use up.

b) Pension benefits taken prior to 6 April 2024 – unless you notify us otherwise, we will assume that you previously took the maximum 25% of the value of your pension entitlement as a tax-free cash lump sum and this will be used to calculate your remaining LSA.

If you believe that you may be restricted by the LSA limit and that the approach set out in (b) is not an accurate reflection of the amount of tax-free cash that you have previously taken, you can apply for a Transitional tax-free amount certificate. This may then allow you to take a higher amount of tax-free cash from 6 April 2024.

Pension Commencement Excess Lump Sum

If your tax-free lump sum needs to be restricted as you have insufficient LSA remaining, you may still have the option to receive a higher cash sum. Any amount received over and above the LSA limit will be subject to income tax at your marginal rate.

III Health Retirement

In order to receive ill health retirement benefits the Trustees would have to be satisfied that you were prevented from continuing to adequately perform your duties as a Member of the Senedd, due to permanent ill health. If the Trustees are satisfied, having considered medical advice, that you meet the criteria for an ill health pension as set out in the Rules of the Scheme, you would receive an immediate pension based on either a Tier 1 or Tier 2 ill health pension.

A Tier 1 pension is payable where the medical evidence supports the fact that an individual is not prevented from undertaking other gainful work but is permanently unable to adequately perform their duties as a Member of the Senedd. The Tier 1 ill health pension payable is the pension built up at the point of retirement without reduction for early payment.

A Tier 2 pension is payable where the medical evidence supports the fact that an individual is prevented from undertaking any other gainful work

and is permanently unable to adequately perform their duties as a Member of the Senedd.

The Tier 2 ill health pension payable is the pension built up at the point of retirement with an enhancement as if you had remained an active member of the Scheme until Normal Retirement Age (subject to the maximum $2/3$ rd limit).

Death in Service Cash Lump Sum

Were you to die in service as a participating member, the Trustees may pay a lump sum gratuity equal to two times your salary (including your Office Holder salary if you were an Office Holder at the time of your death), or a refund of your contributions with interest if higher. This would be payable to your nominated beneficiary or beneficiaries.

You may nominate an individual, individuals, an institution or a trust. If a valid nomination does not exist, the death gratuity would be paid to your estate. Please note that the Trustees will take into account your nomination but are not legally bound by it.

A nomination form can be downloaded from the Members pension's intranet site, copies can also be obtained from the Pensions Team. It is important that you keep your nomination under regular review and update it if your personal circumstances change.

Death in Service Dependant's pensions

Were you to die in service as a participating member and you had a surviving Spouse, Civil Partner or a Partner (whether the same or opposite sex), a Surviving Adult Dependant's Pension would be payable.

A Partner means a person of either sex who:

- was co-habiting with you at the date of your death and had been co-habiting with you for at least twelve months,
- was in the opinion of the Trustees either financially dependent or interdependent with you for at least twelve months.

A form to nominate who you want to receive this benefit can be downloaded from the Members' pension's intranet.

For the first three months following death, the total of the Surviving Adult Dependant's Pension and any Children's Pensions payable would be equal to the Member of the Senedd's Salary. After the end of this

three month period, the Surviving Adult Dependent's Pension would be equal to half of the CARE pension that you would have built up if you had stayed in the Scheme until Normal Retirement Age.

Children's pensions are also payable for the benefit of any Relevant Child who is under 17 years of age or is under 23 years of age and is in full time education or undergoing full time training.

The Child's pension would be equal to:

- where there is one Relevant Child, a sum equal to one quarter of your pension (enhanced as described above) or,
- if there is more than one Relevant Child, a sum equal to three-eighths of your pension (enhanced as described above).

Children's pensions may be increased if there is no Surviving Adult Dependent.

Death after Retirement

In these circumstances the Surviving Adult Dependant's Pension payable would, for the first three months, be at the same rate as the pension that was payable to you immediately before your death.

This would be followed by a Surviving Adult Dependant's Pension equal to half of your CARE pension entitlement at the date of your death (based on your full pension before any amount you exchanged for a tax free lump sum and ignoring any reduction for early payment).

In addition, if you were to die within five years of first becoming entitled to receive a pension, further benefits may be payable. It is important that you keep your nominations up to date to ensure that your benefits are paid as swiftly as possible.

Death in Deferment

In these circumstances your Spouse/Civil Partner/Partner would receive a pension equal to half of the CARE pension that you would have been entitled to receive if it had come into payment immediately before your death.

Opting out

You can opt-out of the Scheme at any time.

If you decide to leave the Scheme, your decision will take effect from whatever date the Trustees shall determine to be the earliest practicable date after that on which they receive your written notification.

Re-joining at a later date

As a Member of the Senedd who has opted-out you may apply to re-join the Scheme if re-elected at an election. Notification of your intention to re-join the Scheme must be made in writing to the Trustees **within three months** of your election. The effective opt-in date will be the date of the election.

Additional information

The Annual Allowance

The Annual Allowance is a limit on the amount by which your pension can increase in a tax year without incurring a tax charge. The amount of the Annual Allowance is set each year by the Government. In the 2025/2026 tax year it is £60,000. If the value of your pension savings increases by more than the Annual Allowance, you may be liable to pay tax.

A tapered Annual Allowance applies for those with an 'adjusted income' over £260,000. Anyone with a taxable income over £200,000 is potentially affected by the tapered Annual Allowance.

The minimum tapered annual allowance in the current tax year is £10,000. This happens if your adjusted income is over £360,000.

Data Protection

The Trustee has to keep and process data relating to you for legal, personnel, administrative and management purposes. This may include the processing of any sensitive personal data (as defined in the Data Protection Act 2018) in relation to your membership of the Scheme, including, as appropriate information about your physical or mental health or condition and in order to comply with legal requirements and obligations to third parties.

The Trustees may make such information available to a third party who provides products or services to the Trustees (such as medical, other professional advisers and payroll and pension administrators), regulatory authorities and as may be required by law in order to administer the Scheme and put in place appropriate insurance. This may include the transfer of such information to any third party outside the European Economic Area in order to further the Trustees' obligations in respect of the Scheme. Appropriate measures are taken to protect your personal data.

Assignment

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlement from the Scheme.

State Pension

In addition to the pension you receive from the Scheme, you will also receive a State Pension.

The pension you receive from the State will be paid in addition to any pension you receive from the Members' of the Senedd Pension Scheme.

Further information on State benefits, including how to obtain a forecast of what your State Pension might be, can be found at [**www.gov.uk/state-pension-statement**](http://www.gov.uk/state-pension-statement).

Disclosure of information and disputes

If you have any concerns about the way in which the Scheme is being administered you should in the first instance raise the matter with the Pensions Team who will approach the Chair of the Trustees.

If you have a dispute in connection with the Scheme which you have been unable to resolve informally, you should follow the Internal Dispute Resolution Procedure, which will be made available to you on request, by the Pensions Team.

If you have failed to resolve a dispute under the Internal Dispute Resolution Procedure, you may wish to raise the issue with the Pensions Advisory Service which is available to assist members and beneficiaries of the Scheme in connection with any difficulties which cannot be resolved internally.

The address of The Money & Pensions Service is Borough Hall, Cauldwell Street, Bedford, MK42 9AB, telephone 01159 659570.

If the matter remains unresolved, it may be referred to The Pensions Ombudsman who can investigate and determine any complaint of fact or law in relation to an occupational pension scheme.

The address of The Pensions Ombudsman is 10 South Colonnade, Canary Wharf E14 4PU (Tel: 0800 917 4487.)

How to find out more

If you need more information please contact us:

Donna Davies, Donna.Davies@senedd.wales
0300 200 6523.

Liz Calder, Liz.Calder@senedd.wales
0300 200 6528

Adam Cottrell Adam.Cottrell@senedd.wales
0300 200 7390

Or visit the Members pension intranet site.