



lgps

Local Government
Pension Scheme

Dyfed Pension Fund Annual Newsletter

Director of Corporate Services

Issue 27, 2026

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Pension Investments

The Dyfed Pension Fund is in the Local Government Pension Scheme (LGPS) and is administered by Carmarthenshire County Council. It is a defined benefit pension scheme. The pension is not affected by how well investments perform. It provides members with a secure and guaranteed income every year when they stop working.

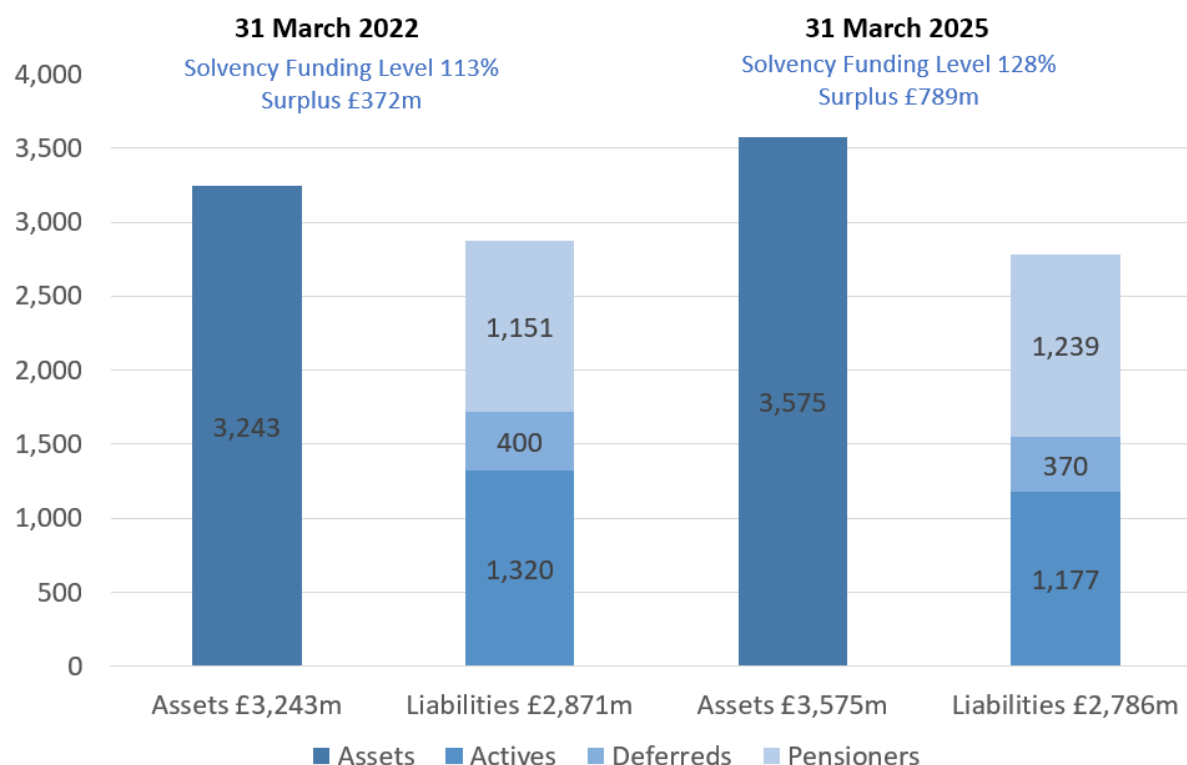
The membership of the Fund is circa **57,000** comprising active, pensioner and deferred members and there are over **51** employers in the Fund.

The Fund's comprehensive website provides further essential information for members and employers: www.dyfedpensionfund.org.uk

Triennial Valuation

The triennial valuation involves determining the pension benefits accrued by scheme members and compares this to the value of assets held in respect of these benefits.

The results of the 2025 valuation and the comparison with 2022 are shown below. It is pleasing to note that the funding level has remained in surplus which means the Fund's assets continue to exceed its liabilities.



The Funding Strategy Statement (FSS) which sets out a clear and transparent funding strategy regarding how each Fund employer's pension liabilities are to be met has been produced following consultation with stakeholders. The FSS was presented for consideration to Pension Committee in February 2026 and the document was approved.

A Strategic Asset Allocation (SAA) review will be undertaken during 2026 and following the completion of this, the Fund's Investment Strategy Statement (ISS) will be reviewed and updated accordingly.

Fund Investments

During the year the Fund continued to fund its commitments to both infrastructure and private credit. The Pension Committee also approved a £25m commitment to a forestry investment with Gresham House. The table below provides an updated position as at 31 December 2025:

Asset Class	Fund Manager	Commitment £m	Invested to date £m	% of Commitment Invested
Alternatives	BlackRock SAIF	150.0	150.0	100.0
Alternatives	Gresham House	25.0	24.3	97.2
Infrastructure	GCM Grosvenor	100.0	67.7	67.7
Infrastructure	Capital Dynamics	10.0	6.8	68.0
Private Credit	Russell Investments	150.0	79.5	53.0

The Fund will continue to make progress in investing the full commitment which will achieve both a diversification of asset types and also bring investments in line with the Strategic Asset Allocation.

This Fund's Investments as at 31 December 2025 are detailed in the table below:

Asset Class	Market Value (£m)	% of Fund
Equities	2,840	71
Fixed Income	343	9
Real Estate	456	11
Alternatives	159	4
Private Credit	87	2
Infrastructure	75	2
Cash	55	1
Totals	4,015	100

Fund Performance

The Fund performed strongly to 31 December 2025, achieving a return of 11.8% and 8.4% per annum over the long term. It underperformed its benchmark which has affected the three, five and ten year performance. The principal driver of the underperformance has been the WPP Global Growth Fund, the Fund's largest holding (representing just over 33% of assets), which underperformed by circa 3%.

Periods to 31/12/25	Return (%)	Benchmark (%)	Out/(Under) Performance (%)
1 year	11.8	12.9	(1.1)
3 years*	10.3	11.4	(1.1)
5 years*	6.7	7.7	(1.0)
10 years*	8.5	8.7	(0.2)

*Annualised Returns

Wales Pension Partnership Investment Management Company (WPP IM Co)

Since 2017 the Fund has been pooling assets alongside the other seven Welsh LGPS in the Wales Pension Partnership (WPP). Progress since has been considerable with around 80% of the Fund’s assets being pooled or under pooled management. This has resulted in significant cost savings and has provided enhanced access to private market investments due to economies of scale.

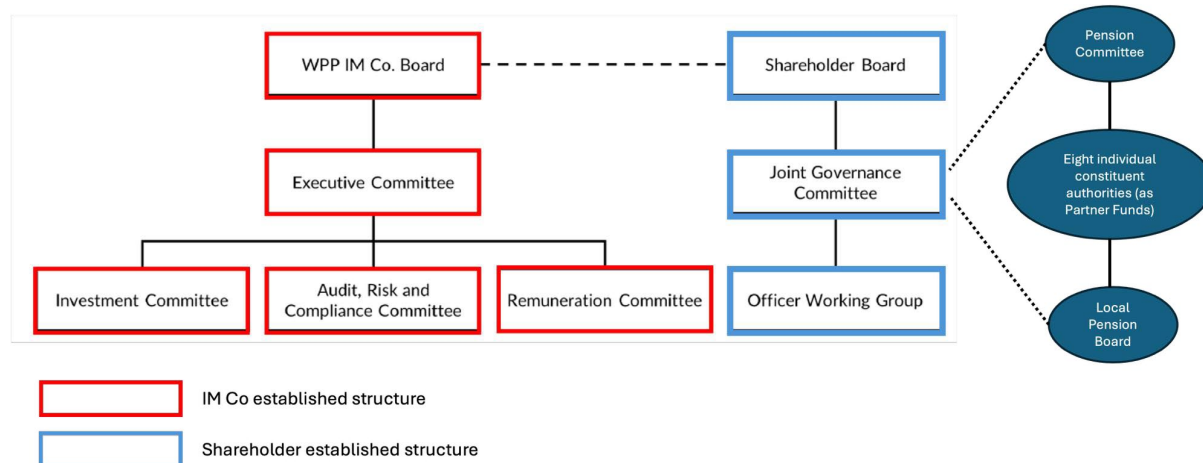
In November 2024 the UK Government launched its LGPS Fit for The Future Consultation. This outlined a range of proposals to strengthen the management of LGPS investments in 3 key areas:

1. Reforming the LGPS asset pools.
2. Boosting LGPS investment in their localities and regions in the UK.
3. Strengthening the governance of both LGPS administering authorities and LGPS pools.

To comply with these proposals, the WPP formulated a business case detailing plans to build an FCA regulated investment management company which was approved by UK Government in April 2025. A substantial amount of work has been undertaken to ensure the business case has been implemented in accordance with the required timescales.

From 1 April 2026 WPP IM Co will become the Fund’s sole investment manager with responsibility for all investments including the provision of advice on investment matters, oversight of assets and implementation of the Fund’s Strategic Asset Allocation (SAA) as determined by the Pension Committee.

The diagram below illustrates the WPP governance structure from 1st April 2026:



Fund Administration

Introduction

It has again been a busy year as we have continued to adapt the way we work to meet the challenges faced. This was in addition to the Dyfed Pension Fund continuing to act as the lead authority in undertaking partnership working with colleague Welsh Pension Funds. The Dyfed Pension Fund

Administration Team continue to navigate and overcome complex issues derived from McCloud protections.

National Fraud Initiative

The Fund continues to participate within the anti-fraud initiative organised by the Audit Commission where data provision includes Payroll and Occupational Pension details. Such information is compared with other public body data which helps ensure:

- The best use of public funds
- No pension is paid to a person who has deceased and
- Occupational Pension income is declared by Housing Benefit claimants

LGPS 2014

Members will be familiar with the Career Average Revalued Earnings (CARE) scheme that was introduced from 1st April 2014.

The table below shows the main provisions of the LGPS 2014 for membership **FROM** 1st April 2014

	LGPS 2014
Basis of Pension	Career Average Revalued Earnings (CARE)
Accrual rate	1/49 th
Revaluation rate	Consumer Price Index (CPI)
Normal Pension Age	Equal to the members State Pension Age (Minimum Age 65)
Contribution Flexibility	Members can opt to pay 50% contributions for 50% of the pension benefit
Definition of Pensionable Pay	Based on actual pensionable pay and to include non-contractual overtime and additional hours for part time staff
Vesting Period	Has increased from 3 months to 2 years

For further information please see the Dyfed Pension Fund website which has been updated to reflect all the regulatory amendments along with revised factsheets and notes of guidance.

Cohabiting Partners Benefits

From 1 April 2008, the LGPS provided a pension to not only a spouse or Civil Partner, but also to a nominated cohabiting partner. Certain conditions are set by Regulation as follows:

- Individual A is able to marry, or form a civil partnership with B
- A and B are living together as if they were husband and wife or as if they were civil partners
- Neither A nor B is living with a third person as if they were husband or wife or as if they were civil partners and
- Either B is financially dependent on A or A and B are financially inter-dependent

Scheme rules provide that a survivor's pension will automatically be payable to a cohabiting partner without the need for the scheme member to have completed a form nominating them to receive a survivor's pension.

Further information and qualifying criteria can be obtained by either contacting the pensions section or via the website.

Employee Contribution Rates

The LGPS 2014 amended the method of assessing your contribution rate from ‘full time equivalent’ pensionable pay to your ‘actual pensionable pay’. Pensions contributions are also payable on overtime. Responsibility for determining a member’s earnings and contribution rate, including notification requirements, falls on the Employer. Where a member holds more than one post with an Employer, a separate assessment will be undertaken for each post held. The table contains the earnings bands and contribution rates applicable for 2026-2027.

Member Contribution Table from 1 April 2026

Contribution table 2026/27			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £18,400	5.5%	2.75%
2	£18,401 to £29,000	5.8%	2.9%
3	£29,001 to £47,300	6.5%	3.25%
4	£47,301 to £59,800	6.8%	3.4%
5	£59,801 to £84,000	8.5%	4.25%
6	£84,001 to £119,100	9.9%	4.95%
7	£119,101 to £140,400	10.5%	5.25%
8	£140,401 to £210,700	11.4%	5.7%
9	£210,701 or more	12.5%	6.25%

The McCloud Remedy

When the Local Government Pension Scheme (LGPS) changed the way it worked from final salary to career average in 2014, the scheme added a protection for members nearing retirement called an underpin. This underpin made sure that the benefits those members had built up to the date of the change would keep at least the same value. Other public sector pension schemes did the same.

However, the Court of Appeal found that in the Judge’s and Firefighter’s Pension Schemes, the protection was discriminatory because the underpin did not apply to younger members. This ruling is often called the McCloud judgment.

As a result, every public sector pension scheme, including the LGPS, has made changes to remove this age discrimination. The McCloud rule changes took effect on 1st October 2023 in LGPS. Now the underpin applies to all members who qualify for it, whatever their age.

You qualify for this change if:

- You were paying pension contributions into the LGPS or another public sector pension scheme on or before 31st March 2012;
- You were also paying pension contributions into the LGPS between 1st April 2014 and 31st March 2022; and
- You have been a member of LGPS or another public sector pension scheme without a break of more than 5 years running.
- The rule change, known as the McCloud remedy, will remove the age discrimination for the period from 1st April 2014 to 31st March 2022.

If you qualify

We will work out your pension in line with the McCloud rules and make sure you receive the higher amount of pension based on whichever set of rules work better for you.

If you are already receiving your pension, we will increase it if necessary and add a payment for any past pension you missed out on.

You don't have to do anything. We will contact you. However, please be aware:

- There are lots of pension records to go through, so this process will take some time.
- The underpin is unlikely to affect the pension value for many of you, and any increase will probably be small.

Read more about the McCloud remedy here:

McCloud remedy factsheet:

https://www.dyfedpensionfund.org.uk/media/tmhjde11/_media_2149_the-mccloud-judgment-and-your-lgps-pension.pdf

National LGPS website -<https://www.lgpsmember.org/mccloud-remedy/>

The Rule of 85

The rule of 85 protects some or all of your benefits from the normal early payment reduction. To have rule of 85 protection you must have been a member of the LGPS on 30 September 2006. The rule of 85 is satisfied if your age at the date when you draw your pension plus your Scheme membership (each in whole years) adds up to 85 years or more.

If you have rule of 85 protection this will continue to apply from April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or **after age 55 and before age 60 without** your employer's permission.

For a more detailed understanding of your own position, you should log in to 'My Pension Online' or contact the pension section directly.

Job Evaluation & Single Status

Where reductions in pay arise as a result of job evaluation or single status exercises, a scheme member can elect to use the annual average of the best 3 consecutive years' pay to 31 March within the last

13 years of employment for the purposes of final pay. Scheme members must make an election, no later than 1 month before the date they cease membership of the LGPS if they wish to exercise this option. A 'Job Evaluation & Your Pension Benefits' factsheet is available on the website.

Tax Reform

In the March 2023 Budget, the Chancellor announced that the Lifetime Allowance (LTA) for tax-privileged pensions would be removed in its entirety from 2024/25. This is the total value of all pension benefits you are able to build without triggering an excess benefits tax charge. It should be noted that the maximum tax-free cash you are able to receive was fixed at £268,275 and upon retirement you are required to declare all non LGPS pension benefits in payment, or due to come into payment, so that your LTA maximum tax-free cash can be assessed. Further information on how these changes may impact upon you is detailed on the HMRC website. Please note that pensions staff cannot give financial or personal taxation advice.

From April 2023 the Annual Allowance limit increased to £60,000 and it remains at this value for 2026/27. To calculate the value of any annual increase in the LGPS you need to work out the difference in the total value of any accrued pension benefits between two 'pension input periods', usually April to March. This is done by multiplying the value of the increase in pension by 16 and adding the increased value of any lump sum and AVC fund. Your 2026 Annual Benefit Statement will contain further information regarding the impact of the annual allowance on your pension accrual in the LGPS. The outcome of this calculation must then be added to any increases in pension entitlement that may arise from any other pension arrangement an individual may have to ascertain whether the annual limit has been breached.

Pensioner Pay Dates

This year, pensions were increased by 3.8% from 6th April 2026 and represents the increase in the consumer price index for the 12-month period to the 30th September 2025. Pensions increase is normally applied to pensioners who are age 55 or over or have retired at any age on ill-health grounds or are in receipt of a spouse's or child's pension. A pensioner who retired during the financial year will have a proportionate increase applied.

April 2026	30/04/2026	October 2026	30/10/2026
May 2026	29/05/2026	November 2026	30/11/2026
June 2026	30/06/2026	December 2026	24/12/2026
July 2026	31/07/2026	January 2027	29/01/2027
August 2026	28/08/2026	February 2027	26/02/2027
September 2026	30/09/2026	March 2027	31/03/2027

Pensions Dashboard

The Pensions Dashboard is a new Government initiative that will allow you to see all of your pensions online, securely and all in one place. It will give clear and simple information about your multiple pension savings, including your State Pension. All UK pension providers must connect to the new Dashboard by 31st October 2026. The dashboard relies on matching personal data to retrieve the correct pension information. Accurate contact details, such as email addresses and mobile

phone numbers are important for additional verification and ensuring that the right data is matched to the right individual. You can find all of your basic details on My Pension Online, if you see a discrepancy contact us and update your information. You can read more about the Pensions Dashboard here: www.pensionsdashboardsprogramme.org.uk

All New - My Pension On-line

From January 2026 the Dyfed Pension Fund launched an all new My Pension Online. If you have not already done so you will need to create a new account.

What will My Pension On-line allow me to do?

Whether you're an active, deferred or pensioner member of the Scheme, you will be able to view and update your basic details, access relevant forms and receive all publications immediately, including your annual benefit statement. If you're an active member, you will be able to perform benefit calculations at your convenience, so that you can actively plan for your retirement.

If you're a pensioner, you will be able to view your pension details, submit any change of bank or building society account details or change of address, view your payment history and tax code, your payment dates, payment advice slips, P60 statements and pension increase statements.

How do I register for My Pension On-line?

Registering for My Pension On-line couldn't be easier, all you need to do is click [here](#) to create an account. Please find further instructions on how to create a My Pension Online account [here](#).

Access and Fairness

We would like to make you aware of important changes to the Local Government Pension Scheme (LGPS) that will take effect from April 1st 2026 in line with the Access and Fairness Regulations. These regulations are designed to make the LGPS fairer, more consistent, and easier for members to navigate by addressing historic inequalities, simplifying administration, and ensuring equitable treatment for all members.

The main changes for you to be aware of are:

Authorised Unpaid Leave

From 1 April 2026, **Pension contributions during authorised absences of 14 days or less will be COMPULSORY**. New rules will apply to the purchase of pension lost during periods of authorised unpaid absence lasting more than 14 days. These new arrangements—known as Qualifying Additional Pension Arrangement **QAPAs**—will operate differently from the current Additional Pension Contributions (APCs) process.

Under the new QAPA rules (for unpaid absences starting after 31 March 2026):

- The cost of buying back 'lost' pension will be based on the **member's and employer's normal contribution rates**, rather than age-related factors.
- Members will have **one year from their return to work** to apply for a QAPA, and only while they remain an active member in the same employment.

- Employers will be permitted to contribute to the cost of a QAPA for the **entire period of an unpaid absence**, even where the absence lasts more than three years.
- Pension purchased through a QAPA will mirror normal pension build-up:
 - It will count towards **survivor benefits**.
 - It will **not** be reduced if the member retires on redundancy or efficiency grounds.

Existing rules will continue to apply to unpaid absences that began before 1 April 2026:

- The cost of buying back pension is based on **age-related factors**.
- Employers must fund **two-thirds of the cost** if the member elects within 30 days of returning to work (or a longer employer-agreed period).
- Added pension is **reduced** on redundancy or efficiency retirement before Normal Pension Age.
- Added pension **does not** count towards survivor pensions.

Survivor Benefits

The LGPS provides valuable benefits when you die. Your spouse, civil partner or eligible cohabiting partner will receive a part of your pension – this is paid as a survivor pension. It will be paid for the rest of their life.

From 1 April 2026, survivor pensions will be calculated more consistently to ensure equal treatment regardless of the sex of the member or their survivor.

Some survivor pensions will be increased as more of the member's service before April 2014 will now count. Some survivor pensions will become payable for the first time – this is most likely to affect male survivors of female members who left the LGPS 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.

Where necessary, The Dyfed Pension fund will automatically recalculate survivor pensions and pay arrears.

Action: If you think these changes could affect you, please contact the Dyfed Pension Fund to let them know.

Death grants

Removal of the age limit

The age limit for paying a lump sum death grant has been removed. A death grant can now be paid even if a member dies after age 75. This change is backdated to cover deaths from 1 April 2014.

A death grant is only paid in limited circumstances when an LGPS member dies after age 75. The Dyfed Pension Funds is working to identify cases in respect of members who died after age 75 since April 2014. Where necessary, we will contact the beneficiaries or personal representatives to arrange payment of the death grant. Interest for late payment will be added.

Contacting the Fund

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