



Local Government
Pension Scheme



Dyfed Pension Fund

Annual Newsletter

Director of Corporate Services

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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 **55,000** comprising active, pensioner and deferred members and there are over **50** employers in the Fund.

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

Fund Investments

During last year the Fund continued to fund its commitments to both infrastructure and private credit. The table below provides an update on the progress made.

| Asset Class | Fund Manager | Commitment £m | Invested to date £m | % of Commitment Invested |
|----------------|---------------------|------------------|---------------------------|--------------------------------|
| Alternatives | BlackRock SAIF | 150.0 | 150.0 | 100.0% |
| Infrastructure | GCM Grosvenor | 100.0 | 49.7 | 49.7% |
| Infrastructure | Capital Dynamics | 10.0 | 3.7 | 37.0% |
| Private Credit | Russell Investments | 150.0 | 65.1 | 43.4% |

The Fund will continue to make progress in investing its full commitment which will achieve both a diversification of asset types and also bring its investments in line with its Strategic Asset Allocation. Circa 57% of these investments are in the UK and will assist in driving economic growth which is a priority for the UK Government.

Renewable Investments in Dyfed

The table above shows that the Fund has now fully invested its £150m commitment to the BlackRock Strategic Alternative Income Fund (SAIF).

SAIF has £1.7bn in committed capital with over 80% of investments held in the UK. There are over 140 investments supporting the UK economy and 23% of assets are in renewables.

There are two examples of renewable investments in Dyfed's geographical area, both of which are in Pembrokeshire. The investments are in solar power generation and are in Haverfordwest and Yerboston. The power generation capacity is 12MW and 6MW respectively. In addition to investing locally, SAIF has five other renewable investments throughout Wales which assists in both boosting the Welsh economy and meeting the demand for renewable energy.

Fund Performance

The table below shows the one, three, five and ten year performance against the benchmark to 31 December 2024:

| Periods to 31/12/24 | Return (%) | Benchmark (%) | Out/(Under) Performance (%) |
|---------------------|------------|---------------|-----------------------------|
| 1 year | 10.44 | 11.63 | (1.19) |
| 3 years* | 3.31 | 3.91 | (0.60) |
| 5 years* | 5.76 | 6.00 | (0.24) |
| 10 years* | 7.71 | 7.71 | 0.00 |

*Annualised Returns

The Fund performed strongly during the year, achieving a return of 10.44%, however it underperformed its benchmark which has affected the three and five year performance. The principal driver of the underperformance has been the WPP Global Growth Fund, the Fund's largest holding (representing just under 33% of assets), which underperformed by more than 6% over the last year.

The Fund met its benchmark over the ten year period. An annualised return over this period of 7.71% has helped the Fund achieve a strong funding position ahead of the 2025 actuarial valuation.

Real Estate

The Fund's current Real Estate investment managers are Schroders and Partners Group. During the year the Wales Pension Partnership (WPP) appointed Schroders to manage UK Core and Local / Impact Real Estate Investments. The WPP established a Real Estate investment proposition built around the following pillars:

- UK Core Real Estate - to take existing pooled fund investments and transition them over time to an open-ended direct property investment portfolio.
- Local / Impact Real Estate - to develop an investment programme utilising fund investments and direct asset investments in UK Impact strategies, with at least 50% of assets located in Wales.

Looking ahead to the coming year, the Dyfed Pension Fund Committee will be considering how much the Fund allocates to these two pillars.

The Pensions Regulator – General Code of Practice

During 2024 The Pensions Regulator (TPR) published a new code of practice for pension schemes. The new General Code of Practice replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR codes into one.

The code sets out a 'single set of clear, consistent expectations on scheme governance and administration' to give guidance to governing bodies such as pension committees and pension boards.

TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The new code gives an opportunity for funds to review their current working practices and ensure they meet the standards of the new code. A number of new policies have already been approved by the Pension Committee in March 2025 with further areas being developed over the coming year. Once approved and translated all policies are published on the Dyfed Pension Fund website.

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. The Dyfed Pension fund is also looking towards the future and planning for other changes on the horizon such as the Pensions Dashboard.

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 2025-2026.

Member Contribution Table from 1 April 2025

| Contribution table 2025/26 | | | |
|----------------------------|--|---------------------------------------|---------------|
| Band | Actual pensionable pay for an employment | Contribution rate for that employment | |
| | | Main section | 50/50 section |
| 1 | Up to £17,800 | 5.5% | 2.75% |
| 2 | £17,801 to £28,000 | 5.8% | 2.9% |
| 3 | £28,001 to £45,600 | 6.5% | 3.25% |
| 4 | £45,601 to £57,700 | 6.8% | 3.4% |
| 5 | £57,701 to £81,000 | 8.5% | 4.25% |
| 6 | £81,001 to £114,800 | 9.9% | 4.95% |
| 7 | £114,801 to £135,300 | 10.5% | 5.25% |
| 8 | £135,301 to £203,000 | 11.4% | 5.7% |
| 9 | £203,001 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/tmh1de1l/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 2025/26. 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 2025 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 1.7% from 7th April 2025 and represents the increase in the consumer price index for the 12-month period to the 30th September 2024. 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 2025 | 30/04/2025 | October 2025 | 31/10/2025 |
| May 2025 | 30/05/2025 | November 2025 | 28/11/2025 |
| June 2025 | 30/06/2025 | December 2025 | 24/12/2025 |
| July 2025 | 31/07/2025 | January 2026 | 30/01/2026 |
| August 2025 | 29/08/2025 | February 2026 | 27/02/2026 |
| September 2025 | 30/09/2025 | March 2026 | 31/03/2026 |

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. The Dyfed Pension Fund is currently working on reconciling data to ensure we are ready to connect to the Dashboard by the current deadline given to LGPS funds, which is 31st October 2025. 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

My Pension On-line

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, newsletters and factsheets. 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 request an activation e-mail. Please find our new video demonstrating how to create a My Pension Online account.

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