Pension Update

For active members of the Local Government Pensions Scheme (LGPS) | **Summer 2026**

Welcome to the 2026 LGPS newsletter. This newsletter is for people who actively pay into the Local Government Pension Scheme (LGPS). We have produced this newsletter jointly with other LGPS funds. If you would like more information about your pension benefits visit www.lgpsmember.org or contact Lambeth Pension Fund.

Understanding your pension with videos

If you'd like a clearer understanding of your LGPS pension and the options available to you as a scheme member, but don't have much time, the *Pensions Made Simple* videos are perfect to watch. These short videos offer a quick summary of important topics, including "How your pension works," "Protection for you and your family," "Life after work," and "The McCloud remedy."
To watch the videos, visit: **www.lgpsmember.org/help-and-support/videos/**

Important reminder

Please check your pension statement. Make sure your 2025/2026 pensionable pay is right. This pay affects how the pension grows. Your employer gives us your pay details. If something is wrong, contact your employer as soon as you can.

Contacting the Pensions Team

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About the LGPS

The LGPS has been a career average pension scheme since 1 April 2014. This means your pension is based on your average pay over your working life.

Each year, some of your pensionable pay is added to your pension account. This amount is adjusted to match the cost of living. It's then added to your total pension.

Cost-of-living adjustments
Every April, your pension is adjusted. In April 2025, the adjustment went up by 1.7%. This follows the Consumer Prices Index (CPI). You'll see this increase reflected in your pension statement.

Looking ahead
The cost-of-living increase for April 2026 is 3.8%. This increase will not be included in your 2026 pension statement. This statement covers 1 April 2025 to 31 March 2026.

Topping up your pension – Different ways to pay more

Are you thinking about paying more into your pension? Adding extra contributions can help increase your income in retirement and give you greater financial security in the future.

There are two main ways you can top up your pension:

- Additional Pension Contributions (APCs) and
- Additional Voluntary Contributions (AVCs).

Additional Pension Contributions (APCs)

APCs allow you to buy extra annual pension. You can choose to pay regular monthly contributions from your salary or by making a one-off lump sum payment. The contributions benefit from tax relief.

You must be in the main section of the scheme to start APCs and the extra pension you buy will increase each year with the cost of living and will be paid to you when you retire.

The cost of APCs depends on your age, how much extra pension you want to buy, and how you choose to pay. The maximum extra pension you can buy is £9,054.
If you want to start paying APCs, please visit the online APC calculator:
www.lgpsmember.org/help-and-support/tools-and-calculators/buy-extra-pension-calculator/

Additional Voluntary Contributions (AVCs)

Instead of buying extra pension, AVCs build up a separate pot of money in your name.

When you pay AVCs, you choose how your money is invested from a range of available funds. You can change your investment choices or stop contributions at any time.

In most cases, you can contribute up to 100% of your pensionable pay, providing there is enough left to cover your main pension contributions and National Insurance.

Your options at retirement

When you take your pension, you can choose to:

- take some or all of the AVC fund as tax-free cash (subject to HMRC limits),
- buy extra pension in the LGPS,
- buy a guaranteed income for life (an annuity), or
- choose a combination of these options.

Shared Cost AVCs

Some employers offer AVCs through a Shared Cost AVC (SCAVC) arrangement, which uses salary sacrifice.

With salary sacrifice:

- you agree to give up part of your salary, and your employer pays this amount into your AVC instead,
- you do not pay tax or National Insurance on the amount paid into the AVC,
- your employer also pays lower National Insurance.

Both APCs and AVCs count towards your annual allowance set by HMRC, and you can pay into both at the same time.

Before making any decisions, it's important to consider your personal circumstances. You may also wish to seek independent financial advice. For more information, please contact your pension fund.

Pension Scams

The number of pension scams continues to rise, so it's more important than ever to understand how to protect your money and recognise the warning signs.

Scammers often pretend to be from genuine pension providers. They may contact you unexpectedly by email, text message, social media or through illegal cold calls. They might offer a free review of your finances or claim you can access your pension before the normal minimum pension age (currently 55 increasing to 57 from 06 April 2028).

Their aim is to persuade you to transfer your pension savings to them by promising high returns with little or no risk.

To reduce the likelihood of being scammed you should follow these guidelines:

- Reject unexpected offers, unsolicited messages or cold calls
- Always check who you are dealing with on the Financial Services Register: https://register.fca.org.uk/s/
- Read The Pension Regulator's leaflet on pension scams
- Do not be rushed or pressured into making decisions
- Get free, impartial guidance from MoneyHelper: www.moneyhelper.org.uk/en

If you receive a phone call or email that appears to be from us but you are unsure, do not share any personal or financial information. Contact us directly to confirm whether the communication is genuine.

Pensions Awareness Week 2026

Pension Awareness Week begins on **15 September 2026** and is a great opportunity to focus on your retirement planning. The campaign aims to make pensions easier to understand through **free webinars, live sessions and pension clinics,** helping people make informed decisions about their financial future.

Many people remain disengaged with their pensions and may not be saving enough for retirement. Pension Awareness Week encourages everyone to take simple steps to better understand their pension, including the benefits of regular contributions, employer payments and tax relief.

Why not use the week to log into your pension account, try a pension calculator or attend a webinar? Small actions today could make a big difference to your future retirement income.

So spread the word and save the date!

More information about Pension Awareness week is available at: https://pensionawarenessday.com

You can also find clear, reliable information about your LGPS pension at www.lgpsmember.org

Are your nominated beneficiaries up to date?

If you die while paying into the LGPS, a lump sum death grant of three times your annual pay may be paid to one or more people you have nominated (your beneficiaries). You are covered from the day your join the scheme, regardless of how long you have been a member.

If, at the time of your death, you also have a deferred LGPS benefit and/or an LGPS pension already in payment from a previous period of membership, the lump sum death grant paid will be the greater of:

- the total of any lump sum death grants payable from your deferred benefit(s) and/or pension(s) in payment, or
- three times your annual pay at the date of death.

The annual pay used to calculate the death grant is based on Assumed Pensionable Pay (APP). This is a notional pay figure designed to protect your benefits if your pensionable pay reduces during periods away from work, for example due to sickness or certain types of leave.

You can complete an "expression of wish" to tell the Fund who you would like to receive any death grant. While any expression made is not legally binding, it helps guide the Fund's decision. The Fund retains absolute discretion over the final payment. If you are considering nominating a child under age 18, you may wish to seek independent legal advice, particularly about setting up a trust.

To make or update your expression, you can fill in an "expression of wish" form, available to download from our website, or log on to our online member portal. We recommend reviewing your nomination regularly and updating it if your personal circumstances change.

Opting Out, the 50/50 Scheme and Re-Enrolment

With the cost of living crisis continuing to put pressure on household budgets, you may be considering ways to reduce your monthly outgoings. One option you might look at is your pension contributions.

Membership of the pension scheme is not compulsory, and you can choose to opt out if you wish. However, you should never be encouraged not to join the pension scheme.

Before making any decision, it's important to think very carefully. The Local Government Pension Scheme (LGPS) is a valuable benefit, and opting out could significantly reduce your income in later life and have a lasting impact on your retirement.

Opting Out and Re Joining

If you do decide to opt out, you are able to re join the main scheme at any time, provided you are eligible.

The 50/50 Scheme – An Alternative Option

If finances are tight, you may wish to consider the 50/50 Scheme as an alternative to opting out altogether.

Under the 50/50 option:

- You pay half your normal pension contributions
- You build up pension benefits at half the normal rate
- You retain full life assurance and ill health cover, which you would lose if you opted out completely

The 50/50 scheme is designed as a temporary measure, and you can move back into the main scheme at any time.

Re Enrolment

Whether you opt out or join the 50/50 scheme, your employer is required by law to re enrol you into the main pension scheme every three years, provided you meet the eligibility criteria.

💡 Top tip: Check with your employer when your next re enrolment date is due, so you're not caught out by an unexpected pension deduction in that month's pay.

What You Need to Do

To opt out, opt back in or join the 50/50 scheme you will need to complete and sign the relevant form.

If you're still unsure which option is right for you, we strongly recommend seeking advice from an independent financial adviser.

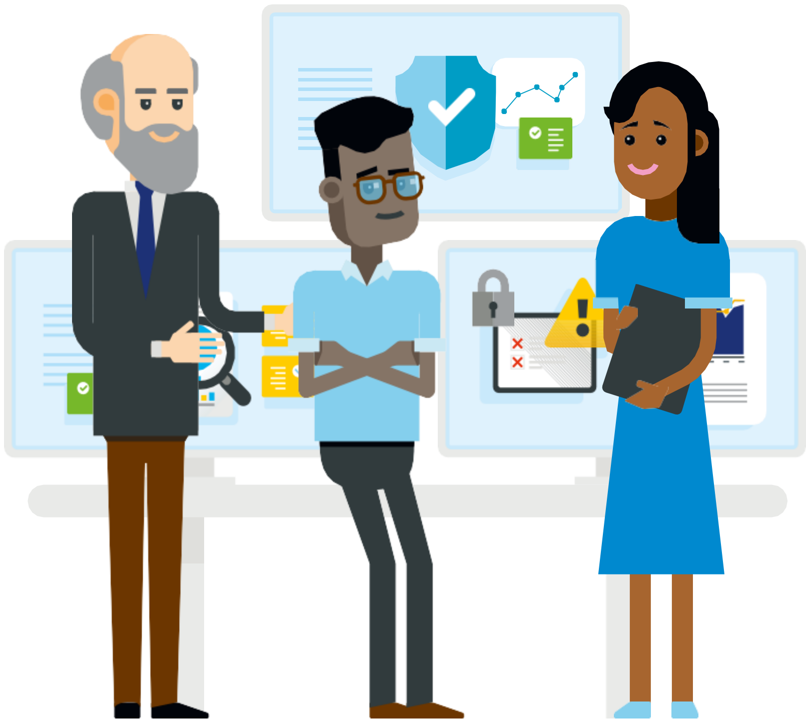
For further information or support, please contact the Pensions Team.

Planning your retirement income

Thinking about how much income you'll need in retirement is an important part of planning for the future.

The Retirement Living Standards, developed by Loughborough University, provide a useful guide to three levels of retirement lifestyle:

- **Minimum** – covering basic needs, with little left over for extras
- **Moderate** – offering more financial comfort and flexibility
- **Comfortable** – providing greater choice, security and leisure



They estimate typical spending on everyday essentials like housing costs, food, transport, clothing and leisure. The figures are updated regularly to reflect changes in prices and living expectations.

For 2026, the estimated annual income needed is:

For a Single person:

- £13,900 (Minimum)
- £32,700 (Moderate)
- £45,400 (Comfortable)

For a Couple:

- £22,500 (Minimum)
- £45,400 (Moderate)
- £62,700 (Comfortable)

These figures are a helpful benchmark, but everyone's circumstances are different. Factors such as housing costs, health needs, hobbies, travel plans and family commitments can all affect how much income you'll need.

When assessing your retirement income, consider all potential sources, including your State Pension, LGPS pension, AVCs/APCs, other workplace or personal pensions, and any savings or investments. The full State Pension for 2026/27 is £12,548 a year, which may cover much of the minimum standard for many retirees.

To help with your planning, log in to the Member Self Service (MSS) portal by visiting https://pensions.lambeth.gov.uk where you will find our retirement income planner. You can also view estimates of your pension benefits, including projections for early retirement and any reductions that may apply.

To learn more about the Retirement Living Standards, visit www.retirementlivingstandards.org.uk.

You can also check your State Pension forecast at www.gov.uk/check-state-pension.

Reviewing your expected income alongside your likely retirement spending can help you feel more confident and prepared for the future.

Visit our online Member Self Service (MSS) Portal

The online member portal, MSS, provides you with access to online tools to help you plan and manage your pension.

Features include the following:

- A personalised **video annual benefit statement** with a digital presenter to talk you through your latest statement.
- A **retirement income planner** which allows you to set a retirement goal to match the lifestyle you are hoping to have in retirement and allocate spending to different lifestyle categories. The planner will present you with information about the retirement income you will need to achieve the lifestyle you want in retirement compared with how much you are on track to receive.
- An **improved registration and log-in process** and added security, which includes sending you a text message with a code you will need to enter in order to log in to your account.

You can still update your contact details, nominate beneficiaries for any death grant that may become due and calculate pension benefits for your chosen retirement date.

If you haven't already signed up, go to https://pensions.lambeth.gov.uk, click on 'Create an account' and follow the on-screen instructions.

If you have already registered for MSS, enter your email address and password to log in.

The Normal Minimum Pension Age (NMPA) is changing

The Normal Minimum Pension Age (NMPA) is the earliest age you can usually take your pension benefits. The NMPA is currently 55, but it is due to increase to 57 from 6 April 2028. This change does not apply if you take your pension early due to ill health.

What does this mean for me?

If you were born after 5 April 1973
The earliest age you can take your pension will increase to 57.

If you were born between 6 April 1971 and 5 April 1973
You can choose to take your pension between age 55 and 5 April 2028 (the day before the NMPA increases). If you do not take your pension before this date, you will need to wait until age 57.

If you were born on or before 5 April 1971
You will already be age 57 by 6 April 2028, so this change will not affect you.

Will I be protected from the increase in NMPA?

Some members may be entitled to a protected pension age of 55, meaning they could still take their benefits before age 57.

This may apply if:

- you were a member of the LGPS in England and Wales before 4 November 2021, or
- you transferred pension benefits into the LGPS and meet certain conditions.

The Government has consulted on proposals to allow eligible LGPS members to retain a protected pension age. However, final regulations have not yet been confirmed, and the position may still change.

We will provide further updates once the regulations are finalised. You can also keep up to date at GOV.UK.