Pension Update 2026

Welcome to the 2026 LGPS newsletter

This newsletter is for people who pay into the Local Government Pension Scheme (LGPS). It's written with help from other LGPS funds. To learn more about your pension, go to: **www.bedspensionfund.org**.

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 was an increase of 1.7%. This follows the Consumer Prices Index (CPI). You'll see this increase reflected in your pension statement.

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.

LOOKING AHEAD

3.8%

The cost-of-living increase for April 2026 is 3.8%. This increase will be included in your 2026 pension statement. This statement covers 1 April 2025 to 31 March 2026.

Pensions Dashboards update

Over the past year, the pension fund has connected to the pensions dashboards digital ecosystem and is now reporting scheme member pensions data.

Pensions Dashboards are an online tool that will let you securely view all your pension information in one place, including your LGPS benefits, State Pension and any other pension savings.

It will be open to all savers with a UK pension that has not yet been accessed, or is not currently being paid (for the State Pension, you must be under State Pension age).

The Government is prioritising a non-commercial dashboard from The Money and Pensions Service (MaPS), available on the MoneyHelper website (**www.moneyhelper.org.uk**).

Commercial dashboards from banks and other financial bodies will follow later.

A public launch date isn't yet confirmed, but development has progressed with the second phase of consumer testing for the MoneyHelper Pensions Dashboard now underway. If you'd like to help test it, you can join the MoneyHelper Research Panel — visit **www.moneyhelper.org.uk** to sign up.

For more information, visit **www.pensionsdashboardsprogramme.org.uk**.

Scheme changes – improving access and fairness in the LGPS

The Government has confirmed changes to the Local Government Pension Scheme (LGPS) to make it fairer for all members. Most took effect from 1 April 2026, and some apply to earlier dates too. Here's a summary of the main changes.

Fairer survivor benefits

From 1 April 2026, survivor pensions are worked out more consistently, so members are treated equally regardless of the sex of the member who died or their surviving spouse or civil partner. Some survivor pensions will go up, as more of the member's service before April 2014 will now count. Some will be paid for the first time, most likely affecting male survivors of female members who left the scheme before April 1988.

The changes apply to deaths dating back to:

5 December 2005 for opposite sex marriages and same sex civil partnerships

14 March 2014 for same sex marriages

31 December 2019 for opposite sex civil partnerships.

Some cohabiting partners' pensions may also increase if the member died between 1 April 2008 and 31 March 2014.

Who could be affected?

You do not need to take any action. We will identify any affected cases and contact you if a review applies. The government department responsible for the LGPS has set a timescale of 18 months from the date the legislation took effect.

Changes to death grants

Age limit removed: A lump sum death grant may now be paid even if a member dies after age 75, backdated to 1 April 2014. We are identifying any new death grants for members who died after age 75 since April 2014 and will contact beneficiaries to arrange payment. Interest for late payment will be added.

More flexibility: Pension funds can now use discretion to decide who receives a late death grant. This means the death grant will be taxed at each beneficiary's marginal rate of tax, rather than the 45% charge that applies when it is paid to personal representatives. A 'late' death grant is usually one that is not paid within two years of the date of death.

Stronger protection during time off work

The changes below came in from 1 April 2026 to help reduce the gender pensions gap.

Child-related leave

From 1 April 2026, you'll continue to build up pension as if you were on normal pay during:

- unpaid additional maternity leave
- unpaid additional adoption leave (weeks 27–52)
- unpaid shared parental leave.

This extends existing rules, where your pension continues to build up during ordinary maternity or adoption leave (the first 26 weeks).

Unpaid leave (authorised by your employer)

Less than 15 days: your pension continues to build up. You and your employer both pay normal contributions (this doesn't apply to strike action).

15 days or more: the break doesn't count automatically, but you can choose to buy back the lost pension under new Qualifying Additional Pension Arrangement (QAPA) rules. These give you more time to decide, base contributions on your normal rate, match the pension you'd have built up at work, and require no medical report.

For more information, see the QAPA section on the LGPS members website: **www.lgpsmember.org**

Opting out, the 50/50 scheme and re-enrolment

Opting out and re-joining

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.

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

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.

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.

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 at: **pensions@bedford.gov.uk**

Planning your retirement income

Working out how much money you'll need in retirement is an important part of planning for the future. The Retirement Living Standards help you understand what different lifestyles in retirement may cost.

What are the retirement living standards?

Developed by Loughborough University, they describe three levels of retirement living:

- **Minimum** – covers basic needs with little money for extras.
- **Moderate** – offers more comfort and flexibility.
- **Comfortable** – provides greater choice, security and leisure.

How much income might you need?

The Retirement Living Standards estimate the yearly income needed for different lifestyles in retirement.

SINGLE PERSON

£13,900 – Minimum
£32,700 – Moderate
£45,400 – Comfortable

FOR A COUPLE

£22,500 – Minimum
£45,400 – Moderate
£62,700 – Comfortable

Find out more at: **retirementlivingstandards.org.uk**

Everyone's retirement is different

These figures are only a guide. Your income needs will depend on factors such as:

- Mortgage or rent payments
- Health or care costs
- Tax on pension income
- Hobbies, travel and family commitments

It's worth thinking about what you want your retirement to look like and setting your own personal income target.

Where will your retirement income come from?

Once you have an idea of how much income you might need, the next step is to look at what income you're likely to have.

State Pension

The full State Pension for 2026/27 is **£12,548 a year**.

This goes a long way towards meeting the minimum standard for a single person. Couples where both partners receive the full State Pension would usually meet the minimum standard together.

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

Other income

Your retirement income may also come from:
Your LGPS pension

Any additional payments you make, like AVCs or APCs
Other workplace or personal pensions

Savings or investments

If you have lost track of an old pension, the Pension Tracing Service can help:
www.findpensioncontacts.service.gov.uk

Checking your LGPS benefits

You can log in to your LGPS online member portal at any time to view an estimate of your benefits. This includes:

Your expected pension at retirement

Estimates for early retirement

Any reductions that may apply

Taking time to review your expected income alongside your likely spending can help you feel more confident and better prepared for retirement.

Cost of living support

Most of us would like to be able to make our money stretch a bit further – and there are lots of ways to do this.

With household budgets under pressure as costs go up, for many people, budgeting is more crucial than ever before. MoneyHelper, the government-backed service, provide free impartial guidance on money and pensions. They have now launched a budget planner tool which can help you keep track of your money and suggest ways you can improve your finances: **www.moneyhelper.org.uk/en/everyday-money/budgeting/budget-planner**

The planner will give you a clear idea of where you're spending your money. Once you know this you can start to look at whether you could cut your costs by changing your spending patterns or how to get the most out of any money you have left over.

There are a range of tools available on their site, including budget guides, a bill prioritiser and debt advice locator tool.

If you don't have enough money to live on, help and advice can be found through Citizens Advice. Their help is available even if you work, have savings or own a home:
www.citizensadvice.org.uk/debt-and-money/cost-of-living /get-help-with-the-cost-of-living /

Your Local Authority may also be able to provide some practical support if you contact them directly.

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** as of 2026/27.

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/**

Shared Cost AVCs (SCAVCs)

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.

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.

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 6 April 2028).

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

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.

To reduce the likelihood of being scammed:

- 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**

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 you 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 update your beneficiaries, you can fill in an "expression of wish" form, available to download from our website, or log on to My Pension Online. We recommend reviewing your nomination regularly and updating it if your personal circumstances change.

Changes to NMPA

The UK Government has announced future changes to the Normal Minimum Pension Age (NMPA). The NMPA is the earliest age from which pension schemes can allow members to access their workplace or personal pensions for reasons other than ill-health.
The NMPA will increase from age 55 to age 57 with effect from 6 April 2028.

You may be protected from this increase (and retain NMPA of 55) if:

you joined the LGPS before 4 November 2021

if you transferred a previous pension into the LGPS and certain conditions are met.

The Ministry of Housing, Communities and Local Government (MHCLG) makes the LGPS rules, and any protections will be dependent on these rules.

MHCLG has not yet confirmed if it will allow members who qualify for protection to take their LGPS pension before age 57 from 6 April 2028 onwards. Further updates will be provided if MHCLG changes the Scheme rules to reflect the increase in the normal minimum pension age.

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/**

We've launched a new website

We're pleased to announce the launch of our new Bedfordshire Pension Fund website.

The new website has been designed to make it easier for members, employers and pensioners to find the information they need. With a fresh look, improved navigation and enhanced accessibility features, the site provides a better online experience across desktop, tablet and mobile devices.

Visit the new website at **www.bedspensionfund.org** and explore the latest information and resources available to support your pension journey.

My Pension Online

My Pension Online is a secure and convenient way to manage your pension in one place. You can view your pension information, update your details, access important documents, and use helpful tools to plan for retirement.

Register or log in today:
https://mypension.bedspensionfund.org/login

Webinars – learn more about your LGPS

Want to learn more about your LGPS pension? Join one of our free member webinars to understand your benefits, retirement options, Annual Benefit Statement and My Pension Online.

To register for a webinar, visit:
www.bedspensionfund.org/webinars

Upcoming dates:

11 September 2026 | 12:00pm – 1:00pm
3 December 2026 | 10:00am – 11:00am
23 February 2027 | 5:00pm – 6:00pm
21 April 2027 | 1:00pm – 2:00pm

Investment and Governance for Bedfordshire Pension Fund

It has been a positive and productive year for the Fund. One of the most significant achievements was the outcome of the latest valuation, which showed that the Fund remains in a strong financial position providing a solid foundation for paying members' pensions both now and in the future.

The Fund has also continued to prepare for important changes across the Local Government Pension Scheme, working closely with our partners to ensure the Fund is ready for the future. At the same time, we have maintained our focus on strong governance, regularly reviewing Fund policies and monitoring risks to ensure the Fund is managed effectively.

The value of the Fund increased during the year, reflecting positive investment returns and supporting the long-term security of members' benefits. We also continued to develop our responsible investment approach, including our commitment to tackling climate-related risks and promoting good stewardship of the companies and assets in which we invest.

To demonstrate that we take our responsibilities as custodians of the Fund seriously, we have remained a signatory to the UK Stewardship Code for the fourth consecutive year. This means we follow recognised best practice in how we oversee and look after the Fund's investment and regularly report on the actions we take to protect and enhance their long-term value.

Contact us

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You can sign up for My Pension Online, our online service for Bedfordshire LGPS members, where you can view your pension record, update your address and let us know about changes to your details.

Visit: **mypension.bedspensionfund.org**